
SUSTAINABILITY REPORT

20 22

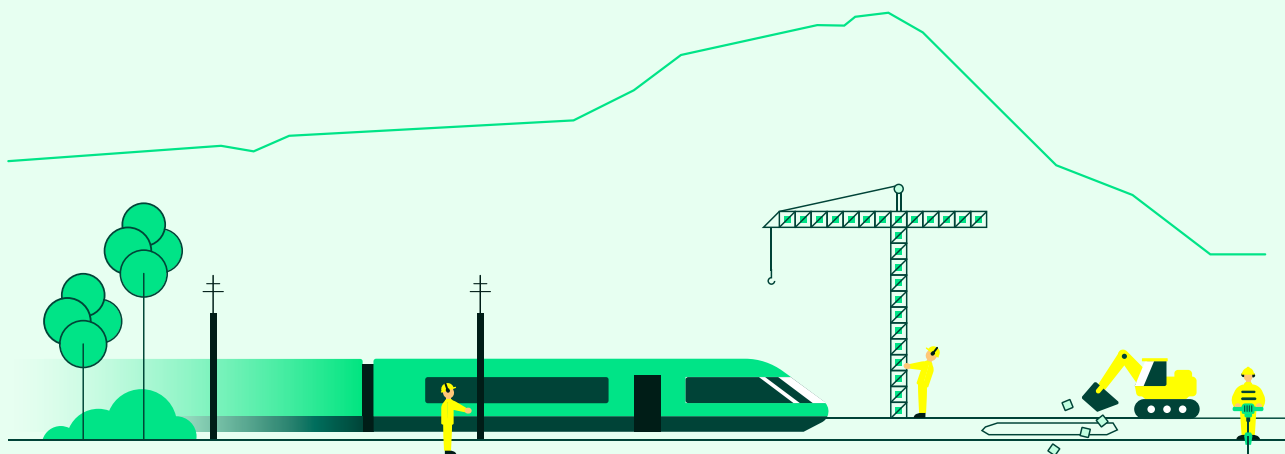


/// NRC Group

About this report

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 Reports on our website 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 2022 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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INTRODUCTION

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2022

Key results

ESG performance measures

Lost time injury rate

↓ **6.0**

2021: 6.4

Female employees

→ **10.7%**

2021: 10.7 %

Sustainability training

↑ **81%**

2021: 63 %

GHG emissions*

↑ **13,051** tCO₂e

2021: 12,058 tCO₂e

Employees

↑ **1,960**

2021: 1,893

Recycling rate

↓ **94%**

2021: 96 %

Revenue

↑ **7.0** BNOK

2021: NOK 6.0 billion

EBITA**

↑ **151** MNOK

2021: NOK 139 million

* Scope 1+2+3

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

CEO's letter

We are committed and accountable for our impacts, and continuously working 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 the society. At the same time, we are converting our sustainability credentials into a contract-winning competitive advantage. In 2022, Gunnar Knutsen (owned by NRC Group) signed a major mass removal contract in Norway valued at approximately NOK 400 million. Gunnar Knutsen is delivering transport services for the City of Oslo's new drinking water supply using its biogas trucks, and in doing so, delivering a low-carbon transport solution.

How we build matters to us, and we are committed to operate 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 a minimum of 30% by 2025.

Positioned for sustainable growth

In order to be successful in our business 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 87% of revenues



Our goal is to become the sustainable infrastructure partner of choice in the Nordics.

in 2022 are defined as eligible under the proposed legislation, and 67% of our revenues are aligned. 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).

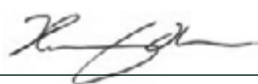
Developing our workforce to be ready for the future is a key part of our approach to sustainability. Over 80% of our employees have now completed our sustainability certification programme, which builds an aligned understanding of key sustainability principles across the entire business.

In all our sustainability efforts, our people are our greatest asset and efforts to become an inclusive place to work continue. Our leading principle is to provide everyone equal opportunities, regardless background, gender or ethnicity. We are challenging the stereotypes that exist in the industry and at the same time provide attractive and rewarding employment opportunities for everyone regardless of gender and background.

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 2022 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 2022 Sustainability report and I welcome your feedback.

Stay healthy and safe,



Henning Olsen,
CEO NRC Group

We are converting our sustainability credentials into a contract-winning competitive advantage.



ABOUT NRC GROUP

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This is NRC Group

**The future is on rails.
We deliver the infrastructure.**

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.

Building 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, signaling systems, demolition, recycling, and mass transport. A unique set of capabilities and services from planning and project management to construction and maintenance is provided to build complex infrastructure.

Leading infrastructure in the Nordics

NRC Group is a leading infrastructure company in the Nordics with 1,960 professionals, listed on the Oslo Stock Exchange (OSE: NRC). The Group operates from offices in Finland, Sweden and Norway (Head office) and had revenues of NOK 7 billion in 2022.

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

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



Our values

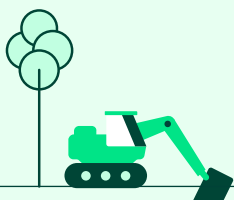
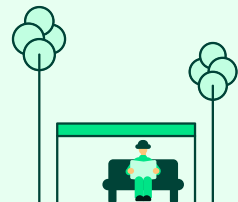


Caring

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.

Sustainability approach

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

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



Our strategy and progress to date

In 2021 we developed our first 4-year sustainability strategy. The strategy sets out our six key focus areas, including targets and underlying action plans. To date we are on track to deliver on our key targets, and along the way we have achieved a number of significant milestones.

NRC Group is founded in Norway.



2011

Listed on Oslo Stock Exchange and expansion into Sweden. Inaugural reporting of ESG metrics in Annual Report.



2015





Enabling sustainable solutions

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

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

We see opportunities to unlock positive biodiversity outcomes and improve environmental and social performance. NRC Group is committed to the highest ethical business standards and providing a safe and healthy work environment. In working closely with our value chain and local communities, a due diligence approach ensures we meet our human rights obligations and adhere to high social and environmental standards. We believe we can develop human capital through our training and development programmes, and by emphasizing diversity, we can create an inclusive and innovative workplace. All of these factors contribute to the sustainable solutions we are building every day.

NRC Group has clearly stated ambitions to become the sustainable infrastructure partner of choice in the Nordics. Our growth going forward will be driven by capturing the long-term value opportunities created by the strong outlook for investments in sustainable infrastructure in the Nordic region. This is confirmed by the national budget proposals and National Transport

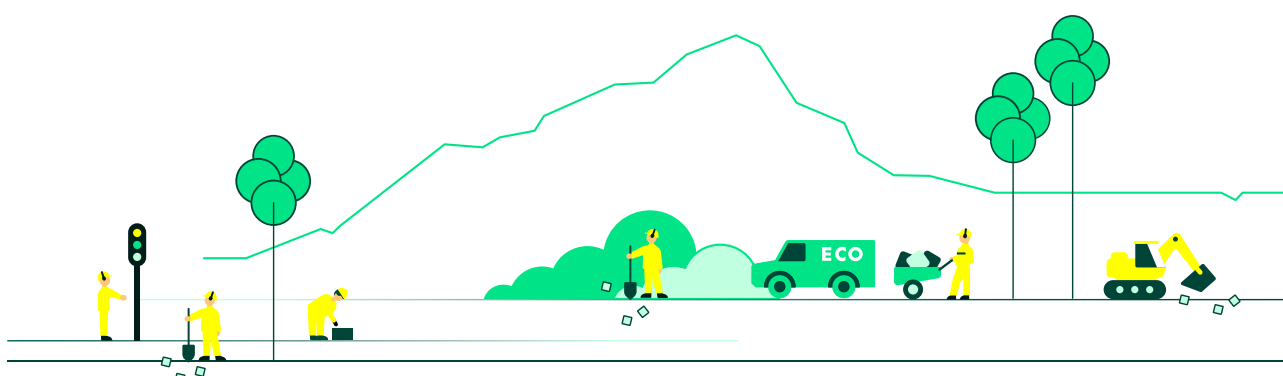


Plans in Norway, Sweden and Finland. We are building a stronger platform from which to deliver profitable growth, supported by our clear operational priorities – winning the right projects at the right price, and excellence in project execution.

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

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

We actively collaborate, share knowledge and utilise the competence between the countries.



The Crown Bridges project

We are promoting sustainable transport by creating a new light rail line and making new areas accessible by bicycle or on foot.

The Crown Bridges project in Finland consists of a new light rail line from Helsinki city centre to the growing southeastern neighbourhood of Laajasalo and three new bridges that will make the Kalasatama, Korkeasaari, Mustikkamaa and Laajasalo areas accessible by bicycle or on foot. The project is a collaboration between our alliance partners and includes groundwork, tracks, electrical and technical systems, and safety equipment work. Due to the large scale of the bridges, the project will significantly impact the cityscape and shape how people travel in the Helsinki area.

Start: 2021

Completion: 2026

Client: City of Helsinki

Alliance partners: YIT, Ramboll, Sweco and Sitowise

NRC Group share of the contract: EUR 100 – 110 million

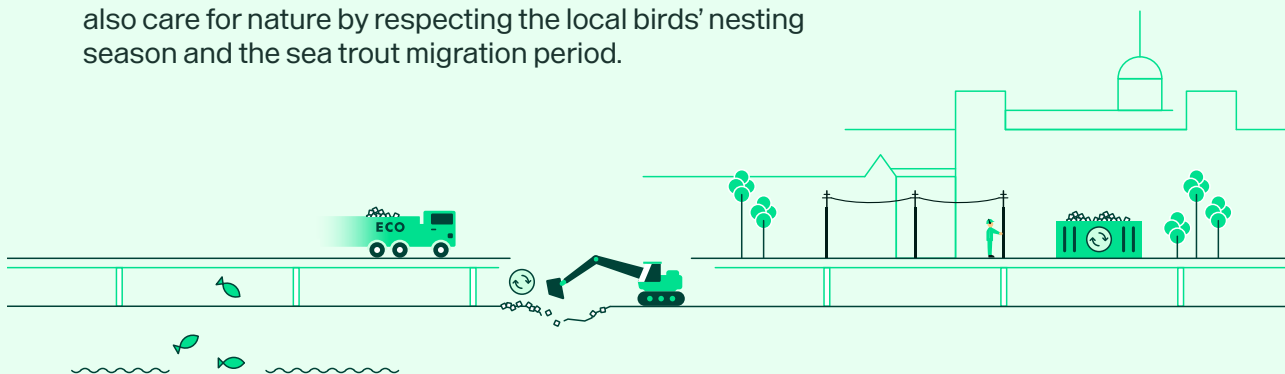


The new line between Hakaniemi and Laajasalo promotes sustainable transport by reducing the journey from 11 to 5.5 kilometers. **This will shorten the travel time with 10 minutes** and more than halve the travel time for cyclists.



The project aims for the BREEAM Infrastructure certification – a globally recognised environmental assessment method and rating system. The mission is to improve sustainability and environmental performance in areas such as energy use, water efficiency, materials, waste, pollution, transport, and health and well-being.

This means, among other things, that **we will constantly look for opportunities to use recycled and reusable materials in construction.** We will reuse cleaned masses and kerbstones and have local depots for them. We will also care for nature by respecting the local birds' nesting season and the sea trout migration period.



Material topics

Based on our annual review of impacts, a list of ESG topics have been determined as material for our 2022 Sustainability Report.

GRI Standards used to identify our material topics

Through ongoing stakeholder dialogue and an independent review, we updated our list of material topics following the GRI 3 Materiality Standard. Our materiality review included consideration of all current and planned regulatory changes. We continue to identify and assess the significance of our impacts and in 2022, updated the definition of the Sustainable Supply Chain topic, to specifically reference actual or potential impacts on Human rights. In preparation for the upcoming European Corporate Sustainability Reporting Directive (CSRD), we will undertake a comprehensive double materiality assessment, which encompasses both the impact and the financial materiality of ESG topics.

Stakeholders engaged in 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 employee 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. Since then, we have maintained ongoing dialogue with our key stakeholders. Their feedback has been incorporated into an independent review of our material topics on an annual basis.

Stakeholder feedback has validated our existing material topics and lead to the addition of the two new topics in 2021 - biodiversity and community impacts. And in 2022, human rights impacts were specified as part of our Sustainable Supply Chain topic.

In preparation for the CSRD, we will undertake a double materiality assessment.



Our material topics

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



Environment

- Climate and emissions
- Materials and recycling
- Biodiversity impacts
- Environmental impact and compliance

Social

- Health and safety of our employees and subcontractors
- Diversity
- Training and development
- Local community impacts



Governance

- Ethical business practices
- Sustainable supply chain (including human rights impacts)



Our contribution to the SDGs

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. In 2022, the company participated in the Climate Ambition Accelerator which is a six-month program designed to equip companies with the knowledge and skills necessary to accelerate progress towards setting science-based emission reduction 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. The following table sets out our view on the core set of SDGs relevant to NRC Group and how these are linked with our material topics. It also gives an overview of our contribution to their achievement and our performance in relation to their specific targets and indicators.



Targets and priorities

5.

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.

Priority area

Emphasizing diversity and equal opportunities.

Material topic

Diversity.

Contribution

NRC Group has implemented an active recruitment approach targeting women in all roles and in internship programmes.

Performance

40.5% of managers in country leadership teams and top management are women (40.5% in 2021).

8.

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.

Priority area

Providing a safe and secure workplace. Training and developing our people.

Material topic

Health and safety of our employees.

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 is 6.0 (6.4 in 2021) and there were two serious injuries in 2022 (0 in 2021).

9.

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.

Priority area

Ensuring ethical business practice.

Material topic

Ethical business practice.

Contribution

NRC Group builds high quality, reliable and low-carbon transport infrastructure solutions. These projects support equitable, accessible and affordable public transport. In 2022, NOK 7 billion worth of project work was delivered.

Performance

No relevant SDG indicator.

11.

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.

Priority area

Ensuring ethical business practice.

Material topics

Ethical business practice. Local community impacts.

Contribution

NRC Group builds high quality, reliable and low-carbon transport infrastructure solutions. These projects support equitable, accessible and affordable public transport. In 2022, NOK 7 billion worth of project work was delivered.

Performance

No relevant indicator.

12.

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.

Priority area

Improving environmental performance.

Material topics

Materials and recycling. Environmental impact and compliance. Sustainable supply chain.

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 formal environmental management system in Finland and Norway. 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. The recycling rate for NRC Group in 2022 was 94% (96% in 2021).

Performance

No relevant SDG indicators. See this report for reporting a range of indicators relevant to NRC Group.

13.

Take urgent action to combat climate change and its impacts.

Target and Indicator

No relevant targets or indicators.

Priority area

Building a low carbon future.

Material topic

Climate and emissions.

Contribution

NRC Group builds resilient low-carbon transport infrastructure solutions. NRC Group has established a greenhouse gas (GHG) emissions baseline and has defined reduction targets.

Performance

No relevant SDG indicators. See the report for reporting on NRC Group's GHG emissions.

Meeting the climate challenge

We are focused on reducing our own greenhouse gas emissions and are working to create infrastructure that enables others to do the same.

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.

The triple challenge of low-carbon, secure and affordable energy has been brought into sharp focus by recent events in Ukraine and the unfolding energy crisis in Europe. We believe that meeting our energy needs and achieving our climate goals are not mutually exclusive. NRC Group is delivering infrastructure projects that provide real reductions in greenhouse gas emissions, both in whole of life material terms and through the low-carbon activities they enable. This is how we create low-carbon, affordable climate solutions.

Our business is committed to meeting Paris agreement climate goals by reducing our emissions and achieving a credible net zero position 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 behavior change. We will transparently report our performance progress against our targets.

We will continue to take the lead on meaningful climate actions in line with our emission reduction ambitions.



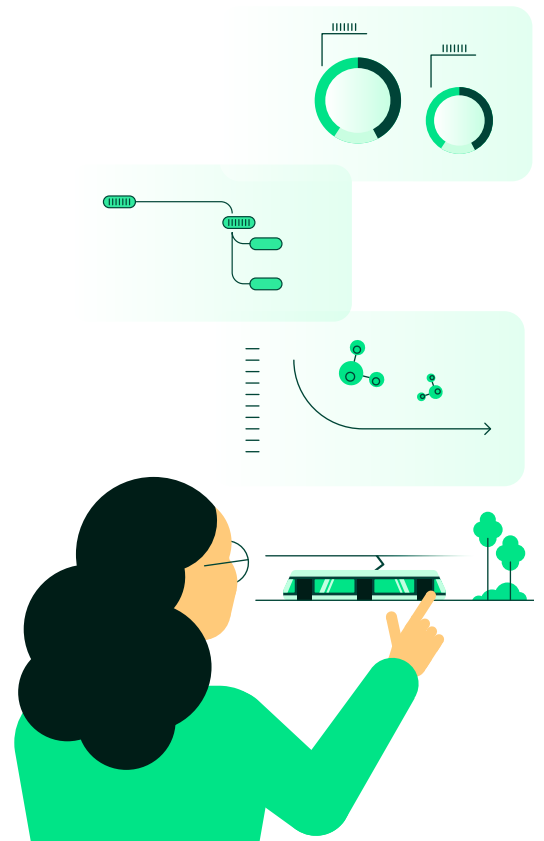
We work closely with our clients to achieve their shared climate goals. The expectations of many of our customers, including local authorities, are changing. Environmental and climate-friendly business credentials are moving from a nice to have, to an essential requirement. We have been and will continue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

<1.5
 degrees of global
 warming.



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 2022, NRC Group has only considered the environmental objective related to climate change mitigation. In addition, the activity must “do no significant harm” (DNSH) towards the remaining five objectives and comply with minimum social safeguards (UN Guiding Principles including ILO core conventions and OECD guidelines). One highly important DNSH criteria for NRC Group is to meet the minimum 70% recycling rate for business activities.



The EU Taxonomy reporting requirements

In Norway, the Taxonomy framework entered into force from 1 January 2023. Norwegian companies were encouraged to include taxonomy related information on a voluntary basis already from 2022. Voluntary reporting can help NRC Group to be more prepared and be considered as an attractive investment case subject to the EU legislation.

NRC Group is voluntarily reporting the following disclosures for 2022:

- 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

Of the Group's activities in 2022, 87% are defined as eligible under the EU Taxonomy in terms of revenue. 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.

The disclosed figures have not been audited.

70%

minimum recycling rate for business activites.

Taxonomy KPIs

KPIS	Eligible	Aligned
Turnover (Revenue)	87 %	67 %
Operational expenses (OpEx)	87 %	67 %
Investments (CapEx)	81 %	73 %



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.

Of the Group's activities in 2022, 87% are defined as eligible under the EU Taxonomy in terms of revenue.



ENVIRONMENT

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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 businesses. Investor and stakeholder expectations around emission reductions are becoming urgent and unified. A general agreement on the need for net zero greenhouse gas (GHG) emissions by 2050 is being established, in an effort to limit global warming to 1.5 degrees Celsius.

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

30% reduction by 2025

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



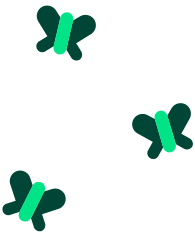
Our GHG emissions increased in 2022

Our total GHG emissions (scope 1+2+3) in 2022 were 13,051 tonnes (2021: 12,058 tonnes) of carbon dioxide equivalents (t CO₂e). This represents an absolute increase in our scope 1,2 and measured scope 3 GHG emissions of 8.2%. A full and detailed break-down of our GHG emissions by country, scope and source is provided in the appendix. In 2022, we hedged the impact of inflation, by procuring the fuel directly, compared to that sub-contractors normally procure this directly. This resulted in a 24% increase in annual emissions for our Finnish operations.

Meaningful GHG emission reductions were achieved within parts of the business in 2022. Scope 1 GHG emissions decreased in Norway (-10.4% year-on-year) and Sweden (-8.4% year-on-year). These emission reductions and our previous performance give us confidence that we are on track to achieve our 30% emission reduction target by 2025.

Diesel fuel as main source

The majority of the emissions measured in 2022 (scope 1 and 2), result from the use of diesel fuels in our equipment. A much smaller proportion of our emissions comes from electricity use at our offices and on some project sites.



GHG emissions baseline (t CO₂e) scope 1 & 2

Total emissions (t CO₂e)



NRC Group total: 11,863

Finland:	4,859
Norway:	5,119
Sweden:	1,884

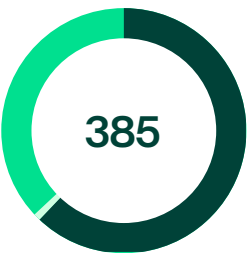
Scope 1



NRC Group total: 11,478

Finland:	4,717
Norway:	4,881
Sweden:	1,880

Scope 2



NRC Group total: 385

Finland:	142
Norway:	239
Sweden:	3

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 approximately 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.

Not only are we strengthening our position in the green transition, but we are also becoming a first mover in green heavy transport.

Frank Vestveit,
CEO, Gunnar Knutsen AS



Review climate-related financial risks using TCFD

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

Biogas trucks secure contract wins

In 2022, Gunnar Knutsen (owned by NRC Group) signed a major mass removal and disposal contract, valued at NOK 400 million. Gunnar Knutsen will deliver transport services with biogas trucks for a new drinking water supply in the Oslo area.

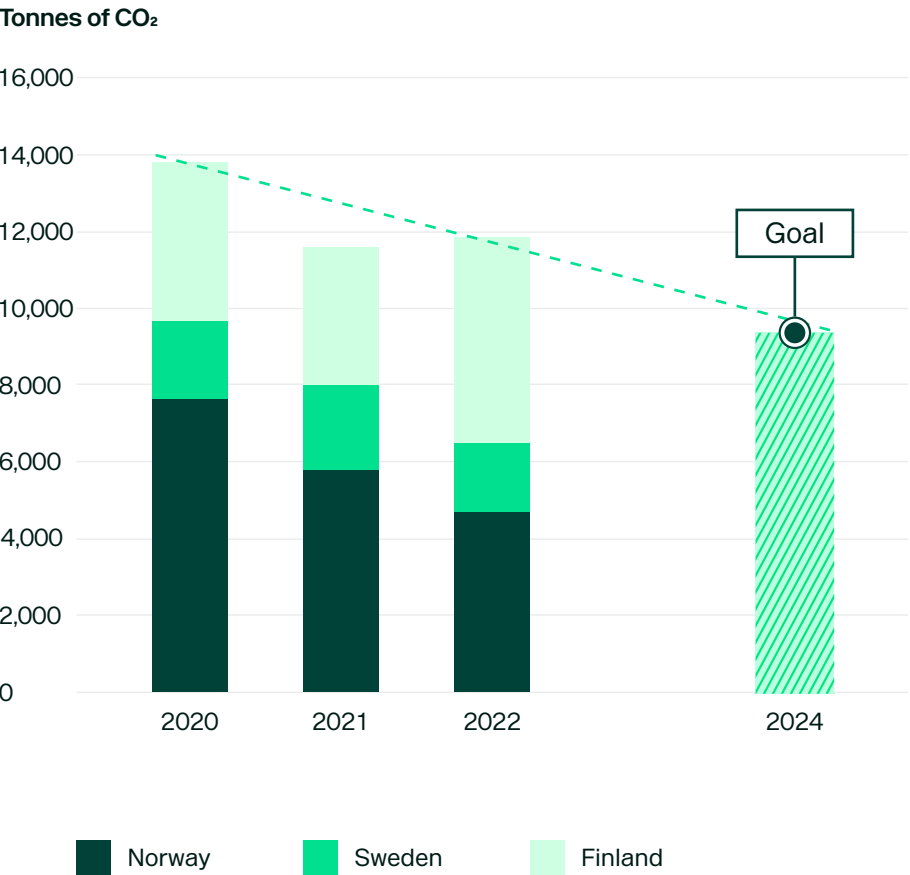
Over 50% of Gunnar Knutsen's truck fleet will be climate neutral with biogas trucks and the company's ambition is to replace the entire fleet. This investment will play an important role in reducing GHG emissions, contributing to the NRC Group's target of reducing emissions by 30% within 2025 and also to secure new contracts.

Being able to provide a climate-neutral heavy transport fleet and converting sustainability credentials into a contract-winning competitive advantage, strengthen NRC Group's position to becoming the sustainable infrastructure partner of choice in the Nordics.



Reaching the target

We have set a 30% reduction target for our GHG emissions by 2025, using 2021 as a baseline. Meaningful GHG emission reductions were achieved in Norway and Sweden in 2022. These emission reductions and our previous performance give us confidence that we are on track to achieve our target by 2025.



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.

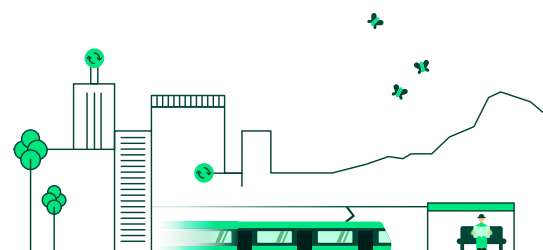
Responsible site management

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.

Our Norwegian and Finnish operations are certified to ISO14001, the internationally-recognised environmental management standard.



A core feature of the ISO14001 Standard is the requirement to demonstrate continual improvements in environmental performance, year-on-year.

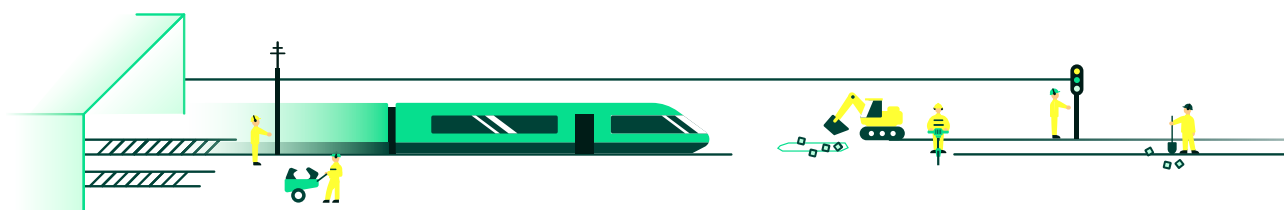
Zero accidental spills

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 2022. We define an accidental spill as one where a harmful substance contaminate the environment and is likely to cause direct environmental impact. Minor and infrequent spills do occur in our operations, such as when a hydraulic hose pipe bursts on a machine. Where these spills are less than 250 litres and the affected area is immediately cleaned (usually through removal of any contaminated soil or vegetation), they are not reported as accidental spills. 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 2022, there were no reported incidents involving our handling and use of hazardous substances.

0
**reported accidental
spills in 2022.**



Award winning sustainable infrastructure

Fyrspåret Malmö–Lund, is a quadruple-track railway project. The project won the prize for the most sustainable infrastructure project of the year at Sweden's Green Building Awards 2022.

Incentives were provided to contractors in the project to improve sustainability outcomes related to climate impact, biological diversity and circularity. Through the selection and reuse of materials the project achieved major greenhouse gas reductions.

The project avoided a total of 18,276 tonnes of CO₂ equivalent emissions. With an entrepreneurial spirit and tight collaboration in the procurement phase, the project delivered a wide range of positive benefits.



Towards a circular economy

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

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

Recycling rate maintained above 90%

In 2022, the total waste generated by the Group's operating activities was 82,983 tonnes (2021: 203,860 tonnes), with a recycling rate of 94% (2021: 96%).

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.

Recycling rate 2022

94%

2021: 96%



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 and recycling rate

	NRC Group	Finland	Norway	Sweden
Total amount of waste	82,984	10,935	65,399	6,649
Recycling rate	94%	92%	94%	98%



Reusing tracks

The Niinisalo-Parkano railway project, where NRC Group restored nearly 40 km of tracks, the project team reused dismantled railway tracks sourced from other parts of Finland.

In the beginning of the year NRC Group and the Finnish Transport Infrastructure Agency implemented a five-year material agreement, which underlines life-cycle efficiency and contributes to the circular economy. The agreement had a flying start, with a project that used circulated materials at a very large scale.

Santtu Karvinen,
Category Manager
NRC Group Finland



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.

We actively monitor and report biodiversity values and impacts on a project basis. A number of our projects in 2022 took place in or adjacent to formally protected natural areas or areas of significant biodiversity value. These areas are typically nature reserves or habitats of protected species. Projects may also occur in locations classified as protected ground water areas. NRC Group always adheres to strict work activity permits, local environmental regulations and its own rigorous environmental protection protocols.



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SOCIAL

04



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A safe workplace for our employees

We are committed to provide 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.

Health and safety system 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.

We are committed to provide 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.

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 rate 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.

Injury frequency rate decreased

Our LTI frequency rate was 6.0 in 2022, which is a reduction from 6.4 in 2021. Subcontractors are included in the figures. We had two serious injuries in 2022 (2021: 0). Sickness absence rate increased slightly to 4.2% in 2022, up from 3.9% the previous year.

Significant health and safety measures

Health and safety is a priority for NRC Group. In 2022 we implemented a number of significant health and safety 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.

Incident learning to prevent new ones

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.

Lost time injury rate

6.0

2021: 6.4

Sickness absence rate

4.2%

2021: 3.9%



Increasing health and safety training

We are increasing training provided to employees in all aspects of health and safety. Beginning at introduction 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 organisation. 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 occupational health care.

Comprehensive approach to health and safety

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 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 the 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 handbooks and series of instructions for health, safety and environment are available in Norwegian, Swedish, Finnish, Polish and English, and meet regulatory requirements in each country that we operate in. It can be downloaded on each of our country web pages. To support the implementation of our health and safety program 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 employees and embed health and safety practices.

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.



Building a culture for observing risks

With multiple work sites across three countries, 1,960 employees and a wide range of operating activities, NRC Group is actively promoting a culture for how to observe and report on health, safety, environment and risks.

Our people are our eyes and ears in the projects, and we aim to empower employees to be observant and report situations which could be made even more safe, reduce the risk of environmental impact or improve quality outcomes. It is now becoming standard practice to report and address minor deviations from our standard operating procedures, when relevant risk observations are registered.

In Finland, over 1,800 observation reports were made in 2022, including health and safety issues ranging from an unstable stack of planks, safety flaws in an angle grinder and how to get safely around a construction site. We received feedback on positive outcomes for work during winter conditions with use of anti-slip surfaces and on the use of protective equipment.

We have invested in a reliable recording observations system, and the practice has now become a genuinely useful and functional part of the way we operate. Through recording observations and addressing them, we improve our risk management and highlight good practices. At the same time, recording observations is promoting a culture of openness and discussions, and is enabling continuous improvement.

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.

Progress on diversity

Progress has been made in promoting gender diversity within the company. The proportion of females in our workforce now sits at 10.7%. 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. During 2022, NRC Group launched a new recruitment platform to be used by all three countries.

Promoting gender diversity 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 1,960 persons (2021: 1,893) of which 10.7% were female (2021: 10.7%). Female representation in country leadership teams and top management is 40.5% (2021: 40.5%) and 57% (2021: 50%) on NRC Group's Board of Directors.

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.

Total employees

1,960



2021: 1,893

Women in Board of Directors

57%



2021: 50%

Female senior management

40.5%



2021: 40.5%

Female employees

10.7%



2021: 10.7%

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. A total of 81% of all employees have now undertaken the company's sustainability certification course, up from 60% in 2021. The goal is that by end of 2023, all 100% of NRC Group employees will have completed the course. 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 principles are being rolled out in the Nordics and leadership training in all countries at all levels to enable solid project execution and support.

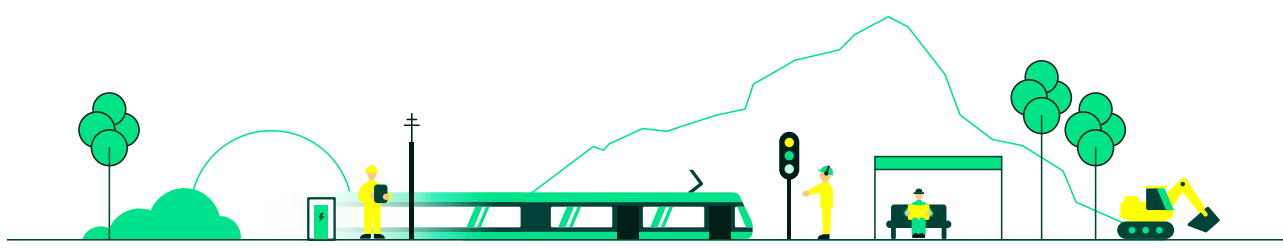
Providing pathways for interns and trainees

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 infrastructure sector. While also part of NRC Group's recruitment drive, the programme serves to train and develop participants' understanding of the sector and the opportunities within it. In 2022, a total of 59 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

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



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.

Combining construction skills and language learning

Polish construction workers in NRC Group Norway, have been immersing themselves and learning Norwegian, while becoming certified in Concrete work.

Supported by employees from NRC Group, the workers completed the Norwegian certification in Concrete work, while at the same time taking their Norwegian language written exam. A practical test for concrete work now remains for the workers to be officially certified. NRC Group Norway's Head of Human Resources, Siri Therese Ribsskog, says she's been impressed with both their concrete skills and the efforts to learn Norwegian.



I am so grateful for the opportunity that NRC Group Norway gave me to earn an official certificate in concrete work. The follow up has been great! It's also cool to learn Norwegian. I look forward to working on more projects for NRC Group Norway.

Robert Pytlas,
Poland

Working with our local communities

As a large and specialised construction company we are acutely aware of the impacts and disruptions that our projects may cause in local and public areas.

Being caring and credible

While our impacts and the way we operate are highly regulated, we believe there is an opportunity to proactively engage with local communities, 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 proactively 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.

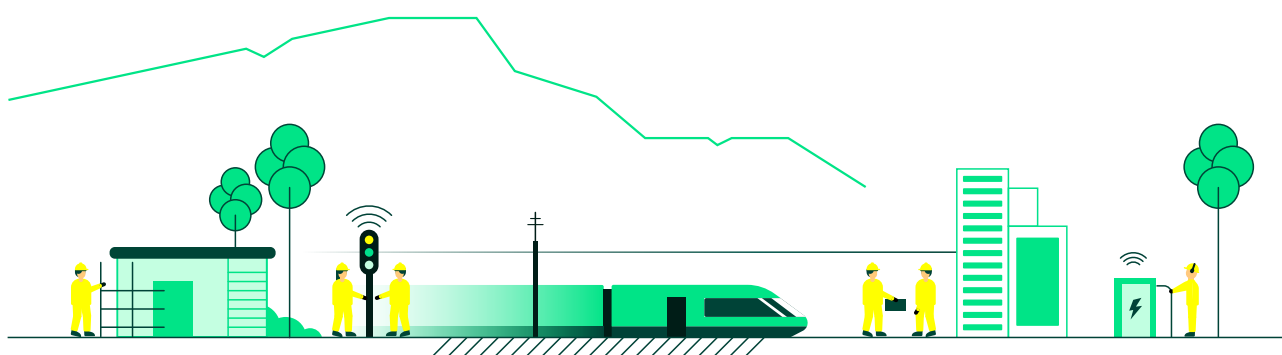
Monitoring community feedback

A key measure of our impacts on local communities is the feedback we receive from them. In 2022, many of our projects had dedicated social media channels, where up to date information was 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.

At our Crown bridges project in Finland, we have installed mailboxes along the project route where anyone passing by, can pick up ear plugs to protect their hearing. Additionally, there are QR-codes on posters that enable access to our electronic observation system, in case people observe anything they want to report.

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 seeking information who are engaged. We are committed to developing different approaches to community engagement which are fit for purpose and acknowledge that is a work in progress.

At our Crown Bridges project in Finland, we have installed mailboxes along the project route where anyone passing by, can pick up ear plugs to protect their hearing.



GOVERNANCE

05



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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.

Whistleblowing process

It is management's responsibility to ensure that whistleblowing reports are dealt with in accordance with NRC Group's formal whistleblowing directive. Employees can anonymously report in local languages or in English. External stakeholders can report from our webpages. 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.

Six whistleblowing reports

Six whistleblowing reports were received in 2022 (2021: 10). 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.

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. This policy is available on our website.

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.

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.

Whistleblowing reports received in 2022

6

2021: 10



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 and supply chain disruption have 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.

Committed to upholding human rights

NRC Group is committed to ensuring respect for the inherent dignity of people and their inalienable rights as a fundamental part of its corporate responsibility, and as an essential requirement for conducting its business activities in any country or social environment. For this reason, NRC Group is committed to the UN Guiding Principles on Business and Human Rights (UNGPs). The Group views human rights as those rights recognised by the International Bill of Rights and the Core Conventions of the International Labour Organisation.

The Labour and Human Rights Statement of the Group covers UN Global Compact's Ten Principles, the UNGPs' "Protect, Respect and Remedy Framework", and International Labour Organization Conventions 87, 98 and 111. The Labour and Human Rights Statement is to be read in conjunction with NRC Group's Human Resources Policy and outlines the labour and human rights recognised by NRC Group to its employees irrespective of their role and the country in which they work, to its customers, and to the local communities where the Group operates.



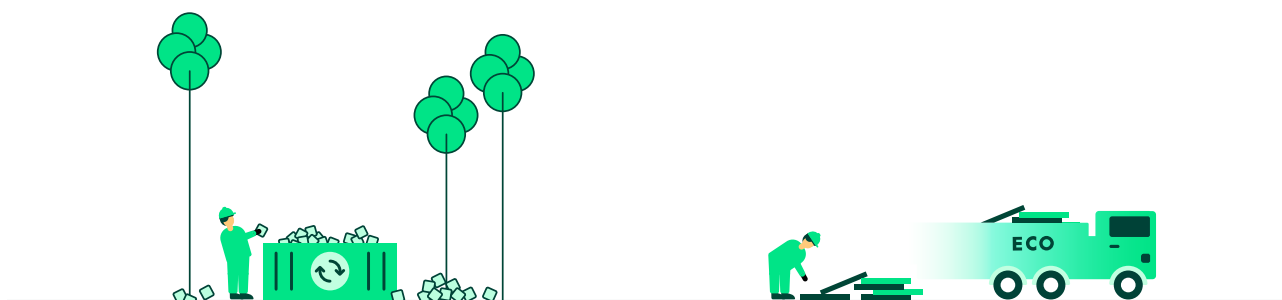
Norwegian Transparency Act

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

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

NRC Group is initiating the process of conducting a gap analysis of its approach to human rights due diligence to identify potential areas for improvements. A formal Transparency Act Statement will be made available on the Company's website on or before June 30, 2023 to meet the requirements of the new law.

As an infrastructure company operating in the Nordic, NRC Group is exposed to a low level of human rights risks and decent working conditions in its own direct workforce.



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.

We aim to actively engage with our suppliers to deliver environmentally sound solutions.



APPENDIX

06



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Materiality assessment

In 2022, 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 and 2021. The review process followed the GRI 3 Materiality Standard to identify and assess the significance of impacts. Following analysis, an independent 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.

An employee 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. Ongoing stakeholder dialogue was undertaken in 2022 and was collated for the purpose of reviewing material topics for inclusion in this report.

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 ₂ 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.

Environment (continued)

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.
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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 statement 2022

Scope group total	Quantity	Unit	Type	CO ₂ e Emissions (tons)
Scope 1 – Fuel consumption related to:	218,948	Litre	Gasoline	473,3
Transportation (Yellow machines, trucks, excavators, dumpers, aggregates etc.) Company cars (fuel paid by NRC Group)	3,885,658	Litre	Diesel	8,794,9
	837,038	Litre	Light fuel oil	2,169,8
	1,035,882	Litre	Biodiesel HVO	36,9
	536	Tons	Biogas	0,65
Oil boilers etc.	14,000	Litre	B100/ Biodiesel ME	2,3
Total Scope 1				11,478
Scope 2 – Electricity and district cooling/heating:				
Purchased electricity	4,291,027	KWh		107,3
District heating	850,980	KWh		125,3
District cooling	51,312	KWh		0,2
Total Scope 2 Location based				233
Purchased electricity- no guarantee of origin (offices)	670,639	KWh		259,2
Purchased electricity - guarantee of origin	3,620,388	KWh		
District heating	850,980	KWh		125,3
District cooling	51,312	KWh		0,2
Total Scope 2 Market based				385
Scope 3 – Indirect (data from third party)				
Business air travel (CO ₂ directly from agent OR mileage)	162	kgCO ₂		162,4
Company cars	1,237,956	km		73
Purchased goods and services (light fuel oil)				952,6
Total Scope 3				1,188

Scope Norway	Quantity	Unit	Type	CO ₂ e Emissions (tons)
Scope 1 – Fuel consumption related to:	19,368	Litre	Gasoline (12,25%)	42
Transportation (Yellow machines, trucks, excavators, dumpers, aggregates etc.)	2,023,190	Litre	Diesel (12,25%)	4,800
Company cars (fuel paid by NRC Group)		Litre	Light fuel oil	
	1,001,226	Litre	Biodiesel HVO	36
	536	Tons	Biogas	1
Oil boilers etc.	14,000	Litre	B100/Biodiesel ME	2
Total Scope 1				4,881
Scope 2 – Electricity and district cooling/heating:				
Purchased electricity	593,051	KWh		2,37
District heating	106,980	KWh		0,51
District cooling	51,312	KWh		0,19
Total Scope 2 Location based				3,07
Purchased electricity- no guarantee of origin (offices)	593,051	KWh		238,41
Purchased electricity - guarantee of origin				
District heating	106,980	KWh		0,51
District cooling	51,312	KWh		0,19
Total Scope 2 Market based				239
Scope 3 – Indirect (data from third party)				
Business air travel (CO ₂ directly from agent OR mileage)	39	Tons		39
Company cars	214,231	km		13
Purchased goods and services				
Total Scope 3				51

Scope Sweden	Quantity	Unit	Type	CO ₂ e Emissions (tons)
Scope 1 – Fuel consumption related to:	69,607	Litre	Gasoline (7,8%)	150
Transportation (Yellow machines, trucks, excavators, dumpers, aggregates etc.)	910,420	Litre	Diesel (30%)	1,730
Company cars (fuel paid by NRC Group)		Litre	Light fuel oil	
	3,185	Litre	Biodiesel HVO	
		Tons	Biogas	
Oil boilers etc.		Litre	Biodiesel ME	
Total Scope 1				1,880
Scope 2 – Electricity and district cooling/heating:				
Purchased electricity	2,842,000	KWh		22,7
District heating	134,940	KWh		3,3
District cooling		KWh		
Total Scope 2 Location based				26
Purchased electricity- no guarantee of origin (offices)		KWh		
Purchased electricity - guarantee of origin	2,842,000	KWh		
District heating	134,940	KWh		3,3
District cooling		KWh		
Total Scope 2 Market based				3
Scope 3 – Indirect (data from third party)				
Business air travel (CO ₂ directly from agent OR mileage)	88	Tons CO ₂		88
Company cars				
Purchased goods and services				
Total Scope 3				88

Scope Finland	Quantity	Unit	Type	CO ₂ e Emissions (tons)
Scope 1 – Fuel consumption related to:	129,973	Litre	Gasoline (12%)*	281
Transportation (Yellow machines, trucks, excavators, dumpers, aggregates etc.)	952,048	Litre	Diesel (12%)*	2,265
Company cars (fuel paid by NRC Group)	837,038	Litre	Light fuel oil	2,170
	31,471	Litre	Biodiesel HVO	1
		Tons	Biogas	
Oil boilers etc.				
Total Scope 1				4,717
Scope 2 – Electricity and district cooling/heating:				
Purchased electricity	855,976	KWh		82
District heating	609,060	KWh		122
District cooling		KWh		
Total Scope 2 Location based				204
Purchased electricity- no guarantee of origin (offices)	77,588	KWh		21
Purchased electricity - guarantee of origin	778,388	KWh		0
District heating	609,060	KWh		122
District cooling				
Total Scope 2 Market based				142
Scope 3 – Indirect (data from third party)				
Business air travel (CO ₂ directly from agent OR mileage)	36	Tons	CO ₂	36
Company cars	1,023,725	km		60
Purchased goods and services (light oil fuel)	367,472	Litre		953
Total Scope 3				1,049

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.	<p>Procedures in place for identifying and managing climate-related risks in tenders and in projects:</p> <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 (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, Scope 2, 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.

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 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.
- For employee safety: No new risks and raising awareness in work processes.
- 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.
- 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 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.

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 is expected change through more widely adopted EU regulations.
- 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.

Regulatory opportunities

- 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.
- 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 significant 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.
- 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:
- Rehabilitation of smaller dams
- Electrification of harbour/terminal infrastructure
- 87% of the Group's activities in 2022 in terms of revenue is estimated as eligible under the EU Taxonomy.
- 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. 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.

GRI Index

GRI Disclosure		Reference
2-1	Organisational details	https://www.nrcgroup.com/about-us
2-2	Entities included in the organisation's sustainability reporting	See Annual Report https://nrcgroup.com/investor/reports-and-presentations/
2-3	Reporting period, frequency and contact point	January 1 - December 31, 2022. Annual. For questions and feedback on this report contact lene.engebretsen@nrcgroup.com
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	https://nrcgroup.com/about-us/ and https://nrcgroup.com/projects/
2-7	Employees	Page 49
2-8	Workers who are not employees	None
2-9	Governance structure and composition	https://nrcgroup.com/investor/corporate-governance/
2-10	Nomination and selection of the highest governance body	https://nrcgroup.com/investor/corporate-governance/
2-11	Chair of the highest governance body	https://nrcgroup.com/investor/corporate-governance/
2-12	Role of the highest governance body in overseeing the management of impacts	https://nrcgroup.com/investor/corporate-governance/
2-13	Delegation of responsibility for managing impacts	Delegated to the CEO
2-14	Role of the highest governance body in sustainability reporting	https://nrcgroup.com/investor/corporate-governance/
2-15	Conflicts of interest	https://nrcgroup.com/investor/corporate-governance/
2-16	Communication of critical concerns	https://nrcgroup.com/investor/corporate-governance/
2-17	Collective knowledge of the highest governance body	https://nrcgroup.com/investor/corporate-governance/
2-18	Evaluation of the performance of the highest governance body	https://nrcgroup.com/investor/corporate-governance/
2-19	Remuneration policies	https://nrcgroup.com/investor/corporate-governance/
2-20	Process to determine remuneration	https://nrcgroup.com/investor/corporate-governance/
2-21	Annual total compensation ratio	See Annual Report https://nrcgroup.com/investor/reports-and-presentations/
2-22	Statement on sustainable development strategy	Pages 12-16
2-23	Policy commitments	Pages 36, 44 & 56
2-24	Embedding policy commitments	Pages 36, 59
2-25	Processes to remediate negative impacts	Pages 36-59
2-26	Mechanisms for seeking advice and raising concerns	Page 55
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	Pages 19 & 62-65
2-30	Collective bargaining agreements	100% union membership

GRI Index continued

GRI Disclosure Reference

Material topics

GRI 3: Material Topics 2021	3-1 Process to determine material topics	Pages 19 & 62-65
	3-2 List of material topics	Pages 19 & 62-65

Biodiversity

GRI 3: Material Topics 2021	3-3 Management of material topics	Page 42
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 42
	304-2 Significant impacts of activities, products and services on biodiversity	Page 42

Emissions

GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 31-35
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 32
	305-2 Energy indirect (Scope 2) GHG emissions	Page 32
	305-3 Other indirect (Scope 3) GHG emissions	Not reported

Waste

GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 33-41
	306-3 Waste generated	Page 40
	306-4 Waste diverted from disposal	Page 40

Employment

GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 49-51
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Not reported

GRI Index continued

GRI Disclosure

Reference

Occupational health and safety

GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 44-48
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 44
	403-5 Worker training on occupational health and safety	Pages 44-47
	403-6 Promotion of worker health	Page 46
	403-9 Work-related injuries	Page 45
	403-10 Work-related ill health	Page 45

Training and education

GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 49-51
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 49
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 49

Local communities

GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 52-53
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

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