
GREEN FINANCE FRAMEWORK

August 2023



About NRC Group

Enabling the transition to a low-carbon future

NRC Group delivers long-term, low-carbon infrastructure solutions that create value now and for future generations.

NRC Group builds sustainable transport solutions

NRC Group develops and supplies services to build sustainable transport solutions. This includes the entire value chain for the prioritised markets such as rail, light rail and civil engineering. The service offering includes groundwork, specialised track work, electro, signalling systems, demolition, recycling and mass transport. A unique set of capabilities and services from planning and project management to construction and maintenance is provided to build complex infrastructure.

Leading infrastructure in the Nordics

NRC Group is a leading infrastructure company in the Nordics with nearly 2,000 professionals. NRC Group is a public company, listed on the Oslo Stock Exchange (OSE: NRC). The Group operates from offices in Finland, Sweden and Norway (Head office).

Our operating context

Access to high quality, low-carbon sustainable infrastructure solutions is becoming increasingly important as Nordic cities and populations grow. NRC Group contributes to the construction and maintenance of rail infrastructure, including railways, metro and light rail. The projects we deliver enable greener, safer and more efficient transportation of people and goods.

Vision

Being the most attractive partner and employer of tomorrow's infrastructure.

Mission

We create infrastructure that goes beyond the demands of today and tomorrow – for both people and the society.

Fully integrated value chain

We deliver the complete value chain with a unique set of in-house capabilities and services from planning and project management to construction and maintenance.

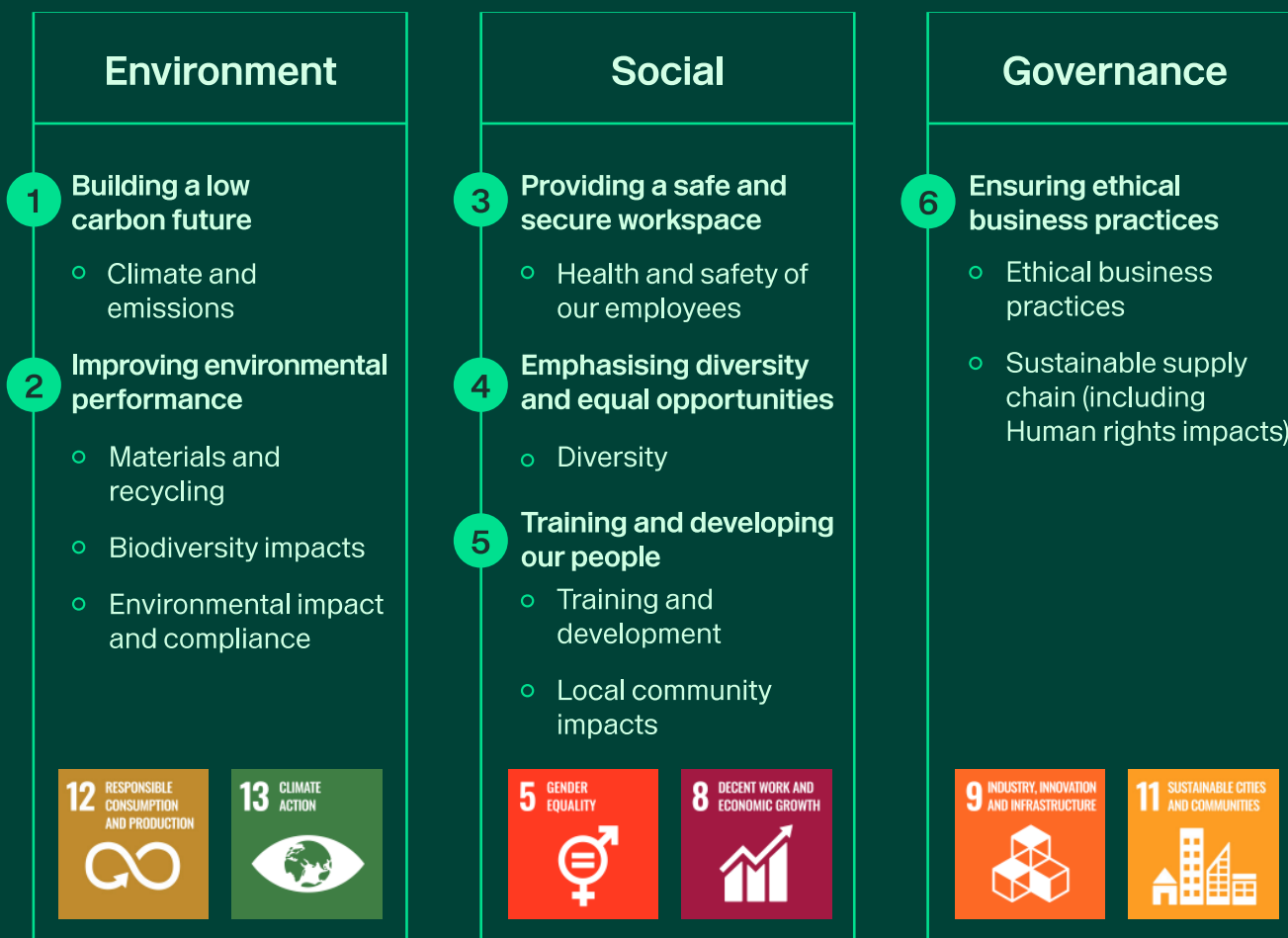
How we execute our projects, matters to us. Being entrepreneurial at our core is key for our commitment to succeed with our sustainable strategy.



Sustainability approach

The sustainability strategy of NRC Group sets out how we operate to achieve our sustainability goals.

Our sustainability strategy is brought to life through its adoption in our operations and the way we work every day. We are actively building our sustainability competence as we develop our unique internal sustainability culture. We set clear targets and aim to empower our customers and partners to reach theirs.



Enabling sustainable solutions

The security of affordable, low carbon energy supplies has been brought into sharp focus in Europe following the Russian invasion of Ukraine. In building a low carbon future, we are creating a more secure resilient society. The infrastructure projects we deliver will enable low and carbon-free mobility now and well into the future.

We see opportunities to unlock positive biodiversity outcomes and improve environmental and social performance. NRC Group is committed to the highest ethical business standards and providing a safe and healthy work environment. In working closely with our value chain and local communities, a due diligence approach ensures we meet our human rights obligations and adhere to high social and environmental standards.

We believe we can develop human capital through our training and development programmes, and by emphasizing diversity, we can create an inclusive and innovative workplace. All of these factors contribute to the sustainable solutions we are building every day.

NRC Group has clearly stated ambitions to become the sustainable infrastructure partner of choice in the Nordics. Our growth going forward will be driven by capturing the long-term value opportunities created by the strong outlook for investments in sustainable infrastructure in the Nordic region. This is confirmed by the national budget proposals and National Transport Plans in Norway, Sweden and Finland. We are building a stronger platform from which to deliver profitable growth, supported by our clear operational priorities – winning the right projects at the right price, and excellence in project execution.

Our business strategy is built on the Nordic collaboration model. We actively share knowledge and utilise the competence between the countries. We grow our human capital and develop capabilities as a learning organisation to create a common Nordic culture where sound sustainability principles are embedded. Identifying and modelling best-practice sustainability solutions across our business and with our partners, is fundamental to our success. In addition to our values, our new NRC Group Leadership Principles, launched in 2022, provide us with a clear direction to strengthen our culture and achieve our strategic ambitions.

Every time we build a piece of sustainable infrastructure, we are presented with opportunities to create social and environmental value. From the circularity of the materials we choose, through to the biodiversity we protect and restore, there are a multitude of ways in which we can generate positive outcomes. The way we generate this value is through our people. By empowering and training them in sustainability, we are creating a learning workforce that is resilient and capable of building the low-carbon future we want.



Environment

NRC Group is in the business of constructing sustainable and resilient infrastructure. The majority of our projects is specifically designed to enable efficient and low carbon mobility and transport solutions, such as railways, light rail systems, cycleway and walking paths.

30% reduction by 2025

We have set a 30% reduction target for our GHG emissions by 2025, using 2021 as a baseline. We are committed to align our reduction efforts with the Paris agreement and have set the long-term goal of being net zero by 2050. We are continuing to investigate the setting of a science-based target (SBTi), including identifying and reporting a useful intensity factor, which measures the carbon intensity of our operations on a relevant basis.

Focus on efficiency, biogas and electrification

The majority of our greenhouse gas emissions are associated with the use of machinery and transport, therefore we are continuously monitoring the market for more energy efficient and low carbon technologies. We are investing in numerous initiatives to reduce our GHG emissions and improve efficiency, aiming for economic and productivity benefits associated with these investments. Our focus on the efficient operation of equipment is complemented by a transition to renewable biogas fuels and investments in electrification of suitable equipment. A key development in the past year has been the trial of biogas in our transport fleet. As the market and availability of electric-powered machinery develops, we will continue to consider replacing existing machinery and equipment with electrical, where suitable for purpose.

Review climate-related financial risks using TCFD

In 2021, we published our climate-related financial risks for the first time, following the Task Force on Climate-related Financial Disclosure (TCFD) recommendations. In 2022, we have reviewed and updated our disclosures on climate related risks and opportunities, which include governance, strategy and risk management perspectives, including the metrics and targets we use. The review and update included how climate-related physical, transition and market risks may impact our business.

Responsible site management

Some of our most visible environmental impacts occur on our work sites. Impacts such as noise, dust, vibration, emissions, soil and vegetation removal are all regulated and specified in our project contracts. We are meeting and exceeding these environmental performance requirements, primarily through the implementation of NRC Group's environmental management system.

Certified to ISO14001 for environmental management

Our Norwegian and Finnish operations are certified to ISO14001, the internationally-recognised environmental management standard. Our group-wide environmental policy sets out the core principles for environmental management and applies an ISO14001 management system approach across the entire business. A core feature of the ISO14001 Standard is the requirement to demonstrate continual improvements in environmental performance, year-on-year.

Managing our biodiversity impacts

Our project activities are governed by local authority permits, regulation and specific project or contractual conditions. Despite having a relatively low risk of biodiversity impacts because of the existing nature of our operating sites, due to location in transportation corridors and built environments, our projects maintain site management plans, including how we monitor and protect biodiversity values. Specific measures are taken where there are notable or vulnerable biodiversity areas on our sites. We actively monitor and report biodiversity values and impacts on a project basis. These areas are typically nature reserves or habitats of protected species. Projects may also occur in locations classified as protected ground water areas. NRC Group always adheres to strict work activity permits, local environmental regulations and its own rigorous environmental protection protocols.

Towards a circular economy

Our project sites operate waste minimisation plans and have a goal of eliminating the creation of waste generated by the company in the first instance.

Where unavoidable waste materials are generated, we investigate reuse and recycling options. We have defined a recycling rate target of a minimum of 70% and continue to pursue our zero waste ambitions. Ultimately, we aspire to operate our business in a circular economic model, where waste is designed out of the system. We realise there is still a long way to go on our circular economy journey and are committed to meeting the challenge.

Recycling rate maintained above 90%

In 2022, the total waste generated by the Group's operating activities was 82,983 tonnes (2021: 203,860 tonnes), with a recycling rate of 94% (2021: 96%). With this NRC Group has already reached our minimum target of 70% recycling rate. However, we continue to aim for further improvements and ultimately reach our zero waste ambition.

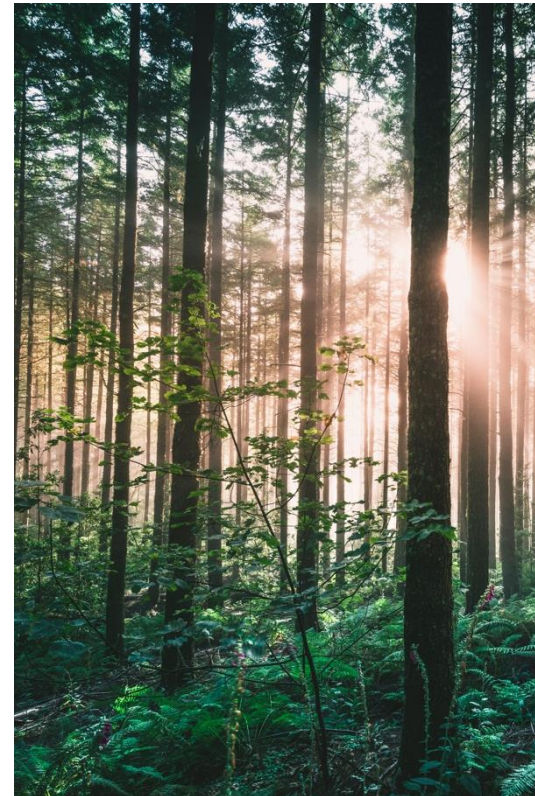
Creating re-use solutions

We are constantly looking for ways to reduce waste generation and to create re-use solutions for project materials that would otherwise end up in waste streams.

Our primary goal is to eliminate waste generation in the first instance through good project planning and design. Where unavoidable excess materials exist, we will seek to re-use first, before pursuing recycling options. We realise that these are small steps, albeit important ones, as we begin our journey towards a circular economic model.

Recycling rate 2022

94%



Committed to upholding human rights

NRC Group is committed to ensuring respect for the inherent dignity of people and their inalienable rights as a fundamental part of its corporate responsibility, and as an essential requirement for conducting its business activities in any country or social environment. For this reason, NRC Group is committed to the UN Guiding Principles on Business and Human Rights (UNGPs). The Group views human rights as those rights recognised by the International Bill of Rights and the Core Conventions of the International Labour Organisation. The Labour and Human Rights Statement of the Group covers UN Global Compact's Ten Principles, the UNGPs' "Protect, Respect and Remedy Framework", and International Labour Organization Conventions 87, 98 and 111. The Labour and Human Rights Statement is to be read in conjunction with NRC Group's Human Resources Policy and outlines the labour and human rights recognised by NRC Group to its employees irrespective of their role and the country in which they work, to its customers, and to the local communities where the Group operates.

Norwegian Transparency Act

The new Norwegian Transparency Act ("Åpenhetsloven") came into force in July 2022. By 30 June 2023, Norwegian companies which are covered by the act are obligated to carry out due diligence on their supply chain regarding fundamental human rights and decent working conditions. Going forward, companies will have to perform due diligence annually. Companies are required to publish an account of their assessment. The due diligence has to be in line with the OECD Guidelines for Multinational Enterprises. As a part of the due diligence process, companies must also implement suitable measures to cease, prevent or mitigate adverse impacts on human rights and decent working conditions, and assess their effectiveness. Companies are also required to respond, on request, for information on the subject from the public.

As an infrastructure company operating in the Nordic region, NRC Group is exposed to a low level of human rights risks and decent working conditions in its own direct workforce, with limited to increasing risks being present in its value chain – this predominantly relates to third party contractors through to the products it purchases. A formal risk assessment is currently being undertaken to identify salient human rights and working conditions issues.

NRC Group is initiating the process of conducting a gap analysis of its approach to human rights due diligence to identify potential areas for improvements. A formal Transparency Act Statement has been made publicly available on NRC Group's website.



Rationale for issuing Green Debt

The Paris Agreement (2015) and climate commitments of the Nordic countries in which we operate have sent a clear signal to businesses. Investor and stakeholder expectations around emission reductions are becoming urgent and unified. A general agreement on the need for net zero greenhouse gas (GHG) emissions by 2050 is being established, in an effort to limit global warming to 1.5 degrees Celsius.

NRC Group is highly aware of our customer and stakeholder expectations on climate impacts, and of the likelihood of climate-related regulation. That is why, as a provider of services to build sustainable transport solutions, NRC Group is positioning itself to be the sustainable infrastructure partner of choice. Shifting our business to a low-carbon operation is a key priority.

The ongoing transition of transport solutions requires large investments. NRC Group views green debt products such as bonds, commercial paper and loans (Green Debt) as key instruments for steering capital to projects with positive environmental impact; thereby contributing to both national and international climate targets. To allow issuance of Green Debt, NRC Group has developed this Green Finance Framework (Framework) in alignment with the International Capital Market Association's (ICMA) Green Bond Principles and the Green Loan Principles administered by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA).

EU TAXONOMY

The EU Taxonomy is the EU's classification system for sustainable economic activities, developed to create a unified definition of sustainable activity. The intention is to scale up sustainable investments with a net positive climate and/or environmental impact.

The EU defines six environmental objectives associated with the EU Taxonomy:


- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

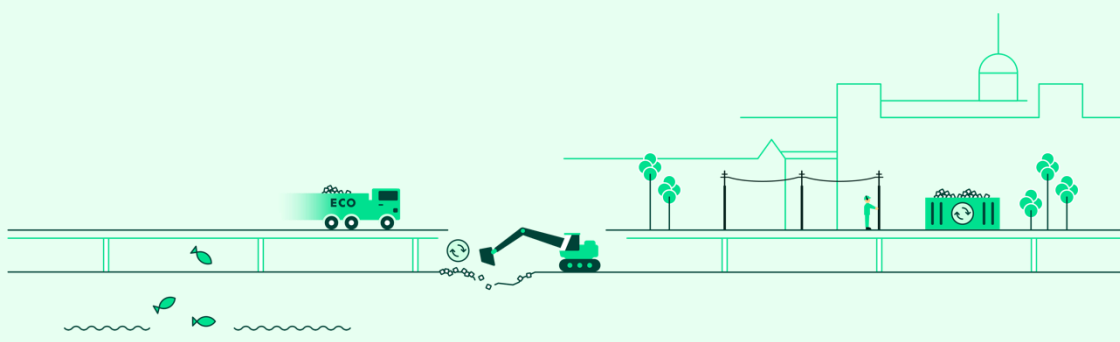
In order for an activity to be considered as sustainable according to the Taxonomy, it must contribute substantially to at least one of the six environmental objectives above, defined by technical screening criteria. In 2022, NRC Group has only considered the environmental objective related to climate change mitigation. In addition, the activity must "do no significant harm" (DNSH) towards the remaining five objectives and comply with minimum social safeguards (UN Guiding Principles including ILO core conventions and OECD guidelines).

The main part of the Group's activities has been analysed on a project-by-project basis. For some parts of the business, activities have been analysed on an item-by-item basis. Each project or item has been analysed in relation to the activity definitions in the Taxonomy to conclude whether the activity or item is eligible. If the activity is eligible, a further investigation of the technical screening criteria and the do no significant harm criteria has been made. If the activity complies with all these criteria in addition to minimum social safeguards requirements, it is considered to make a substantial contribution to climate change mitigation and is hence being classified as Taxonomy-aligned.

Use of Proceeds

An amount equal to the net proceeds of the Green Debt will finance or refinance, in whole or in part, investments undertaken by NRC Group or its subsidiaries, in each case as determined by NRC Group in accordance with the green project categories defined below (eligible Green Projects). Where feasible, NRC Group will prioritise financing and refinancing of projects that are considered to be aligned with the EU Taxonomy, with particular focus on those that meet the technical screening criteria for climate change mitigation¹. New financing is defined as Green Projects financed in and after the reporting year when the Green Debt is issued, and refinancing is defined as financing prior to the reporting year of when the Green Debt is issued. Operating expenditures will qualify with a maximum three-year look-back period prior to the issuance of the Green Debt. Green Debt net proceeds will not be allocated to activities that are dedicated to the transport or storage of fossil fuels.

Green Project Categories	Project Description
 <p>Clean transportation</p> <p>EU environmental objective Climate change mitigation</p> <p>6.6. Freight transport services by road 6.14. Infrastructure for rail transport 6.15. Infrastructure enabling low-carbon road transport and public transport</p> <p>UN SDG 9.1/11.2</p>	<p>Infrastructure for rail transport Expenditures related to the construction, modernisation, and maintenance of infrastructure for railways, where the trackside is electrified or where there is a plan for electrification. <i>This includes but may not be limited to ballasts, sleepers, rails, switches, signalling systems, power supply systems, groundwork, and bridges.</i></p> <hr/> <p>Infrastructure enabling low-carbon public transport Expenditures related to construction, modernisation, maintenance of infrastructure and installations dedicated to light railway and metro lines with zero direct (tailpipe) CO2 emissions, including associated signalling systems for metro, tram and rail systems. <i>This includes but may not be limited to ballasts, sleepers, rails, switches, signalling systems power supply systems, groundwork and bridges.</i></p> <hr/> <p>Light and heavy vehicles and construction machines Purchase, leasing and operation of light and heavy vehicles and construction machines powered by electricity or biogas, as well as associated infrastructure including electrical charging points.</p>



¹ See Appendix I 'Applying Do No Significant Harm Criteria' for further detail

Process for project evaluation and selection

NRC Group has established a green finance committee (GFC) to evaluate and select eligible Green Projects and to allocate net proceeds to such assets. The GFC will convene every 6 months or when otherwise considered necessary. The GFC holds the right to exclude any eligible Green Project already funded if the project no longer meets the eligibility criteria defined in the Framework.

If an eligible Green Project for any reason loses its eligibility, funds will then follow the procedure under Management of Proceeds until reallocated to other eligible Green Projects.

The Green Finance Committee consists of senior representatives from Group Finance and Sustainability. A list of the potential Projects is presented to the GFC, which is solely responsible for the decision to acknowledge the projects as an eligible Green Project. A decision to allocate net proceeds will require a consensus decision from the GFC.

In the process of selecting eligible Green Projects and allocating net proceeds, the GFC will also consider aspects such as human and labour rights and the avoidance of significant harm to the other environmental objectives defined in the EU Taxonomy, to the extent possible.

Management of Proceeds

NRC Group will use a register (Green Register) to monitor that an amount equal to the net proceeds from Green Debt issued are allocated to eligible Green Projects. The purpose of the Green Register is to ensure that net proceeds only support the financing of relevant eligible Green Projects or to repay any Green Debt outstanding. The Green Register will form the basis for the impact and allocation reporting.

In the event that the total outstanding net proceeds of the Green Debt exceed the value of the eligible Green Projects in the Green Register, such unallocated amount will temporarily be placed in the liquidity reserve and managed accordingly by NRC Group.



Reporting

NRC Group will annually until full allocation, and in the event of any material developments, provide investors with a Green Finance Report describing the allocation of proceeds and the environmental impact of the Green Projects. In the event NRC Group would have other Green Debt than bonds outstanding, the company may choose to report, in relation to these other financial instruments, directly and non-publicly to the lenders or counterparties. The Green Finance Report will, to the extent feasible, include a section on the methodology used in the impact calculations.

Allocation reporting

Allocation reporting may include the following information:

- Nominal amount of outstanding Green Debt
- Relative share of new financing versus refinancing
- Descriptions of selected Green Projects financed

In addition, NRC Group may, to the extent feasible, report on the EU Taxonomy alignment of the projects financed.

Impact reporting

The impact reporting section aims to disclose the environmental impact of the Green Projects financed under this Framework, based on NRC Group's share of each project, where feasible and subject to data availability.

The impact assessment may, if applicable, be based on the following impact indicators:

- Project description and environmental benefit
- Number of vehicles and/or construction machines
- Annual GHG emissions avoided (tonnes CO2e)



External review

Second party opinion

S&P Global Ratings has provided a second-party opinion to this Framework, verifying its credibility, impact and alignment with the ICMA and LMA Principles.

Post-issuance review

An independent external party appointed by NRC Group may upon request, provide a review confirming that an amount equal to the net proceeds has been allocated to eligible Green Projects.

Publicly available documents

The Green Finance Framework and the second-party opinion will be publicly available on NRC Group's website, together with the Green Finance Report once published.

Appendix I Applying Do No Significant Harm Criteria

Environmental Objective	NRC Group's approach
<p>Climate change adaptation Robust climate risk and vulnerability assessment based on the following steps:</p> <ul style="list-style-type: none"> • Screening of the activity to identify relevant physical climate risks • Risk and vulnerability assessment for identified relevant climate risks • Assessment of adaptation solutions to reduce the risks and a plan for implementing them <p>Adaptation solutions implemented should: (i) be consistent with local/regional/national adaptation strategies and plans, (ii) not adversely affect the adaptation efforts of other people, of nature, of cultural heritage, of assets and of other economic activities, and (iii) consider the use of nature-based solutions or rely on blue or green infrastructure to the extent possible.</p>	<p>Climate-related factors are taken into consideration in tenders and projects. Specific scenario analysis are factored in by clients at the individual project level. Generic risks are managed at group level through an enterprise risk management system. Processes exist at country and project levels for the identification, assessment and management of climate-related risks.</p>
<p>Sustainable use and protection of water and marine resources Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed. Risk assessment can be conducted through an EIA or through a separate assessment.</p>	<p>NRC Group's project activities are governed by local authority permits, regulation and specific project or contractual conditions. NRC Group always adheres to strict work activity permits, local environmental regulations and its own rigorous environmental protection protocols in accordance with ISO 14001.</p>
<p>Transition to circular economy At least 70 % (by weight) of the non-hazardous construction and demolition waste generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy. Operators limit waste generation in processes related construction and demolition, taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high quality recycling.</p> <p>Activity 6.6: Vehicles of category N1, N2 and N3 are both of the following: (a) reusable or recyclable to a minimum of 85% by weight; (b) reusable or recoverable to a minimum of 95% by weight. Measures are in place to manage waste both in the use phase (maintenance) and the end-of-life of the fleet, including through reuse and recycling of batteries and electronics, in accordance with the waste hierarchy.</p>	<p>We have defined a recycling rate target of a minimum of 70% and continue to pursue our zero waste ambitions. In 2022, the total waste generated by the Group's operating activities was 82,983 tonnes (2021: 203,860 tonnes), with a recycling rate of 94% (2021: 96%). Where unavoidable excess materials exist, we will seek to re-use first, before pursuing recycling options</p> <p>NRC Group's environmental policy details how the company designs and plans its activities striving to least possible volume of waste generated, and to the greatest extent possible, sorted and recycled. Heavy vehicles are either returned to the owner at the end of the leasing period or recovered as material at the end of the life cycle. Biogas driven heavy vehicles contributes to improved circularity, as the biogas can be derived from landfill sites and waste streams.</p>
<p>Pollution prevention and control Where relevant, noise and vibrations from use of infrastructure are mitigated by introducing open trenches, wall barriers or other measures. Measures are taken to reduce noise, vibration, dust and pollutant emissions during construction maintenance works.</p> <p>Activity 6.6: For road vehicles of categories M and N, tyres comply with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes as set out in Regulation (EU) 2020/740 and as can be verified from the European Product Registry for Energy Labelling (EPREL). Vehicles comply with the requirements of the most recent applicable stage of the Euro VI heavy duty emission type-approval²⁴⁴ set out in accordance with Regulation (EC) No 595/2009. Vehicles comply with Regulation (EU) No 540/2014.</p>	<p>Impacts such as noise, dust, vibration, emissions, soil and vegetation removal are all regulated and specified in the project contracts. NRC Group is meeting and exceeding these environmental performance requirements, primarily through the implementation of NRC Group's environmental management system. For large projects, an environmental plan is typically prepared. This plan takes into consideration the sensitivity of the project environment, and reduction methods for the harmful impact including all emissions are planned.</p> <p>The investment in vehicle fleet provides best available technique into the mass transports, reducing the harmful impact of transports. Simultaneously, all pollution emitted to land, air and water is reduced and new technology also enables better control over the activity of the machine.</p>
<p>Protection and restoration of biodiversity and ecosystems An EIA or screening has been completed and the required mitigation and compensation measures for protecting the environment are implemented. For sites/operations located in or near biodiversity-sensitive areas, an appropriate assessment has been conducted and based on its conclusions, the necessary mitigation measures are implemented.</p>	<p>NRC Group's project activities are governed by local authority permits, regulation and specific project or contractual conditions. NRC Group always adheres to strict work activity permits, local environmental regulations and its own rigorous environmental protection protocols in accordance with ISO 14001.</p>