

Sustainability Report



2020

This report is our first comprehensive and stand-alone sustainability report. NRC Group has been reporting on sustainability since its inception in 2015. Previous reporting can be found on nrcgroup.com. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. The GRI Standards are the world's most widely used sustainability reporting standard. The report covers material environmental and social impacts and the management approach of NRC Group for the 2020 calendar year.

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Key results 2020

Lost time injury rate (LTI-1)

5.6

2019: 6.0

Diversity (female employees)

10.3%

2019: 7.2%

Employee training and development

Over 40,000 hours

GHG emissions

13,837 t CO₂e

Harmful spills

0

2019: 0

Revenue

NOK 6.5 billion

2019: NOK 6.2 billion

Total number of employees

1,914

2019: 2070

Our goal is to become the sustainable infrastructure partner of choice for the Nordic region



To achieve our goal, we are committing to transparent reporting on our environmental, social and governance (ESG) performance. We believe this makes us accountable for our impact and builds trust with our stakeholders.

This is our first sustainability report, which has been prepared using the Global Reporting Initiative (GRI) Standards – the world's most widely used sustainability reporting standard. In the report we present our performance on material ESG topics that have the most significant impacts or are important to our stakeholders. To determine our material topics, we engaged our stakeholders and listened to their feedback.

We deliver long-term, low-carbon infrastructure solutions that create value now and for future generations.

Responding to sustainability challenges

The past year has been challenging. We demonstrated resilience through our response to the Covid-19 pandemic. I would like to thank our people whose efforts ensured our high health and safety standards were maintained and that we delivered on our environmental commitments, all under very difficult circumstances. I am confident that our learnings from 2020 and ability to adapt quickly will serve us well in the future, particularly as we address our critical sustainability challenges, including health, safety and climate impacts.

Our people are the foundation for our success. In line with our values of caring, credible and entrepreneurial, we are building a strong safety culture and an attractive place to work. It is pleasing to see continuous improvement in our health and safety systems.

Our efforts to create and utilise diversity in our workforce continue. We have improved gender diversity in 2020 and remain focused on becoming an employer of choice for the builders of tomorrow's sustainable infrastructure. We have continued our strong focus on the training and development of our people, with over 40,000 hours of training delivered across the group in 2020.

Being credible builds trust and is a core value for NRC Group. We greatly value our relationships, both within our organisation and with our key stakeholders, including customers, business partners and suppliers. The last 12-months have reinforced how important these relationships are, as we faced the unprecedented challenges of operating through the Covid-19 pandemic. I acknowledge the efforts of our key stakeholders in this regard and look forward to further strengthening those relationships in future.

In 2020, we established our greenhouse gas (GHG) emissions baseline and are currently setting targets which will be reported in 2021. We understand the importance of delivering low-carbon infrastructure in a low-carbon way.

We have reviewed our environmental performance and I am pleased to see to ongoing compliance and continuous improvement, largely driven through our ISO 14001 certified environmental management system. We have also identified areas requiring further attention and work, including how we set targets and monitor performance. Our contribution to the circular economy through waste elimination, recycling and re-use of materials is one of those areas.

In what the United Nations is calling the "decade of action" we are actively contributing to a core set of UN Sustainable Development Goals (SDGs). Our focus is ensuring our SDG contribution is meaningful and measurable. Taking urgent action to combat climate impacts is a critical and relevant SDGs, both from a business risk perspective and to reduce of our own GHG emissions. In 2020 we completed a climate risk review and reported our findings in accordance with the Task Force on Climate-related Financial Disclosure's (TDCFD) recommendations. Meeting the increasing expectations from investors for useful and accurate information on material ESG issues, is a priority. That is why we have followed internationally-recognised standards in our reporting and are closely monitoring the development of the EU Taxonomy – a classification system used to guide investments in green activities.

We are committed to continuous improvement as we strive to become the sustainable infrastructure partner of choice. This is our first sustainability report and it sets a platform for transparently disclosing and being held accountable for our ongoing ESG performance. I welcome your valued feedback.

Henning Olsen, CEO
March 2021

Because tomorrow matters

We deliver long-term, low-carbon infrastructure solutions that create value now and for future generations.





Building sustainable infrastructure

We develop and supply services to build sustainable infrastructure solutions. This includes the entire value chain for rail construction and maintenance, harbours and roads. NRC Group delivers groundwork, specialised trackwork, safety, electro, telecom, signalling systems and environmental solutions.

Leading infrastructure in the Nordics

With nearly 2,000 professionals, we are a leading infrastructure company in the Nordics, operating from offices in Finland, Sweden and Norway (Head office). NRC Group has an annual turnover of 6.5 billion NOK and is listed on the Oslo stock exchange (OSE: NRC).

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 tram. 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 both for people and the society.

We have a competitive offering for the entire rail value chain and complementary services.

Our Values

Caring

We care for the safety of our employees and suppliers. We support and develop, both people and sustainable actions – beyond tomorrow.

Credible

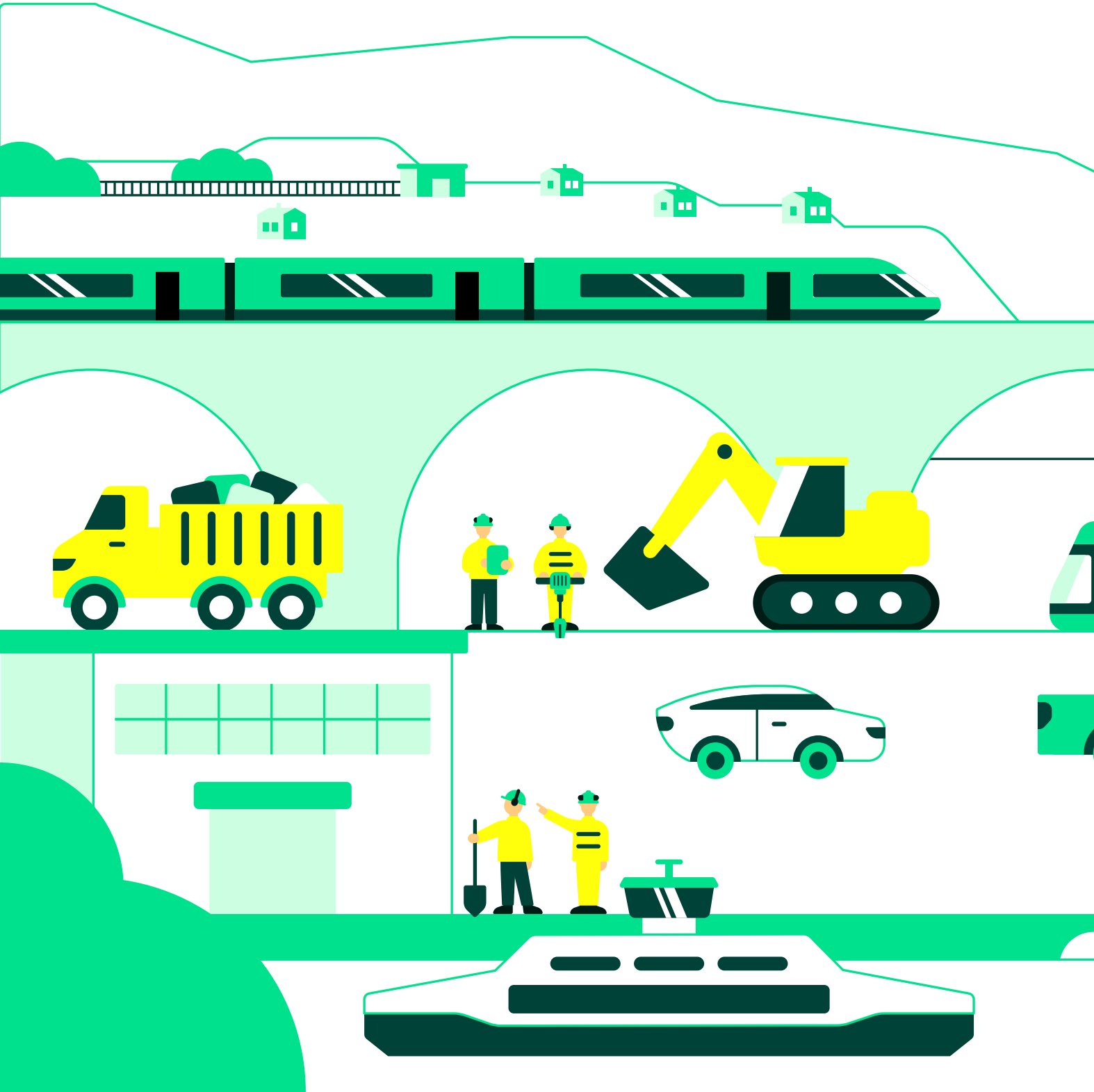
We lead by the highest ethical standards. We walk the talk and deliver quality on time and budget. For us, promises exist to be kept.

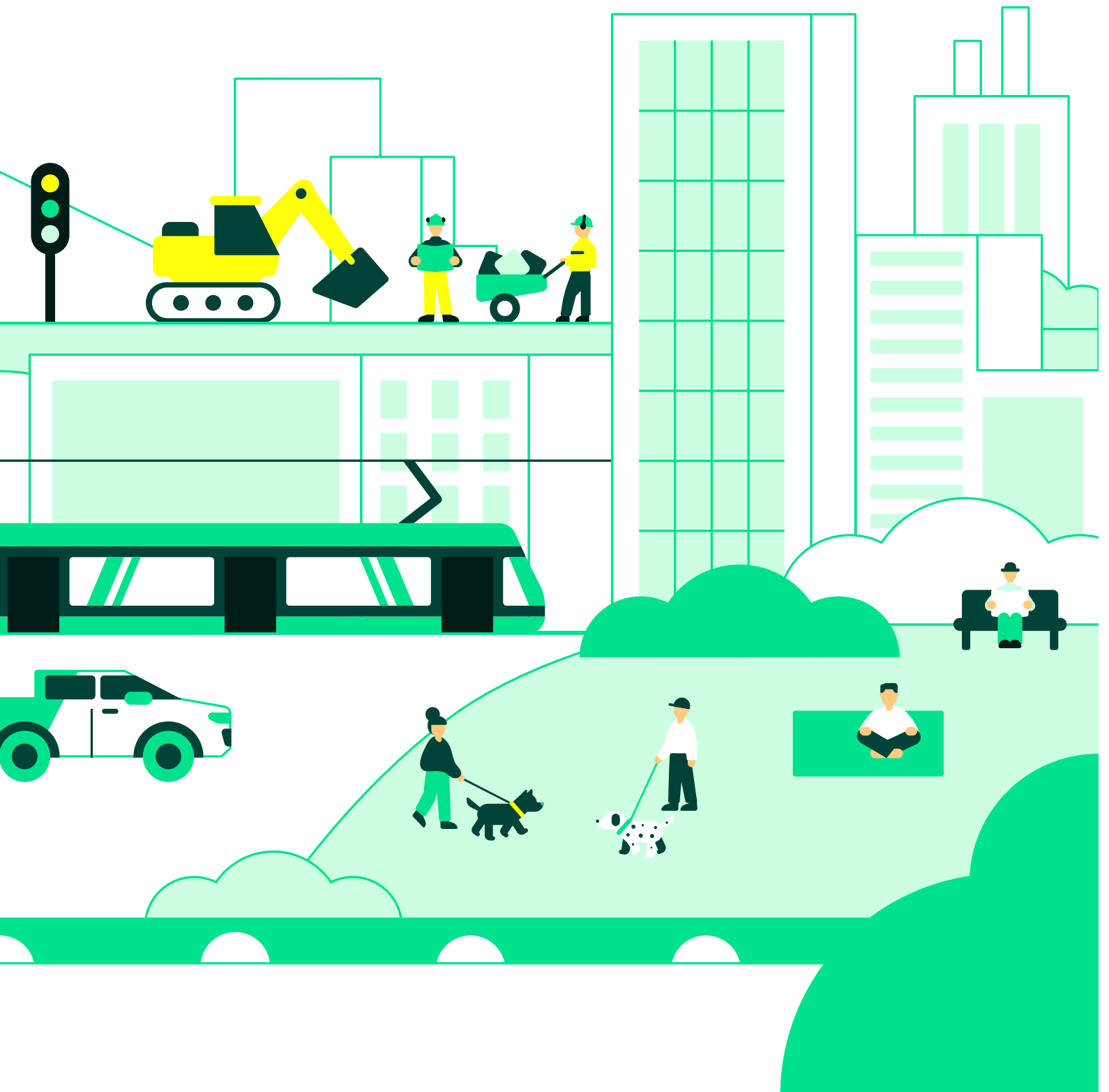
Entrepreneurial

We deliver infrastructure, not bureaucracy. We have a strong commercial mindset and always search for better solutions.



Tomorrow in the making





Our contribution to the United Nations' Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDGs) were agreed by 193 UN member states in 2015, including by the three Nordic countries NRC Group has operations in – Finland, Norway and Sweden. Each SDG includes measurable targets and indicators, with Governments of member states reporting on these to the UN.

Sustainable development GOALS



Collaborating to achieve a core set of SDGs

A key component of the SDGs is the principle of collaboration for their achievement, including between Government, Civil Society and Business. NRC Group is focused on collaboration and contribution towards an initial core set of SDGs, while supporting the achievement of all SDGs. With a focus on continuous improvement, we are currently considering additional SDGs for inclusion in our core contribution set.

Reporting against specific and relevant targets

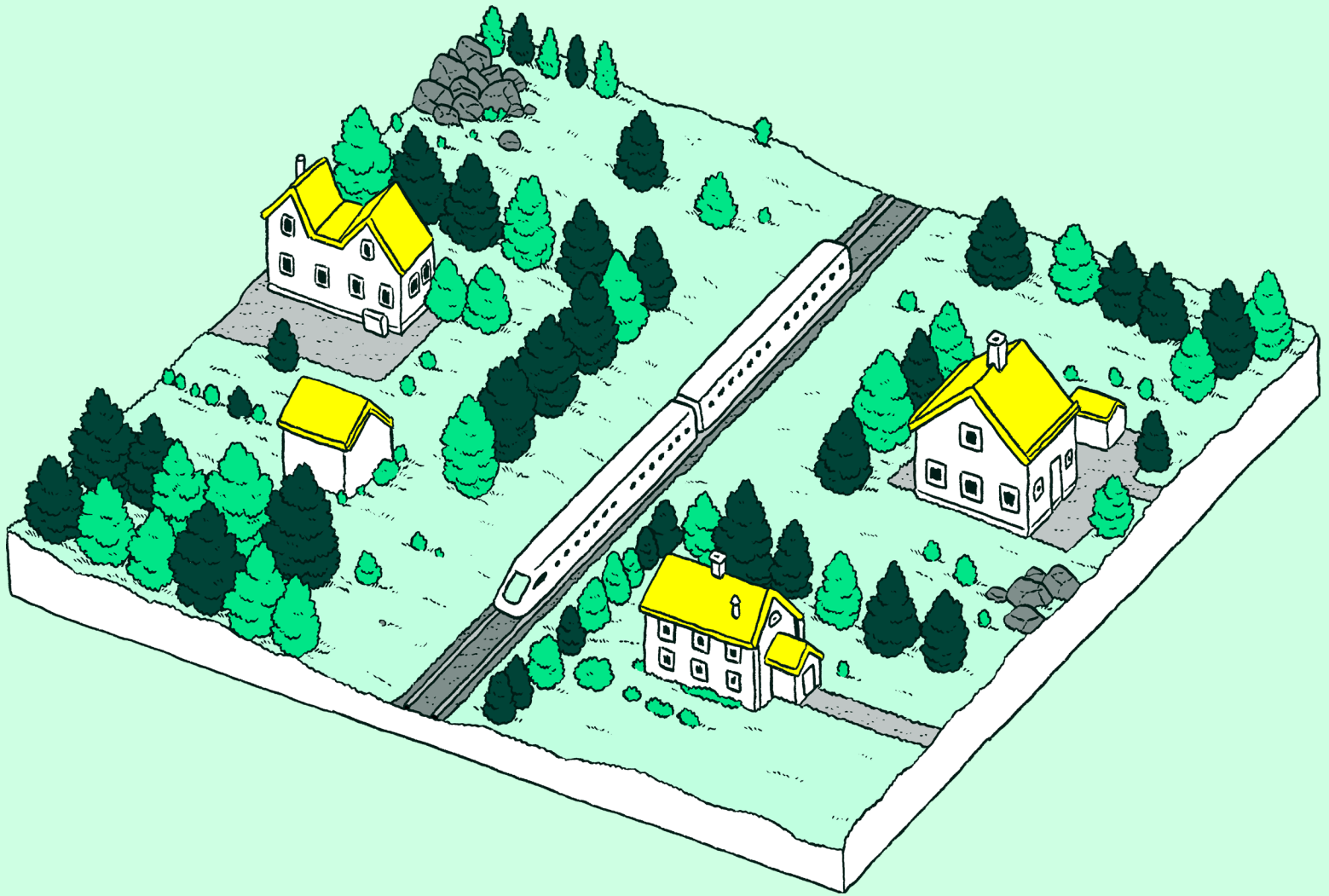
We believe that it is important to identify where we contribute and to what extent we deliver on relevant and specific SDG targets and indicators. As an international agreement between UN member states, there are some SDG targets or indicators that do not directly apply to us as an individual business. The following table sets out our view on the core set of SDGs relevant to NRC Group, our contribution to their achievement and our performance in relation to their specific targets and indicators.

Sustainable Development Goal	Relevant targets and indicators	Our contribution and performance
5 Gender equality Achieve gender equality and empower all women and girls	Target Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life. Indicator 5.5.2 Proportion of women in managerial positions.	Contribution NRC Group has implemented an active recruitment approach targeting women in all roles and in internship programmes. Performance 14% of managers are women
8 Decent work and economic growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Target 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment. Indicator 8.8.1 Frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status.	Contribution NRC Group has implemented a comprehensive health, safety and wellbeing programme, covering all employees and contractors working at its operational sites. Performance The LTI-1 is 5.6 (6.0 in 2019) and there were no fatalities in 2020 or 2019.
9 Industry innovation and infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Target 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. Indicator No relevant indicator.	Contribution NRC Group builds high quality, reliable and low-carbon transport infrastructure solutions. These projects support equitable, accessible and affordable public transport. In 2020 NOK 6.5 billion worth of project work was delivered. Performance No relevant SDG indicator.
11 Sustainable cities and communities Make cities and human settlements inclusive, safe, resilient and sustainable	Target 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons. Indicator No relevant indicator.	Contribution NRC Group builds high quality, reliable and low-carbon transport infrastructure solutions. These projects support equitable, accessible and affordable public transport. In 2020 NOK 6.5 billion worth of project work was delivered. Performance No relevant indicator.

Sustainable Development Goal	Relevant targets and indicators	Our contribution and performance
12 Responsible consumption and production Ensure sustainable consumption and production patterns	Targets 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle. Indicators No relevant indicators.	Contribution All waste, hazardous substances and emissions related to NRC Group's activities are handled in accordance with domestic regulations, our environmental policy and in line with the Group's formal environmental management system. This management system in independently audited (in Norway and Finland) to the internationally-recognised ISO 14001 Standard. Substantial efforts to prevent, reduce, reuse and recycle waste materials have been made. A wide range of sustainability initiatives have been undertaken throughout the Group and the results are transparently reported in this annual sustainability report. Performance No relevant SDG indicators. See this report for reporting a range of indicators relevant to NRC Group.
13 Climate action Take urgent action to combat climate change and its impacts	No relevant targets and indicators	Contribution NRC Group builds resilient low-carbon transport infrastructure solutions. As a company NRC Group has established a greenhouse gas (GHG) emissions baseline and is setting reduction targets. Performance No relevant SDG indicators. See this report for reporting on NRC Group's GHG emissions.

We used the GRI Standards to identify our material topics

In 2020 we identified the sustainability topics that are material to our business. We have defined our material topics for reporting in alignment with GRI's materiality principle. Topics which have a significant environmental, social or economic impact or are considered important by our stakeholders, are considered material.



Our stakeholders were engaged in the reporting process

Our stakeholders include employees, investors, customers, the board of NRC Group, end-users of our projects, local communities where we operate and unions. We engaged an independent ESG consultant to carry out stakeholder interviews, an employee survey and an assessment of our material topics. Responses were presented to Group management and the Board of Directors NRC Group with recommendations of which material topics to report on.

Our material topics

The following topics have been determined to be material:

- Health and safety of our employees
- Climate and emissions
- Ethical business practices
- Employment
- Environmental safety and site management
- Sustainable supply chain

A more detailed description of the materiality assessment process, including stakeholders engaged and topics raised, is included in the appendix.



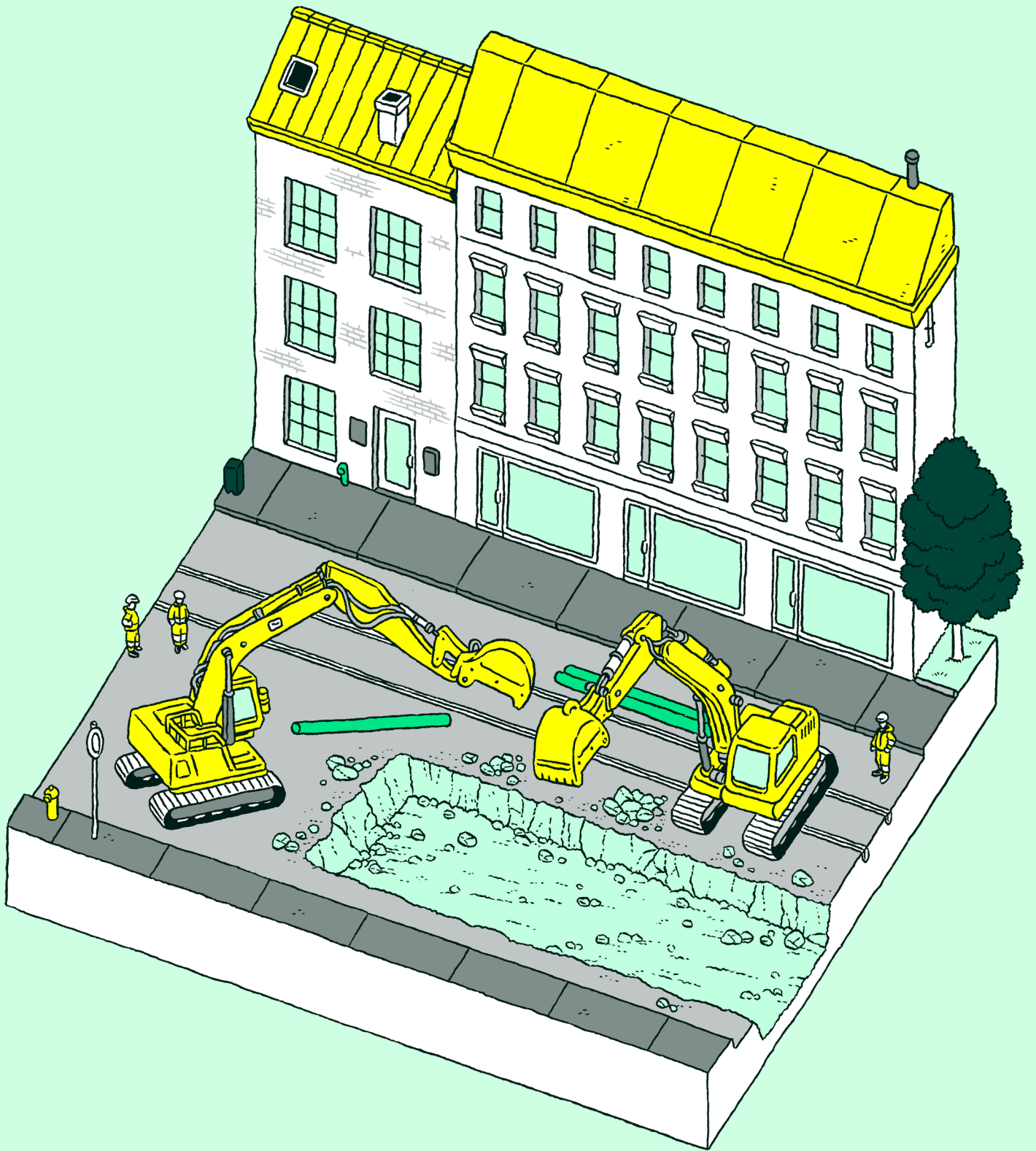


Sustainable Finance and the EU Taxonomy regulation

NRC Group is closely monitoring the EU's work on Sustainable Finance and the EU Taxonomy regulation. The new legislative and non-legislative actions introduced in the European Green Deal and the EU Sustainable Finance Action plan will require financial market participants and companies to consider and disclose how they are working with sustainability in a new and standardized manner.

The EU Taxonomy, a cornerstone of this work, establishes a classification system with criteria for which economic activities can be considered environmentally sustainable. Large companies like NRC Group will be required to disclose to what extent our turnover, investments and operational costs are aligned with the EU Taxonomy criteria from 2022.

Going forward, we believe the NRC Group will benefit from the EU taxonomy as our core business areas are largely aligned with the EU environmental objectives. In 2021, we will further analyse how our operations align with the final EU Taxonomy criteria.

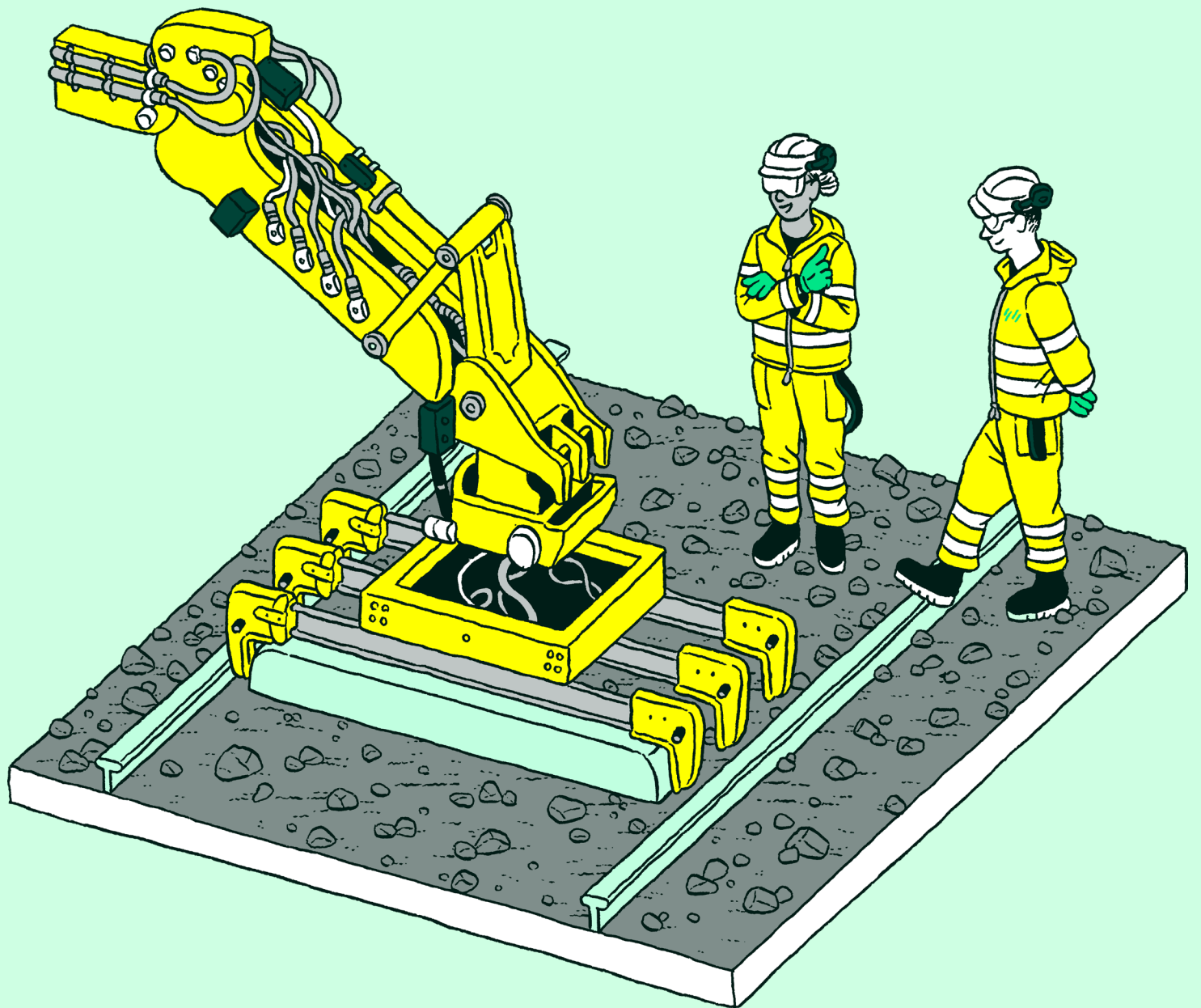






A safe and secure workplace for all our employees

We aim to provide a safe and secure workplace for all our employees. Our goal is that all employees and partners shall return home every day completely free of injuries. We work and focus on safety in all we do in line with our policy for health, working environment and safety. The safety and health of our employees is of utmost importance.



Lost time injury rate LTI-1

5.6

2019: 6.0

Lost time injury rate LTI-2

14.8

2019: 13.0

Sickness absence

4.8%

2019: 3.5%

Measuring our safety performance

Since 2017, NRC Group has measured the Group lost time injury (LTI) frequency which is considered the most important KPI for safe work. The LTI-1 frequency is defined as the number of injuries resulting in absence per million man-hours. The rate for LTI-2 is defined as number of lost time injuries in total per million hours, also including injuries that require medical treatment and alternative work. Absence due to sickness measures the number of working days per annum that employee illness causes them to be absent from work. We include our subcontractors in all our reporting of health and safety data.

Our injury frequency rate decreased in 2020

Our LTI-1 frequency decreased to 5.6 from 6.0 in 2019. No serious injuries were reported for the year (2019: 2). There were no fatal incidents in 2020. While it is pleasing to see a reduction in our lost time injury rate, our focus on health and safety remains uncompromising. We believe that all injuries are preventable, and we will continue to learn and implement changes to create a safe and healthy workplace for all.

Increased sickness absence due to COVID-19

The sickness absence rate was 4.8% in 2020. The increase from 3.5% in 2019 was partly due to COVID-19 regulations. Where employees experienced any respiratory illness, they were required to be absent until symptoms ceased and a negative COVID-19 test had been completed. This precautionary safety measure increased absence time away from work. In this situation, NRC Group defines the current absence level as a healthy level, without significant absence due to occupational illnesses.

COVID-19: Protecting our employees and delivering critical infrastructure

From the beginning of the outbreak of the COVID-19 pandemic in March 2020, NRC Group's main priority has been keeping employees healthy and safe. A Group-wide Covid Taskforce was immediately established to manage the company's response. A sharp focus on adopting guidelines and policies to prevent and handle COVID-19 outbreaks has been maintained throughout the pandemic. The Group continuously monitors the development of the pandemic and its potential impact on its employees and business operations.



The Group communicates regularly and transparently to equip teams for virtual working and safe project execution.

The Group complies with restrictions and guidelines from relevant authorities and follows up with immediate actions when relevant and needed. Parts of NRC Group's activities are related to maintenance and upgrades of existing railway infrastructure. These operations are defined as critical to society, and the company prioritises these activities in case of situations where resources may become scarce. The COVID-19 pandemic has had limited operational impact for NRC Group to date and is well positioned to maintain business continuity. Ongoing risks remain however, related to potential health and operational impacts if outbreaks intensify and restrictions are resumed.

Health and safety systems certified to ISO 45001

NRC Group Finland and NRC Group Norway are certified to ISO 45001, the internationally recognised occupational health and safety management system standard. As part of the certified management system NRC Group continuously carries out preventive measures to improve the working

environment, including risk analysis, planning, training and safety inspections.

Incident learning on the journey towards zero harm

Learning from all injury incidents is important. NRC Group systematically collects and analyses data through reports and investigations from all incidents. The aim is to identify where the company can implement additional guidelines and routines that work and prevent new incidents from happening. All key learnings from health and safety incidents are shared via company-wide communication channels.

Health and safety training is ongoing

Training in all aspects of health and safety is provided to employees. Training begins at induction and continues on the job and in specific formal training programmes. A key element of all training is the focus on continuous learning, which aims to constantly refresh knowledge and embed a strong health and safety culture within the organisation. Trainings are recorded and available for all employees and forms an essential part of the Group's ISO 45001 certified Health and Safety system.

Creating wellbeing at work

We work continuously to ensure that all employees experience job satisfaction and wellbeing, targeting zero sickness related to any work undertaken at NRC Group. A number of specific health and wellbeing initiatives have been created for different countries. These include regular medical checks, access to health support services and referral to medical specialists covered by insurance, where required. NRC Group also supports employees with other various health and wellbeing services. We have established routines for close follow-up of employees on sick leave, making necessary adaptations to facilitate their prompt return to work.

Our comprehensive approach to health and safety continues

Ensuring safe workplaces and compliance with regulations across diverse projects at various phases brings its challenges. Many health and safety issues are subject to steadily changing framework terms and conditions, affecting our employees and subcontractor tradespersons, many of whom may be in and out of projects every day. Managing health and safety in this context is complex and requires a comprehensive approach.

Strengthening a single groupwide HSE-culture

NRC Group has prepared Health, Safety and Environment (HSE) guidelines to establish a joint set of rules for safe work across the Group, including for subcontractors that work on our projects. With acquisitions of several companies in recent years, we have prioritised the establishment of a single groupwide HSE-culture from the same set of guidelines. To support their implementation, we have increased capacity and competence of our HSEQ engineering staff through recruitment and internal training.

We have a set of guidelines for health, safety and work environment for our employees, hired staff and partners. Our handbook is available in Norwegian, Swedish, Finnish and English and meets regulatory and requirements in each country that we operate. It can be downloaded on each of our country web pages.

Improving HSE in partnership with University of Tampere

In 2020, NRC Finland launched the Safe Potential project in partnership with University of Tampere. The project aims to research key drivers of safe and healthy behaviours in the workplace. With insights into these behavioural drivers, responses can be developed which enhance health and safety outcomes. A key piece of research linked with the project looks at how maturity models can be used to better understand the progress being made by an organisation towards a safer workplace. This type of research provides useful insights for NRC Group as we investigate new ways to improve our performance.

NRC Group's annual HSE week

In September 2020, we conducted our annual HSE-week for employees in Norway. The week brings a dedicated focus for all employees to current and emerging HSE topics. Over 500 employees from NRC Group Norway attended sessions digitally, to increase the competence and knowledge about health, safety and environment. The trainings covered environmental project management, tabletop emergency response training, risk analysis and infection control training.

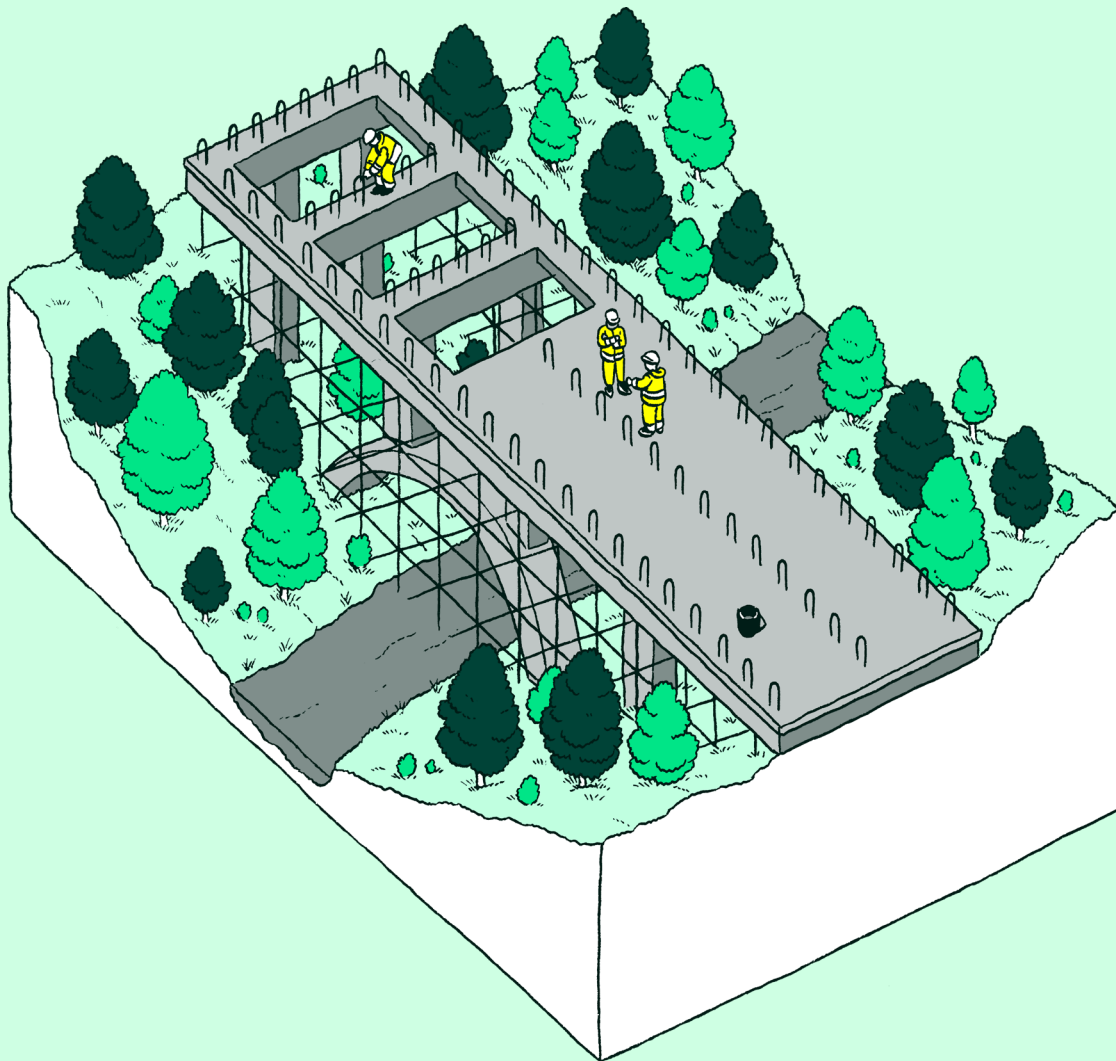
Our goal is that all employees and partners shall return home every day completely free of injuries.



Building a low-carbon future

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

There is an increasing focus on the climate commitments of the Nordic countries in which we operate, and we recognise our responsibility to make our operations even more sustainable. At the same time investors' and other stakeholders' expectations around greenhouse gas (GHG) emission reductions are becoming urgent and unified.



A general agreement on the need for net zero GHG emissions by 2050 is being established, in an effort to limit global warming to less than two degrees celsius. NRC Group is highly aware of these expectations and the likelihood of climate-related regulation. That is why, as a provider of services to build low-carbon, sustainable transport solutions, NRC Group is positioning itself to be the sustainable service-provider of choice. Shifting our own business to a low-carbon operation is a key priority.

We have established a GHG emissions baseline

In 2020, we established a groupwide GHG emissions baseline, including scope 1, 2 & 3 emissions. Our total emissions are 13,837 tonnes of carbon dioxide equivalents (tCO₂e). The majority of our emissions are generated in scope 1 through the use of diesel fuels in our equipment. We have purchased 555 MWh of electricity with a Guarantee of Origin, certifying that it comes from renewable sources. This corresponds to 15% of our total electricity purchased. Full disclosure of our GHG emissions, broken down by country operations, is included in the appendix.

In 2021, we will establish our GHG emission reduction targets, including investigating the use of the Science Based Targets methodology to guide our emissions reduction pathway. We will also develop appropriate emission intensity factors to provide useful context in our GHG reporting.

A focus on efficiency and electrification

We are investing in ongoing efforts to reduce our GHG emissions and improve efficiency. There are economic and productivity benefits associated with this approach. Our focus on the efficient operation of equipment is complemented by our investment in electrification. As the market and availability of electric powered machinery develops, we will continue to make the switch to electric, where the equipment is fit for purpose and the economic business case stacks up.

We've reviewed our climate-related financial risks using TCFD

In 2020, we undertook a review of our climate-related financial risks following the Task Force on Climate-related Financial Disclosure (TCFD) recommendations. The review covered how we approach climate-related risks and opportunities from a governance, strategy and risk management perspective, including the metrics and targets we use. Climate-related physical, transition and market risks may impact our business and the review highlighted the need for Groupwide management of climate risks, alongside establishing defined metrics and targets. Business development opportunities associated with increased long-term investment in low carbon transport solutions, as well as upgrades to existing infrastructure were also identified. A summary of the review is included in the appendix.

(Note: GHG diagrams on the next pages 36 — 37)

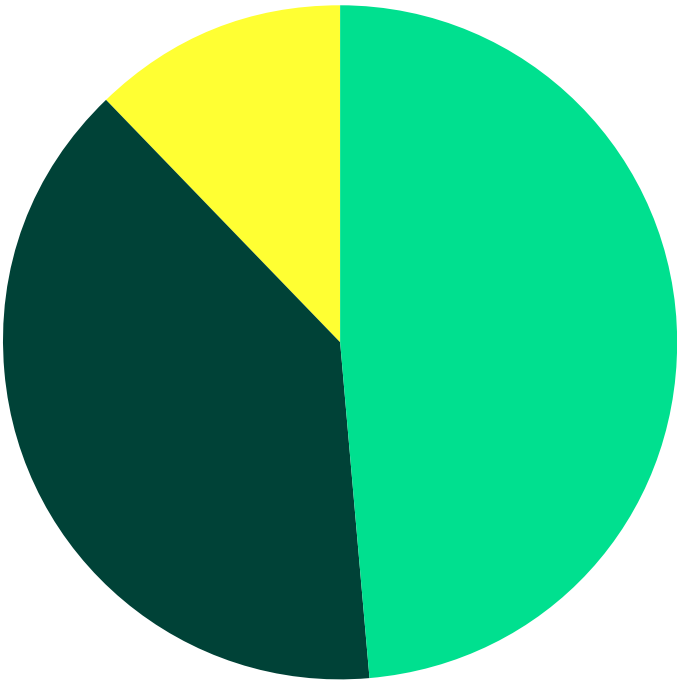
GHG emissions baseline (t CO₂e)



	Total emissions
NRC Group	13,837
Finland	4,101
Norway	7,684
Sweden	2,052

	Scope 1
NRC Group	12,774
Finland	3,472
Norway	7,345
Sweden	1,958





	Scope 2 ¹
NRC Group	756
<div><div></div> Finland</div>	451
<div><div></div> Norway</div>	242
<div><div></div> Sweden</div>	63

1. Market based approach. For Location based approach, the Scope 2 emissions are (t CO2e): NRC Group: 343, Finland: 320, Norway: 15, Sweden:78

	Scope 3
NRC Group	307
<div><div></div> Finland</div>	178
<div><div></div> Norway</div>	98
<div><div></div> Sweden</div>	32







Building diversity and equal opportunity

NRC Group acknowledges diversity and inclusion, and offers equal opportunities regardless of gender, age, sexual orientation, ethnicity, religion, political opinions or social background.

We believe that diversity and inclusion create value. Being able to listen to and acknowledge different opinions, with different backgrounds, experiences and perspectives, makes for more effective corporate decision-making. An inclusive workforce leads to diversity in thinking - a key driver for innovation and growth. It makes business sense to NRC Group.

Total employees

1,914

2019: 2,070

Female employees

10.3%

2019: 7.2%

Female senior management

14%

2019: 28%

Female Board of Directors

43%

2019: 43%

NRC Group operates in a male-dominated industry

NRC Group operates in a male-dominated industry, which is reflected in the Group's overall gender composition, particularly among skilled workers. As per December 31, 2020 NRC Group employed 1,914 persons (2019: 2,070) of which 10.3% were female (2019: 7.2%). Female representation in the senior management team was 17% (2019: 28%) and 43% on NRC Group's Board of Directors (2019: 43%).

Pro-active steps to enhance diversity

In our efforts to build a diverse workforce we are focusing on our recruitment and internship programmes. In June 2020, 54 interns joined NRC Group across Nordics as part of our recruitment and development programme. A total of 15% were women, which is higher than the 10% of female employees we have in our existing workforce. In Finland, two out of nine (22%) trainees are women and one out of nine (11%) in Norway. We are proactively promoting roles with diversity as a key selection criterion.



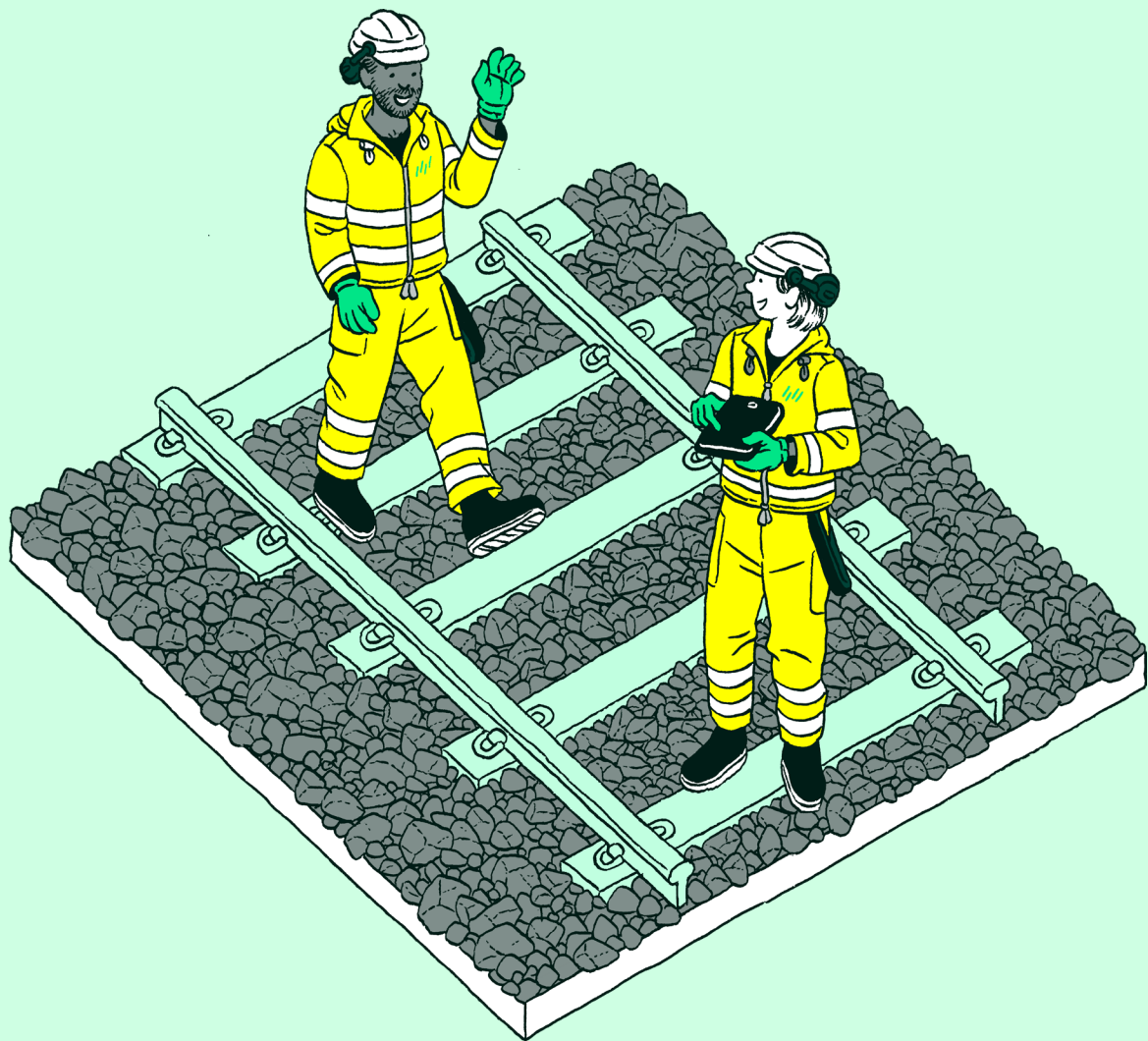


Training and developing our people

NRC Group's ambition is to be the most attractive infrastructure partner and employer.

NRC Group considers competence and knowledge development as important factors for building a unified company culture, as well as to attract and retain great people. We believe that by investing in our people, we achieve a more skilled, loyal and effective work force. Our people's passion, dedication and expertise are essential for delivering high quality projects.

In 2020, we delivered a wide range of training programmes across the group, with more than 40,000 hours of training for our people.



NRC Academy - developing our peoples' capabilities

People and culture are the foundation for sustainable growth. The NRC Academy is NRC Group's competence center with a clear focus on developing our peoples' capabilities at all levels in the organization. The purpose of the academy is to provide our employees with the right conditions and support needed in order to succeed in their role. The training courses are designed and delivered by professionals internally or by external educational providers. The NRC Academy always aims to ensure that we have a high professional level of courses, both with external providers and training that we deliver ourselves.

Training courses for all employees at different levels

The academy offers courses for all employees at different levels and offers courses in core subject areas such as HSEQ, Technical subjects, Law and Management, Economics and Leadership. The training includes E-learning, classroom-based or digital education experiences. The NRC Academy continues to develop its training curriculum with a customised offer in each country.

Leadership Program:

NRC Group offers an extensive leadership program for all employees with management responsibility in each

country of operation. The purpose is to train all managers in the organisation in leadership capabilities and create an awareness of the importance of the leadership role. By the end of the course all managers should be equipped to lead themselves, lead others and lead the business. The content varies to some extent based on local needs, all of them with high quality and provided by an external partner. In Finland and Sweden this course is named License to Lead, in Norway All-in. Due to the Corona situation, the License to Lead program in Sweden has been delayed.

Safe and fair working conditions for all employees

Working conditions are well regulated in Norway, Sweden and Finland. We work closely with employee representatives and trade unions to ensure a safe and fair working environment for all employees. NRC Group upholds internationally recognised human rights and labour standards (as defined by the International Labour Organization's (ILO) fundamental conventions and the UN Declaration of Human Rights) by acting responsibly in all areas of its business. We require our subcontractors and partners to follow all NRC Group's policies, systems and processes on our project sites.





Ensuring ethical business practices

NRC Group's business success is built on a foundation of trust. We believe that our business behaviour should reflect the highest ethical standards. Our long-term relationships with our customers and suppliers are where we demonstrate our commitment to ethical business practice. Actively reviewing and maintaining these high standards, makes ethical business practice a material topic



NRC Group has a comprehensive ethics policy and compliance programme

The programme focuses on priority ethics areas including anticorruption, anti-bribery, fair competition and supply chain integrity. Routines and systems for whistleblowing are established in accordance with the Norwegian Working Environment Act. The Business Ethics and Code of Conduct Policy serves as NRC Group's primary governance document for ethical business practices.

Anti-bribery management system certified to ISO 37001

NRC Norway has been ISO 37001 certified, the internationally recognised ISO standard for anti-bribery management systems, since 2019. Currently, only a few organisations hold this certification in Norway. An annual risk analysis is undertaken as part of the certification process.

All managers have completed anti-corruption training

The key features of the ethics compliance programme and whistleblowing system have been communicated to all group employees. This has strengthened internal awareness about ethical issues, including application of NRC Group's policy on business ethics. Workshops and training have been conducted with all managers in Norway, Sweden and Finland to prepare them for handling ethical conflicts. The training includes how to identify and act in situations involving corruption, such as being offered private services or kickbacks.

NRC Group's formal whistleblowing process

It is management's responsibility to ensure that whistleblowing reports are dealt with in accordance with NRC Group's

formal whistleblowing process. Following a whistleblowing report, any investigations and actions are considered on a case-by-case basis. NRC Group will, as soon as possible upon receiving a whistleblowing report, draw up an action plan. The plan may include the initiation of internal investigations and an assessment of sanctions in accordance with labour law legislation.

Elevating whistleblowing reports

Any decisions to contact authorities, clients, contractors or other external third parties in case of an ethical breach is made by the legal counsel of NRC Group. If the matter concerns the legal counsel of NRC Group itself, or any of the legal counsel's superiors, an independent reporting channel may be used. In matters that could have significant consequences for NRC Group, the legal counsel will confer with the chairman of the board before contacting external parties and will generally keep the chairman of the board informed of the facts of the case. All employees, as well as contracted workers in NRC Group, who report irregularities in good faith, are actively protected against any kind of retaliation.

Three whistleblowing reports were received in 2020

Three whistleblowing reports were received in 2020. The reports were followed up in accordance with NRC Group's formal whistleblowing process and the Business Ethics and Code of Conduct Policy.





Continually improving environmental performance

Environmental regulations, contract conditions for environmental management and stakeholder expectations around environmental performance are increasing. As a material topic, our approach to environmental management is guided by our environmental policies, which state that:

- All leaders shall promote environmental consciousness across the organisation and all employees are required to assume responsibility for the climate, environment, and society.
- We shall work systematically to reduce our greenhouse gas emissions and waste.
- We shall seek to choose the most environmentally friendly solutions in purchasing and production.

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.

We are certified to ISO 14001 for environmental management

Our Norwegian and Finnish operations are certified to ISO 14001, the internationally recognised environmental management standard. Our group-wide environmental policy sets out the core principles for environmental management and applies an ISO 14001 management system approach across the entire business. A core feature of the ISO 14001 Standard is the requirement to demonstrate continual improvements in environmental performance, year-on-year.

Reducing our impacts and emissions through electrification

We are introducing electrical equipment in our operations. This has the dual benefit of reducing carbon emissions and eliminating impacts such as noise. As customer requirements and the market for electrical equipment develop, we will continue to invest in machinery that is fit for purpose. This means in practice that there must be a business case and that the equipment meets our high environmental standards, including for its lifecycle impacts.

Zero harmful spills

We believe that any spill is avoidable. That's why we've made significant investment in people, processes, and equipment to eliminate spills. Our investment is paying off,

with no reported harmful spills in 2020. Our professional employees continue to deliver environmental improvements year-on-year and eliminating spills demonstrates their commitment to our environmental performance goals.

Hazardous substances are carefully handled

Alongside our approach to accidental spills, we have a set of formal processes and training for the handling of hazardous substances. These are substances which if not handled correctly have significant human health and environmental impacts. In 2020 there were no reported incidents involving our handling and use of hazardous substances.

Moving towards a circular economy

We have identified the opportunity to assess, select and source materials that are made from recycled materials and have potential to be recycled at end of use. All of our work sites operate waste minimisation systems and have a goal of eliminating the creation of waste in the first instance. In 2021, we will be setting some specific waste and circularity targets for the business as we continue our journey towards the ultimate goal, zero waste.

We have established a waste baseline

In 2020, we established a waste baseline measurement using a standardized method across the group. Due to the nature of waste and recycling handling in our countries of operation, combined with our different business activities, waste and recycling figures may vary considerably.

Recycling 20,000 meters of rail track

In 2020, we moved 12,500 sleepers and 19,440 meters of rail track from Lund-Arlöv to Halmstad. The materials will be re-used in another project and through their re-use, we will avoid approximately 2,200 tonnes of GHG emissions that would have been created by using new materials.

In 2020, the total waste generated by the Group was 22,750 tonnes, with an average recycling rate of 91%.

Waste (tonnes)

Recycling

NRC Group

22,570

NRC Group

91%

Finland

713

Finland

57%

Norway

20,949

Norway

94%

Sweden

1,086

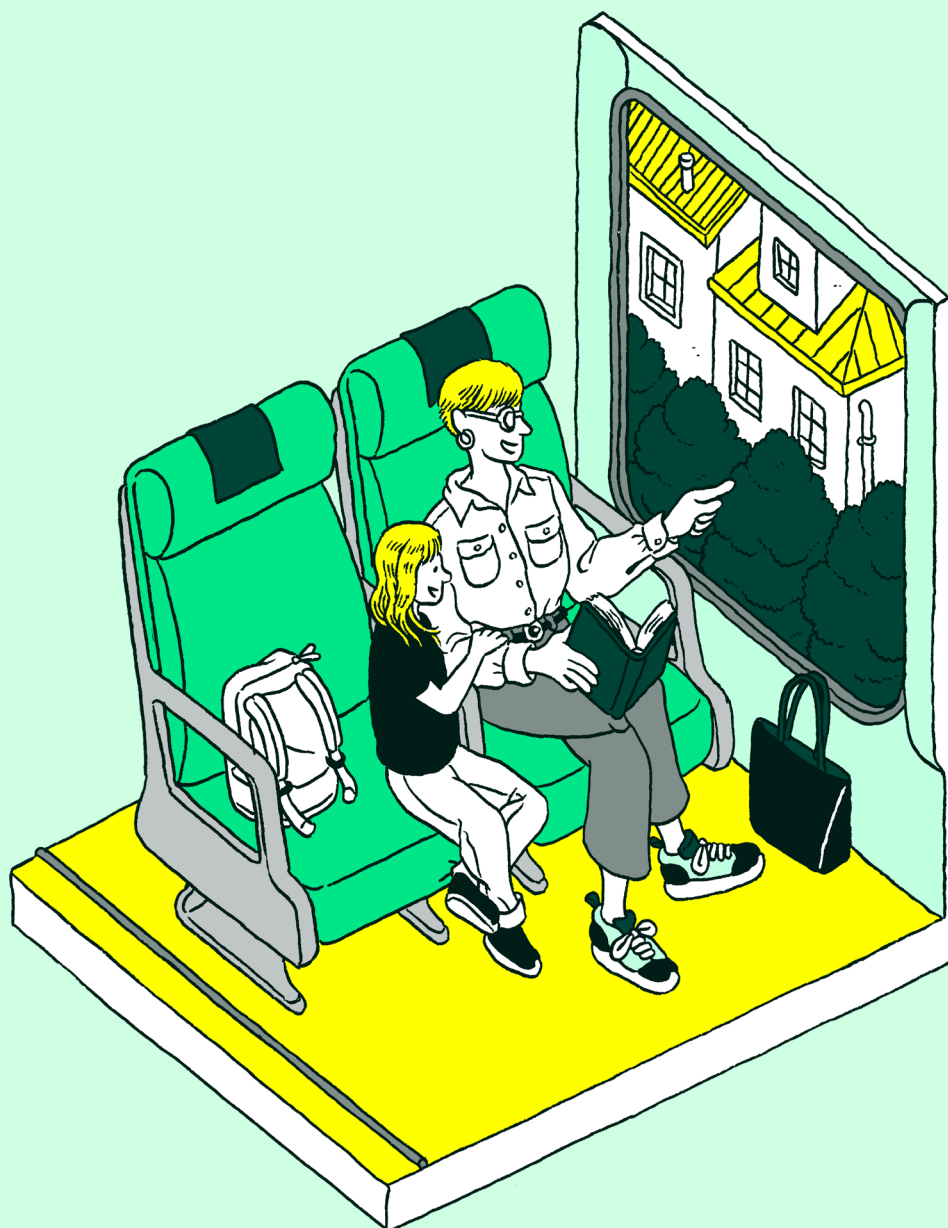
Sweden

59%



Creating a sustainable supply chain

We see our suppliers as key partners in our business. Their success contributes to our success. The COVID-19 pandemic has demonstrated that having a robust and resilient supply chain is crucial to maintaining business continuity. This makes the topic of supply chain sustainability a material one.



Establishing productive, long-term relationships

We approach the management of our supply chain in two ways. Firstly, we actively select suppliers that align with our vision and values. This means they meet our expectations and requirements for health and safety, environmental performance and other relevant factors. Secondly, we seek to build meaningful and long-term relationships with our suppliers. In doing so, we establish trustful working relationships where we can learn and grow successfully together.

Investing in local businesses

In 2020, NRC Group invested significantly in suppliers which are Nordic owned and operated businesses. Our investment in local suppliers goes beyond the products and services they supply us with. We are actively engaged with our suppliers in delivering environmentally sound solutions. To do this we work in partnership with our suppliers to solve problems and develop knowledge. This approach often leads to enhanced environmental performance for both parties. A similar focus is applied to quality, health and safety.

Appendix



GRI Index

GRI Disclosure		Reference
102-1	Name of the organisation	NRC Group ASA
102-2	Activities, brands, products, and services	www.nrcgroup.com/about-us
102-3	Location of headquarters	www.nrcgroup.com/contact
102-4	Location of operations	www.nrcgroup.com/about-us
102-5	Ownership and legal form	Listed company Oslo Børs
102-6	Markets served	www.nrcgroup.com/about-us
102-7	Scale of organisation	www.nrcgroup.com/about-us
102-8	Information on employees and other workers	Page 41
102-9	Supply chain	www.nrcgroup.com/about-us
102-10	Significant changes to the organisation and its supply chain	None
102-11	Precautionary Principle or approach	NRC Group applies the precautionary principle in its day-to-day decision-making
102-12	External initiatives	<ul style="list-style-type: none"> • Tampere climate partners (Finland) • Grønnvaskingsplakaten (Avoiding greenwashing initiative, Norway) • Grønn anleggsplass (SINTEF environmental construction sector initiative, Norway) • Färdplan (Fossil fuel free initiative, Sweden)
102-13	Membership of associations	<ul style="list-style-type: none"> • The Confederation of Finnish Construction Industries RT (Infrastructure section) • Finland Green Building Council • The Swedish Construction Federation, Railway (Entrepreneurs section)
102-14	Statement from senior decision maker	Page 7
102-15	Key impacts, risks, and opportunities	Pages 7, 11, 17, 21 & 24
102-16	Values, standards, principles and norms	Page 12
102-17	Mechanisms for advice and concerns about ethics	Page 49

102-18	Governance structure	www.nrcgroup.com/investor/corporate-governance
102-40	List of stakeholder groups	Page 62
102-41	Collective bargaining agreements	100% union membership
102-42	Identifying and selecting stakeholders	Page 62
102-43	Approach to stakeholder engagement	Page 62
102-44	Key topics and concerns raised	Pages 63 & 64
102-45	Entities included in the consolidated financial statements	www.nrcgroup.com/investor/reports-and-presentations
102-46	Defining report content and topic Boundaries	Page 62
102-47	List of material topics	Page 21
102-48	Restatements of information	None
102-49	Changes in reporting	None
102-50	Reporting period	Calendar year
102-51	Date of previous report	None – inaugural report
102-52	Reporting cycle	Annual
102-53	Contact point	For questions or feedback on this report contact lene.engebretsen@nrcgroup.com
102-54	This report has been prepared in accordance with the GRI Standards (core option)	Page 20
102-55	GRI content index	Pages 60 & 61
102-56	External assurance	None

Topic specific disclosures

GRI Disclosure		Reference
Health and safety		
103	Management approach	Pages 28-33
403-9	Work-related injuries	Page 30
Emissions		
103	Management approach	Pages 34 & 35
305-1	Scope 1 GHG emissions	Pages 36 & 37
305-2	Scope 2 GHG emissions	Pages 36 & 37
305-3	Scope 3 GHG emissions	Pages 36 & 37
Diversity and equal opportunity		
103	Management approach	Pages 40 & 41
405-1	Diversity of governance bodies and employees	Page 41
Waste		
103	Management approach	Pages 52 & 53
306-3	Waste generated	Page 54
306-4	Waste diverted from disposal	Page 54

Stakeholder engagement and materiality determination

Materiality assessment

NRC Group engaged an independent consultant to carry out stakeholder interviews and assess the materiality of topics based on GRIs materiality principle. Following analysis, the consultant presented results of the materiality assessment to management for discussion and finalisation.

Stakeholder engagement

Stakeholders are engaged both formally and informally, in ongoing dialogue. Specific stakeholder interviews were undertaken with the following stakeholders for the purposes of this report:

- Investors
- Customers
- Board members
- Employees

Topics identified by stakeholders

The following topics were identified by stakeholders and assessed as part of the materiality assessment (tables on the page 63— 64)

Enviroment

Accidental spills	Ensure effective procedures to minimize the risk of accidental spills and discharges.
Adaptation to climate change	Understand and manage the risks that arise from climate change, e.g. physical changes (extreme weather, damage to assets, changes in resource availability) and changes related to climate related regulation, market preferences and technology.
Management of greenhouse gas emissions	Manage and reduce greenhouse gas emissions (CO2 equivalents) from operations.
Management of other air emissions	Manage and reduce other emissions to air (e.g. SOx, NOx) from operations.
Energy management	Manage the planning and operation of energy consumption within own operations. Seek to optimize energy consumption (e.g. fuel, electricity etc.).
Water management	Ensure effective procedures for water usage and discharge.
Waste management	Ensure effective procedures for waste collection, transportation, disposal and recycling. Correct handling of contaminated masses.
Hazardous materials and chemicals	Reduce the use of hazardous materials and chemicals in production processes and ensure correct handling (e.g. creosote, asbestos).
Soil and biodiversity management	Minimize negative impacts on nature and eco-systems during the construction period.
Resource management	Minimize the use of resources through optimized design, project planning and operations.
Opportunities and positive impacts:	
Circular economy in the construction industry	Apply circular solutions (e.g. upcycling of materials) in design of as-sets and procurement of items. Re-usage or donation of used items.
Green services or products	Invest in R&D and innovation for new (green) technology, services and products and explore green market opportunities in new segments (e.g. electricity or hydrogen infrastructure in harbours).

Social

Employee health & safety	Work systematically to achieve zero harm to all personnel. Ensure safe working conditions.
Diversity and equal opportunity	Ensure equal pay, equal treatment and no discrimination based on age, gender, culture, religion, sexual orientation, or disabilities in the organisation.
Labour rights	Ensure employees' right to organize, form and join labour unions and bargain collectively.

Employee training and development	Enhance skills and acquire new knowledge through employee training and education. Ensure a sufficiently skilled workforce and include apprentices in the workforce. Contribute to local economic growth by contracting local suppliers.
Local employment	
Responsible site management	Manage the social impact of operations on local communities: Engage with local residents, landowners and businesses that are impacted by the operations to reduce negative impact (local pollution, noise, vibrations, access etc.).
End-user safety	Ensure a safe end-product. Perform safety evaluations and work systematically to identify potential hazards.
Opportunities and positive impacts:	
Charity & sponsorships	Engage in charitable activities and contributions, i.e. sponsorships and donations.

Governance

Anti-corruption and anti-competitive behaviour	Manage the risk of bribery, facilitation payments, money laundering (AML), and corruption of any kind. Ensure no unlawful cooperation and undue use of market power.
Whistleblowing and grievances	Ensure that whistleblowing systems and grievance mechanisms are in place and used properly.
ESG governance	Ensure dedicated ESG governance through processes and control mechanisms. E.g. integrate ESG into risk management, incentive systems and top management and board competence.
Responsible procurement of materials	Ensure effective management of ESG-issues in the supply chain (e.g. deforestation, energy efficiency, conflict minerals, forced labour).
Responsible subcontractor management	Define ESG-requirements for subcontractors and ensure subcontractor compliance (e.g. labour rights and safe working conditions, fair salaries, working skills, corruption, environmental standards).
Transparent public engagement	Be transparent concerning political lobbying and advocacy work, conflicts of interest and business relations.

Opportunities and positive impacts:

Green finance	Identify solutions and projects that meet requirements for sustainability-linked loans or green bonds, ensure access to institutional investor funds with "green" requirements.
Raising industry standards on sustainability	Collaborate with peers, customers and suppliers to ensure high sustainability standards throughout NRC Group's value chain and in the industry in general.
Standards and certifications	Follow voluntary environmental standards to achieve environmental labelling or certifications.

GHG emissions

NRC Group applies the operational control approach when reporting Greenhouse gas (GHG) emissions. All business areas, as well as subsidiaries and joint ventures with an ownership interest of > 50% are included in the reporting.

The Greenhouse gas emissions are calculated in accordance with the GHG Protocol Corporate Standard. Indirect emissions (scope 2) are calculated in accordance with the GHG Protocol Scope 2 Guidance, applying both location-based and market-based methods.

The input data is based on invoiced data, real time meters, estimates/averages and data reported by suppliers.

Emission factors are sourced from DEFRA (2020), AIB (2020), respective district heating and district cooling providers and Statistisk Sentralbyrå (Statistics Norway).

Emissions data is subject to uncertainty due to inherent uncertainty in the emission factors and in calculations and reporting. For scope 3, only emissions from business travel and company car mileage have been reported. Company car mileage for Sweden is not included for 2020.

Emissions statement 2020

Group Total		
Scope 1 - Fuel Consumption related to:	Quantity (ltr, KWh)	CO ₂ e Emissions (tonnes)
Transportation - Yellow machines, trucks, exgavators, dumpers, aggregates, company cars.	127 208	294
	4 640 954	12 480
	118 923	-
Oil boilers etc.	17 500	-
TOTAL SCOPE 1	-	12 774
Scope 2 - Electricity and district cooling/heating:		
Purchased electricity	3 607 907	259
District heating	553 299	83
District cooling	42 809	0,3
TOTAL SCOPE 2 Location Based		343
Purchased electricity- no guarante of origin (offices)	3 052 907	672
Purchased electricity - guarante of origin	555 000	-
District heating	553 299	83
District cooling	42 809	0
TOTAL SCOPE 2 Market based		756
TOTAL SCOPE 1+2 Market based		13 530
Scope 3 - Indirect (data from third party)		
Business air travel (CO2 directly from agent OR mileage)		132
Car milage	1 077 651	175
TOTAL SCOPE 3		307
TOTAL SCOPE 1, 2 & 3		13 837

Sources and references

AIB, DEFRA, Suppliers specific information from district heating and district cooling companies companies
 Car milage - Sweden excluded

Norway		Sweden		Finland	
Quantity (ltr, KWh)	CO2e Emissions (tonnes)	Quantity (ltr, KWh)	CO2e Emissions (tonnes)	Quantity (ltr, KWh)	CO2e Emissions (tonnes)
19 577	45	45 439	105	62 191	144
2 714 420	7 299	688 911	1 853	1 237 622	3 328
113 009	0	656	-	5 258	-
17 500	0				
	7 345		1 958		3 472
607 133	7	1 256 000	15	1 744 774	237
147 249	1,0	250	0,02	405 800	82
42 809	0,30				
	8		15		320
607 133	240	1 256 000	63	1 189 774	369
				555 000	0,0
147 249	1,0	250	0,0	405 800	82
42 809	0,3	-			
	242		63		451
	7 586		2 021		3 923
	72		32		28
194 999	26		-	882 503	150
	98		32		178
	7684		2052		4101

TCFD Disclosures

Governance

Describe the board's oversight of climate-related risks and opportunities.

Risks are reviewed regularly in the Board meetings. Climate risks are not discussed separately but may fall under other types of risks (i.e., market changes).

The board has a five-year horizon.

Describe management's role in assessing and managing climate-related risks and opportunities.

Project risks, including potential climate related risks, are reported monthly to management.

Risks are reviewed prior to tender submission and approved by management.

Strategy

Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

See table below (Risks and Opportunities).

Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Strategic plans are based on national budgets in Norway, Sweden and Finland, outlook in adjacent markets, various reports and own expertise, including National Transportation Plans in Norway and Sweden. Where those budgets or plans are adjusted in respect to climate-related responses, it is likely to require adjustment accordingly to business, strategy and financial planning. These adjustments may present both risks and opportunities.

Client ESG requirements or expectations vary, including for climate-related impacts.

Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The foundation of NRC Group is to capitalize on an increasing demand for maintenance and construction of low carbon infrastructure and is thereby well positioned for the transition to a low carbon economy.

Risk management

Describe the organization's processes for identifying and assessing climate-related risks.	Procedures in place for identifying and managing climate-related risks in tenders and in projects: <ul style="list-style-type: none"> • In the tender phase risks (including climate risks) are identified and cost allowances made. • During project execution risks (including risks related to extreme weather) are incorporated in the projects' risk assessments.
Describe the organization's processes for managing climate-related risks.	Risks are managed as part of the tender process or in the projects. There is no procedure for managing climate risk on a group level.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Climate-related factors are taken into consideration in tenders and projects.

Metrics and targets

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	No metrics set. Working on developing metrics for 2021.
Disclose Scope 1, Scope2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	GHG emissions will be reported for 2020 (Scope 1 & 2).
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	No targets set for 2020. Will be set for 2021.

PHYSICAL RISKS

- NRC Group's operations are exposed to more extreme weather - both acute and long-term weather changes. Heavy snowfalls or in other cases less snow, more frequent storms, soil, mud race, flooding and increased air temperature will impact NRC Group's operations in different ways. I.e., increased weather temperatures would lead to shorter time slots for welding (due to high air temperatures) causing increased costs or delays if not accounted for in tender price.
- For employee safety: No new risks but should raise awareness in work processes.
- NRC Group owns few physical assets that may be damaged by extreme weather. However, the creosote facility in Finland which may be impacted by more extreme weather like heavy rain or flooding. This could increase the risk of chemical spills. The probability of spills associated with the creosote facility is however considered low.
- Other supply chain and logistics risks are considered low, as input factors are mostly local materials and client provided items.

PHYSICAL OPPORTUNITIES

- More extreme weather would be an opportunity for NRC Group. In case of infrastructure breakdowns additional work would be needed and the demand for infrastructure services will increase.

REGULATORY RISKS

- The main regulatory risks are changes in requirements concerning emissions from fossil fuel, waste management and usage of materials (upcycling, recycling etc.) and potential increased costs if not planned/managed well. The regulatory requirements currently differ from country to country. This however will change by forthcoming EU regulations.
- As imposed rules and regulations would be the same for all players in the market, NRC Group does not consider regulatory risk as high.

REGULATORY OPPORTUNITIES

- Stricter CO2 regulations will most likely move people and goods away from fossil fuel transportation over to low carbon solutions like railway and light rail.
- Political strategies and regulations of concentrating the population around "hubs" will also favour transportation by rail.

MARKET RISK

- Market risk in terms of demand for rail infrastructure is considered low. There is a political consensus in all the three countries that transportation of people and goods by rail needs to increase. This is reflected in the countries' approved transportation plans. There is also a massive lag of rail infrastructure that needs to be upgraded.
- NRC Group does not expect a decrease in demand for railway services due to competition from electrical trucks nor electrical ferries.
- Market risk in terms of demand for civil constructions is also considered low. Civil constructions are still expected to play an important part in coming infrastructure projects.

MARKET RISK

- Access to capital is considered low risk. Construction and maintenance of electrical rail tracks will most likely be eligible to green financing according to the EU Taxonomy. An analysis conducted by Danske Bank based on public information, shows that NRC Group is one of the top 10 Norwegian companies when it comes to alignment to the taxonomy, with over 70% of its activity classified as taxonomy aligned.
- Lower financial cost could be expected for investments in equipment with zero emission.

MARKET OPPORTUNITIES

- High demand for NRC Group's key activities due to need for more resilient infrastructure and transition to a low carbon economy.
- Opportunity to attract "green capital" and impact investors.
- Several business opportunities related to physical climate change and the transition to a low-emission economy:
- Upgrade of water/wastewater infrastructure
- Rehabilitation of smaller dams
- Electrification of harbour/terminal infrastructure
- Civil works for "green" buildings, and other green infrastructure as defined by EU Taxonomy.

TECHNOLOGY RISKS

- The main technology risk for NRC Group concerns the machine park if public or private customers introduce requirements related to fossil free construction sites. Most of the machines are currently leased, indicating a low risk of stranded assets.
- Inability to keep up with emission free technology developments may in the future disqualify NRC Group from tenders or lead to losing tenders.

TECHNOLOGY OPPORTUNITIES

- Staying ahead of coming regulatory requirements, would be beneficial in tenders. I.e., having the ability to offer electric excavators.

REPUTATIONAL RISKS

- NRC Group develops infrastructure for low carbon transportation and reputational risk is considered low.

OPPORTUNITIES

- NRC Group will benefit from positioning the company as a provider of green solutions in terms of attracting talents and general goodwill.

