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INTRODUCTION

Report on corporate social responsibility, cf. Section 99 a and b of the Danish Financial Statements Act.

This report on the corporate social responsibility of the Arkil Group is part of the management report in the 2016 Annual Report, covering the financial period 1 January – 31 December 2016.

Arkil's work with corporate social responsibility stems from its CSR policy and is rooted in the company's values. We comply with laws and regulations regardless of where we are. We have focused on climate, environmental and working conditions, and we support the United Nations' Global Compact, which means that respect for human rights, labour rights and zero tolerance in relation to corruption and bribery are fully integrated elements of our code of business principles, available to read on our website, www.arkil.dk. Sustainability, both social and financial, is an increasingly important part of the Group's commercial basis, development and operations.



PREFACE

This is the Arkil Group's first independent CSR Report. Collecting and structuring the information that forms the basis for the report has been an interesting exercise and it has provided the opportunity for some reflection on how the work with CSR can be improved further. Since the incorporation of the company, it has been key to Arkil to ensure that the foundations of the company are based on socially responsible conduct and the subject is now more relevant than ever. This could relate to equality, opportunities for the more vulnerable groups in society, environmental impact or ethical financial conduct.

Arkil is extremely committed to delivering on its promises. No-one benefits from values that are just for show and our efforts must be supported by facts and documentation that we, and society, can measure ourselves against. We believe that we have a lot to be proud of and we find that it pays to focus on and set objectives for areas. One example is health and safety, where poor developments some years back were converted to massive success with noticeable reductions in the number of reportable occupational accidents year after year. Or the effort to ensure more apprentices, which has surpassed what even we thought was possible.

Our work on the report has also showed us that, in spite of developments that we can be proud of, there is still plenty of room for improvement, including in the way in which we measure and collect data. This is work that will be intensified and that we look forward to seeing the results of. One of the most important lessons we have learned through our efforts is that the costs associated with improving the company's CSR are very rapidly converted to proud employees, happy customers and, in the long term, an improved bottom line.

Jesper Arkil

Chief Executive Officer



ARKIL GROUP BUSINESS MODEL

Arkil is one of Denmark's largest construction companies, with well over 1,800 employees and a revenue of approximately DKK 3 billion in Denmark and abroad.

Arkil carries out a diverse variety of construction projects throughout the entire country on behalf of the Danish Road Directorate, BaneDanmark and the many utility companies throughout Denmark. We manage construction work, port developments, foundations, tunnelling and major cable projects, leaving an enduring impression on the country's infrastructure. We manage all types of environmental remediation projects and lay asphalt on both municipal and state roads. We also have a strong market presence in the area of road maintenance, and we are a pioneering private road service provider.

With 75 years of experience, Arkil is a professional, highly qualified and often preferred partner for large public and private developers and consultants in Denmark. We place great emphasis on combining the organisation's many construction disciplines, for example when entering into framework agreements and partnership agreements, major principal contracts and turnkey contracts. This allows us to utilise the synergies between the diverse forms of expertise found across the entire Group.

The control and management of the firm has remained in the hands of the Arkil family for three generations. The company was listed on the Copenhagen Stock Exchange in 1978, and today Arkil is guided by a professional board of directors. Arkil was founded in Haderslev in 1941 by Civil Engineer Ove Arkil and celebrated its 75th anniversary in 2016.

Mission, vision and values

As a construction company, Arkil is aware of the impact that the company's activities have on society, both in terms of ensuring human rights and combating corruption and in terms of impact on the environment and climate, as well as social and employee conditions.

Social responsibility and CSR are therefore solidly rooted in the Group's mission, vision and values. This is the foundation for our future development – to contribute to and care for society.

Mission

Arkil builds the infrastructure of the future. We build bridges, lay cables and create connections. We remediate contaminated soil, build sewers and help create a cleaner environment. We build from the ground up, lay foundations, establish ports, produce asphalt and pave the way forward.

We care for the road when it has been built and maintain its high level of quality.

At the same time, an essential part of our everyday work is to act with care, consideration and risk awareness.

Vision

Arkil strives to:

- Be a company that is home to professional, talented and innovative employees, as well as a positive, cooperative workplace with a high level of trust and integrity.
- Be a decentralised organisation with the delegation of responsibilities, great flexibility and interdisciplinary collaboration.
- Further educate the Group's employees to retain and increase professional expertise at all levels.
- Display care, consideration and awareness of risk in our activities.
- Be a safe workplace and continuously work to improve the safety of all employees.
- Involved in the community of which we are a part through social awareness, technological development and limiting our environmental impact.

Values

- We take full responsibility for projects, people and environment.
- We work efficiently and with flexibility.
- We are innovative and work through dialogue rather than confrontation.
- We are open and trustworthy, and we deliver on what we promise.
- We deliver quality on time.



CORPORATE SOCIAL RESPONSIBILITY AT ARKIL

We have a responsibility

At Arkil, we take responsibility and contribute to the society we are part of, regardless of where we operate. We do this through the Group's CSR policy, which has four focus areas:

In addition to the CSR policy, the following principles and policies are included in the overall basis for the work with corporate social responsibility:

- Arkil's Code of Business Principles
- Arkil's Equal Opportunities and Diversity Policy
- Arkil's Remuneration Policy

These principles and policies are all available at www.arkil.dk.

The CSR Policy forms the basis for work on education, health and safety and the environment. There are also separate policies for each of these three areas, acting as the basis for the identification of risks and the planning of specific initiatives and actions within the areas.

THE FOUR FOCUS AREAS OF THE CSR POLICY:



Ensuring proper working conditions and a safe workplace for our employees

Arkil will not contribute to social dumping or exploitation. Arkil employees have decent pay and working conditions that comply with applicable agreements and legislation in the area. The safety in our workplaces must always be excellent, and Arkil does not simply comply with working environment legislation – it is also our declared goal to be a leading company in terms of the safety of our employees.



Educating our employees

Arkil is a company which employs a relatively large proportion of people without specific educational qualifications. Arkil recognises that it is in the best interest of the company, our employees and society for the employment options of this group to be managed properly. Group policy is therefore to educate, for example, structural apprentices and asphalt workers in line with our activities, as well as to offer further education programmes for all employee groups.



Investing in the right solutions

Arkil wishes to prevent pollution from its operations to the extent possible by investing in energy-efficient solutions and promoting energy-saving initiatives in the various Group activities. Arkil also actively participates in recycling programmes of, e.g., construction materials, combustion slag and asphalt in its projects. Arkil also researches and develops, as part of everyday business, advanced environmental technology solutions and methods to prevent and clean up pollution caused by others.



Guarantee

Arkil's customers must have confidence that we fulfil our social responsibility at all levels, and we will therefore actively follow up on and, where possible, commit our partners and subcontractors to our CSR policy.

This policy applies throughout the entire Arkil Group, including our foreign subsidiaries.



"We have declared a goal for 10% of the employee base to be made up of apprentices in the departments that employ apprentices"

At the end of 2016, Arkil Denmark employed 45 structural and paving apprentices, as well as 13 apprentices within administration, machine operation and asphaltting.

14 apprentices took their apprenticeship exams in 2016 and all of them passed. Of the 14 apprentices, 10 passed with special merit. This shows that the structured effort, which also includes a systematic mentor scheme, has borne fruit, benefitting both the young apprentices and Arkil. A large proportion of the fully trained apprentices often continue working at Arkil.

KNOWLEDGE, EXPERTISE AND EDUCATION

Education Policy

The company wishes to employ people who are qualified to solve the tasks that must be performed, regardless of which level of the organisation the employee belongs to.

If required by a given task and provided it is in the best interests of the company, the company will contribute to ensuring that the employee can access the necessary further education.

The need for courses/continuing education will be clarified for salaried employees as part of the annual employee appraisals with the immediate manager.

For hourly paid employees, the need will be determined based on the discretion of the Head of Department, taking relevant wishes into account.

In both cases, the overall decision will be linked to the budgets developed for the purpose.

Education can be provided internally within the company and externally through various educational institutions.

Knowledge, expertise and education at Arkil

In 2016, Arkil had 1,862 employees, of whom 194 were administrative employees. 282 employees had an engineering/technical background.

Arkil comprises a broad range of committed employees, many of whom have high specialist professional expertise within the Group's business areas. Employee knowledge levels and the ability to continue to convert this knowledge

to create value for our customers' projects represents a substantial competitive advantage in which Arkil invests great educational resources to maintain and expand upon.

Active HR and education policies allow us to constantly expand employee expertise and knowledge levels through external and internal training courses. The increasing specialisation and internationalisation of Arkil's activities means that it is crucial for us to continue to attract, retain and further educate the most talented employees in the construction industry.

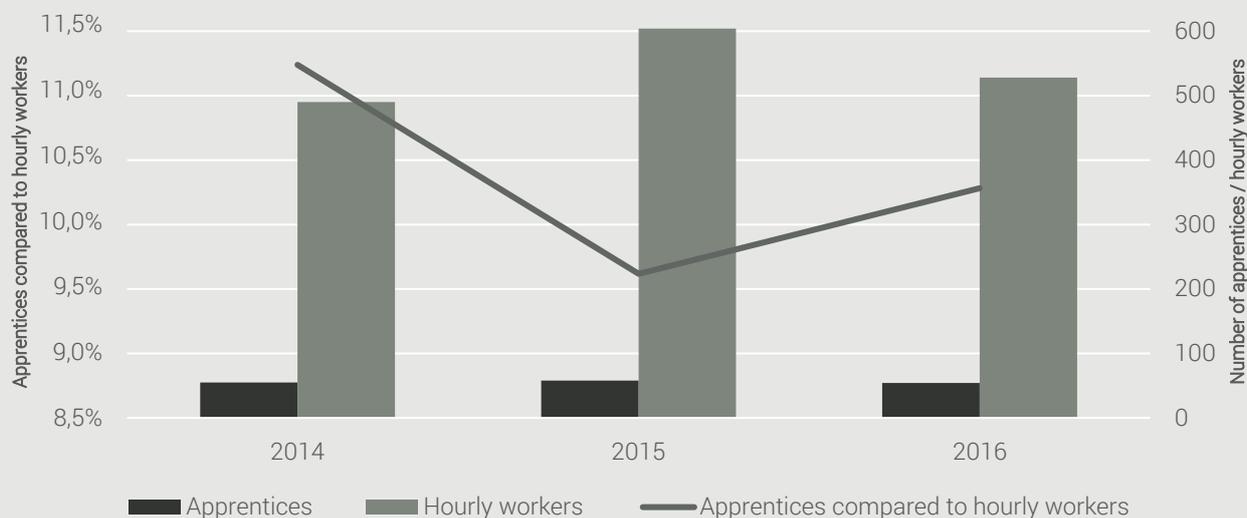
Activities and achievements in 2016

For a number of years, Arkil has had a special focus on the education of apprentices. In 2010, we set a goal for 10% of the employee base to be made up of apprentices in departments that employ apprentices. Thanks to structured efforts within the area this goal has been achieved. Based on the lessons learned from the structured efforts in the area, the CEO of the Group, Jesper Arkil, has served as a member of the government's expert committee, which in March 2017 published recommendations for better paths for post-16 education.

We achieved the established goals again in 2016. At the end of 2016, Arkil Denmark employed 45 structural and paving apprentices, as well as 13 apprentices within administration, machine operation, EGU and asphaltting.

14 apprentices took their apprenticeship exams in 2016 and all of them passed. Of the 14 apprentices, 10 passed with special merit. This shows that the structured effort,

APPRENTICES COMPARED TO HOURLY WORKERS



which also includes a systematic mentor scheme, has borne fruit, benefitting both the young apprentices and Arkil. A large proportion of the fully trained apprentices often continue working at Arkil.

As in previous years, Arkil again used multiple engineering apprentices in 2016, typically linked to one of our major projects around the country. Our experience is that engineering apprentices are energetic and proactive and provide valuable assistance to the employees in the projects concerned.

Apprenticeship Campaign

In order to continually attract an adequate number of apprentices, an apprenticeship campaign was initiated in 2015. The aim was to improve the number of apprenticeship applications using a campaign that was communicated partly via the website www.arkil-elev.dk and partly via a specific Facebook profile, where current apprentices post about their everyday experiences on an Arkil apprenticeship.

The results of the campaign could be seen in 2016. Arkil previously received occasional apprenticeship applications. In 2016, Arkil received 174 applications for the apprenticeships due to commence at the start of 2017. The strategy of allowing the current apprentices to act as ambassadors for Arkil apprenticeships was therefore a success.

This success also resulted in the Danish Minister of Education visiting Arkil in 2016, where she learned about the apprenticeship initiative and met two of the apprentices: Nick Johansen and Patrick Christiansen. 3F also paid a visit to Arkil in 2016 to learn more about the initiatives in the area of apprenticeships.

Greater priority for the HR area

One of the goals for 2016 was to give greater priority to the HR area. This was achieved through organisational changes that have resulted in increased focus on the area.

Activities and results in Arkil's international companies

Like the Danish departments, Arkil's international companies in Germany, Ireland and Sweden have an ongoing focus on employee education.

In Germany, particular efforts were made in 2016 to target the individual courses and educational programmes to suit the needs of the individual employees. After the course, each employee must complete an evaluation form that is subsequently analysed by management. The employee's feedback is thereby included as an important part of the overall evaluation of the educational initiatives.

2017 Objectives

A new IT tool will be implemented at the start of 2017 to support the HR department's work. The IT tool will act as a portal for development, learning, evaluation and documentation. This tool will allow for greater focus on onboarding and e-learning. Onboarding is the welcome Arkil gives to new employees, creating the framework for a positive introduction to the company. The IT tool will allow new employees to gain the resources, skills, knowledge and conduct required to quickly and efficiently find their place in their new workplace.

The HR department has also initiated a recruitment analysis that will identify, purely geographically, where there is insufficient manpower in Arkil and how to attract this specific workforce. The recruitment analysis remains a point of focus and will continue into 2017.

At the same time, we will launch an initiative to ensure job satisfaction during 2017. This is in continuation of the initiatives used in 2016 with the aim of reducing absence. The initiatives have included meetings with employees who are on sick leave, in collaboration with their immediate manager. In close collaboration with Arkil's Health & Safety department, HR will have a focus on proactive education of managers with regard to both the physical and the psychological working environment in 2017.

Education and further education will continue to have a high priority in 2017 just as in previous years. In order to ensure continued high levels of education for apprentices, we will implement a satisfaction survey among apprentices in 2017. Our impression is that the mentor scheme that is the mainstay of Arkil's education of apprentices is working well but we would also like the apprentices' evaluation of this. Not least because we know that mentors are crucial to ensuring a successful apprenticeship period.

Targeted management training for middle managers will also continue in 2017. A group of Arkil employees completed further education in "Management in Practice" and "Project Management" during January 2016. These courses contribute to building a common management culture across Arkil and the targeted management training will therefore continue in 2017.

Goals for Arkil's international companies in 2017

Educational initiatives will continue to have great importance in the international companies in 2017. In Germany, the goal for 2017 is to better equip employees to comply with internal and external requirements and guidelines. This will take place through the internal education of multiple employee groups across all levels of the organisation.

The apprentices Patrick Christensen and Nick Johansen talking with former minister of education Ellen Thrane Norby (V) about their education in Arkil.



WORKING ENVIRONMENT AND WORKING CONDITIONS

Health & safety policy

No Arkil Group employee is to be exposed to greater risk than is justified by the best possible insight and knowledge. Company employees must be able to expect, even after many years of employment, to not be subject to more wear and tear or more negatively affected by the work environment than would result from ordinary aging.

- We comply with applicable health & safety regulations and requirements relevant to the company's activities.
- We minimise the health & safety risks for each individual through the correct expertise, instructions and aids.
- We communicate effectively and reciprocally with our employees and stakeholders concerning health & safety issues to ensure that the Health & Safety Policy and objectives are clear to everyone.
- We strive to ensure that Arkil's subcontractors and suppliers comply with the company's Health & Safety Policy.
- Assessment of health & safety risks must take place throughout the entire business chain, from tendering to planning and implementation through to the conclusion of a project. This also applies to the procurement of machinery and services.
- We strive for continued improvement of health & safety in the company in order to achieve a healthier work culture.

Working environment and working conditions at Arkil, including risks

Since the employees are Arkil's most important asset and essential to the company's success and results, the most substantial risks are naturally linked to employee conditions.

The overall purpose of Arkil's working environment policy is to reduce the number of occupational accidents and ensure that no-one is exposed to unnecessary risks at work.

The Health & Safety Policy is converted to action through 2-year objectives supported by specific action plans. The action plans are adjusted annually, so as to best support the overall objectives.

This structured approach and a prioritised health & safety organisation have ensured great improvements in the area over the last four years.



Activities and achievements in 2016

One of the primary objectives for 2016 was to reduce the accident rate from 14 in 2015 down to 13. At the end of 2016 we were happy to confirm that the goal for the year had been met. This is the fifth year running in which we have succeeded in reducing the accident rate.

We were also delighted when Arkil Asphalt received the "Årets Arbejdsmiljøpris" health & safety award from the Asphalt Industry in March 2016. The award is presented annually to the company with the fewest occupational accidents and which also has an increased focus on "near-accidents" and learning from these.

These excellent results show that the ongoing initiative to reduce occupational accidents is paying for itself.

Continuing education for health & safety representatives

Arkil's health & safety department has an ongoing focus on the health & safety representatives. There is considerable scope to improve their roles, including through continuing education and creating recognition of their function.

One of the action plans for 2016 was to educate the entire internal organisation in health & safety. A theme day was therefore held during spring 2016 for health & safety representatives, health & safety managers and the chairmen of the local health & safety committees.

Based on the evaluations, the Health & Safety department has found that the Health & Safety Day was a major success and has decided to repeat it in 2017. The theme of the day will be selected based on the requests from the Main Health & Safety Committee.

Organisation of Health & Safety Weeks

Two annual Health & Safety Weeks were introduced in 2016 as a new initiative. The Health & Safety Weeks will be included as fixed campaign initiatives in coming years, for the purpose of involving all Arkil employees in the creation of a safe and healthy working environment. The themes for the weeks will be determined by Arkil's Main Health & Safety Committee and the themes for 2016 were "Safety Rounds" and "Near-accidents".

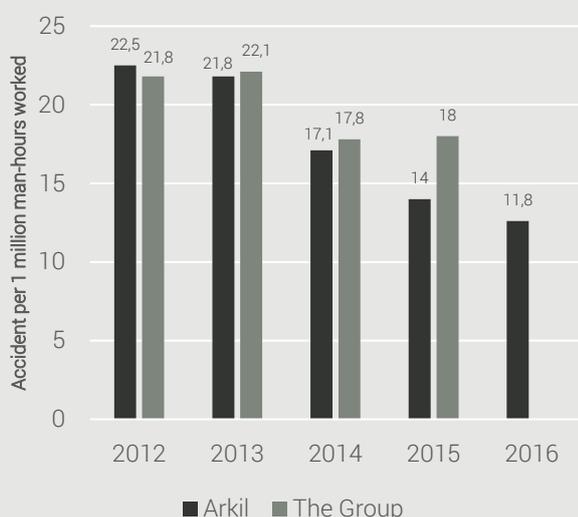
Learning from occupational accidents

To ensure that occupational accidents are not repeated, Arkil focuses on learning from the incident and prevention.

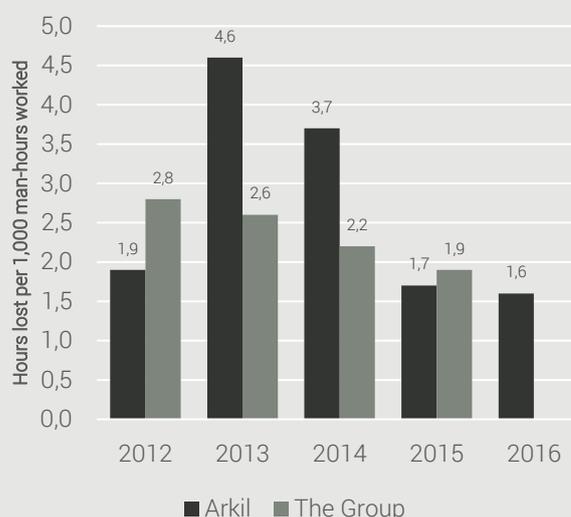
All occupational injuries must therefore be analysed and an "analysis and learning for action" will be prepared based on the analysis. This will be communicated to all employees via Arkil's new news module, "ArkilNews," which can be accessed via the employee's mobile.

In 2016, proposals for corrective actions to prevent similar occupational accidents were also set down in Arkil's standard documentation within the health & safety area. This means that lessons learned from occupational accidents is

ACCIDENT FREQUENCY 2012 - 2016



WORK ABSENCE 2012 - 2016



now presented automatically in the documents used by employees.

Focus on the psychological working environment

One of the goals for 2016 was to direct attention to the psychological working environment, including the incidence of stress among Arkil employees.

Based on the above, Arkil applied for and was later awarded funds from Forebyggelsesfonden (The Fund for Better Working Environment and Labour Retention) for the proactive prevention of stress in 2016.

In 2017, these funds will be included in the targeted work to improve the psychological working environment. This work is being carried out by Arkil's Health & Safety department and HR department.

Activities and results in Arkil's international companies in 2016

Arkil's Irish subsidiary, Arkil Ltd., complies with the OHSAS 18001 health and safety standard. This means that it works systematically on the improvement of health & safety matters, including through the use of continual training and education of employees within the area of health & safety. As such, some of the company's employees received further qualifications in 2016, including in the correct management of machinery, tools etc. as well as first-aid.

2017 Objectives

In 2015 and 2016, health & safety work has focused especially on the improvement of the quality of procedures and documents that form the basis for everyday work within the area. There has also been a focus on the reporting of accidents and near-accidents as an important tool for learning and prevention.

The internal systems and procedures are now in place and in 2017 there will be a focus on attitudes and conduct.

Among other things, there will be a focus on new employee inductions, as the statistics show that 37% of all occupational accidents affect hourly paid employees with a length of service of less than one year with Arkil.

In connection with this, the plan is that work procedures will be standardised to ensure learning from previous undesired incidents, thereby ensuring that employees are instructed in their work. The local risk assessment must be adapted for each project and employees must be instructed in its use.

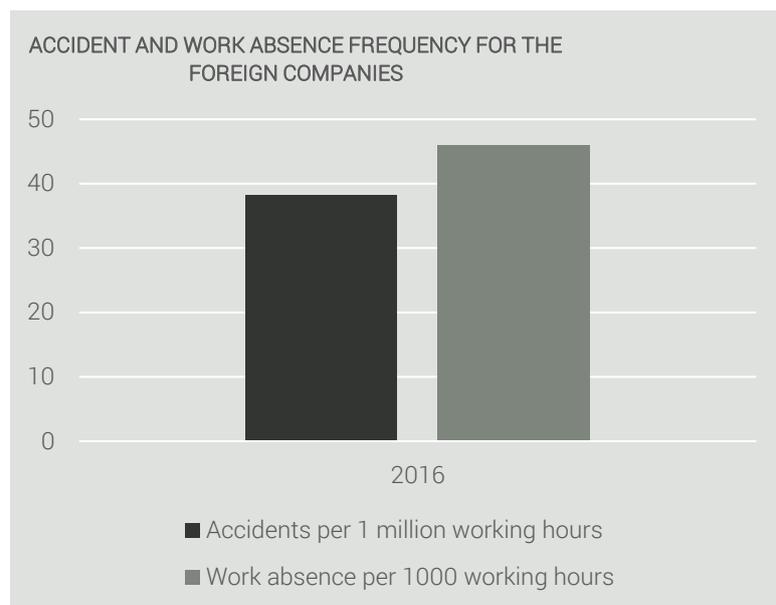
Another goal for 2017 is to introduce 'toolbox talks' at all sites. Toolbox talks are brief, weekly meetings at which employees and management meet to consider safety matters relating to upcoming tasks and agreements for which risks must be managed.

The company already has positive experiences of toolbox talks, as such meetings support the provision of information to employees and the future planning of work with a focus on safety. These positive experiences will form the basis for the implementation of toolbox talks throughout Arkil as a whole.

Goals for Arkil's international companies in 2017

A new office building was erected in 2016 for Arkil's Irish company at one of the company's quarries. This has had a substantial positive impact on the health & safety of the salaried employees working on site. Similar upgrades to the office facilities at another of the company's locations are scheduled to take place in 2017.

Also in 2017, the Arkil Group will focus on the exchange of knowledge and experiences within the area of health & safety between Danish and international companies. One of the goals will be to investigate how the positive experience of reducing the accident rate in Arkil's Danish companies can be transferred to Arkil's company in Germany.



ENVIRONMENTAL AND CLIMATE CONDITIONS

Environmental Policy

We will work to limit the use of resources through the increased reuse of materials and by minimising wastage.

In connection with the procurement of new materials, we will assess the environmental conditions in relation to technology, finance, health and safety.

We will collaborate with suppliers, organisations and authorities to create a better environment together.

We will maintain the environmental management system so that it always complies with the requirements set out in the industry.

Environmental initiatives at Arkil, including risks

The most significant risks relating to climate and the environment are linked to the Group's energy consumption and use of materials.

Arkil's initiatives to minimise the risks in this area take place partly at Group level and partly in a decentralised fashion across Arkil's units and departments. Environmental conditions play an important role in everyday work, especially at Arkil Asphalt and Arkil Miljøteknik.

In November 2015, AURA Rådgivning carried out an energy inspection at Arkil's premises and created an energy inspection report based on its findings, including recommendations for energy-saving measures. Several of these recommendations were implemented in 2016, both at Group level and at Arkil Asphalt.

In addition to specific measures to reduce environmental impact, Arkil's environmental initiatives also include staying up-to-date with new environmental legislation that could have an impact on the Group's activities.

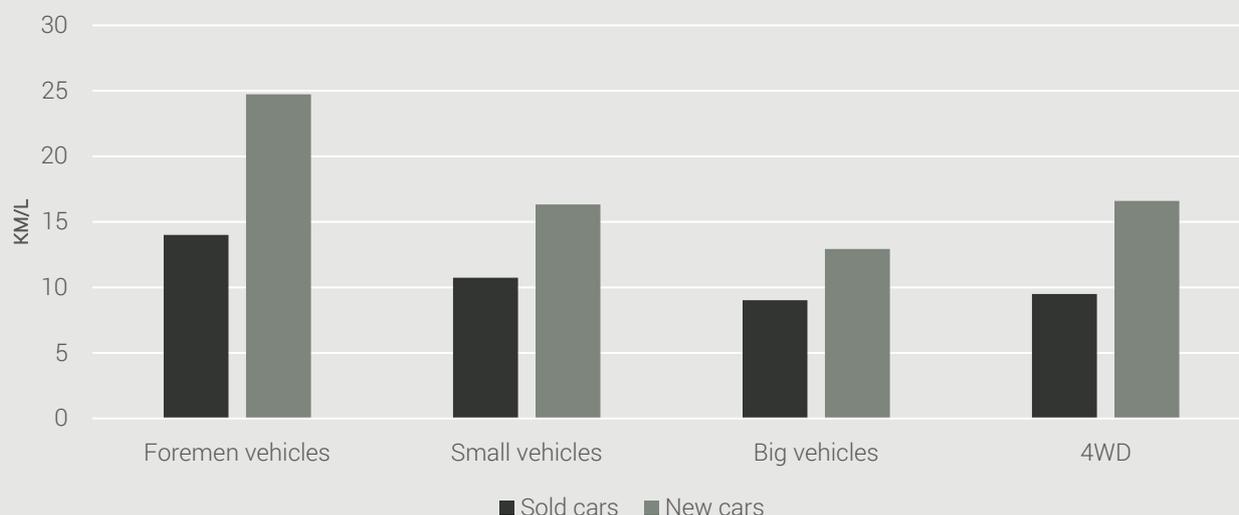
We also stay abreast of development possibilities in the industry that could have a positive impact on the environmental area. This takes place through our membership in the Danish Association for Responsible Construction, which includes working to promote sustainable solutions within the property, construction and civil engineering industry.

Activities and achievements in 2016

A vehicle policy was implemented as planned in 2016 for the Arkil Group's Danish companies. The vehicle policy sets out the framework for the acquisition or replacement of company vehicles, thereby establishing the foundations for a future-oriented focus in terms of ensuring improved economy, operational transparency and minimisation of fuel consumption. The implementation of the vehicle policy derives from one of the recommendations for energy-saving measures set out in the energy inspection report for 2015.

In 2016, the vehicle policy resulted in the replacement of a number of older vehicles with new, more environmentally friendly models. Our costings show a clear environmental effect of the replacement, as we have saved just over 100,000 litres of fuel by replacing the older vehicles with newer models.

FUEL COSTINGS – NEW CARS COMPARED WITH SOLD CARS



Arkil Asphalt

Arkil's asphalt activities are ISO 9001-certified and also comply with the environmental standard ISO 14001 and the working environment standard OHSAS 18001. All our asphalt products are also CE-marked in accordance with DS/EN 13108. The emulsion plant is CE-marked in accordance with DS/EN 13808.

Arkil Asphalt has been ISO certified since 1992 and has extensive experience when it comes to continual improvement of internal processes for the purpose of e.g. reducing energy consumption in production.

In 2016, Arkil Asphalt installed a new covering for the raw materials at the factory in Skive, based on the recommendations in the energy inspection report for 2015. The covering reduces the moisture levels in the materials and hence also the energy consumption for drying, as the materials are ready for use in the production of asphalt. The effect of the new covering can be clearly seen from the energy consumption for production, which includes the covered materials with lower moisture levels. Variable material types and storage periods do however mean that it is difficult to accurately measure the energy savings.

The plant at Arkil Asphalt's factory in Næstved has been streamlined and production has been improved through internal optimisation of workflows throughout 2016. An improved workflow in production results in reduced energy consumption and Arkil Asphalt thus has an ongoing focus on sharing knowledge and experiences that could result in optimisation of production.

Arkil Asphalt also participates in research and development projects within the environmental area, in collaboration with external partners. The purpose is often to develop the possibilities for increased reuse of asphalt, typically in road structures.

The "Roads2Rails" project commenced in 2016, with the Institute of Technology as the project leader and DTU, Banedanmark, Atkins Danmark A/S and Arkil as participants. The project aims to replace ballast stone with asphalt, thereby ensuring more efficient and sustainable railway operations. The project will run until 2020.

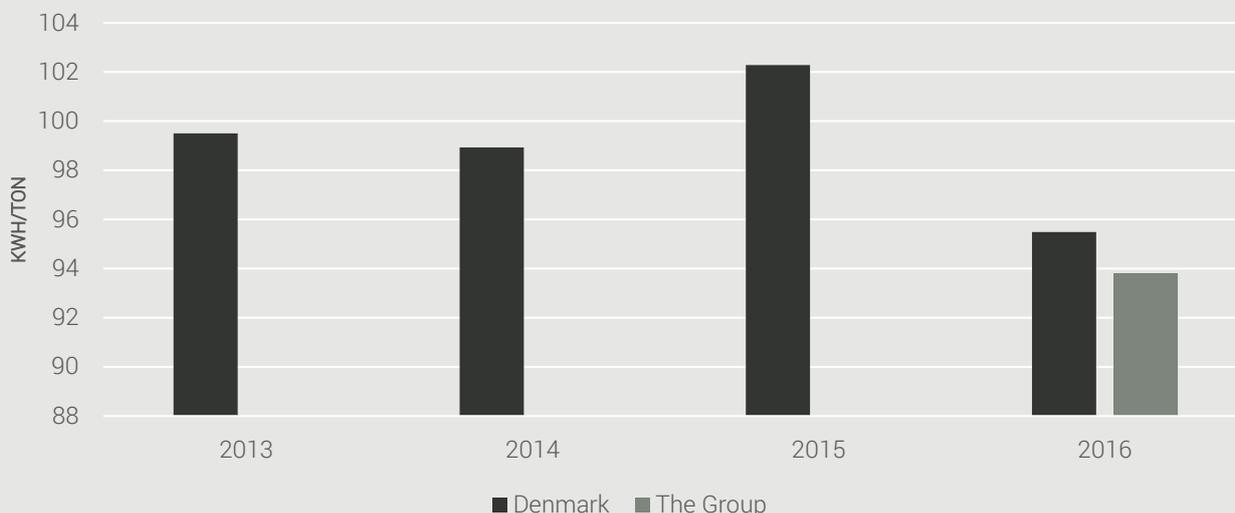
Arkil is also taking part in the "Symbiosis Project," in which we are collaborating with COWI to test road surfacing with 30% recycled asphalt in SMA (stone mastic asphalt) and 50% recycled asphalt in AC (asphalt concrete). The road regulations currently permit 15% recycled asphalt in SMA and 30% recycled asphalt in AC.

Arkil Miljøteknik (Environmental technology)

For more than 20 years, Arkil has acquired a high level of expertise in soil remediation, and we have significant experience of working with several different clean-up techniques. Arkil thereby contributes directly to a cleaner environment by virtue of the knowledge and expertise that has formed the basis for the implementation of a number of environmental projects in recent years.

Arkil's specialist department within this area, Arkil Miljøteknik, specialises in in-situ remediation projects in which the soil is cleansed directly without extensive digging. Arkil Miljøteknik has, among other things, contributed

ENERGY CONSUMPTION IN THE ASPHALT PRODUCTION



to the development and implementation of new remediation technologies in Denmark, such as damp-stripping, biodegradation and, most recently, gas thermal remediation.

With gas thermal remediation (GTR), oil pollution is removed by heating the polluted soil up to 200 degrees. The oil is thereby converted to polluted steams and gases and these are reused and burned in the subsequent heating process. This utilises the energy of the polluted soil to operate the remediation process itself. This method was used for an oil remediation in 2016, performed by Arkil Miljøteknik under a private home in Vedbæk.

Activities and results in Arkil's international companies in 2016

Following the 2015 energy inspection at Arkil in Denmark, an energy inspection was also carried out at Arkil's German company. A large proportion of the recommendations from the energy inspection report were implemented during 2016, including replacement of existing light sources in several offices with energy-saving LED bulbs.

In Ireland, the vehicle fleet and machines were upgraded in 2016, which has resulted in improved fuel economy and thus also an environmental benefit.

Objectives for 2017

In 2017, Arkil will continue the general activities that were initiated in 2016, both at Group level and at Arkil Asphalt and Arkil Miljøteknik respectively. Our aim is to ensure a constant focus on promoting conditions and initiatives that

could reduce the overall impact on the environment and minimise fuel consumption. When we acquire new materials, energy consumption is included as a key parameter during selection.

In 2017, Arkil Asphalt will continue to focus on the optimisation of production, which will then lead to a reduction in energy consumption. The Roads2Rails and Symbiosis development projects will also continue and Arkil is keenly following the ongoing results.

In 2017, Arkil Miljøteknik will stay abreast of new, effective and sustainable remediation methods. The lessons learned from completed remediation projects will also be evaluated so as to identify any opportunities for optimisation, thereby streamlining the implementation processes still further.

Goals for Arkil's international companies in 2017

In Arkil's companies in Ireland, Germany and Sweden there will be a focus in 2017, as in previous years, on how to minimise environmental impact.

Among other things, Arkil's Swedish company will investigate the option of introducing new, energy-efficient heating systems in 2017 and, if applicable, reuse the heat generated through the company's ventilation systems.



EQUALITY AND DIVERSITY

Arkil Holding has developed an Equality and Diversity Policy, which is available at www.arkil.dk/investor/equalopportunityanddiversitypolicy.

The company's policy is to address gender imbalance within various positions by actively encouraging qualified applicants of the underrepresented gender to apply for advertised positions and thus, over time, reducing the imbalance.

The company keeps statistics on the gender distribution between applicants for advertised positions and gender distribution among staff to ensure, within reasonable tolerances, that there is a correlation between the gender distribution of applicants for a business area and the gender distribution among employees, including management positions.

The company strives to invite an equal number of male and female applicants to interviews, provided that the advertised qualification requirements have been met by applicants of both genders.

The company wishes to ensure that all employees, regardless of gender, have equal opportunities to pursue a career in the company.

Activities and achievements in 2016

In 2016, Arkil filled eight vacant management positions. The positions were filled by one female candidate and seven male candidates, following a structured process that included Arkil's equal opportunities and diversity policy.

For the Board of Directors, a target of 40% has been set for the proportion of elected female board members, a target that has been achieved, as 2 out of 5 board members are women. Agnete Raaschou-Nielsen and Birgitte Nielsen are acting as the Chairman and Deputy Chairman respectively of the board of Arkil Holdings.

No targets have been set for the gender composition of corporate management (currently comprising three men) or of the other management levels within the Arkil Group.

2016 was also the year in which Arkil put part of its corporate social responsibility for integrating refugees into practice. This initiative has been a positive experience for all parties.

2017 Objectives

Arkil will continue to strive to reduce the imbalance between genders in the company's management teams in 2017 by actively encouraging qualified female candidates to apply for upper and middle-management positions.

Statement for the year 2016:

Female employees in the Arkil Group	145 of 1,862 (7.8%)
Female managers and middle managers in the Arkil Group	10 of 71 (14%)
Female corporate managers in Arkil Holding A/S	0 of 3 (0%)
Female board members in Arkil Holding A/S	2 of 5 (40%)

HUMAN RIGHTS AND ANTI-CORRUPTION

The group's code of business principles states that Arkil will support and respect internationally recognised human rights. It also sets out that we require all suppliers to support and respect human rights. The consequence of failure to comply is that the collaboration with the supplier will be stopped. The code of business principles can be found at <http://www.arkil.dk/Files/Files/Forretningsprincip.pdf>.

Arkil's initiatives in relation to human rights and anti-corruption, including risks

For the Group, the primary risk relates to potential use of suppliers who do not comply with national legislation and internationally recognised standards and conventions.

We consider this risk to be limited, as we only carry out activities in countries that support human rights and where the risk of corruption and bribery is very low.

Activities and achievements in 2016

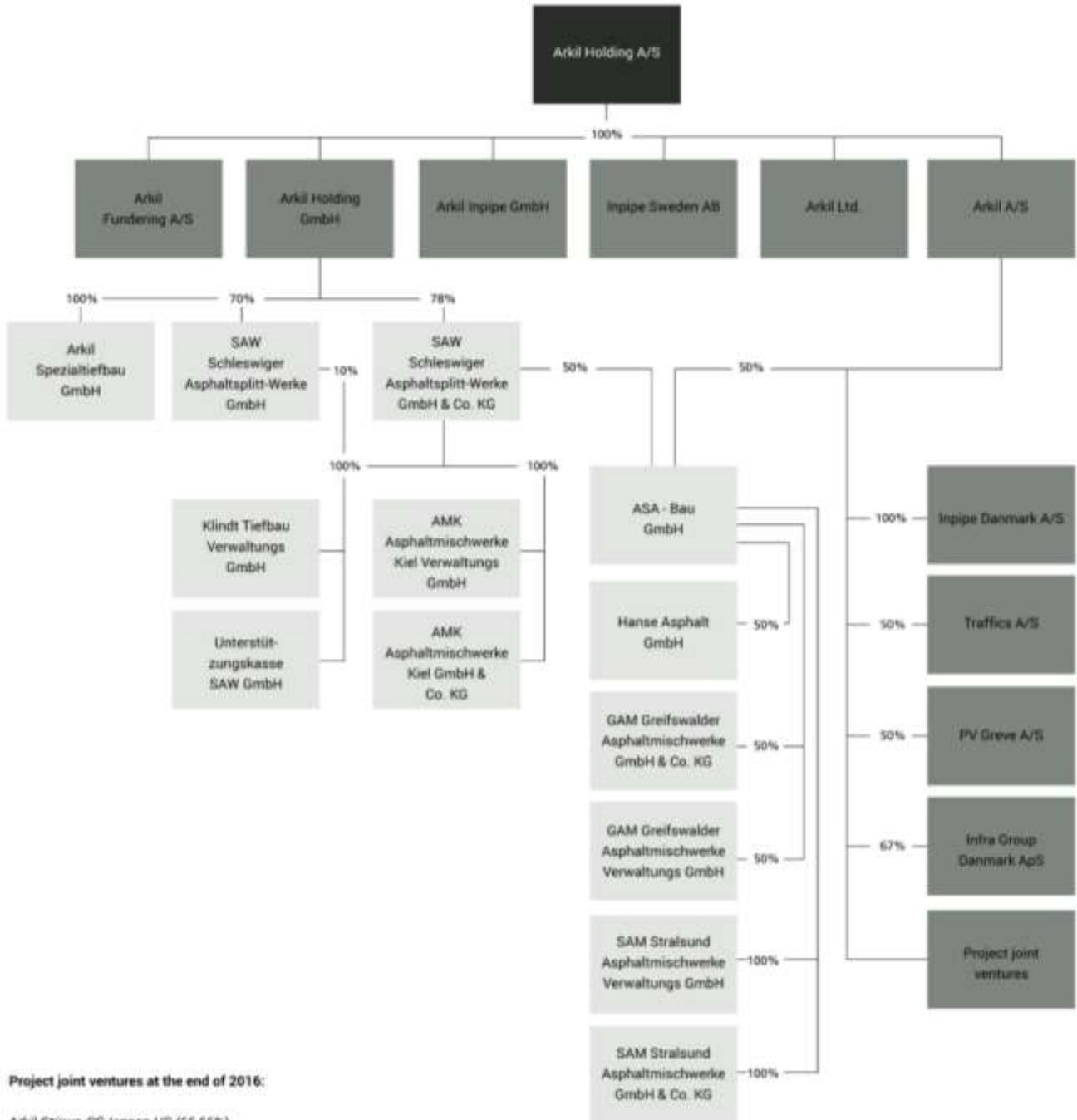
The new law on tenders that took effect in 2015 gave rise to a number of internal courses being held at Arkil. All managing employees and employees who work on the submission of tenders and contracts participated. The courses were held by the Danish Construction Association and an external firm of solicitors. As in previous years, these courses covered instruction and guidelines on compliance with applicable competition legislation.

In continuation of these courses, Arkil's management had a focus in 2016 on the follow-up of the organisation complying with the Group's policies in the area.

Arkil has also prepared internal instructions for supplier collaboration to safeguard e.g. anti-corruption and transparency.



CORPORATE STRUCTURE



Project joint ventures at the end of 2016:

- Arkil-Stürup-CGJensen I/S (66,66%)
- Asfaltkonsortiet Pankas-Arkil I/S (50%)
- Asfaltkonsortiet Munck-Arkil I/S (50%)
- Arkil-CJ Anlæg I/S (50%)
- Arkil-Volker JV I/S (99%)
- Konsortiet Arkil-Meyer&John I/S (100%)
- Konsortiet Arkil-Bilfinger I/S (86,9%)
- Arkil-JV I/S (100%)
- Strukton-Arkil JV I/S (50%)



ARKIL

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