

# Remuneration report 2021

# Introduction

Under section 6-16 b of the Public Limited Liability Companies Act, the Board of NRC Group ASA (“NRC Group” or the “Company”) is required to draw up an annual report that provides a complete overview of remuneration disbursed and remuneration due to executive personnel covered by the guidelines defined in section 6-16 a.

This remuneration report (the “Report”) has been prepared in compliance with the Norwegian Public Limited Liability Companies Act and related regulations.

Information on the work of the Remuneration Committee of NRC Group in 2021 is set out in the Corporate Governance Report, which is available on page 40 in the annual report 2021.

The Report will be presented for an advisory vote at the Annual General Meeting on 5 May 2022 and is disclosed, once adopted, at the Company’s website [www.nrcgroup.com](http://www.nrcgroup.com).

## **PURPOSE**

The object of the Report is to ensure transparency in NRC Group’s remuneration policy and the actual remuneration of the executive personnel, and to ensure that the remuneration system is in accordance with NRC Group’s results and goals. The definition of executive personnel in this report includes the chief executive

officer, the chief financial officer, any other member of the executive management team, and any member of the Board of Directors of the Company.

The combination of fixed and variable compensation arrangements including the senior executive share option scheme has ensured NRC Group’s competitiveness as an employer in all of the geographies and domains it operates, enabling us to retain, develop and recruit skilled senior executives with relevant experience and competence. This compensation arrangements have been important for the successful implementation of the Group’s business strategy, our long-term interests, and to develop our sustainable business practices.

## **COMPLIANCE WITH THE GUIDELINES**

The remuneration guidelines (the “Guidelines”) have been fully implemented in 2021. No deviations from the Guidelines or the procedure for implementing the Guidelines have been made.

No remuneration has been reclaimed.

The Guidelines and the auditor’s report regarding whether the Company has complied with the Guidelines are available on the Company’s website, [www.nrcgroup.com](http://www.nrcgroup.com).

## **REMUNERATION IN FOREIGN CURRENCY**

Remuneration to senior executives is paid or accrued in the currency of the respective subsidiary that owns the employment relationship.

In this Report, amounts are presented in Norwegian kroner (NOK), which is both the functional and presentation currency of the parent company. Remuneration in other currencies received during the financial year is translated into NOK using the average exchange rate for the year. Accrued remuneration at the end of the reporting period is translated at the exchange rate in effect on the balance sheet date. Members of the Board receive their fees from the parent company NRC Group ASA in NOK.

# Key developments 2021

## Overall company development in 2021

(Amounts in NOK million)

	2021	2020
Revenue	5,957	6,449
EBITDA*	336	264
EBITA*	139	50
EBIT*	75	-8
EBITA* (%)	2.3%	0.8%
Order intake	7,581	5,339
Order backlog	7,801	6,475
Cash flow from operating activities	358	312
Cash and cash equivalents	626	610
Net interest-bearing debt	891	1,158
Equity ratio	47%	47%
Employees	1,893	1,914

For more information about the general performance of the Company during the financial year, please see the CEO's letter on page 6 and the Board of Director's report on page 52 in the annual report 2021.

\* Before other income and expenses (M&A expenses)

# Remuneration of the Board of Directors

The Directors' fees shall be decided by the General Meeting. This decision will be based on the Nomination Committee's recommendation.

Table 1A sets out the total remuneration paid to each board member during 2021.

Table 1A – Remuneration paid to the Board of Directors in the reported financial year							
Name, position	Period	Financial year	1 Fixed remuneration – Fees	2 Variable remuneration	3 Total remuneration	4 Proportion of fixed and variable remuneration	
Rolf Jansson, Chair of the BoD	Nov 18 -	2021	425,000	0	<b>425,000</b>	100%	0%
		2020	300,000	0	<b>300,000</b>	100%	0%
Mats Williamson, Board member	Jul 18 -	2021	350,000	0	<b>350,000</b>	100%	0%
		2020	350,000	0	<b>350,000</b>	100%	0%
Tove Elisabeth Pettersen, Board member	May 20 -	2021	350,000	0	<b>350,000</b>	100%	0%
		2020	75,000	0	<b>75,000</b>	100%	0%
Eva Nygren, Board member	Nov 18 -	2021	325,000	0	<b>325,000</b>	100%	0%
		2020	300,000	0	<b>300,000</b>	100%	0%
Outi Henriksson, Board member	May 21 -	2021	75,000	0	<b>75,000</b>	100%	0%
		2020	0	0	<b>0</b>	N/A	N/A
Heikki Allonen, Board member	May 21 -	2021	75,000	0	<b>75,000</b>	100%	0%
		2020	0	0	<b>0</b>	N/A	N/A
Helge Midttun, Chair of the BoD	Nov 15 -	2021	565,000	0	<b>565,000</b>	100%	0%
	May 21	2020	715,000	0	<b>715,000</b>	100%	0%
Brita Eilertsen, Board member	May 15 -	2021	300,000	0	<b>300,000</b>	100%	0%
	May 21	2020	375,000	0	<b>375,000</b>	100%	0%
David Montgomery, Board member	May 20 -	2021	225,000	0	<b>225,000</b>	100%	0%
	May 21	2020	75,000	0	<b>75,000</b>	100%	0%

The estimated remuneration for 2021 is based on the general assembly approved remuneration for 2020 which amounts to NOK 600,000 for the chair and NOK 300,000 for the members. Additional remuneration for the audit committee is NOK 50,000 for members and 75,000 for the chair, for the remuneration committee NOK 25,000 for members and 40,000 for the chair and for the project committee NOK 50,000 for the members and

75,000 for the chair. The estimated remuneration for 2021 is unchanged from the remuneration for 2020. The board members have not received variable remuneration in 2021. No other benefits were granted or awarded or due, but not yet materialised, during the reported financial year.

NRC Group ASA may have agreements with Board members for consultancy services related to certain internal

projects such as acquisitions and management recruitment. The agreements are based on hourly rates and are carried out on arm's length terms. Currently, there exists one agreement with Mats Williamson. Total expense amounted to NOK 470,350 for 2021 based on hourly rates of SEK 1,500.

# Remuneration of the management

The Guidelines enable the Company to offer senior executives a total competitive remuneration. Under the Guidelines, the remuneration shall be on market terms, competitive, and reflect the performance and responsibilities of individual senior executives. The remuneration may consist of fixed cash salary, variable cash salary, pension benefits, participation in the share option incentive programme, and the employee share programme.

The fixed cash salary shall be the main element in the overall remuneration and shall take into account the scope and responsibility associated with the position, as well as the skills,

experience, and performance of each senior executive.

The performance measures for the senior executives' variable remuneration have been selected to deliver the Company's business strategy and to encourage behaviour that is in the long-term interest of the Company. In the selection of performance measures, the strategic objectives, sustainability, and long-term interest have been taken into account. None of the senior executives receives remuneration from other enterprises in the NRC Group than the entity they are employed in.

Table 1B and 1C set out total remuneration to NRC Group's CEO and other senior executives during 2021. Table 1B contains each individual director's total remuneration excluding accrued bonus expenses to be paid in 2022, split out by component. Furthermore, the table presents the relative proportion of fixed and variable remuneration. In addition to the directors who have performed their mandate during the reported financial year, information regarding former directors, to the extent remuneration was awarded or due during the reported financial year, is provided.

## Explanatory notes regarding Table 1B

Base Salary	Fixed base salary paid or due to the senior executive, in exchange for professional services to serve their mandate in respect to the reported financial year.
Fringe benefits	Value of any benefits and perquisites awarded or due to the senior executive in respect to the reported financial year. For the current financial year, the main fringe benefits are related to car allowances, telephone, medical and other minor benefits 'in natura'.
One-year variable	Total value of annual bonus paid in cash to the senior executive as a result of the fulfilment of the predetermined performance criteria, where the time span does not exceed one year.
Multi-year variable	Total value of annual bonus due to the senior executive as a result of the fulfilment of the predetermined performance criteria, where the time span exceeds one year. For all senior executives, reported values solely concern share option expenses which are allocated over the service period assumed in the option programme. For more information regarding share-based payments, see note 7 in the annual report 2021.
Extraordinary items	Any other non-recurring remuneration, whether in cash or in other form, such as sign-on fees, retention bonus, redundancy payments and indemnity for non-competition or severance payments.
Pension expense	Senior executives are covered by the defined contribution pension plans in Norway, Sweden, and Finland, respectively. Pension expenses are the contributions that took place under the reported financial year to finance a fund for future pension pay-out for the senior executive. For more information regarding pensions, see note 18 in the annual report 2021.
Notice period	Period of time between the receipt of the letter of dismissal and the end of the last working day. Additionally, presented information includes any non-compete periods subsequent to the ordinary notice period, during which the senior executives will receive the basic salary and other remuneration and participate in the Group pension plan.

Table 1B - Remuneration of senior executives for the reported financial year

Name, position	Period	Financial year	1 Fixed remuneration		2 Variable remuneration		3 Extra-ordinary items	4 Pension expense	5 Total remuneration	6 Proportion of fixed and variable remuneration		7 Remuneration by component	8 Notice period
			Base salary	Fringe benefits	One-year variable	Multi-year variable							
Henning Olsen, CEO	2 May 19 - 2021	2020	4,070,000	8,000	180,000	227,000	-	185,000	<b>4,670,000</b>	91%	9%	NRC Group	18 months
			4,000,000	14,000	-	-	-	176,000	<b>4,190,000</b>	100%	0%	ASA	
Dag Fladby, CFO	1 Mar 16 - 2021	2020	2,225,000	188,000	125,000	25,000	-	187,000	<b>2,750,000</b>	95%	5%	NRC Group	12 months
	31 Jan 22		2,160,000	194,000	212,000	119,000	-	177,000	<b>2,862,000</b>	88%	12%	ASA	
Arild Moe, EVP & MD NRC Group Norway	9 Nov 20 - 2021	2020	2,550,000	7,000	-	65,000	-	69,000	<b>2,691,000</b>	98%	2%	NRC Norge AS	12 months
			367,000	2,000	-	-	-	11,000	<b>380,000</b>	100%	0%		
Harri Lukkarinen, EVP & MD NRC Group Finland	7 Jan 19 - 2021	2020	2,770,000	-	888,000	143,000	-	262,000	<b>4,063,000</b>	75%	25%	NRC Holding	12 months
			2,881,000	-	301,000	-	-	228,000	<b>3,410,000</b>	91%	9%	Finland Oy	
Robert Röder, EVP & MD NRC Group Sweden	1 Sep 19 - 2021	2020	3,107,000	91,000	31,000	78,000	769,000	865,000	<b>4,941,000</b>	82%	18%	Nordic Railway	10 months
			3,099,000	3,000	-	-	-	843,000	<b>3,945,000</b>	100%	0%	Construction Sweden AB	
Lene Engebretsen, EVP & Head of communications	1 May 20 - 2021	2020	1,420,000	8,000	45,000	76,000	-	186,000	<b>1,735,000</b>	93%	7%	NRC Group	9 months
			933,000	12,000	-	-	250,000	177,000	<b>1,372,000</b>	82%	18%	ASA	
Jussi Mattsson, EVP & Head of Strategy and Business Dev.	1 Feb 21 - 2021	2020	1,423,000	2,000	-	76,000	-	102,000	<b>1,603,000</b>	95%	5%	NRC Group	6 months
			-	-	-	-	-	-	-	N/A	N/A	Finland Oy	
Ina Pettersen, EVP & Head of HR	1 Apr 21 - 2021	2020	1,163,000	6,000	-	76,000	-	186,000	<b>1,431,000</b>	95%	5%	NRC Group	9 months
			-	-	-	-	-	-	-	N/A	N/A	ASA	
Mirka Nevala, EVP Strategy and Business Dev.	1 Oct 19 - 2021	2020	-	-	300,000	4,000	-	-	<b>304,000</b>	N/A	100%	NRC Group	3 months
	31 Dec 20		1,867,000	3,000	213,000	-	-	149,000	<b>2,232,000</b>	90%	10%	Finland Oy	

In addition to paid bonuses as shown in table 1B, senior executives are awarded cash bonuses to be paid in 2022. The accrued variable cash bonus is based on financial results and the achievement of certain qualitative goals, including key performance indicators both for the Group's overall performance as well as local segment

and individual performance. The bonuses have been evaluated and approved by the Board of Directors for the CEO and by the Remuneration Committee for other senior executives. The Board believes that a performance-based bonus agreement for executive personnel had a motivational effect and therefore is beneficial

for the Group and its shareholders in order to reach the financial results and the overall performance of the Group. Robert Röder has a multi-year bonus agreement that will be settled if certain conditions are met in April 2024. Accrued bonus as per 31.12.2021 amounts to NOK 776 800 and will be payable in 2024 if all conditions are met.

**Table 1C – Accrued short-term bonus remuneration in the reported financial year**

Name, position	1 Performance criterion	2 Relative weight	3 Measured performance	4 Actual award	5 Awarded in % of base salary
Henning Olsen, CEO	Financial targets Group	80%	69%	1,344,000	41%
	Strategic targets Group	20%	66%	320,000	
Arild Moe, EVP & MD NRC Group Norway	Financial targets Group	20%	24%	122,500	15%
	Strategic targets Group	5%	30%	38,300	
	Financial targets Country	75%	11%	215,000	
Harri Lukkarinen, EVP & MD NRC Group Finland	Financial targets Group	20%	23%	126,600	66%
	Strategic targets Group	5%	25%	34,200	
	Financial targets Country	75%	80%	1,663,300	
Robert Röder, EVP & MD NRC Group Sweden	Financial targets Group	20%	24%	150,700	6%
	Strategic targets Group	5%	17%	26,900	
	Financial targets Country	75%	0%	0	
Lene Engebretsen, EVP & Head of communications	Financial targets Group	80%	69%	235,200	22%
	Strategic targets Group	20%	99%	84,000	
Jussi Mattsson, EVP & Head of Strategy and Business Developm.	Financial targets Group	40%	24%	137,100	54%
	Strategic targets Group	10%	24%	34,300	
	Financial targets Country	50%	85%	603,000	
Ina Pettersen, EVP & Head of HR	Financial targets Group	80%	93%	260,400	28%
	Strategic targets Group	20%	100%	69,800	

# Share-based long-term incentive remuneration

Since 2016, the annual general meeting has resolved each year that options may be awarded to the senior executives. Options may be granted based on achievements of specific financial goals and some other criteria determined by the Board of Directors.

Senior executives are awarded share options based on financial and non-financial achievements, granted by the board upon their approval of the annual accounts. The weighted average fair value of options granted in 2021 was NOK 1.32 each. The share option expense is allocated over the service

period assumed in the option program. For further information see note 7 in the Annual accounts. Table 2 includes the key elements and events throughout the reported financial year regarding the different share-based remuneration plans per senior executive.

## Explanatory notes regarding Table

Specification of plan	Specification of each share option plan in a way that allows identification of those plans.
Performance period	Period of time during which the performance goals must be met in order to determine the degree of vesting with respect to the share option.
Grant date	The date share options are given to the recipient.
Vesting period	The date the directors can exercise the options according to the terms of the share option plan.
Expiration date	Point of time the senior executive must decide whether to exercise or let the share option expire.
Strike price	Strike prices of the shares that each respective issuance of share options entitle to in consistency with the terms of the applicable plan.
Opening balance	Number of share options or shares held at the beginning of the reported financial year.
Share options awarded	Number of shares that have been awarded on the grant date under each applicable share option plan during the reported financial year.
Vested share options	Number of share options that have been vested in the vesting period (as presented in column 4) during the reported financial year.
Exercised share options	Number of share options used during the reported financial year to purchase NRC's common stock at the strike price of the share as presented in column 6, regardless of the stock's price at the time the senior executive exercises the option.
Cancelled share option	Number of share options cancelled due to the share option's terms and agreements no longer being valid.
Share options subject to a performance condition	Number of share options still subject to a performance condition.
Exercisable share options	Number of share options that have been awarded on a grant date as presented in column 3 during the reported or previous financial years and which are vested at the end of the reported financial year.



Table 2 – Granted options to senior executives for the reported financial year

Name, position	Main terms for the option plan						Information regarding the current financial year						
							Opening balance	During the year				Closing balance	
	1 Specification of plan	2 Performance period in months	3 Grant date	4 Vesting period	5 Expiration date	6 Strike price of the share in NOK	7 Share options awarded	8 Share options awarded	9 Vested share options	10 Exercised share options	11 Cancelled share options	12 Share options subject to a performance condition	13 Exercisable Share options
Henning Olsen, CEO	Agreement 2019	36	17.03.2020	1/3 p.a.	17.03.2023	37.00	10,000	0	3,333	0	0	10,000	6,667
	Agreement 2020	36	15.03.2021	1/3 p.a.	15.03.2024	27.87	0	20,000	6,667	0	0	20,000	6,667
Dag Fladby, CFO	Agreement 2017	36	19.03.2018	1/3 p.a.	19.03.2021	55.00	75,000	0	25,000	0	75,000	0	0
	Agreement 2019	36	17.03.2020	1/3 p.a.	17.03.2023	37.00	7,500	0	2,500	0	7,500	0	0
	Agreement 2020	36	15.03.2021	1/3 p.a.	15.03.2024	27.87	0	15,000	5,000	0	15,000	0	0
Harri Lukkarinen, EVP & MD NRC Group Finland	Agreement 2019	36	17.03.2020	1/3 p.a.	17.03.2023	37.00	7,500	0	2,500	0	0	7,500	5,000
	Agreement 2020	36	15.03.2021	1/3 p.a.	15.03.2024	27.87	0	42,000	14,000	0	0	42,000	14,000
Robert Röder, EVP & MD NRC Group Sweden	Agreement 2019	36	17.03.2020	1/3 p.a.	17.03.2023	37.00	3,125	0	1,042	0	0	3,125	2,083
	Agreement 2020	36	15.03.2021	1/3 p.a.	15.03.2024	27.87	0	15,000	5,000	0	0	15,000	5,000
Lene Engebretsen, EVP & Head of communications	Agreement 2020	36	15.03.2021	1/3 p.a.	15.03.2024	27.87	0	6,000	2,000	0	0	6,000	2,000
							103,125	98,000	67,042	0	97,500	103,625	41,417

# Comparative information on the change of remuneration and company performance

A summary of the development in the executive remuneration, the Company's performance, and average remuneration on a full-time equivalent basis of employees of the company other than senior executives, over the five most recent financial years is shown in the table 3 below.

Senior executives' remuneration and directors' fees presented in table 3 concern all senior executives who performed their mandate under the reported financial year. The amounts

to be compared are the total amounts of remuneration presented in column 3 in table 1A and column 5 in table 1B respectively.

For calculating the annual change of remuneration for a senior executive whose mandate began or ended during the reported financial year, the respective remuneration has not been annualised. Necessary information on the employment period can be retrieved from tables 1A and 1B.

When calculating the average remuneration on a full-time equivalent basis of employees of the company other than senior executives, NRC Group included employees of the entire group of companies. Average remuneration is calculated by dividing consolidated salary and pension expenses which are reduced with the total remuneration paid to the senior executives, by the full time equivalent of the Group's employees other than the full time equivalent for the Group's senior executives.

<b>Table 3 – Comparative information on the change of remuneration and company performance over the last five reporting financial</b>						
<b>Annual change</b>	<b>2017 vs 2016</b>	<b>2018 vs 2017</b>	<b>2019 vs 2018</b>	<b>2020 vs 2019</b>	<b>2021 vs 2020</b>	<b>2021</b>
Henning Olsen, CEO			3,763,000	427,000	480,000	4,670,000
Dag Fladby, CFO	849,000	-82,000	576,000	-720,000	-112,000	2,750,000
Arild Moe, EVP & MD NRC Group Norway				380,000	2,311,000	2,691,000
Harri Lukkarinen, EVP & MD NRC Group Finland			4,486,000	-1,076,000	653,000	4,063,000
Robert Röder, EVP & MD NRC Group Sweden			1,226,000	2,718,000	997,000	4,941,000
Lene Engebretsen, EVP & Head of communications				1,372,000	363,000	1,735,000
Jussi Mattsson, EVP & Head of Strategy and Business Developm.					1,603,000	1,603,000
Ina Pettersen, EVP & Head of HR					1,431,000	1,431,000
<b>Total remuneration Executive personnel</b>	<b>477,000</b>	<b>309,000</b>	<b>17,818,000</b>	<b>-6,207,000</b>	<b>1,014,000</b>	<b>23,884,000</b>
FTE Executive personnel	0	0	2	1	1	8
Rolf Jansson, Chair of the BoD			175,000	175,000	75,000	425,000
Mats Williamson, Board member		63,000	300,000	-13,000	0	350,000
Tove Elisabeth Pettersen, Board member				75,000	275,000	350,000
Eva Nygren, Board member			175,000	125,000	25,000	325,000
Outi Henriksson, Board member					75,000	75,000
Heikki Allonen, Board member					75,000	75,000
Helge Midttun, Chair of the BoD	515,000	-340,000	315,000	-25,000	-150,000	565,000
Brita Eilertsen, Board member	175,000	-162,000	125,000	-13,000	-75,000	300,000
David Montgomery, Board member				75,000	150,000	225,000
<b>Total remuneration Board of Directors</b>	<b>1,129,000</b>	<b>-1,203,000</b>	<b>1,344,000</b>	<b>173,000</b>	<b>-25,000</b>	<b>2,690,000</b>
<b>Company performance</b>						
Net profit for the year – NRC Group	99,000,000	-156,000,000	-72,000,000	11,000,000	34,000,000	-27,000,000
<b>Average remuneration on a full-time equivalent basis of employees</b>						
Based on FTE – Employees of the Group	43,000	17,000	-182,000	203,000	-7,000	704,000

# Board of Directors

Lysaker, 13 April 2022

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Chairman of the Board

**Rolf Jansson**

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Board member

**Mats Williamson**

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Board member

**Eva Nygren**

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Board member

**Tove Elisabeth Pettersen**

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Board member

**Heikki Allonen**

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Board member

**Outi Henriksson**

## INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REMUNERATION REPORT

To the General Meeting of NRC Group ASA

### Opinion

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We have performed an assurance engagement to obtain reasonable assurance that NRC Group ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2021 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

### Board of directors' responsibilities

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The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

### Our independence and quality control

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We are independent of the company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's responsibilities

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Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying



regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 13 April 2022  
ERNST & YOUNG AS

Tommy Romskaug  
State Authorised Public Accountant (Norway)