



Introduction	3
Preface	4
Business model	5
Selected key figures	6
Corporate social responsibility.	7
The group's stakeholders	8
Knowledge, expertise and education	10
Working environment and working conditions	13
Environmental and climate conditions	17
Equality and diversity	21
Human rights and anti-corruption	23
Corporate structure	24



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 2018 Annual Report, covering the financial period 1 January – 31 December 2018.

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 a clear focus on matters relating to climate, environment and health and safety, and we support the UN Global Compact. This means that respect for human rights, labour rights and zero tolerance for corruption and bribery are fully integrated aspects of our Code of Business, which you can 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.

The fact that the world community needs, for example, companies to engage outside of their own interests and contribute to a sustainable and brighter future for everyone, has been made clear in the UN's 17 sustainable development goals. Even though Arkil's activities do not present the opportunity to make meaningful contributions towards all the goals, the company is anxious to use the SDGs that affect us as a guiding principle for corporate social responsibility efforts at Arkil.

As a direct part of CSR, Arkil is affected by the following sustainable development goals:

- 4: Quality Education
- 5: Gender Equality
- 6: Decent Work and Economic Growth
- 12: Responsible Production and Consumption

In addition, the company's business - what we earn money from performing - includes:

- 6: Clean Water and Sanitation
- 7: Affordable and Clean Energy
- 9: Industry, Innovation and Infrastructure
- 11: Sustainable Cities and Communities

In connection with the preparation of the 2018 CSR report, we have changed the principles for calculating employee-related key figures. Previously, the key figures have been calculated as the status as of 31 December of the year concerned. This has been changed and, in this and future reports, our employee-related key figures will be based on the average for the year. Comparative figures for 2016 and 2017 have, for the 2018 report, also been updated to use the new calculation method.



PREFACE

More than anything else, the construction industry is characterised by specific work in physical space using machines, manual labour and raw materials. Here, the basic conditions for modern society are created in the form of buildings for us to live and work in, the supply of energy and drinking water and the removal and purification of waste water. Here, possibilities for the mobility of people and goods are created through the construction and maintenance of roads, railways, bridges and tunnels, thereby also creating the conditions for society's productivity and happiness. This is also where we construct defence against natural forces and climate changes, so as to protect society against destruction, ensuring physical safety and security.

For centuries, the construction industry has been synonymous with strenuous physical labour, untrained workers, dust, dirt and noise. Furthermore, from a financial perspective, excessively low economic return for companies. Thankfully, a lot has changed in the Western world, with Northern Europe at the forefront of stopping such practices, but the shadows of the past remain and, to this day, there are still many unfortunate incentives that keep the construction industry in an unsustainable development. This is a great shame, both for the industry and for its employees, and also because the communities that need the work to be done deserve better.

It takes brave societies that dare to prioritise other desires ahead of the desire for a good deal, and it takes industry leaders that, in spite of low economic return, refuse to compromise when it comes to trustworthiness and integrity in the pursuit of profit. It takes courage to invest in the right solutions and technological development. It takes partnerships across traditional boundaries and it requires tough legislation, soft incentives and carrots and sticks in the right ratios.

Thankfully, things are heading in the right direction in this respect. At Arkil, we are proud to have record high levels of apprentices and placement students being trained by the company. This not only benefits us, but the desire for apprenticeships and training has resulted in legislation that increasingly rewards the companies that train young people and penalises the companies that do not. This has a ripple effect and we are now experiencing increasing competition from other companies when it comes to attracting young people. This is unconditionally positive, as it creates increased interest in the industry as a whole among young people who are seeking education and work (as well as among their parents).

Improvements have also been made when it comes to health and safety and we have managed to reduce the number of accidents compared to last year. But one accident is one accident too many and continuous efforts are required to focus on accident prevention in a physical space where only a moment of carelessness or lack of attention can result in injuries. This is

closely linked to the environment in which the work is undertaken and the consideration of e.g. traffic management and other limitations could mean that inadequate space is provided to ensure a safe workplace. This is an example of a key requirement for safe behaviour in the workplace that can be improved.

Last year, we emphasised the need for a more equal distribution of genders within the industry, as there is currently less than 10% women, most of whom are employed in administrative roles. Arkil wishes to follow Dansk Byggeri's ambitious goals to have 20% female employees by 2030. This is a challenging task that will take several years and the fact that Arkil has not managed to make progress in 2018 shows that words and good intentions are not enough. At Arkil, we have therefore taken further initiatives to improve efforts in this area and this will be addressed later on in this report.

Another, somewhat overlooked, area that we are increasingly considering including under corporate social responsibility is our veterans, the soldiers that have been sent to war zones to serve the country and who have returned home after experiencing events that have affected them to some degree. Some have returned to a society that fails to understand them and perhaps prefers to avoid them by ignoring them and failing to consider their needs. Arkil wishes to let this group of people know that we are a company that recognise and respect the efforts of our veterans and understand that they may need support to return to civilian life and that we create space for this. In 2019, Arkil will launch a mentoring scheme aimed at veterans using the company's own employees with a military background and experience of deployment.

These are some of the issues addressed in this CSR report. Both myself and the rest of the company's management team consider our work on corporate social responsibility to be extremely important and we find that a systematic approach and specific follow-up contribute to the company's long-term development in a fundamental, healthy and positive manner. We are a company with proud employees and satisfied customers, who return to us with their projects time after time because they care about more than the cheapest possible construction in the quickest possible time scale.

Enjoy the read.

Jesper Arkil
Chief Executive Officer

ARKIL GROUP BUSINESS MODEL

Arkil is one of Denmark's largest construction companies, with well over 1,900 employees and a revenue of more than DKK 3 billion in Denmark and abroad.

The Arkil Group carries out varied construction projects in Denmark and Northern Europe on the basis of established subsidiaries in the countries in which the Group is represented. We manage local and national construction work, port developments, foundations, tunnelling and major cabling projects, leaving an enduring impression on the infrastructure where we are present. 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 more than 75 years of experience, Arkil is a professional, highly qualified and often the 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 delegation of responsibilities, high 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

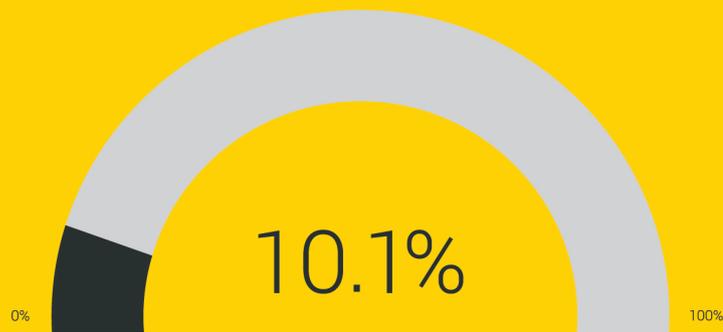
- We take full responsibility for projects, people and the environment.
- We work efficiently and with flexibility.
- We are innovative and work through dialogue rather than confrontation.
- We are open and trustworthy, and we deliver on what we promise.
- We deliver quality on time.

SELECTED KEY FIGURES

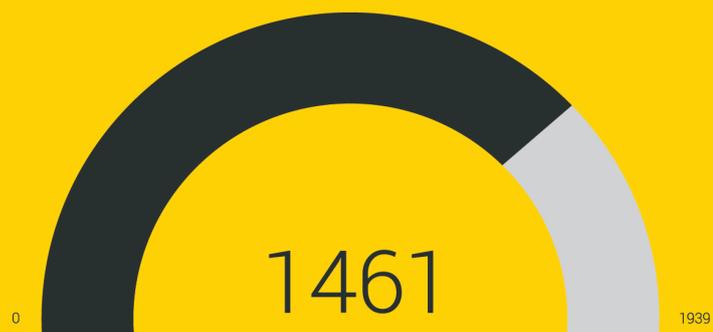
Trainee
percentage



Female
employees



Hourly-paid
employees of
total employees



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
- Arkil's Sponsorship 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 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.

THE GROUP'S STAKEHOLDERS

As a listed construction company that has a local and national impact on society through construction activities, we have a large number of stakeholders who are important to us and our current and future business, in various ways.

We have identified the key stakeholders as being:

- Customers
- Employees
- Partners
- Shareholders
- End users who are affected directly by our construction activities.

Our activities allow us to have close contact and dialogue with key stakeholders, which provides us with important knowledge of specific opportunities and issues associated with our work. This knowledge is included in the planning of future projects and strategic areas of investment. We also ensure transparency in relation to the Group's activities through ongoing information about our activities via our website and other information channels.

An overview of key stakeholders and our interaction with these stakeholders can be seen below:

Customers

Our customers include local authorities, national utility companies and large, state-owned developers such as the Danish Road Directorate and Banedanmark. We communicate with customers in connection with our project activities, and we discuss various industry-related topics at supplier meetings and conferences arranged for actors within the construction and civil engineering industry.

Employees

Communication with employees takes place centrally through our intranet, the employee magazine and internal training as well as in a decentralised manner by way of department meetings, seminars and coordination meetings in current projects.

Partners

Authorities, suppliers, consulting engineering firms and other construction companies are all potential or current partners of Arkil. We have several partnerships in which we have collaborated with one or more developers, consultants and other construction companies for a number of years to optimise projects and achieve common goals. These partnerships and other specific partnerships with industry players allow us to establish close connections and dialogue with others within this stakeholder group.

Shareholders

Communication between the company and shareholders takes place predominantly via the website, arkil.dk, and the annual general meeting of Arkil Holding.

End users

Residents, businesses, institutions and road users are often affected by our activities in the various construction areas throughout the country. In collaboration with individual developers, we ensure that we enter into constructive dialogue with end users through e.g. residents' meetings, information letters, SMS solutions and direct contact in the construction area concerned.



"We have made it our goal to ensure that 10% of the employee base be made up of apprentices in the departments that employ apprentices"

In 2018, we once more reached this goal, as an average of 62 placement students and apprentices have been affiliated with Arkil during the year. This corresponds to 10.60%, which is a small increase compared to 2017, when an average of 56 placement students and apprentices were associated with Arkil, corresponding to 10.35% of hourly-paid employees.

KNOWLEDGE, EXPERTISE AND EDUCATION

Employees with the right skills at the right time and place are our most important asset, and we always strive to attract the most talented workers to ensure the company's ongoing growth and development. We invest significant resources in recruiting, developing and further educating our employees, so that they are always prepared for the challenges that arise in the construction industry and in their daily work.

We therefore also make the effort to actively manage any risk that may occur in failing to attract and retain employees with

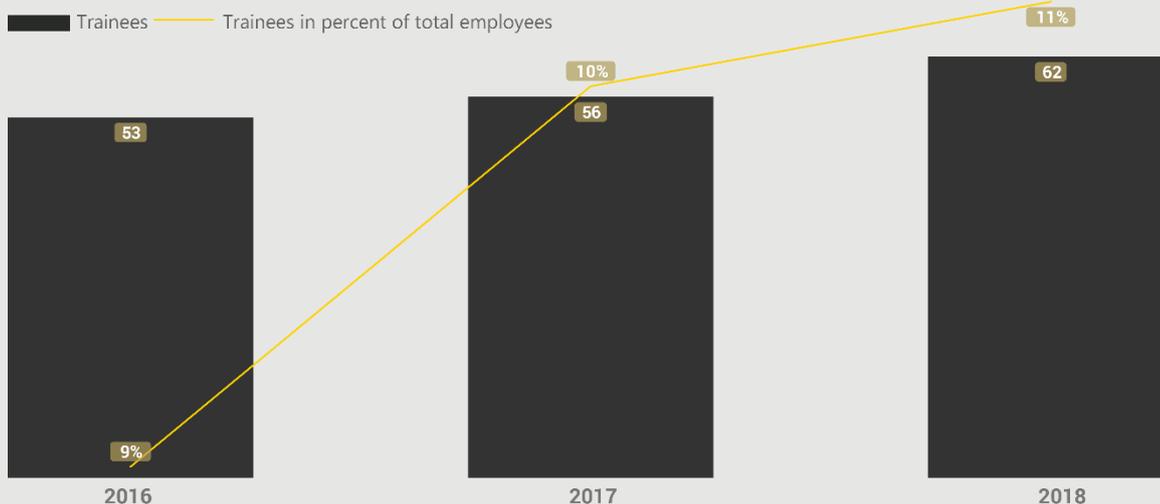
the right expertise. In particular, this is done through the HR department's dialogue with local management concerning needs and investments to ensure a high level of knowledge, expertise and education, and is a fixed item on the agenda at meetings between management in subsidiaries and Group management.

At the end of 2018, the Arkil Group had a total of 1,939 employees. Of these, 478 were salaried employees and 1,461 were hourly-paid employees.

EDUCATION POLICY

- *Arkil wishes to recruit talented employees with the right expertise, people who are qualified to solve the tasks that must be performed, regardless of which level of the organisation the employee belongs to.*
- *We offer and implement internal and external training of managers and employees at a high professional level, tailored to the individual.*
- *We offer general training/courses/seminars for the purpose of updating relevant knowledge and improving expertise, including training of employees who require development in a specific direction for career reasons.*
- *We focus on helping and developing employees with special needs, including those suffering from dyslexia.*
- *In addition to the Group's full-time employees, we are also involved in the training of placement students and apprentices.*
- *In cases where legislation sets down requirements for specific training for the actual work that will be undertaken, the employee must participate in the activities offered by Arkil.*
- *The need for training will be determined by the managers, who will establish the training plan in consultation with the employee and the HR department.*
- *Arkil prioritises the use of the best and most effective solutions for individual training plans, including e-learning, webinars and similar online learning models to provide the course participant with the greatest possible degree of flexibility and a better chance to learn the materials.*

PLACEMENT STUDENTS



Activities and achievements in 2018

For a number of years, Arkil has been known for having a special focus on the education of placement students and apprentices. A fixed goal for these efforts has been for 10% of hourly-paid employees in Denmark to be made up of placement students in the departments that can train placement students.

In 2018, we once more reached this goal, as an average of 62 placement students and apprentices have been affiliated with Arkil during the year. This corresponds to 10.60%, which is a small increase compared to 2017, where an average of 56 placement students and apprentices were associated with Arkil, corresponding to 10.35% of hourly-paid employees.

The major focus on apprentices at Arkil can not only be seen from the overall statistics, but is also reflected in the number of apprentices associated with local projects. As an example, no fewer than eight apprentices were associated with a partnership project for Aarhus Vand in Aarhus during spring 2018. These eight apprentices constituted 28% of the total number of Arkil employees in the project.

The reason for the high proportion of apprentices in this project was, among other things, the fact that the partnership project is being performed as a framework agreement spanning six years. This means that it is a longer, continuous project in which it makes even more sense to include young people undertaking training.

In 2018, Arkil's Danish departments had an average of 62 placement students and apprentices.

These were split across the following areas of education:

Structural engineering placement students	45
Machine operator placement students	5
Construction engineering placement students	4
Office and administrative placement students	1
Paving placement students	2
Business education placement students	2
Integration education placement students	1
Vocational structural placement students	1
Construction machinery mechanics	1

Apprenticeships for engineering placement students and those in receipt of benefits

In addition to the many placement students and apprentices that have been associated with Arkil during 2018, we also have EGU (business education) placement students as well as engineering apprentices and placement students at several of our Danish departments. We want to grow our corporate social responsibility by educating more young people for the labour market of the future, while also aiming to create good foundations for recruitment of the most talented young people when they have completed their education.

Additionally, we also want to help young people who need another chance in the labour market to progress in working life. In 2018, Arkil Anlæg in Sønderborg and Aalborg has, among others, participated in local projects where benefit claimants had the opportunity to gain practical experience in a company to demonstrate that they were able to manage full-time employment. Both the "Youth at the top" project in Aabenraa and the "Jobbus 9220" initiative in Aalborg resulted in a number of young people being able to gain work experience with Arkil and subsequently being offered full-time employment in the departments.

On the basis of Arkil's special focus on placement students and apprentices, Arkil's construction department in Sønderborg was awarded the CSR label from the Municipality of Tønder in 2018. The CSR label is awarded to local companies that take corporate social responsibility through e.g. the employment of apprentices or offering work experience to local residents.

Focus on further education for several employee groups

In 2018, Arkil has offered three academic subjects to the company's middle managers. Project managers, contract managers and project heads have participated in the academic subjects of project management, practical management and organisation and occupational psychology.

The "foundational management training" course aimed at foremen also continued in 2018. The course was initially offered at Arkil in 2017 and the third group of participants were undergoing their management training at the end of 2018. When this third group completes the course in spring 2019, no less than 60 out of 100 foremen employed by Arkil will have completed the tailored management training.

Arkil's hourly-paid employees will also be offered additional qualifications through further education. Such training often takes place during the winter months when the activity levels in projects tend to be lower due to the weather conditions. In

2018, plumbing and safety training were offered to hourly-paid employees.

Employer Branding to ensure recruitment, development and retention

A crucial goal for 2018 with regard to knowledge, expertise and education was to carry out Employer Branding efforts for the purpose of attracting new employees. Three strategy teams were therefore established across Arkil's Danish companies and departments for the purpose of a targeted approach to attracting, developing and retaining workers. The three strategy groups will continue the Employer Branding work in 2019.

In 2018, Arkil's HR Department also had a focus on attracting foreign workers. Work is still being undertaken to identify a model for how, primarily hourly-paid, employees with a foreign background can best be integrated at Arkil - with regard to ensuring pay, working conditions and job security, as well as managing language-related challenges.

At Arkil, we have positive experiences to draw on when it comes to foreign workers, as several of our departments employed people in 2017 and 2018 who arrived here as refugees. A large proportion of these have subsequently been offered permanent work. The focus on attracting and managing foreign workers will continue in 2019.

As part of our Employer Branding efforts, we also initiated a process in 2018 relating to the development and use of e-learning at Arkil. The first major project in this area is the development of e-learning for use in the onboarding of new employees at Arkil. The development of additional e-learning processes will continue in 2019.

2019 Objectives

The focus in 2019 will be to continue the development and implementation of the projects that were initiated in 2018. The Employer Branding efforts in particular will have high priority and will also include participation at exhibitions at e.g. universities, educational institutions and job centres. The purpose of participation in exhibitions is primarily to ensure that the Arkil brand is known to young people and thereby create a good foundation for future recruitment among this target audience.

Retention of existing employees will also be a key focus area in 2019. We will, on the one hand, work on projects to enhance retention through a focus on good management and job satisfaction and, on the other hand, increase and further develop our efforts relating to placement students and apprentices. One step in this further development is to carry out an evaluation among our placement students, scheduled to take place in early spring 2019. The evaluation will help us optimise our

placement student efforts going forward, including the mentoring scheme.

Finally, in 2019 we will also have an increased focus on attracting more women to the construction industry. In continuation of the establishment of Dansk Byggeri's Women's Council, of which Arkil CEO Jesper Arkil is a member, Arkil has established the "Arkil Merit Award". The Arkil Merit Award consists of two awards, intended to honour people who make an extraordinary effort when it comes to attracting women to the construction and civil engineering industry. The Merit Award will be awarded for the first time in 2019 and it is therefore natural that attracting women both to the industry in general as well as to Arkil specifically will be a consistent focus area in 2019.

Activities and results in Arkil's international companies in 2018

Arkil's German subsidiary, Arkil Holding GmbH carries out both asphaltting and civil engineering work and has made great progress in 2018 in terms of the number of placement students and apprentices. From an average of 14 placement students in 2017, the German subsidiary had an average of 32 placement students associated with the company in 2018. There has therefore been progress in terms of the number of placement students in both Denmark and Germany.

In Ireland and Sweden, where Arkil also has subsidiaries, there are no educational schemes that can be compared to the placement student and apprentice schemes here and these companies are therefore not included in the overview of the Group's total number of placement students and apprentices.

Number of placement students:

Company	2016	2017	2018
Arkil DK	53	56	62
Arkil Holding GmbH	19	14	32
Total	72	70	94

Further education of employees has been a major focus across all international Arkil subsidiaries in 2018. Training courses have been held in Germany, Ireland and Sweden on health and safety for all employees, and Germany and Ireland have also had a focus on clarification of individual further education requirements for employees.

Goals for Arkil's international companies in 2019

Arkil Holding GmbH in Germany will expand its course offering to employees in 2019 to include those working on safety and first-aid. This is primarily to ensure compliance with legislative requirements and to prevent and reduce the number of occupational accidents.

Arkil Inpipe in Germany and Sweden has also planned further education within health and safety in 2019, while Arkil's Irish subsidiary will collect information and further develop the clarification process that has been carried out in 2018, focusing on the training requirements for individual employees.



HEALTH AND SAFETY AND WORKING CONDITIONS

We have a clear goal for Arkil to be one of the safest employers in the construction industry. The overarching goal of health and safety work at Arkil is therefore to reduce the number of occupational accidents.

On the basis of our health and safety policy, we are committed to complying with applicable laws and safety regulations, just as we incorporate health and safety considerations into all processes and projects – from the planning to the execution phases. The health and safety policy is converted to specific goals and action plans, applicable for two years at a time, and is approved by Arkil's Main Health and Safety Committee.

The most significant risks associated with the work on achieving a safe working environment are:

- That employees are injured while at work.
- That there is not a safety culture at Arkil in which corrective action is implemented as far out as the final employee link.
- That Arkil's management system and health and safety organisation is being actively utilised.

To meet these risks, Arkil's Health and Safety department carries out structured and focused work on preventative activities such as continued development and implementation of the management system, internal training, safety rounds and targeted campaigns.

Arkil has a substantial and broadly based health and safety organisation that, in addition to the Main Health and Safety Committee, comprises 23 local health and safety committees and health and safety teams at the construction sites for which this is required. Together with the health and safety department, the health and safety organisation plays a key part in ensuring that the number of occupational accidents at Arkil is reduced, and that the overall goal for health and safety work is met.

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 several 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 ageing.

- 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.

Activities and achievements in 2018

One of the primary objectives for health and safety is to reduce the accident rate. The goal for 2018 was an accident rate of 10, which we unfortunately did not achieve. The accident rate ended up being 13.5. Nevertheless, this is an improvement compared to 2017, when the accident rate was 16.6.

In 2018, we experienced 31 reportable injuries compared to 37 in 2017, which is a reduction in the number of injuries of around 16%. Additionally, our absence rate has dropped from 2.6 in 2017 to 2.4 in 2018, corresponding to a reduction in the number of hours of absence of approximately 13%.

Nominated for the Arbejdsmiljøprisen (Work Health and Safety Prize) 2018

At Arkil, we have carried out targeted work on goals and action plans within the area of health and safety since 2014. The structured and focused work has resulted in the number of occupational accidents being reduced by 60% and, overall, the accidents have also become less serious.

The multi-year efforts and the results of these efforts were noticed in 2018 by the Danish Health & Safety Council, which presents an award to the workplaces that have made extraordinary efforts relating to health and safety each year. The Arbejdsmiljøprisen is awarded in four categories and in 2018 Arkil was nominated for the award in the "Occupational Accidents" category.

In the nomination, the Danish Health and Safety Council highlighted Arkil's ability to reach everyone in the organisation,

through efforts such as the Arkil News app and the appointment of 85 health and safety ambassadors tasked with acting as safety mentors for new hourly-paid employees at Arkil.

Unfortunately, we did not win the Arbejdsmiljøprisen award, but the nomination itself was great recognition and a pat on the back for everyone at Arkil, especially our health and safety organisation.

Focus on training and sharing of knowledge within health and safety

In 2018, we have worked to reduce the accident rate using six action plans with fixed activities and milestones in a number of selected topics.

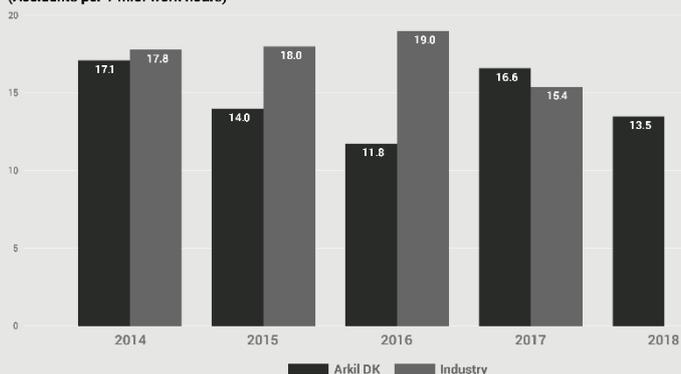
One of the action plans focused on training the entire organisation in health and safety. This has resulted in more than half of Arkil's foremen having attended internal health and safety courses in 2018. Additionally, the annual Health & Safety Day took place in March, a themed day for all employees working on health and safety at Arkil. Just over 100 employees participated and, during the day, they had the opportunity to exchange knowledge and experience while also gaining new knowledge of e.g. ergonomics, road signage regulations and lifting devices.

Health & Safety Weeks for Arkil as a whole

As in the previous two years, two "Health & Safety Weeks" were held at Arkil in 2018. The Health & Safety Weeks are internal campaigns in spring and autumn with a focus on relevant health and safety topics for the purpose of engaging all employees across Arkil in the work to improve the working environment.

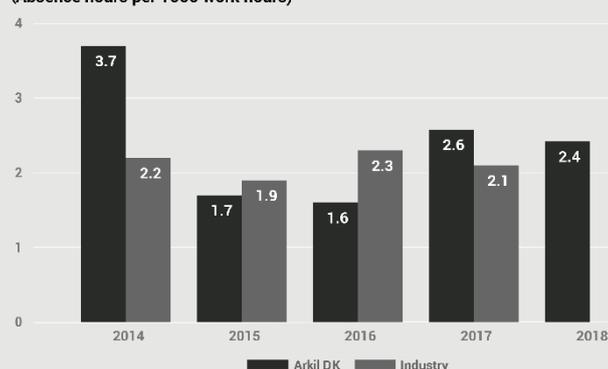
ACCIDENT RATE 2014-2018

(Accidents per 1 mio. work hours)



ABSENCE 2014-2018

(Absence hours per 1000 work hours)



The topic for the spring Health & Safety Week was the inspection of e.g. tools, lifting devices and machinery, while in autumn the focus was on personal protective equipment. During the autumn, all employees, through the use of a questionnaire and a video, were encouraged to check whether their colleagues possessed and used the correct personal protective equipment. This resulted in a lot of feedback and good conversations at Arkil's construction sites, resulting in a focus on and engagement with health and safety work all the way out to the furthermost parts of Arkil's production.

First year of Health & Safety Ambassadors

On 1 January 2018, Arkil's new Health & Safety Ambassador scheme entered into force. 85 Arkil employees were appointed Health & Safety Ambassadors tasked with mentoring new hourly-paid employees in health and safety and thereby contributing to the prevention of accidents among hourly-paid employees with the least experience.

The goal was to reduce the number of accidents among new employees by 50% during 2018 and 2019 compared to the 2017 figures. Even though we are well on the way, the goal has not yet been reached and there will be a complete focus on reaching this goal again in 2019. Nevertheless, the 85 Health & Safety Ambassadors got off to a good start in 2018 and their roles are becoming known within the organisation. A good foundation for continued work in 2019 has therefore been established.

Health & Safety Committee Elections

Elections for the 23 local Health & Safety Committees at Arkil were held in 2018. Each local Health & Safety Committee consists of one committee chair, two or three elected health and

safety representatives and two or three appointed management representatives. The local Health & Safety Committees determine their own goals for health and safety work in their area based on Arkil's overall goals and action plans as determined by the Main Health & Safety Committee.

The Main Health & Safety Committee was established at the end of 2018 and comprises selected members from the new local Health & Safety Committees so that all working areas, disciplines and local departments at Arkil are represented. The members of both the local committees and the Main Health & Safety Committee have been elected for the next four years.

2019 Objectives

The aim of an accident rate of 10, which we unfortunately did not achieve in 2018, will continue to apply in 2019.

We will, in line with last year, continue to work to reduce the accident rate through action plans, but the focus in 2019 will be to create differentiated action plans based on the situation in each department. A consistent focal point of the action plans will be communication and messaging to ensure that decisions relating to health and safety that are made by the Main Health & Safety Committee or the local health and safety committees are communicated to employees in production.

In 2019 we will continue to focus on the Health & Safety Ambassador scheme and the induction of new hourly-paid employees into the Arkil safety culture. Among other things, we will ensure that we have the right number of ambassadors available for new employees and that the ambassadors are well equipped to manage the role.

Arkil's Health and Safety department will also work to visualise the instructions included in Arkil's management system so that they are easier to access for employees in e.g. production. At



the same time, the Health and Safety department will also focus on ensuring that corrective actions agreed in connection with occupational accidents are implemented all the way out into production in 2019.

Activities and results in Arkil's international companies in 2018

The accident rate in Arkil's international companies climbed from 35 in 2017 to 41 in 2018. The absence rate however fell from 51 to 43. The international companies therefore had more injuries per working hour in 2018 but the injuries resulted in less absence than previously.

Arkil's German subsidiary, Arkil Holding GmbH, employed a Health & Safety Specialist in 2018 to improve the health and safety efforts and reduce the number of accidents. In 2018, Arkil Holding GmbH also held a number of meetings with employees on long-term sick leave and disabled employees for the purpose of creating the best possible future conditions in the workplace for the employees concerned.

In Sweden in 2018, Inpipe Sweden improved lighting and ventilation at the company's factories as part of the ongoing working environment improvements. Similarly, in Germany, Arkil Inpipe GmbH invested in new equipment and materials to improve working conditions for its employees.

Arkil's Irish subsidiary, Arkil Ltd, complies with the QHSAS 18001 Health and Safety Standard and therefore works systematically and continually on health and safety efforts. In 2018, this resulted in new goals being set for health and safety

work, as well as a continual focus on both goal attainment and improvement areas with regard to safeguarding the working environment.

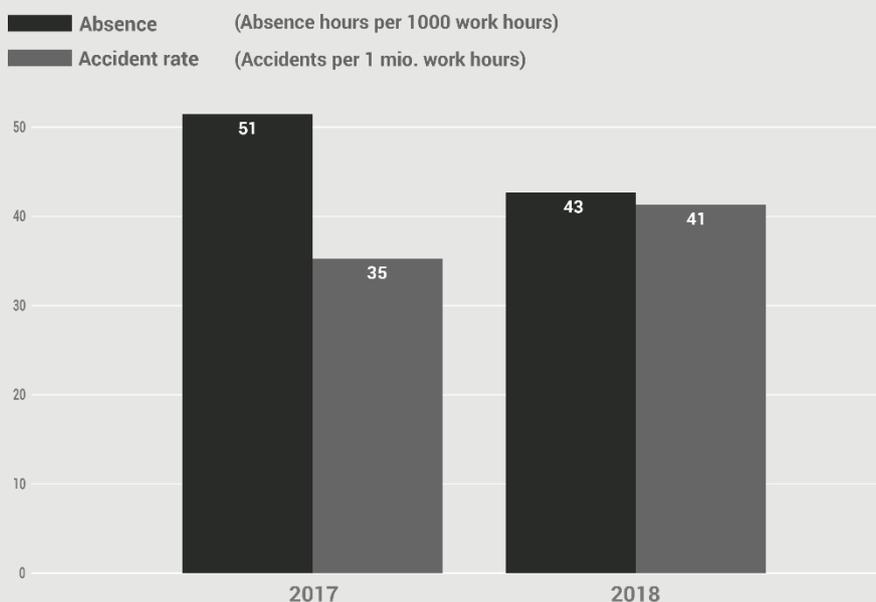
Goals for Arkil's international companies in 2019

In Ireland in 2019, the company will continue to monitor, evaluate and improve health and safety efforts based on the QHSAS 18001 Health and Safety Standard.

The German subsidiary, Arkil Holding GmbH, has plans to expand its office facilities in Schleswig in 2019 and, in connection with the expansion, there will be a focus on designing the workstations in such a way that they provide the best possible ergonomic benefits for employees.

The German Inpipe company, Arkil Inpipe GmbH, has, in recent years, held a two-day workshop for employees with the purpose of putting the spotlight on further education and health and safety in particular. Another workshop is scheduled for 2019, at which the current accident rate and relevant topics within health and safety will be subject to discussion and exchange of experiences. The aim of the workshop is to increase awareness relating to health and safety and security in the workplace and also for managers to communicate new information and useful knowledge relating to the area to the employees.

ABSENCE AND ACCIDENT RATE FOR THE GROUP'S INTERNATIONAL COMPANIES



ENVIRONMENTAL AND CLIMATE CONDITIONS

As a construction company, we are aware that our activities have an impact on the environment. On the basis of our environmental policy, we therefore have a continual focus on minimising our negative impact on both the local and the global environment to the greatest extent possible.

The most significant risks relating to climate and the environment are linked to our energy consumption and the use of materials. To minimise these risks, we are undertaking work both at Group level and in a decentralised fashion in Arkil's units and departments to reduce energy consumption and develop new, environmentally friendly materials and workflows.

We also stay abreast of development possibilities in the industry that could have a positive impact on the area of climate and environment. Through our membership in the Danish Association for Responsible Construction, we regularly receive information about new sustainable solutions for the construction and civil engineering industry, which we then have the opportunity to implement internally within Arkil.

Activities and achievements in 2018

Based on Arkil's vehicle policy, which sets out the framework for the procurement and replacement of company vehicles in the Group's Danish companies, we have, in 2018, continued to replace older models as initiated in 2016. The replacement of older vehicles with new, more environmentally friendly models has, in 2018, resulted in an estimated saving of 76,057 litres of fuel based on an assumption that each car drives 30,000 kilometres each year. See "Fuel economy" illustration on page 20.

Energy savings in Arkil Asfalt

Energy savings have also been achieved in Arkil's asphalt division in 2018. In 2018, asphalt production in Denmark used 90.4 kWh per tonne of asphalt produced. This is a substantial saving compared to 2017, when 97.7 kWh was used per tonne of as-

phalt produced. See "Energy consumption in asphalt production in Denmark" illustration on page 20. The saving was primarily due to dry and favourable weather conditions dominating in 2018, resulting in a natural reduction of moisture in the materials used in asphalt production. The materials must be dried before they are ready for use and, when moisture is reduced prior to the drying process, the energy consumption for drying is decreased accordingly.

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.

As a result of the certification, energy consumption in asphalt production is carefully monitored, and initiatives are continually initiated to reduce energy consumption at Arkil's asphalt plants. In 2018, a protective cover was therefore established for raw materials at the Næstved factory. The purpose of the cover was to reduce moisture in the materials stored on site to reduce energy consumption in the drying process.

Specific research activities in the "Roads2Rails" project

Since 2016, Arkil's asphalt division has participated in the "Roads2Rails" research and development project. The goal of the project is to achieve more efficient and sustainable railway operations using asphalt rather than rail ballast as the load-bearing element. The project manager for the project is the Danish Institute of Technology, and other participants, besides Arkil, are DTU, Banedanmark and Atkins Danmark A/S.

The primary focus of the project in 2018 has been the construction of a "mockup"/model in which Arkil Asphalt has been responsible for the construction of the specially developed asphalt surfacing. The mockup was subsequently transported to DTU, where sleepers and track construction were completed. A

ENVIRONMENTAL AND CLIMATE POLICY

- We will work to limit the use of resources through the increased reuse of materials and by minimising wastage.
- We will collaborate with suppliers, organisations and authorities to create a better environment together.
- In connection with the procurement of new materials, we will assess the environmental conditions in relation to technology, finance, health and safety.
- We will maintain the environmental management system so that it always complies with the requirements set out in the industry.

number of measurements of the surfacing were also conducted to determine its structural properties. A special load system was installed to simulate load from running trains. This is scheduled to take place in 2019.

Heated rainwater used for weed removal in PV Greve

PV Greve A/S, a public-private partnership between Arkil and the Municipality of Greve on the operation and maintenance of all municipal areas, has implemented an alternative to pesticides for weed killing in 2018. Using two systems, procured for the purpose, water is heated to 92 degrees and sprayed onto all weeds in a suitable volume. To avoid using drinking water, PV Greve collects and uses rain water only.

The method is both efficient and environmentally friendly and PV Greve considers it to be the absolutely best alternative to the use of pesticides or gas in weed killing.

Documented effect of gas thermal remediation

Arkil's specialist department, Arkil Miljøteknik, specialises in the remediation of pollution, thereby directly contributing to a cleaner environment in Denmark. Arkil Miljøteknik also continually develops and implements new technologies for remediation, for use in future, complicated environmental projects.

In 2018, Miljøteknik utilised one of these new technologies on land in Ganløse, where 2300 litres of heating oil had seeped out of an underground tank at the property. Through the use of GTR (gas thermal remediation), 2,500 tonnes of soil was cleaned of the oil pollution without the soil being dug up. Instead, the soil was heated to 225 degrees using gas heaters in buried steel pipes, whereby the oil was converted to steam and gas that was recycled and used in the subsequent heating process.

Validation readings have subsequently shown that the technique is extremely effective, as 99% of the oil on the land in Ganløse has been removed.

Continued focus on the reduction of idling

In 2018, Arkil's construction department in Silkeborg has continued to strive to achieve the most efficient operations possible and to achieve minimal idling of department machines. In 2017, the department completed a pilot project for the purpose of creating a shift in attitude relating to the way in which employees use the machines. The pilot project resulted in minimisation of idling and a reduction of both fuel consumption and carbon emissions.



Based on the positive results from 2017, the goal for 2018 was to achieve an average of 80% efficient operations with a milestone of achieving a minimum of 60% efficient operations. The goal of 80% efficient operation on average was not reached in 2018, but the milestone of a minimum of 60% was reached. At the same time, the department has achieved a proven change in attitude when it comes to focusing on efficient operations and maximum operation in the machines' "energy mode".

The positive experiences from the Silkeborg department also resulted in a similar pilot project being initiated in Arkil's construction departments on Zealand during 2018. Through courses and internal workshops, there is a focus on creating the essential attitude shift among employees needed to achieve the most efficient operation of machinery possible. As the Zealand project is in its start-up phase, there is not yet any data available to document any effect. The positive results of the efforts are however expected to be available in 2019.

2019 Objectives

The "Roads2Rails" project that Arkil is participating in will continue in 2019 with the implementation of a number of load experiments to simulate running trains. At the same time, there will be a focus on collecting data from experiments and tests to form the basis for life cycle analyses of the newly developed solution.

In Arkil Vejservice, which works on the operation and maintenance of roads and green areas, a so-called "HeatWeed" system is scheduled for implementation in 2019. Based on the positive experiences from PV Greve using heated rain water for weed killing, Arkil Vejservice will use the similar method, HeatWeed, for the division's operating contracts for national roads.

The GTR cleaning technology in which Arkil Miljøteknik specialises still has great potential when pollution from e.g. oil and mercury needs to be removed in areas where it is expensive to remove the soil or where digging is not possible. As such, 2019 may provide the opportunity to trial the technology in Greenland, where the costs of "traditional" pollution cleaning are notably higher than in Denmark.

In 2019, effective operation of machinery and the minimisation of idling will remain a focus at Arkil's construction department in Silkeborg and the Zealand pilot project will also continue. In Silkeborg, 2019 will also involve a particular focus on travel between the different construction activities included in a project. As such, the aim is to further optimise the effective operation of machinery.

Activities and results in Arkil's international companies in 2018

Arkil's international asphalt departments has achieved significant energy savings in asphalt production in 2018. In 2017, 96.4 kWh were used per tonne of asphalt produced, but the figure for 2018 was 93.7 kWh per tonne. See "Energy consumption in international asphalt production" illustration on page 20.

Arkil's Swedish company, Inpipe Sweden, achieved savings of 50% on energy consumption for ventilation in 2018. This result was achieved after replacing an old ventilation system with a newer, more energy-friendly system.

Goals for Arkil's international companies in 2019

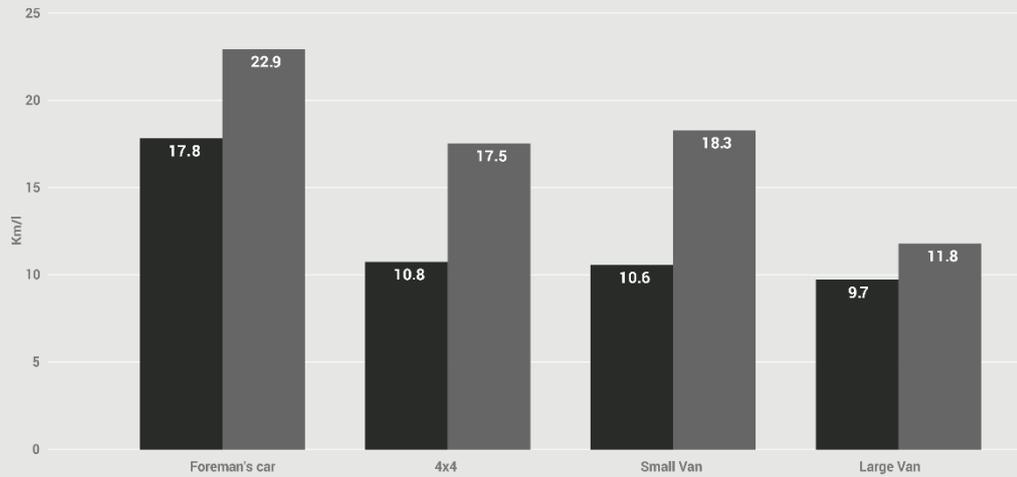
At Arkil Holding GmbH in Germany, the plan for 2019 is to replace another bitumen storage tank at the Stralsund asphalt plant with a new tank with better insulation. At the same time, modernisation of a dust-reducing installation is also scheduled for the asphalt plant in Kiel to achieve energy savings in operation.

In Sweden, Inpipe Sweden will also focus on energy savings in the operation of the factory. The plan is to install a new energy-optimised heating system in 2019.

FUEL ECONOMY

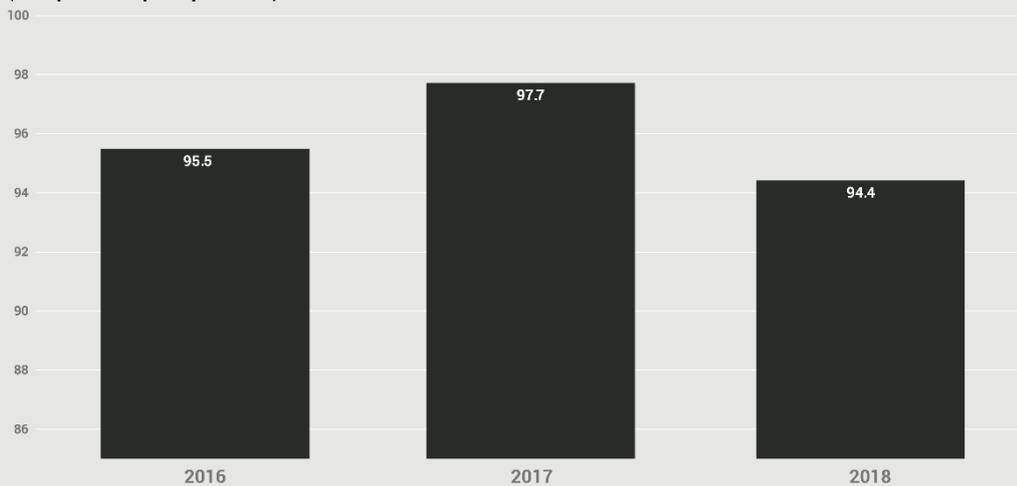
Acquired contra sold cars 2018

■ Sold 2018 ■ Acquired 2018



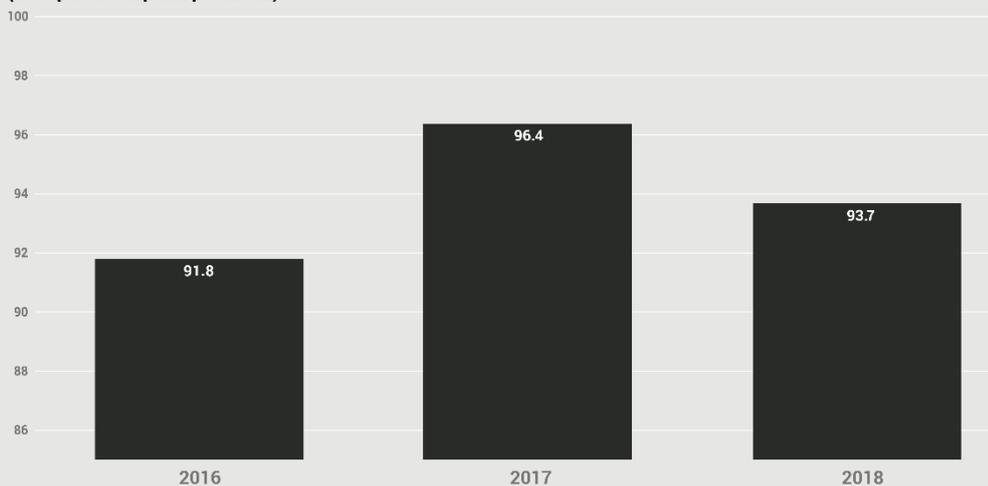
ENERGY CONSUMPTION IN ASPHALT PRODUCTION IN DENMARK

(kWh per ton asphalt produced)



ENERGY CONSUMPTION IN INTERNATIONAL ASPHALT PRODUCTION

(kWh per ton asphalt produced)



EQUALITY AND DIVERSITY

Arkil Holding has developed an Equality and Diversity Policy, which is available at <http://www.arkil.dk/investor/ligestillingsogmangfoldighedspolitik2018>. The Equality and Diversity Policy includes the following:

The company's policy is to address gender imbalance within various positions by actively encouraging qualified applicants of the under-represented 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 2018

The proportion of female employees in the Arkil group overall, was 9.8% in 2018, which is the same percentage as in 2017. Of the average of 94 placement students and apprentices employed by the Group in 2018, five were women. This corresponds to 5.3%. This is an increase compared to 2017, when 2.9% of the average number of placement students and apprentices were female. In 2018, one female manager more than in 2017 was employed and the proportion of female managers was therefore 9.2% in 2018 compared to 9.1% in 2017.

The proportion of female members of senior management and the board of directors remains unchanged compared to 2017. 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.

In the Board, 2 out of 5 members are women. Agnete Raaschou-Nielsen and Birgitte Nielsen are acting as the Chairman and Deputy Chairman respectively of the board of Arkil Holding.

Employment of refugees

As mentioned in the section on "Knowledge, expertise and education", several of Arkil's Danish departments employed refugees from e.g. Syria during 2018. The majority of the refugees that were hired started with work placements before being offered full-time employment. As an example, our departments in

Syd- og Sønderjylland had a total of 22 refugees receiving work experience in 2017 and 2018, 15 of whom were subsequently permanently employed.

Arkil joins Danske Byggeri's Women's Council

Only nine per cent of employees in the construction and civil engineering industry are female and this figure has not changed in the last 20 years. For this reason, Dansk Byggeri established a Women's Council in March 2018, tasked with providing recommendations as to how the industry can attract more women and retain women for longer, as well as telling the positive story of the industry to women, their families and friends. Specifically, the goal is for the proportion of women in the construction and civil engineering industry to be doubled in ten years.

The 17 members of the Women's Council have, in 2018, worked to establish these recommendations. Among other things, the members spoke with former Minister of Education, Christine Antorini, as well as leading businesspeople from construction and civil engineering companies, including Jesper Arkil, CEO of Arkil.

In January 2019, the Women's Council presented its eight recommendations. The recommendations can be seen at https://www.danskybyggeri.dk/media/36617/byggeriets-kvinde raad_rapport_net.pdf.

The establishment of Arkil's Merit Award

In extension of Dansk Byggeri's focus on attracting more women to the industry, Arkil decided to create a new Merit Award in 2018, for the purpose of placing the focus on people or organisations that have made extraordinary efforts to attract women to the construction and civil engineering industry. The Merit Award was launched in January 2019, while the preparation for the launch took place in 2018.

With the award, Arkil aims to support Dansk Byggeri's recommendations by honouring people, every year, who have made extraordinary efforts to place the focus on women in the construction and civil engineering industry. Arkil's Merit Award comprises two awards and will be presented for the first time in 2019. Each award also includes a monetary prize of DKK 25,000.

One of the awards will be presented to a placement student in one of Danske Byggeri's educational programmes. The placement student award will be presented in connection with the Danish Championship in Skills, which is held yearly in April. The Danish Championship in Skills is the construction and civil engineering industry's major Danish championship for young people in business education. Around 300 young people compete yearly to become the country's best in their specific discipline.

The other award will be presented in autumn to people or organisations who deserve special recognition for their efforts to attract and positively focus on attracting more women to the construction and civil engineering industry.

An awards committee consisting of both young and experienced female role models will be responsible for selecting the winners and presenting the awards. The Awards Committee is administered by Dansk Byggeri.

2019 Objectives

We consider the inclusion of refugees at our workplaces to be part of our corporate social responsibility and will continue to actively offer employment to this employee group in 2019.

In 2019, we will also continue to strive to reduce the imbalance between genders in the company's management teams by actively encouraging qualified female candidates to apply for upper and middle-management positions.

2019 will also be the year in which we, for the first time, present Arkil's Merit Award to people who have made extraordinary efforts to place the focus on women in the construction and civil engineering industry.

In 2019, we will also collaborate closely with the broader construction and civil engineering industry and support the recommendations from Dansk Byggeri's Women's Council. We will work to create awareness relating to the employment and retention of women in the industry, for example by placing emphasis in job adverts to encourage women to apply for available positions.

	2017	2018
Total number of employees	1860	1939
Female employees	183	193
Female employees as a %	9.8%	10.0%
Total placement students	70	94
Female placement students	2	5
Female placement students as a %	2.9%	5.3%
Total number of managers	88	98
Female managers	8	9
Female managers as a %	9.1%	9.2%

Female employees in the Arkil Group:



HUMAN RIGHTS AND ANTI-CORRUPTION

Arkil supports the UN Global Compact, which means that respect for human rights, labour rights and zero tolerance for corruption and anti-bribery are fully integrated aspects of our Code of Business.

Our formulated sponsorship policy also states that there shall be no anticompetitive expectations in connection with sponsorships involving developers.

Both our Code of Business and our Sponsorship Policy can be found at arkil.dk/investor/samfundsansvar.

For the Group, the primary risk in terms of human rights and anti-corruption relates to the 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.

Arkil's Code of Business also requires all suppliers to support and respect human rights. The consequence of failure to comply is that the collaboration with the supplier will be stopped.

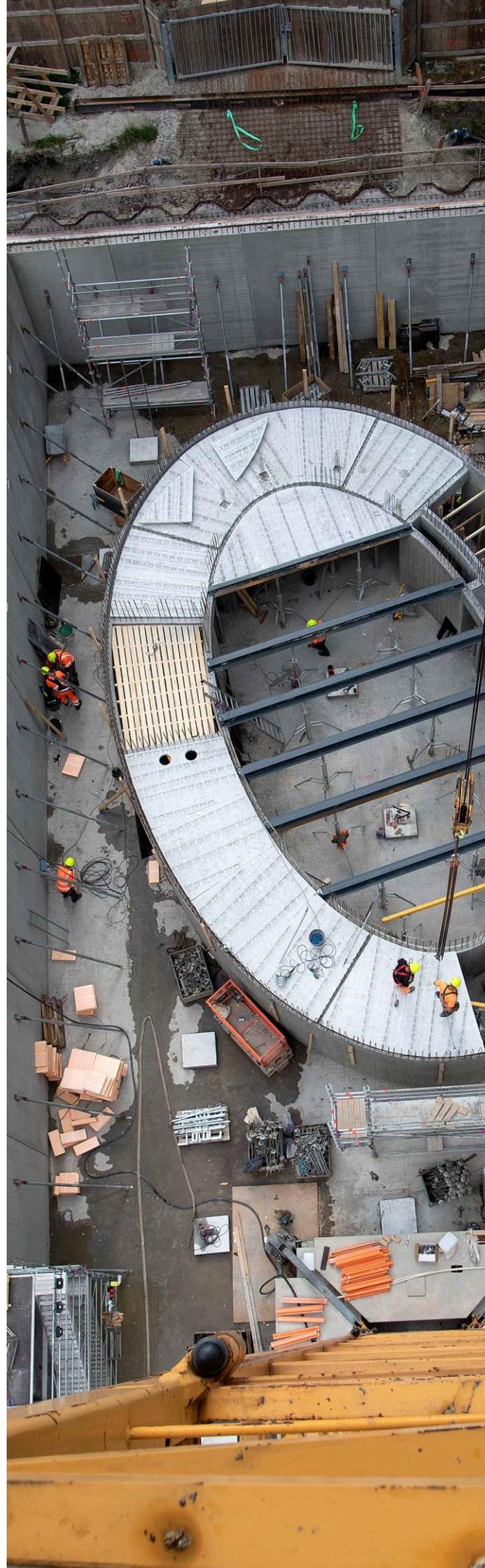
Activities and achievements in 2018

As planned, careful monitoring of the effectiveness and achievement of targets of agreed sponsorships was also implemented in 2018. A sponsorship policy for the Group's international activities was also established in 2018.

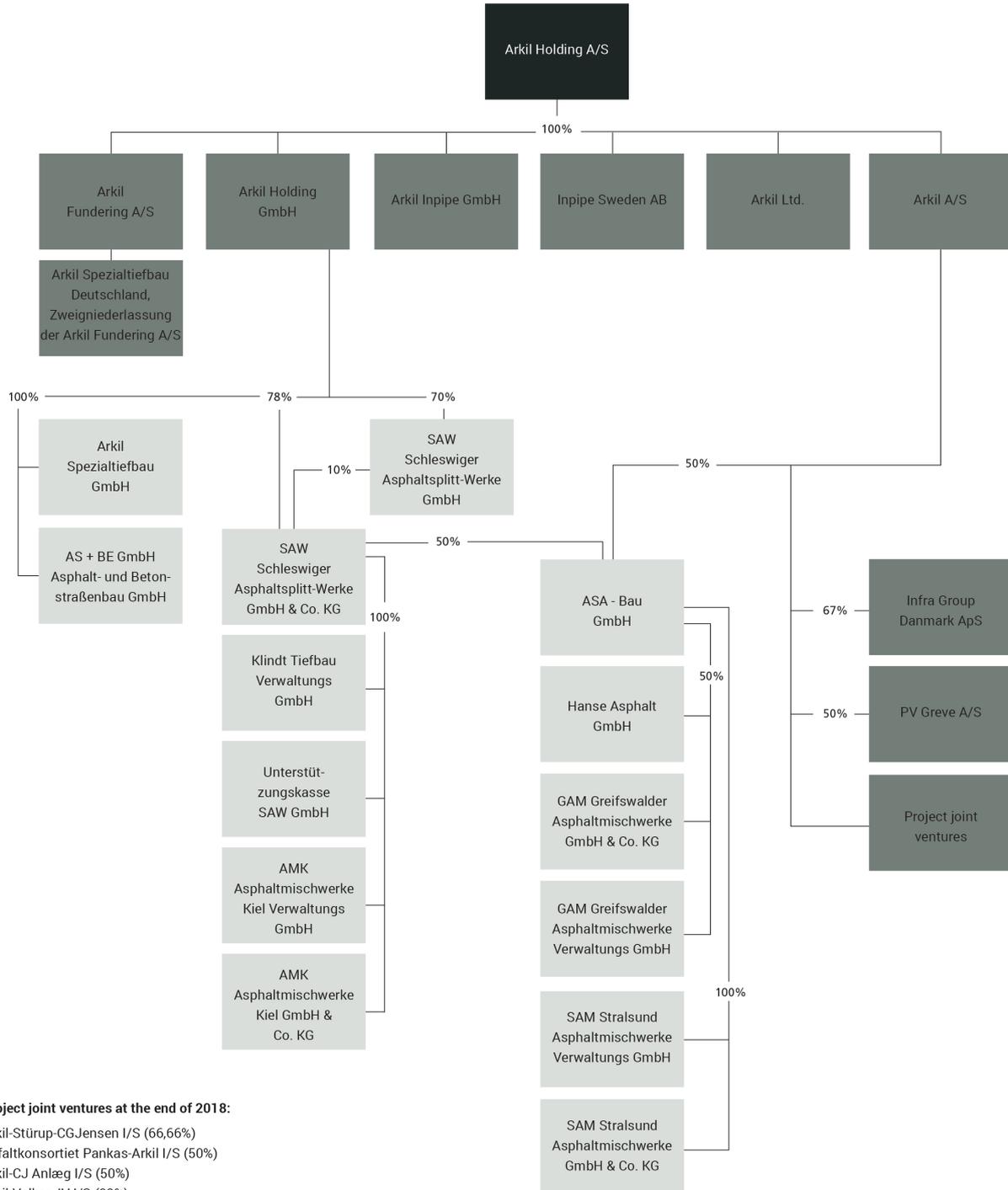
No violation of the Group's business principles was identified in 2018.

2019 Objectives

Arkil does not have any new initiatives planned for this area in 2019. Our approach to the issue remains unchanged, with zero tolerance, and our awareness in the area is deeply rooted in the company's values and approach to responsible business practices.



CORPORATE STRUCTURE



Project joint ventures at the end of 2018:

- Arkil-Stürup-CGJensen I/S (66,66%)
- Asfaltkonsortiet Pankas-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-Biffinger I/S (86,9%)
- Arkil-JV I/S (100%)
- Strukton-Arkil JV I/S (50%)

The logo for Arkil, featuring the word "ARKIL" in a bold, white, sans-serif font. The letter "A" is stylized with a white swoosh that extends to the left and underlines the letters "R", "K", and "I". The logo is centered horizontally and positioned in the middle of the page.

ARKIL

Arkil Holding A/S
Søndergård Alle 4
DK-6500 Vojens
Tel. +45 73 22 50 50
arkil@arkil.dk
www.arkil.dk