

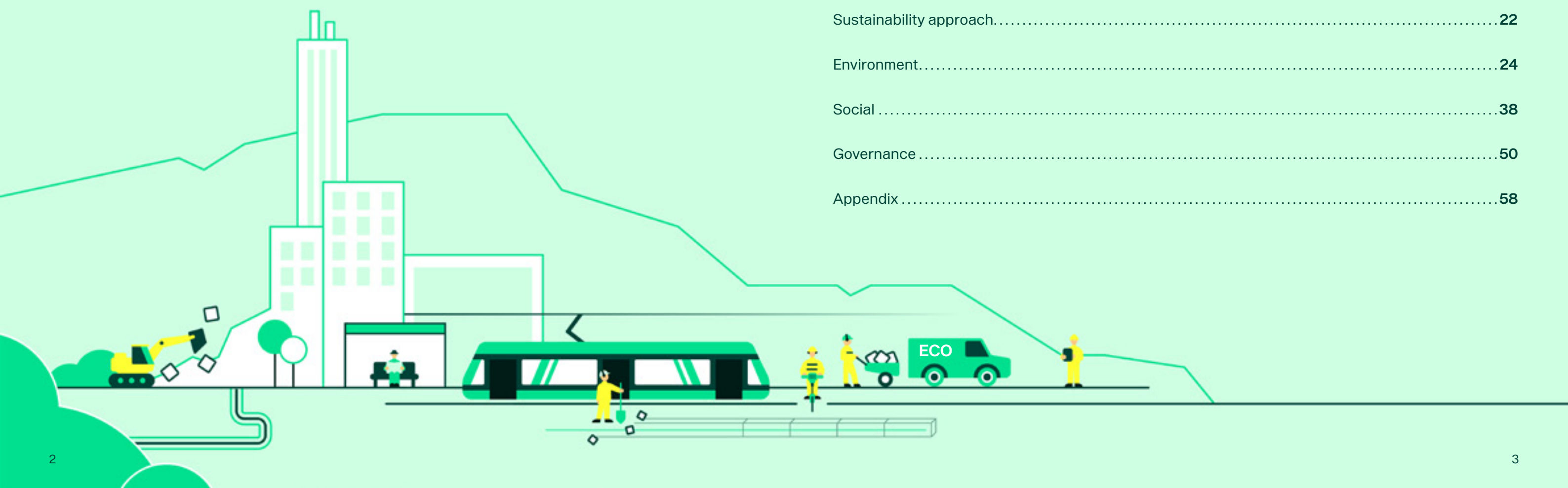
# Sustainability report 2021



NRC Group has been reporting on sustainability since the company was listed on the Oslo Stock Exchange in 2015. Previous reporting can be found in our Sustainability, Annual and Quarterly Reports, which are available on our website [www.nrcgroup.com](http://www.nrcgroup.com) This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (2021). 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 2021 calendar year. As a member of the United Nations Global Compact (UNGC) Norway, this report serves as our Communication on Progress.

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# Key results 2021

Lost time injury rate

**6.4**

5.6 in 2020

Diversity

**10.7%** female employees

10.3% in 2020

GHG emissions (scope 1+2+3)

**12,058** t CO<sub>2</sub>e

13,837 t CO<sub>2</sub>e in 2020

GHG emissions reduction (scope 1+2+3)

**12.9%**

baseline in 2020

Sustainability training

**63%** of staff completed

EU Taxonomy eligible revenue

**87%**

Revenue

**NOK 6** billion

NOK 6.5 billion in 2020

Employees

**1,893**

1,914 in 2020

# CEO statement

Our goal is to become the sustainable infrastructure partner of choice in the Nordics. We are committed and accountable for our impact, and continuously work to improve how we operate in our projects.

Central to our sustainability framework is building a low-carbon future. We are working on projects across the Nordics that have a real and positive impact on decarbonising society. The electrification of Trønder- and Meråkerbanen in Norway is one of the most important projects in Norway towards greener tracks. Both Crown Bridges in Finland and Trønder- and Meråkerbanen will use the world's leading sustainability assessment tool, CEEQUAL, to drive improvements and track performance.

How we build matters to us, and we are committed to operating safely, while developing human capital and protecting the environment. By setting targets and transparently disclosing our performance via our sustainability report, we aim to credibly demonstrate our progress on sustainability issues and build trust among our stakeholders. Our goal is to reduce our greenhouse gas emissions by 10% annually, over the next three years from 2022.

We are positioning the company for sustainable growth. To be successful in our industry we are actively managing those areas where we have material social and environmental impacts. Our strategy includes accounting for the impact of the EU taxonomy, where approximately 85% of our business activities in 2021 are defined as eligible under the proposed legislation. We are also cognisant of the climate risks facing our business and these are disclosed in this report following the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD).



Developing our workforce to be ready for the future is a key part of our approach to sustainability. Over 60% of our employees have now completed our sustainability certification programme, which builds an agreed understanding of key sustainability principles across the entire business.

In all our sustainability efforts, our people are our greatest asset and efforts to become an inclusive place to work continue. Gender diversity at all levels across the business is increasing. We are challenging the stereotypes that exist in the industry and at the same time provide attractive and rewarding employment opportunities for all genders from different backgrounds.

In line with our values caring, credible and entrepreneurial, we are building a strong safety culture and an attractive place to work. I am proud to see the effort put down by our employees in 2021 to continuously improve across all countries and divisions. Building sustainable infrastructure is something we do with pride and with clear objectives. We build for a greener, safer and more effective way of travelling for future generations.

I am pleased to present our 2021 Sustainability report and I welcome your feedback.

**Henning Olsen**  
CEO NRC Group

“By setting targets and transparently disclosing our performance via our sustainability report, we aim to credibly demonstrate our progress on sustainability issues and build trust among our stakeholders. Our goal is to reduce our greenhouse gas emissions by 10% annually, over the next three years.”

Henning Olsen / CEO



# 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 trackwork, electro, signalling systems, demolition, recycling, wastewater, sewage services 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) and has an annual turnover of approximately NOK 6 billion.

## 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

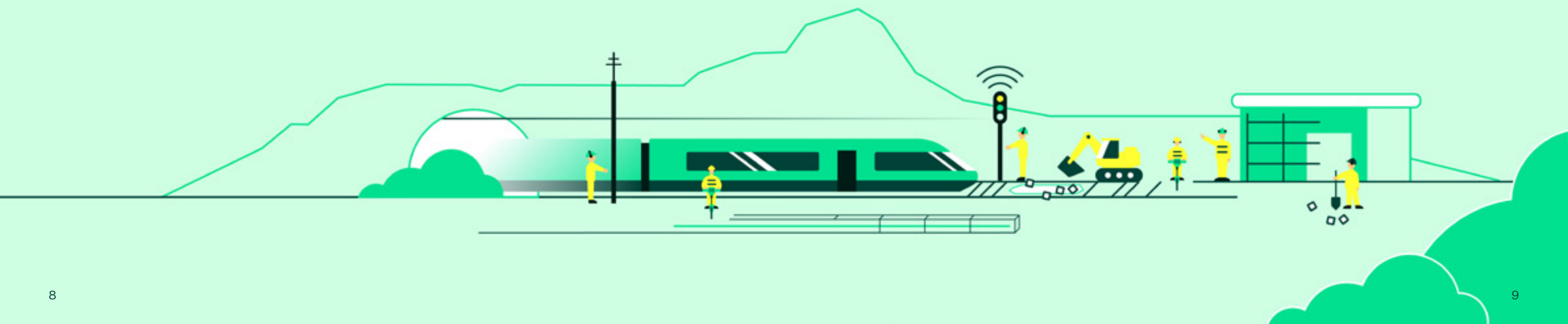
Being the most attractive partner and employer of tomorrow's infrastructure.

## Mission

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

## Fully integrated value chain

We have in-house capabilities with a competitive offering that increase operational efficiency and reduce supplier uncertainty.





# Our Values

## Caring

We care for the safety of our employees and suppliers. We make sure to plan and act for the safety of people and our society.

## 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 are driven by a strong commercial mindset.





# Our contribution to the 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 operates in – Finland, Norway and Sweden. Each SDG includes measurable targets and indicators, with Governments of member states reporting on these to the UN.

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. In 2021, NRC Group signed up to the UN Global Compact (UNGC) which sets out ten internationally- recognised principles for responsible business conduct. The company is participating in the UN Global Compact SDG Ambition Accelerator-programme which challenge us to set ambitious corporate targets and accelerates integration of the 17 SDGs into core business management.

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. 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
 <b>5 GENDER EQUALITY</b> Achieve gender equality and empower all women and girls	<b>Target</b> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	<b>Contribution</b> NRC Group has implemented an active recruitment approach targeting women in all roles and in internship programmes.
	<b>Indicator</b> 5.5.2 Proportion of women in managerial positions.	<b>Performance</b> 28% of managers are women (14% in 2020).
 <b>8 DECENT WORK AND ECONOMIC GROWTH</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<b>Target</b> 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.	<b>Contribution</b> NRC Group has implemented a comprehensive health, safety and wellbeing programme, covering all employees and contractors working at its operational sites.
	<b>Indicator</b> 8.8.1 Frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status.	<b>Performance</b> The LTI is 6.4 (5.6 in 2020) and there were no fatalities in 2021 or 2020.
 <b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	<b>Target</b> 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.	<b>Contribution</b> NRC Group builds high quality, reliable and low-carbon transport infrastructure solutions. These projects support equitable, accessible and affordable public transport. In 2021, NOK 6 billion worth of project work was delivered.
	<b>Indicator</b> No relevant indicator.	<b>Performance</b> No relevant SDG indicator.
 <b>11 SUSTAINABLE CITIES AND COMMUNITIES</b> Make cities and human settlements inclusive, safe, resilient and sustainable	<b>Target</b> 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.	<b>Contribution</b> NRC Group builds high quality, reliable and low-carbon transport infrastructure solutions. These projects support equitable, accessible and affordable public transport. In 2021, NOK 6 billion worth of project work was delivered.
	<b>Indicator</b> No relevant indicator.	<b>Performance</b> No relevant indicator.
 <b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> Ensure sustainable consumption and production patterns	<b>Targets</b> 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.	<b>Contribution</b> 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 has been subject to an independent audit based on the internationally-recognised ISO14001 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.
	<b>Indicators</b> No relevant indicators.	<b>Performance</b> No relevant SDG indicators. See this report for reporting a range of indicators relevant to NRC Group.
 <b>13 CLIMATE ACTION</b> Take urgent action to combat climate change and its impacts	No relevant targets and indicators.	<b>Contribution</b> NRC Group builds resilient low-carbon transport infrastructure solutions. NRC Group has established a greenhouse gas (GHG) emissions baseline and has defined reduction targets.
		<b>Performance</b> No relevant SDG indicators. See this report for reporting on NRC Group's GHG emissions.



# Material topics

## We used the GRI Standards to identify our material topics

In 2020, we completed a comprehensive materiality assessment. Through ongoing stakeholder dialogue and an independent review, we have updated our list of material topics in 2021. We followed the newly updated GRI 3 Standard to identify and assess the significance of our impacts. As part of our 2021 materiality review, we also included consideration of all current and planned regulatory changes. In addition to those existing material topics reported in 2020, we now also consider biodiversity and community impacts at our sites of operation as material topics.

## Our stakeholders are engaged in the reporting process

Our stakeholders include existing and potential employees, investors, customers, end-users of our projects, local communities where we operate and unions. In 2020, we engaged an independent ESG consultant to carry out formal stakeholder interviews, a staff survey and an independent assessment of our material topics. Responses from the interviews, survey and an analysis of the topics raised were presented to our Board of Directors who approved the material topics to report. In 2021, we maintained ongoing dialogue with our key stakeholders. Their feedback was incorporated into an independent review of our material topics and resulted in a validation of existing material topics and the addition of the two new topics - biodiversity and community impacts.

## Our material topics

The following topics have been determined to be material for our 2021 Sustainability Report:

- Health and safety of our employees
- Climate and emissions
- Ethical business practices
- Employment
- Materials and recycling
- Environmental impact and compliance
- Biodiversity impacts
- Local community impacts
- Sustainable supply chain

A more detailed description of our materiality process, stakeholder feedback and definitions for material topics, is included in the appendix.





# Meeting the climate challenge

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 railway, light rail systems, cycleways and walking paths. We are focused on reducing our own greenhouse gas emissions and are working to create infrastructure that enables others to do the same.

Our business is committed to meeting Paris agreement climate goals by reducing our emissions and achieving net zero by 2050. We will pursue these reductions through shifting our heavy vehicle fleet to biogas and other renewable fuel sources, electrifying suitable equipment and implementing operational efficiency measures to reduce the idling time of machinery. In all of our emission reduction efforts, we will focus on practical and proven technology and behaviour change. We will transparently report our performance progress against our targets.

We work closely with our clients to achieve their shared climate goals. The expectations of many of our customers, including local authorities, are changing. Environmental and climate-friendly business credentials are moving from a nice to have, to an essential requirement. We have been and will continue to take lead on meaningful climate actions in line with our emission reduction ambitions.

The infrastructure we build is designed to be robust and resilient to withstand the present and predicted future climate conditions. Our own assets and operations are also being future proofed and adapted to the changing climate. We regularly review our climate risks and report them using the Taskforce on Climate-related Financial Disclosures (TCFD) framework.

To achieve the climate goals, we continuously evaluate relevant investments in equipment, systems and training and increase competence in our organisation. The most important part of our climate plan will be unleashing the potential of our employees to make low and no-carbon opportunities a reality. Being a learning organisation will be key as we build knowledge and human capital to deliver climate solutions that work.

Between now and 2050 we are cognisant of the significant work we must do to meet our own climate goals. Only by reaching our own goals, we can contribute achieving the Paris agreement aligned target of 1.5 degrees of global warming. We are up for the challenge and stand ready to support our customers and partners in achieving their Paris-aligned climate goals.



# Enabling sustainable solutions

Our strategic sustainability focus reflects our capabilities and the way we create value.

In building a low carbon future we see opportunities to unlock positive biodiversity outcomes and improve environmental performance. NRC Group is committed to the highest ethical business standards and providing a safe and healthy work environment. 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 collaborate, share knowledge and utilise the competence between the countries. The way we build human capital and develop our capabilities as a learning organisation are key to creating a common culture within the business, which is embedded in sound sustainability principles. Identifying and modelling best-practice sustainability solutions across our business and with our partners, is fundamental to our success.

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 is a multitude of ways in which we can generate positive outcomes. The way we capture this value is through our people. By empowering and training them in sustainability, we are creating a workforce that is capable of building the low-carbon future we want.



# The 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

**SUBSTANTIAL CONTRIBUTION AND DO NO SIGNIFICANT HARM**

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 2021, 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). One highly important DNSH criteria for NRC Group is to meet the minimum 70% recycling rate for business activities.

**EU TAXONOMY REPORTING REQUIREMENTS ARE VOLUNTARY FOR 2021**

The EU Taxonomy is first and foremost a list of criteria that must be met, for an activity to be considered sustainable. The Taxonomy framework is proposed to be incorporated into Norwegian law via the European Economic Area (EEA) Agreement through a new sustainable finance law. It is expected that the Taxonomy reporting requirements will be incorporated into Norwegian law in 2023 (covering the 2022 annual financial reporting period).

NRC Group is voluntarily reporting the following disclosures for 2021:

- The share of Taxonomy-eligible economic activities in relation to total activities
- The Key Performance Indicators (KPIs) as defined in the Taxonomy related to turnover (revenue), operational expenses (OpEx) and investments (CapEx)
- Qualitative information relating to how the disclosures were calculated.

**ELIGIBLE ACTIVITIES FOR NRC GROUP ACTIVITIES**

87% of the Group’s activities in 2021 in terms of revenue is defined as eligible under the EU Taxonomy. The most relevant eligible activities for NRC Group include infrastructure for rail transport and infrastructure enabling low-carbon road transport and public transport. The latter includes activities related to light rail and metro. The Group also has eligible activities related to infrastructure for personal mobility, electricity generation from wind power, collection and transport of non-hazardous waste in source segregated fractions and freight transport services by road. Activities performed by the Group that are currently not defined as eligible, include parts of both the environmental and the civil construction business.

Most of the eligible activities meet the technical screening criteria, the do no significant harm criteria and the other requirements to be classified as sustainability aligned. Based on the Group’s review of economic activities for 2021, the following KPIs have been consolidated:

	Eligible	Aligned
<b>KPIs</b>		
Turnover (Revenue)	87%	62%
Operational expenses (OpEx)	87%	63%
Investments (CapEx)	77%	64%

Measures are planned whenever possible to increase the share of aligned activities going forward. Planned measures to be implemented in 2022 would, if implemented in 2021, increased the aligned turnover to approximately 72%. The disclosed figures have not been audited.

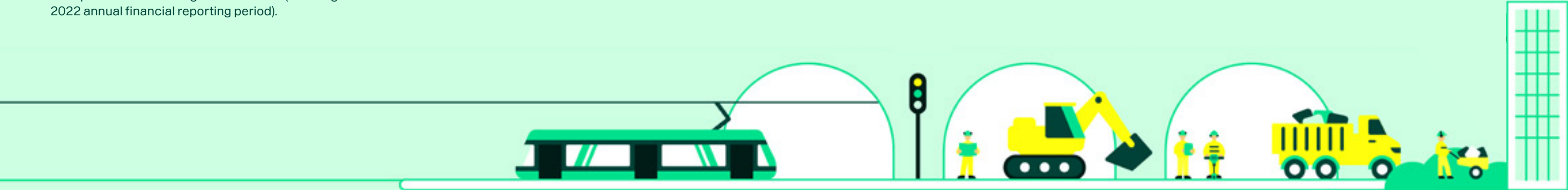
**CALCULATION METHODS AND METHODOLOGY**

The main part of the Group’s activities has been analysed on a project-by-project basis. For some parts of the business, including sale of materials, 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.

The KPI related to eligible revenue has been calculated as the sum of all external revenue related to Taxonomy-eligible activities divided by the Group’s total revenue. Aligned revenue has been calculated as the sum of all external revenue related to Taxonomy-aligned activities divided by the Group’s total revenue.

The KPI related to eligible OpEx has been calculated as the sum of all OpEx related to Taxonomy-eligible activities divided by the Group’s total OpEx. Aligned OpEx has been calculated as the sum of all OpEx related to Taxonomy-aligned activities divided by the Group’s total OpEx. Based on the EU requirements, the Group has defined OpEx as operational expenses including depreciations and excluding overhead expenses.

The KPI related to eligible CapEx has been calculated as the sum of all Taxonomy-eligible CapEx divided by the Group’s total CapEx, while the KPI related to aligned CapEx has been calculated as the sum of all Taxonomy-aligned CapEx divided by the Group’s total CapEx. The Group has defined total CapEx as the sum of new additions to the fixed assets register and new additions to the right-of-use assets. Taxonomy-eligible CapEx are measured as either CapEx defined directly in the Taxonomy or alternatively CapEx used in Taxonomy-eligible activities. Taxonomy-aligned CapEx are measured as either CapEx directly defined as aligned in the Taxonomy or alternatively CapEx used in Taxonomy-aligned activities.





# Sustainability approach

The sustainability strategy of NRC Group sets out how we operate to achieve our sustainability goals. The strategy is focused on six core impact areas.

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.





# Environment



1

# Building the low-carbon future

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

The Paris Agreement (2015) and climate commitments of the Nordic countries in which we operate have sent a clear signal to business. 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 less than two 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.

## 10% ANNUAL REDUCTION TARGET FROM 2022

We have set a 10% annual reduction target for our GHG emissions over the next three years. 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.

## DECREASED GHG EMISSIONS

Our total scope 1 and 2 GHG emissions in 2021 were 11,698 tonnes (2020: 13,530 tonnes) of carbon dioxide equivalents (t CO<sub>2</sub>e). This represents an absolute reduction in our scope 1 and 2 GHG emissions of 13.5%. A full and detailed breakdown of our GHG emissions by country, scope and source is provided in the appendix.

## DIESEL FUEL AS MAIN SOURCE

The majority of the emissions measured in 2021 (scope 1 and 2), result from the use of diesel fuels in our equipment. A much smaller proportion of our emission comes from electricity use at our offices and on some project sites. We are working towards the publication of accurate scope 3 emission figures. Based on current available data, we estimate that our scope 3 emissions from business travel remain similar from year to year and are between 200 to 300 tonnes annually.

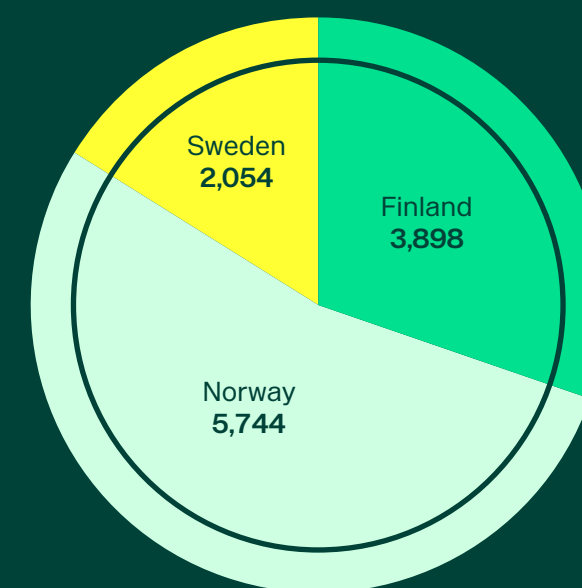
## FOCUS ON EFFICIENCY, BIOGAS AND ELECTRIFICATION

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.

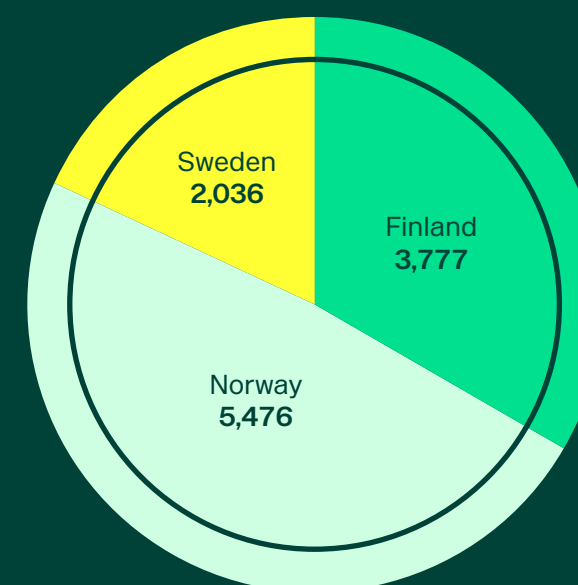
## REVIEWED CLIMATE-RELATED FINANCIAL RISKS USING TCFD

In 2021, we reviewed our climate-related financial risks. The review followed the Task Force on Climate-related Financial Disclosure (TCFD) recommendations. The review covered our climate-related risks and opportunities approach from a governance, strategy and risk management perspective, including the metrics and targets we use. The review included how climate-related physical, transition and market risks may impact our business.

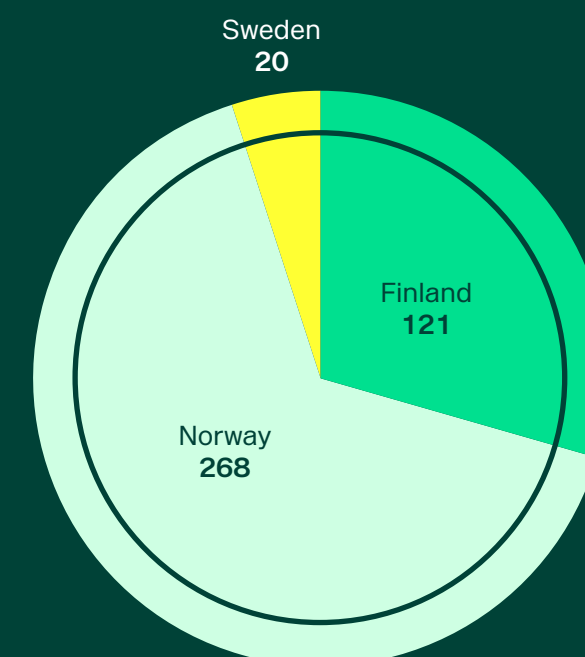
## GHG emissions baseline (t CO<sub>2</sub>e)



Total emissions  
NRC Group 11,698 t CO<sub>2</sub>e



Scope 1  
NRC Group 11,289 t CO<sub>2</sub>e

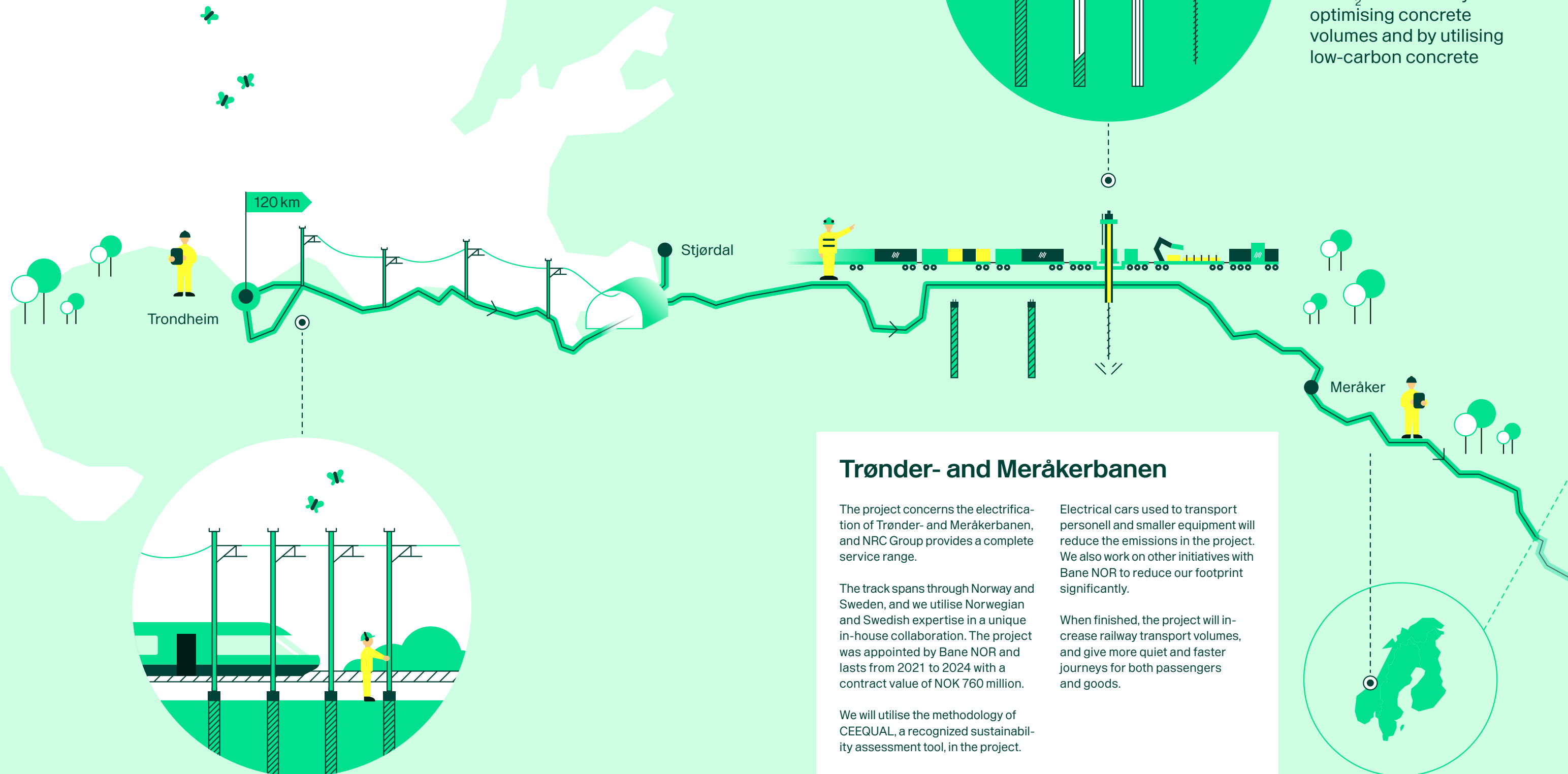


Scope 2  
NRC Group 409 t CO<sub>2</sub>e



# Green tracks

Low-carbon infrastructure through electrification of Trønder- and Meråkerbanen



# 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 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.

## 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.

## ZERO ACCIDENTAL SPILLS

We believe that any spill is avoidable. That's why we have made significant investments in people, processes and equipment to eliminate spills. Our investment is paying off, with no reported accidental spills in 2021. Our professional employees continue to deliver environmental improvements year-on-year, and by eliminating spills demonstrate their commitment to our environmental performance goals.

## HAZARDOUS SUBSTANCES 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 2021, there were no reported incidents involving our handling and use of hazardous substances.





# 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 meet the challenge.

## RECYCLING RATE INCREASED TO 96%

In 2021, the total waste generated by the Group's operating activities was 203,860 tonnes (2020: 22,750 tonnes), with a recycling rate of 96 % (2020: 91%). The approximate tenfold increase in waste materials generated was primarily due to high activity level for our demolition and recycling business in Norway.

As is typical in the infrastructure and construction sector, the nature of waste materials generated by different projects and the recycling methods available may vary considerably. Because of this and our different project-based activities, waste and recycling figures may vary considerably from year to year and between our countries of operation.

## 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. Some good examples include the walk and cycle tunnel for train passengers we built in Torsby, Sweden. A local project could re-use the excess excavated material. Another example is the Raide-Jokeri light rail project, which is being built between Itäkeskus in Helsinki and Keilaniemi in Espoo, in southern Finland. Nearly 10,000 tons of concrete structures required to be demolished along the 25km light rail line were re-used in multiple nearby projects to replace the use of virgin aggregates. 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.



Waste

NRC Group  
**203,860** tonnes

Finland  
**6,584** tonnes

Norway  
**196,286** tonnes

Sweden  
**990** tonnes

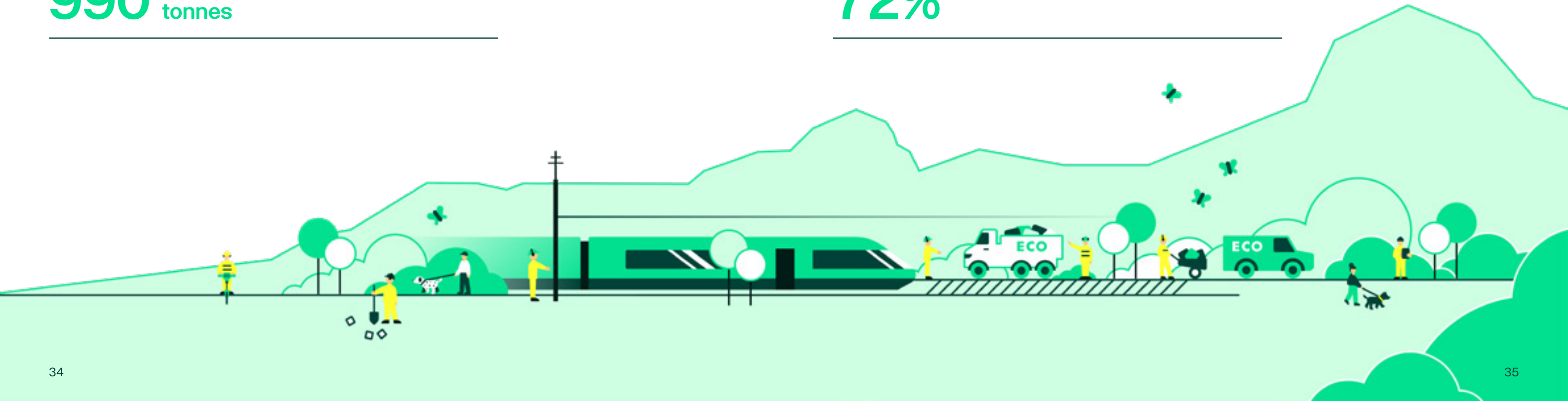
Recycling rate

NRC Group  
**96%**

Finland  
**76%**

Norway  
**97%**

Sweden  
**72%**





# Monitoring and protecting biodiversity

## CONTRIBUTING TO POSITIVE BIODIVERSITY OUTCOMES

The project sites that NRC Group works on are in developed locations, such as in existing transport corridors and built-up urban areas. The baseline biodiversity values within these sites are typically low, and in many cases are increased through remedial works and landscape plantings that form part of projects. NRC Group considers its biodiversity impacts to be relatively low. We see opportunities to contribute to positive biodiversity outcomes and actively monitor and protect biodiversity values at our project sites. This makes biodiversity a material topic for us.

## 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, 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, such as fencing off, creating buffer zones, remedial works and formal environmental impact assessments. We actively monitor and report biodiversity values and impacts on a project basis. None of our projects in 2021 took place in or adjacent to formally protected natural areas or areas of significant biodiversity value.



# Social





3

# A safe and secure workplace for all our employees

We are committed to providing a safe and secure workplace for all our employees, sub-contractors and partners. Our goal is that all employees, sub-contractors and partners shall return home every day completely free of injuries. Safety is embedded in everything we do, and our approach is formally set out in NRC Group's policy for health, working environment and safety. The safety and health of our employees is of utmost importance.

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## MEASURING OUR SAFETY PERFORMANCE

We measure the Group's lost time injury (LTI) frequency which is considered the most important KPI for safe work. The LTI frequency is defined as the number of injuries resulting in absence per million working hours. We also measure absence due to sickness - 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 INCREASED IN 2021

Our LTI frequency was 6.4 in 2021, up from 5.6 in 2020. Subcontractors are included in the figures. We continued to maintain our record of zero serious or fatal injuries in 2021 (2020: 0). Sickness absence rate was reduced to 3.9% in 2021, down from 4.8% the previous year.

LTI, NRC Group

6.4

5.6 in 2020

## SWIFT AND SIGNIFICANT HEALTH AND SAFETY RESPONSE

Health and safety is a priority for NRC Group. We are therefore disappointed with our 2021 results, as they do not reflect the standards we have set for ourselves. In response to our 2021 result we are implementing the following immediate measures:

- Strengthening and formalizing management's responsibilities for acting as health and safety role models and demonstrating a critical focus on health and safety performance
- Increasing management's and the HSEQ team's presence and interaction on project sites now that Covid-19 restrictions are being eased
- Raising health and safety as a critical focus area in 2022, including through existing initiatives such as Health and Safety Awareness Week, Sustainability Week and in our leadership programs.

We believe health and safety is a core function of responsible leadership. We have elevated this principle so that it is reflected in all aspects of our leadership development.

Sickness absence rate, NRC Group

3.9%

4.8% in 2020

## 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.

## INCREASING HEALTH AND SAFETY TRAINING

We are increasing training provided to employees in all aspects of health and safety. Beginning at induction and continuing on the job, specific and tailored health and safety training programs are being systematically rolled out across the business. 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 organization. All training undertaken is recorded and forms an essential part of the Group's 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 within different operating countries. These include regular medical checks, access to health support services and

referral to medical specialists covered by insurance, where required. We have established routines for closer 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 prioritized 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. To support the implementation of our health and safety programme we also run an annual health and safety awareness week. During this week a number of high-profile communications, safety talks and company-wide focus activities are run to engage staff and embed health and safety practices.

4

# 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 creates value. Being able to listen to and acknowledge different opinions, different backgrounds, experiences and perspectives, enables more effective corporate decision-making. A diverse workforce leads to diversity in thinking - a key driver for innovation and growth. Being inclusive makes business sense to NRC Group. Our commitments and requirements are in line with the Norwegian Equality and Anti-Discrimination Act. Specific reporting related to the Act will be made in the annual reports of the Group's Norwegian subsidiaries, as applicable.

## POSITIVE PROGRESS ON DIVERSITY

Positive progress has been made in addressing gender diversity within the company. The proportion of females in our workforce of 1,893 employees has grown from 10.3% to 10.7% in the past year, with new hires reaching 12.5%.

In a tight labour market attracting skilled and suitable candidates continues to provide challenges. It is promising to see that NRC Group is increasingly being viewed as an employer of choice that offers rewarding career options for men and women from diverse backgrounds.

## GENDER DIVERSITY INCREASING AT ALL BUSINESS LEVELS

NRC Group operates in a male-dominated industry, which is reflected in the Group's overall gender composition, particularly among skilled workers. As of 31 December, NRC Group employed 1,893 persons (2020: 1,914) of which 10.7% were female (2020: 10.3%). Female representation in senior management team is 28% (2020: 14%) and 50% (2020: 43%) on NRC Group's Board of Directors.

Total employees

**1,893**

1,914 in 2020

Female employees

**10.7%**

10.3% in 2020

Senior management

**28%**

14% in 2020

Board of Directors

**50%**

43% in 2020





# Training and developing our people

NRC Group considers competence and knowledge development as important factors for building a shared 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.

## **BUILDING SUSTAINABILITY COMPETENCE AND LEADERSHIP CAPABILITY**

To achieve our sustainability goals and develop our people NRC Group has developed specific training programmes in sustainability and leadership. Over 60% of all employees have undertaken the company's sustainability certification course, with the remainder of employees to complete in the first half of 2022. The training programme builds a shared understanding of sustainability within the business and is a powerful driver of positive environmental and social performance. Similarly, our leadership training programme being rolled out in Sweden equips our staff with the skills and strategies needed to succeed in the dynamic industry we operate in.

## **PROVIDING PATHWAYS FOR INTERNS AND TRAINEES**

Our recognised internship and summer trainee programmes provide a useful and fundamental career start for those wanting to build a career within the construction and infra-

structure sector. While also part of NRC Group's recruitment drive, the programme also serves to train and develop participants' understanding of the sector and the opportunities within it. In 2021, a total of 68 summer interns joined our programme.

## **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 applicable laws and regulations and use dedicated information management systems on our project sites.

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





# Sustainability training

To develop the capability of our organisation and strengthen how we implement sustainability initiatives, NRC Group has established a sustainability certification programme.

The programme was designed with assistance from recognised sustainability educators and seeks to build a shared understanding of sustainability across the business. At its core, participants in the programme develop an awareness of key sustainability principles and how they can be applied in their roles at NRC Group. Approximately 1,200 employees have completed the certification, representing over 60% of all employees so far.

“Sustainability is much more than just health, safety and quality, it is also about reducing emissions and finding sustainable transport solutions for future. When we build railways, we enable the opportunity to choose environmentally friendly ways of mobility. It’s great that we work to ensure that everyone in the company has the same basic competence in sustainability.”

Michalina Hakala / **Project Engineer**





# Working with our local communities

## BEING CARING AND CREDIBLE

As a large and specialized construction company we are acutely aware of the impacts and disruptions that our projects may cause in local and public areas. While these impacts and the way we operate are highly regulated, we believe there is an opportunity to proactively engage with local communities and impacted people, to achieve the best possible outcomes. Communication is key. But even more important is operating according to our core values – being caring, credible and entrepreneurial. This is why working with local communities is important to us and a material topic.

## INFORMING AND ENGAGING OUR LOCAL COMMUNITIES

Because of the nature of our work, many of our impacts at project sites are highly visible to the local community. These impacts may include noise, vibration, visual impacts, traffic and travel disruption, earthworks and vegetation removal. All of these impacts are regulated by local authority permits, regulation and specific contract conditions. We assess all potential impacts and pro-actively engage with authorities and the local community to find ways to minimize or mitigate them. Where required or useful, we develop communication plans to inform and engage local communities and affected people. Our engagement occurs prior to, during and after the completion of our projects. We acknowledge, that in some instances, finding solutions that are ideal for all parties is not possible or practical. In these situations, we maintain open dialogue and seek to understand all counter party perspectives, including communicating the low carbon and public transport benefits that our projects bring. We are open to learning and are continually updating our approach to how we work with our local communities.

## MONITORING COMMUNITY FEEDBACK

A key measure of our impacts on local communities is the feedback we receive from them. In 2021, many of our projects had dedicated social media channels, where up to date information is provided to stakeholders and interactive feedback is managed. It has been positive to see how community interaction is developing through the use of such platforms and we will continue to engage and build outreach using this approach. We are also aware that many of our projects do not necessarily have such a high profile or level of community engagement because they occur in rural and less populated areas. At the same time, there are no doubt interested and affected stakeholders seek information and are engaged. We are committed to developing different approaches to community engagement which are fit for purpose and acknowledge this is a work in progress. We are pleased to report that we received no formal complaints regarding local community impacts in 2021.





# Governance





# 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 have been 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

Since 2019, NRC Group Norway has been ISO 37001 certified, the internationally-recognised ISO standard for anti-bribery management systems. An annual risk analysis is undertaken as part of the certification process. NRC Group Norway was re-certified to the standard in 2021.

## 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 directive. 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 a draft 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 are 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.

## TEN WHISTLEBLOWING REPORTS WERE RECEIVED IN 2021 – NONE ELEVATED

Ten whistleblowing reports were received in 2021 (2020: 3). The reports were followed up in accordance with NRC Group's formal whistleblowing process and the Business Ethics and Code of Conduct Policy. Following investigation, no reports were elevated for further action.



# Setting high ethical standards

## **NRC GROUP NORWAY IS CERTIFIED TO THE INTERNATIONAL ANTI-CORRUPTION STANDARD ISO 37001**

To demonstrate our commitment to ethical business practices NRC Group Norway has certified its ethics management system to the internationally-recognised anti-corruption standard ISO 37001. Being certified means we are regularly externally audited and that our management system complies with ISO best-practice principles. These include how we assess and monitor risks, raise awareness, train our people and maintain effective record keeping.

“Like many industries, corruption and bribery risks exist within the construction sector. Key to managing those risks

is our approach to establishing clearly communicated operating guidelines to our employees, particularly to those operating in identified high risk areas, such as procurement”, says Martin Holst-Olsen, Head of Legal NRC Group Norway.

He adds “The second key part of our approach is to undertake thorough and regular risk assessments and to respond by mitigating or eliminating those identified risks. The final part of our approach is creating accountabilities for our performance. We do this through assigning specific tasks and staff responsibilities as well as transparently and publicly disclosing our performance”.

**Ethical business practice is central to how we operate at NRC Group. Our Code of Conduct, training programmes and policies establish clear expectations for how we conduct our business. We actively monitor and transparently report on how we are meeting the ethical standards we set.**

Martin Holst-Olsen, Head of Legal NRC Group Norway.



# 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**

The majority of NRC Group's suppliers are Nordic owned and operated businesses. Our investment in local suppliers goes beyond the products and services they supply us with. We aim to actively engage with our suppliers to deliver environmentally sound solutions. To do this we work in partnership with our suppliers to challenge existing solutions, solve problems and increase knowledge. This approach leads to enhanced environmental performance for both parties. A similar focus is applied to quality, health and safety.



# Appendix





# GRI Index



## General disclosures

GRI Disclosure		Reference
2-1	Organisational details	<a href="https://nrcgroup.com/about-us/">https://nrcgroup.com/about-us/</a>
2-2	Entities included in the organisation's sustainability reporting	See Annual Report <a href="https://nrcgroup.com/investor/reports-and-presentations/">https://nrcgroup.com/investor/reports-and-presentations/</a>
2-3	Reporting period, frequency and contact point	January 1 - December 31, 2021. Annual. For questions and feedback on this report contact <a href="mailto:lene.engebretsen@nrcgroup.com">lene.engebretsen@nrcgroup.com</a>
2-4	Restatements of information	None
2-5	External assurance	The report has not been externally assured
2-6	Activities, value chain and other business relationships	<a href="https://nrcgroup.com/about-us/">https://nrcgroup.com/about-us/</a> and <a href="https://nrcgroup.com/projects/">https://nrcgroup.com/projects/</a>
2-7	Employees	Page 43
2-8	Workers who are not employees	None
2-9	Governance structure and composition	<a href="https://nrcgroup.com/investor/corporate-governance/">https://nrcgroup.com/investor/corporate-governance/</a>
2-10	Nomination and selection of the highest governance body	<a href="https://nrcgroup.com/investor/corporate-governance/">https://nrcgroup.com/investor/corporate-governance/</a>
2-11	Chair of the highest governance body	<a href="https://nrcgroup.com/investor/corporate-governance/">https://nrcgroup.com/investor/corporate-governance/</a>
2-12	Role of the highest governance body in overseeing the management of impacts	<a href="https://nrcgroup.com/investor/corporate-governance/">https://nrcgroup.com/investor/corporate-governance/</a>
2-13	Delegation of responsibility for managing impacts	Delegated to the CEO
2-14	Role of the highest governance body in sustainability reporting	<a href="https://nrcgroup.com/investor/corporate-governance/">https://nrcgroup.com/investor/corporate-governance/</a>
2-15	Conflicts of interest	<a href="https://nrcgroup.com/investor/corporate-governance/">https://nrcgroup.com/investor/corporate-governance/</a>
2-16	Communication of critical concerns	<a href="https://nrcgroup.com/investor/corporate-governance/">https://nrcgroup.com/investor/corporate-governance/</a>
2-17	Collective knowledge of the highest governance body	<a href="https://nrcgroup.com/investor/corporate-governance/">https://nrcgroup.com/investor/corporate-governance/</a>
2-18	Evaluation of the performance of the highest governance body	<a href="https://nrcgroup.com/investor/corporate-governance/">https://nrcgroup.com/investor/corporate-governance/</a>
2-19	Remuneration policies	<a href="https://nrcgroup.com/investor/corporate-governance/">https://nrcgroup.com/investor/corporate-governance/</a>
2-20	Process to determine remuneration	<a href="https://nrcgroup.com/investor/corporate-governance/">https://nrcgroup.com/investor/corporate-governance/</a>
2-21	Annual total compensation ratio	See Annual Report <a href="https://nrcgroup.com/investor/reports-and-presentations/">https://nrcgroup.com/investor/reports-and-presentations/</a>
2-22	Statement on sustainable development strategy	Page 22
2-23	Policy commitments	Pages 30, 40 & 52
2-24	Embedding policy commitments	Pages 30-55
2-25	Processes to remediate negative impacts	Pages 31-33, 36, 40-41 & 48
2-26	Mechanisms for seeking advice and raising concerns	Page 53
2-27	Compliance with laws and regulations	0 fines or legal breaches
2-28	Membership associations	The Confederation of Finnish Construction Industries RT, Finland Green Building Council, The Swedish Construction Federation Railway
2-29	Approach to stakeholder engagement	14 & 64-65
2-30	Collective bargaining agreements	100% union membership



Material topics

GRI Disclosure		Reference
Material topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 14 & 64-65
	3-2 List of material topics	Page 14 & 64-65
Biodiversity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 36
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 36
	304-2 Significant impacts of activities, products and services on biodiversity	Page 36
Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 16, 18 & 26-29
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 27
	305-2 Energy indirect (Scope 2) GHG emissions	Page 27
	305-3 Other indirect (Scope 3) GHG emissions	Not reported
Waste		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 33
	306-3 Waste generated	Page 34
	306-4 Waste diverted from disposal	Page 35
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 42 & 44
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Not reported

Material topics (continued)

GRI Disclosure		Reference
Occupational health and safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 40-41
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 41
	403-5 Worker training on occupational health and safety	Page 41
	403-6 Promotion of worker health	Page 41
	403-9 Work-related injuries	Page 40
	403-10 Work-related ill health	Page 40
Training and education		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 44-47
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Not reported
Diversity and equal opportunity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 42
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 43
Local communities		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 48
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Not reported
	413-2 Operations with significant actual and potential negative impacts on local communities	Not reported



# Stakeholder engagement and materiality determination

MATERIALITY ASSESSMENT

In 2021, NRC Group undertook an independent review of its material sustainability topics for reporting. The review used feedback from ongoing stakeholder engagement and included an independent re-assessment of the material topics identified in 2020. The review process followed the newly updated GRI 3 Materiality Standard to identify and assess the significance of impacts. Following analysis, the consultant presented results of the materiality review to management for discussion and finalisation.

STAKEHOLDER ENGAGEMENT

Stakeholders are engaged both formally and informally, in ongoing dialogue. A staff survey and specific stakeholder interviews were undertaken in 2020 as part of an in-depth materiality assessment process. Stakeholder opinions were considered as part of the materiality review undertaken in 2021.

TOPICS IDENTIFIED BY STAKEHOLDERS

The following topics were identified by stakeholders and assessed as part of the materiality review:

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 (CO <sub>2</sub> 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 natural biodiversity and eco-systems during the construction period. Particularly in areas of high biodiversity value.
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 assets and procurement of items. Re-usage or donation of 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.
Local employment	Contribute to local economic growth by contracting local suppliers.
Community impact	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

Emissions statement 2021				
	Group Total			
Scope 1 – Fuel Consumption related to:	Quantity	Unit	Type	CO <sub>2</sub> e Emissions (tons)
Transportation (Yellow machines, trucks, exgavators, dumpers, aggregates etc.) Company cars (fuel paid by NRC)	171,956	Litre	Petrol	377
		Litre	Diesel	9,646
	3,839,340			
	465,870	Litre	Light fuel oil	1,183
	144,766	Litre	Various biofuel	24
	48	Litre	Biogas	58
Oil boilers etc.	17,500	Litre	Various biofuel	0.6
TOTAL SCOPE 1	-			11,289
Scope 2 – Electricity and district cooling/heating:				
Purchased electricity	3,851,051	KWh		90
District heating	964,718	KWh		136
District cooling	42,809	KWh		0
TOTAL SCOPE 2 Location Based				226
Purchased electricity- no guarante of origin (offices)	686,438	KWh		273
Purchased electricity - guarante of origin	3,164,613	KWh		
District heating	964,718	KWh		136
District cooling	42,809	KWh		0
TOTAL SCOPE 2 Market based				409
Scope 3 – Indirect (data from third party)				
Business air travel (CO <sub>2</sub> directly from agent OR mileage)				265
Company cars	1,482,216	km		95
TOTAL SCOPE 3				360

Emissions statement 2021 (continued)											
Norway				Sweden				Finland			
Quantity	Unit	Type	CO <sub>2</sub> e Emissions (tons)	Quantity	Unit	Type	CO <sub>2</sub> e Emissions (tons)	Quantity	Unit	Type	CO <sub>2</sub> e Emissions (tons)
14,304	Litre	Petrol	31	46,472	Litre	Petrol	102	111,180	Litre	Petrol	244
	Litre	Diesel	5,367	769,805	Litre	Diesel	1,934	933,228	Litre	Diesel	2,345
2,136,307											
								465,870	Litre	Light fuel oil	1,183
113,009	Litre	Various biofuel	19	2,277	Litre	Various biofuel	0.08	29,480	Litre	Various biofuel	5
48	Litre	Biogas	58								
17,500	Litre	Various biofuel	0.6								
			5,476				2,036				3,777
664,867	KWh		5	2,452,597	KWh		15	733,587	KWh		70
147,348	KWh		0.63	250,150	KWh		20	567,220	KWh		115
42,809	KWh		0								
			6				35				185
664,867	KWh		267					21,571	KWh		6
				2,452,597	KWh		0	712,016	KWh		0
147,348	KWh		0.63	250,150	KWh		20	567,220	KWh		115
42,809	KWh		0								
			268				20				121
			152				87				26
320,385	km		21	212438	km		14	949,393	km		61
			172				101				87



# 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 for risk governance.
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, including climate risk, 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 following (Risks and Opportunities).
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Strategic business plans are based on the 12-year national transport plans of Norway, Sweden and Finland, outlook in adjacent markets, various consultancy reports and NRC Group's own expertise. Market demand and technology development is generally steady, and no rapid shifts are expected. Certain clients have stricter requirements or expectations about ESG and climate risk management than others. NRC Group is capable of meeting these requirements.
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 it is thereby well positioned for the transition to a low carbon economy. Specific scenario analysis has not been undertaken at a group level, although a range of climate scenarios are factored in by clients at the individual project level.

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"><li>• In the tender phase risks (including climate risks) are identified and cost allowances made.</li><li>• During project execution, risks (including risks related to extreme weather) are incorporated in the projects' risk assessments.</li></ul>
Describe the organization's processes for managing climate-related risks.	Risks (including climate-related risks) are managed as part of the tender process or directly in projects. There is no separate procedure for managing climate-related risk at 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. 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.
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.	Building low carbon infrastructure is the core business activity and opportunity for the group. Specific metrics have not been developed yet to assess climate-related risks and opportunities.
Disclose Scope 1, Scope2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	GHG emissions have been reported annually since 2020 (Scope 1 & 2). See GHG disclosures in this report.
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Specific metrics have not been developed yet to assess climate-related risks and opportunities.



<b>Physical risks</b>
<ul style="list-style-type: none"><li>• 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 e.g. increased temperatures leading to shorter time slots for welding (due to high air temperatures) causing higher costs or delays if not accounted for in tender pricing processes.</li><li>• For employee safety: No new risks and raising awareness in work processes.</li><li>• NRC Group owns few physical assets that may be damaged by extreme weather. However, the creosote facility in Finland 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 considered to be low.</li><li>• Other supply chain and logistics risks are considered low, as input factors are mostly local materials and client provided items.</li></ul>
<b>Physical opportunities</b>
<ul style="list-style-type: none"><li>• More extreme weather can be an opportunity for NRC Group. In case of infrastructure breakdowns, additional reparation and construction work would be required and the demand for infrastructure services would likely increase.</li></ul>
<b>Regulatory risks</b>
<ul style="list-style-type: none"><li>• 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 is expected change through more widely adopted EU regulations.</li><li>• As imposed rules and regulations would likely be the same for all players in the market, NRC Group does not consider regulatory risk as high.</li></ul>
<b>Regulatory opportunities</b>
<ul style="list-style-type: none"><li>• Stricter GHG regulations will most likely move people and goods away from fossil fuel transportation over to low carbon solutions like railway and light rail.</li><li>• Political strategies and regulations of concentrating the population around “hubs” will also favour transportation by rail.</li></ul>
<b>Market risk</b>
<ul style="list-style-type: none"><li>• 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 significant lag of rail infrastructure that needs to be upgraded.</li><li>• NRC Group does not expect a decrease in demand for railway services due to competition from electrical trucks nor electrical ferries.</li><li>• 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.</li><li>• Lower financial cost could be expected for investments in equipment with zero emission.</li></ul>

<b>Market opportunities</b>
<ul style="list-style-type: none"><li>• High demand for NRC Group's key activities due to need for more resilient infrastructure and transition to a low carbon economy.</li><li>• Opportunity to attract green capital and impact investors.</li><li>• Several business opportunities related to physical climate change and the transition to a low-emission economy:</li><li>• Upgrade of water/wastewater infrastructure</li><li>• Rehabilitation of smaller dams</li><li>• Electrification of harbour/terminal infrastructure</li><li>• 87% of the Group's activities in 2021 in terms of revenue is estimated as eligible under the EU Taxonomy.</li><li>• Civil works for “green” buildings, and other green infrastructure as defined by EU Taxonomy.</li></ul>
<b>Technology risks</b>
<ul style="list-style-type: none"><li>• The main technology risk for NRC Group concerns the machine park if public or private customers introduce requirements related to fossil free construction sites. Inability to keep up with emission free technology developments may in the future disqualify NRC Group from tenders or lead to losing tenders.</li></ul>
<b>Technology opportunities</b>
<ul style="list-style-type: none"><li>• Staying ahead of coming regulatory requirements, would be beneficial in tenders. I.e., having the ability to offer electric excavators.</li></ul>
<b>Reputational risks</b>
<ul style="list-style-type: none"><li>• NRC Group develops infrastructure for low carbon transportation and reputational risk is considered low.</li></ul>
<b>Opportunities</b>
<ul style="list-style-type: none"><li>• NRC Group will benefit from positioning the company as a provider of green solutions in terms of attracting talents and general goodwill.</li></ul>



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