Climate Transition Plan

Content

From ambition to action:

NCC's Climate Transition Plan

This Climate Transition Plan outlines how we will continue creating value for our customers by delivering projects with lower climate impact across the Nordic construction market. Building on our progress in reducing emissions from our own operations, the plan shows how we work with our customers, supply chain and partners to cut emissions where they matter most. Our long-term target is to achieve net zero emissions by 2045.

Our operations include building and infrastructure project contracting, asphalt and stone materials production, and commercial property development in the Nordic market. Our strength lies in our expertise and experience in managing the complexity that characterizes the construction process. With our combined know-how, we deliver high-quality projects to our customers, while also helping to drive development toward a more resilient and low-carbon society.

For many years, we have been reducing our climate footprint, primarily regarding emissions from our own operations. Today, more than 90 percent of the electricity we use is fossil-free and we have an early track record of phasing out fossil fuels at our asphalt plants. As a result, we have more than halved our emissions from own operations since 2015.

However, much work remains to be done. The vast majority of NCC's emissions are generated by our supply chain, primarily from the production of materials such as concrete and steel, and from transport and machinery services. Through 2030, we have decided to reduce emissions across the value chain – including from our own operations – by 42 percent. This aligns with the reduction rate required to limit global warming to 1.5°C under the Paris Agreement.

We have outlined our first Climate Transition Plan on the following pages. The plan uses the new base year of 2024, with a comprehensive baseline that encompasses emissions from the entire value chain. The plan's core components include our main decarbonization levers with associated key activities, along with calculated reductions for each carbon lever by 2030.

We cannot make this transition on our own. It requires steady demand from customers to reduce the climate footprint in construction, a collaborative industry effort and innovation to succeed.

This Climate Transition Plan aims to provide transparency around our path to net zero emissions and clarify how we translate ambition into action. By continuing to develop our business to combat climate change, we not only strengthen our competitiveness but also help build a more sustainable and resilient society.

Susanne Lithander
CFO and Head of Finance & IT, NCC

April 2026

About NCC's Climate Transition Plan

NCC's Group-wide Climate Transition Plan outlines how the company will reduce greenhouse gas emissions, with the aim of reaching net zero emissions by 2045 in alignment with the Paris Agreement's 1.5°C target.

The plan covers the entire value chain – from suppliers and material production to NCC's own operations and the end-use of constructions by our customers. It focuses on the measures that have the greatest impact along the value chain and is based on comprehensive analysis and data collection for the 2024 baseline, providing a complete picture of total emissions across the value chain.

The plan builds on NCC's business-specific climate strategies and plans within each business area, as well as recognized research, industry roadmaps and targets. It details how climate mitigation efforts are put into practice through identified decarbonization levers and key activities.

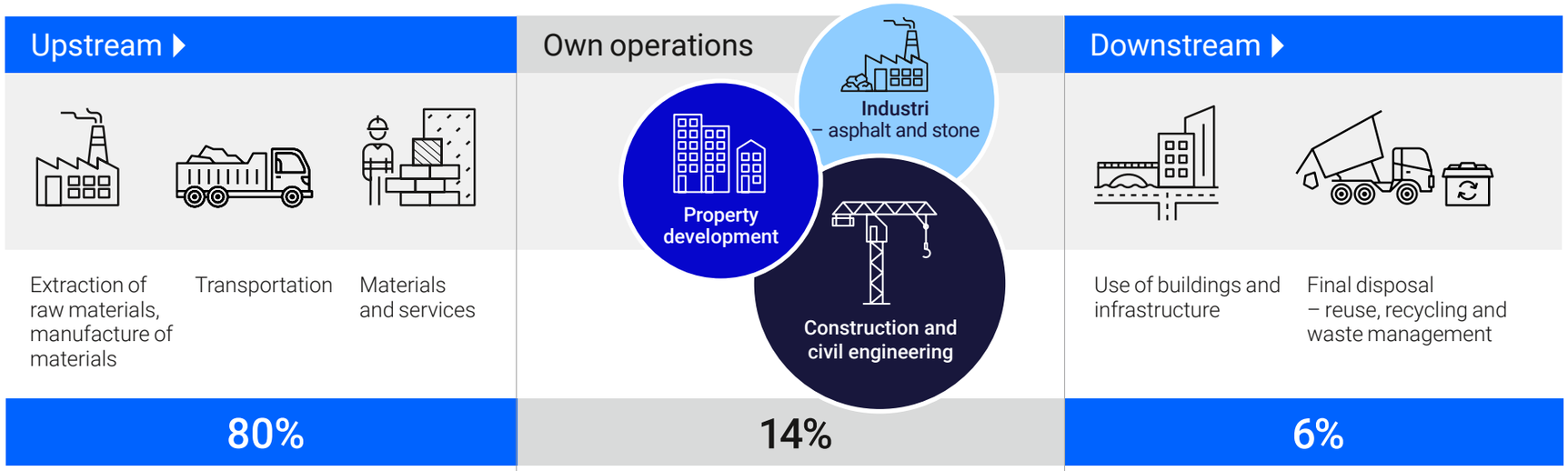
Participation in industry-wide climate initiatives

NCC places great importance on collaborating with industry organizations and engaging in research projects and other initiatives to promote a more resource-efficient and emission-reducing built environment sector. Through partnerships and participation in joint development projects, NCC helps raise the level of knowledge, develop standards and create the conditions for reduced emissions across the value chain. Some examples of NCC's engagements:

- Fossil-free Sweden, the construction and civil engineering sector's roadmap for fossil-free competitiveness
- Reduction Roadmap Denmark
- Strakstiltak for the climate and environment for the Norwegian construction and civil engineering industry
- Helsinki's climate actions, and Espoo Climate Partnership

NCC's emissions in the value chain

NCC has an extensive value chain, stretching from material producers to end-users of buildings and products. A summary is presented to describe how emissions are distributed across NCC's value chain. It shows that most emissions originate upstream in the value chain. The figures shown are based on the Greenhouse Gas protocol categories.



Upstream emissions

The majority of emissions are generated in conjunction with the production of materials and goods at suppliers' facilities. Around two thirds of the emissions in the value chain (Scope 3) originate from purchased materials and products. In addition, emissions are produced by the transportation of these goods and the production of fuels by suppliers.

Emissions from own operations

Emissions from NCC's own operations are mainly from the use of fuels and electricity, both in asphalt and stone material production and on construction sites. These emissions are reported as Scope 1 and 2.

Downstream emissions

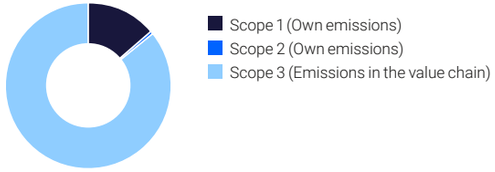
Downstream emissions (Scope 3) are generated by the buildings and other assets we deliver. Since structures are designed to last for decades, it is essential to integrate robust and energy-efficient technical installations to ensure low energy use throughout their lifetime. The end-of-life phase lies far in the future and is therefore difficult to predict. However, NCC focuses on designing for reuse, recycling and future material recovery.

Greenhouse Gas Protocol

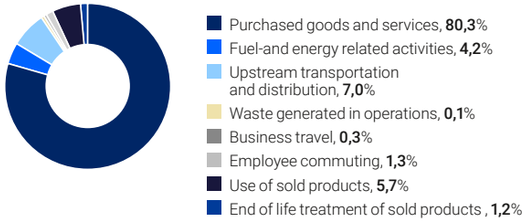
NCC reports greenhouse gas emissions in accordance with the Greenhouse Gas (GHG) protocol for Scope 1, Scope 2 and relevant parts of Scope 3.

NCC has conducted a materiality assessment to identify the Scope 3 categories considered material based on the size of the business, its impact, and available data as outlined in the GHG protocol guidance. Other categories are assessed as non material. Annual updates of greenhouse gas emissions are published in NCC's Annual and Sustainability Report.

Scope 1, 2 and 3 (tCO_2e)



Scope 3 (tCO_2e)



NCC's greenhouse gas emissions
The table presents emissions data for the base year 2024 with addition of reference values from 2020 for scope 1 and 2, as well as for ready-mixed concrete and reinforcement steel in scope 3. These emissions data creates the baseline from which NCC's climate targets are set. The category Purchased goods and services is detailed further to show its composition.

Scope 3 - Purchased goods and services
For NCC, most emissions fall under Scope 3, mainly within Purchased goods and services. NCC relies heavily on supplier data and has focused on collecting productspecific information for prioritized materials. Other emissions are estimated using supplier and subcontractor spend. NCC aims to further improve data granularity over time.

The three most emission-intensive materials are:
Concrete – cement-based materials like ready-mix concrete, prefabricated elements.

Steel – steel-based materials like construction steel, reinforcement steel, steel piles.

Bitumen – used as binder in asphalt production.

Other significant goods:
Building materials – insulation materials, glass structures, bricks, clinker and tiles.

Technical installations – heating and ventilation devices, surveillance systems and other items.

Other sub-contractor goods – specialized goods purchased via sub-contractors, for example roofing, facade structures, interior surfacing.

Greenhouse gas emissions

Scope		Category[1)]	Emissions in ton CO_2e
Scope 1			**184 173**
Scope 2			**6 218**
Scope 3			**1 138 985**
	1	Purchased goods and services	914 241
		Concrete	*194 072*
		Steel	*117 508*
		Bitumen	*119 444*
		Building materials	*32 788*
		Machine services	*72 477*
		Technical installations	*69 504*
		Other sub-contractor goods	*308 449*
	3	Fuel-and energy related activities	48 062
	4	Upstream transportation and distribution	79 329
	5	Waste generated in operations	691
	6	Business travel	3 532
	7	Employee commuting	15 026
	11	Use of sold products	64 436
	12	End of life treatment of sold products	13 669
Total			**1 329 376**

1) Scope 3 categories material for NCC reporting.

Climate-related impact, risks and opportunities

NCC conducted an ESRS-aligned double materiality assessment to identify the sustainability topics most critical to its impact and long-term financial value.

The process involved experts from across the company, workshops, interviews and structured scoring. Findings were validated by senior management and integrated into NCC's strategy, governance and risk management.

This Climate Transition Plan is focused on addressing the negative impacts of climate change and energy usage by creating measures and activities that reduce carbon emissions. The financial risks and opportunities identified in the assessment have been further explored by a scenario analysis based on IEA NZE and SSP5-8.5.
An overview of those risks and opportunities is presented in NCC's 2025 Annual and Sustainability Report including identified mitigating measures.

E1 – Climate change

Subcategory	Description	Impact	Financial risks/ opportunities	Where in value chain			Time horizon
				Upstream	Own operations	Downstream	
Climate change adaptation	Risk of financial consequences if adaptation to climate change is lacking across the value chain, both for own products and for suppliers and customers.		Risk	■	■	■	Medium and Long
	Increased demand for products that help customers adapt to a changing climate.		Opportunity		■		Medium
Climate change mitigation	Greenhouse gas emissions throughout the value chain, from the extraction of materials to production and maintenance.	Negative		■	■	■	Medium
	Increased requirements for information on emissions results in increased costs and financial consequences if NCC does not live up to market expectations.		Risk	■			Medium
	Increased demand for products that help customers mitigate climate change.		Opportunity		■		Medium
Energy	Energy use throughout the value chain, from the extraction of materials to production and maintenance.	Negative		■	■	■	Medium
	Increased costs connected to higher demands for the transition to renewable and fossil-free energy.		Risk	■	■		Medium

Targets

NCC's ambition is to align climate action with the goals of the Paris Agreement and contribute to limiting global warming to 1.5°C.

Net zero emissions by 2045

Scope 1 and 2	Scope 3
-42%	-42%
reduction in own emissions by 2030	reduction in emissions in value chain by 2030

Base year 2024 with addition of reference values for 2020, measured in tons CO_2e.

Boundary:
- **The ■ Scope 1 and ■ Scope 2** target includes all Scope 1 and 2 emissions (market-based).
- **The ■ Scope 3** target focuses on the main emission sources and the key decarbonization levers within NCC's value chain. The target includes the GHG-categories Purchased goods and services, Fuel and energy related activities, Upstream transportation and Use of sold products which covers 97 percent of Scope 3 emissions.

NCC has Group-wide targets that guide the transition toward a low-carbon value chain and a long-term pathway to net zero emissions. These targets set the direction for the entire company and ensure that climate considerations are integrated into strategic decisions and daily operations.

Net zero emissions by 2045

NCC is committed to reducing carbon emissions in line with the Paris Agreement and national frameworks. NCC's long-term target is to reach zero emissions by 2045 which means reducing actual emissions by 90 percent and compensating any residual emissions by carbon offsetting or similar actions.

New base year 2024

NCC has updated the base year in connection with the development of this Climate Transition Plan, replacing the previous 2015 base year with 2024. The purpose of the new base year is to establish a comprehensive understanding of the total climate impact across NCC's value chain based on all activities conducted in 2024. It covers all business areas in all countries, and encompasses the entire value chain, from upstream to downstream activities.

Base year 2024 with reference values

NCC has been working for many years to reduce emissions, with particular focus on own operations, Scope 1 and 2, and the materials that account for the largest impact within Scope 3. To accurately reflect the progress already achieved, the base year 2024 is complemented with reference values from 2020. These data are based on specific supplier data for fuels and energy (Scope 1 and 2) and ready-mixed concrete and reinforcement steel (Scope 3). This approach follows the requirements set out in ESRS DR 34 (c), AR 29 and AR 25 (d) regarding the use of historical data.

Other measures

Alongside the Group-wide targets, each business area has operations-specific targets and works with a set of KPIs that drive change across different parts of the value chain.

Decarbonization levers

NCC has identified five decarbonization levers in its value chain: Materials, Transport, Production, Fleet and Machinery and Use of constructions. These prioritized action areas are crucial for reaching the 2030 reduction targets and moving closer to net zero by 2045, as they offer the greatest potential for reducing emissions.

The decarbonization levers are broken down into key activities that correspond to a broad range of actions that will leverage NCC's expertise and knowledge base. These include a combination of optimization of constructions, strategic supplier relationships, research and innovation, energy efficiency in production and phasing-out of fossil fuels. There is significant potential for cost-efficient carbon reduction when customer demands are coupled with early involvement that includes the right competence to perform suitable actions at the right time in projects.

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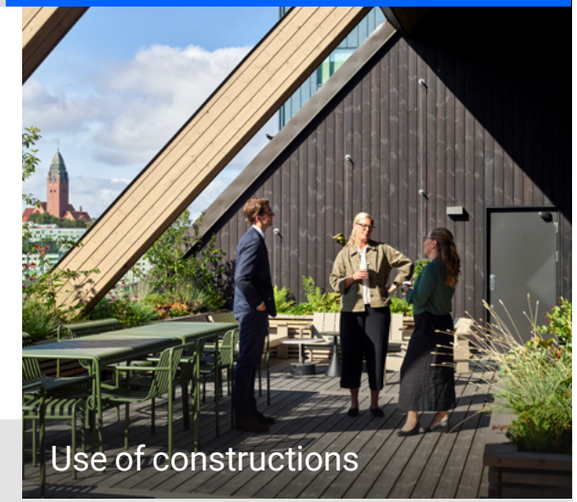

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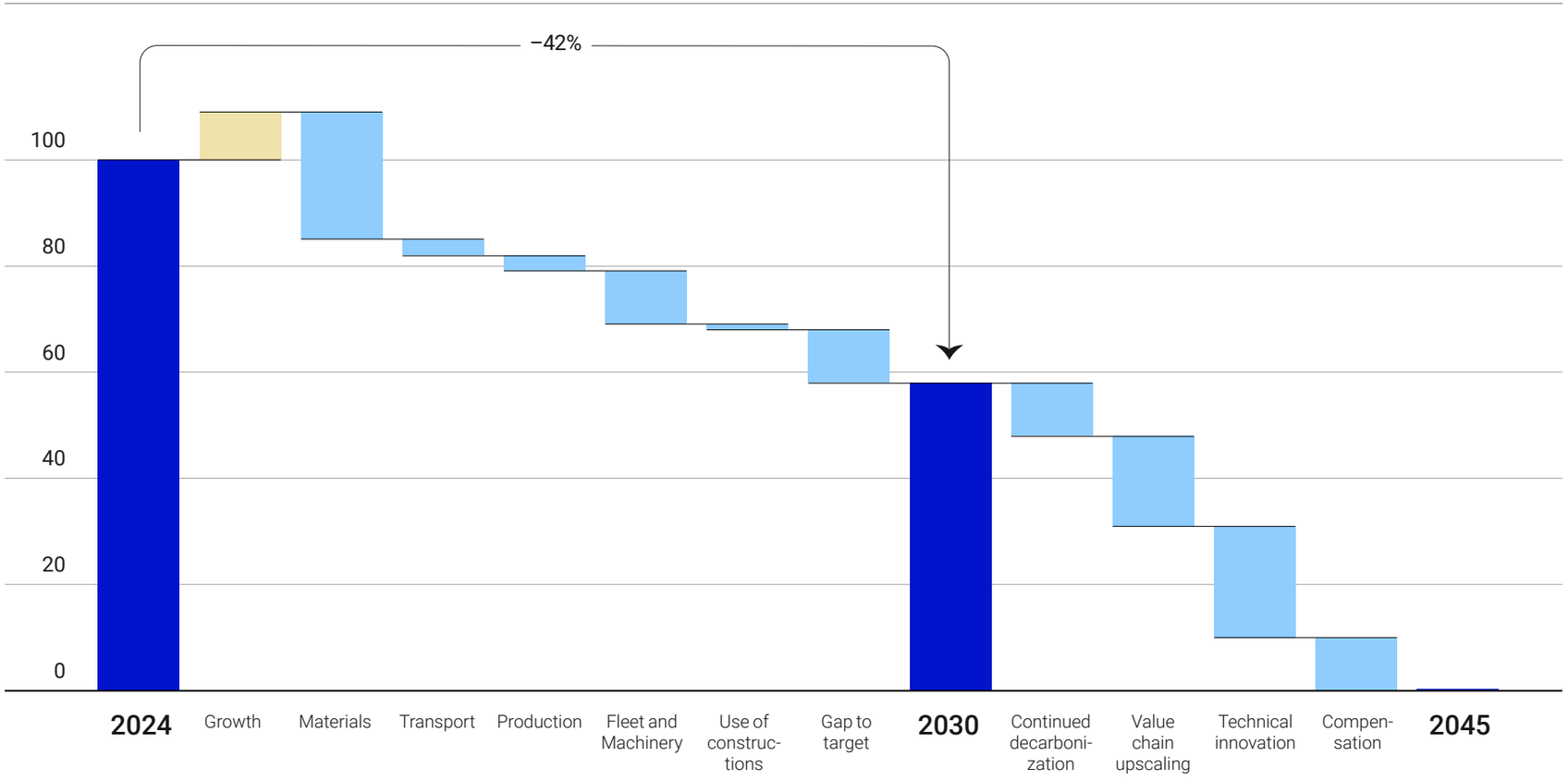
Further details on each decarbonization lever, including the corresponding key activities, can be found on the following pages.

NCC's emissions reduction pathway



The diagram illustrates the estimated emissions reduction potential, with detailed decarbonization levers identified up to 2030 and more combined levers included in the projection toward 2045. The size of each bar represents the calculated emissions reduction associated with each lever.

NCC has worked methodically for many years, successfully reducing emissions from own operations and parts of the value chain. This plan presents a comprehensive approach based on a new baseline – 2024 – and the calculated potential for each decarbonization lever.

For the near-term perspective up to 2030, NCC has calculated a detailed pathway with identified activities that are expected to reduce emissions when implemented across the business. NCC has a strong foundation in the decentralized work with climate strategies tailored to the specific business areas. By collaborating closely and at an early stage with customers, we are taking steps toward low-emission construction and operations.

Estimation of carbon emission reductions beyond 2030 is more uncertain than the near-term prognosis. Accordingly, NCC will update this Climate Transition Plan in response to significant changes in the company or, at a minimum, every five years.

Methodology

NCC's decarbonization levers have been calibrated in cooperation with a researcher from Chalmers University of Technology in Gothenburg, using insights and scenario analyses from the MISTRA Carbon Exit (2025) to create effective emissions reduction pathways.

Overall reduction pathway 2030

NCC has calculated a potential reduction from identified decarbonization levers based on business area climate strategies as well as recognized research data on the expected energy transition in society. This shows that a reduction in the carbon-intensive production of materials and the phasing out fossil fuels in production, transportation, and fleet and machinery – in NCC's own operations and upstream in the value chain – will have the greatest effect. For these scenarios to become reality, it is essential to work with these with the Integrated Supply Chain strategic initiative to create strategic collaborations and identify new products and construction solutions. Another key component is a clear demand from customers and society for low-emission construction, which will drive the transition and boost NCC's reduction pathway.

Business growth

NCC's strategy is to achieve organic growth while reducing emissions through close collaboration with customers and suppliers around decarbonization activities. To reflect this, the diagram (page 9) incorporates estimated value-chain emissions resulting from potential business growth, based on a financial forecast. The calculation is conservative, comparing projected growth with historical emissions data while applying expected future emissions-reduction improvements.

The planned business growth is estimated to increase emissions by 9 percent to 2030, creating a gap to the target that will require further analysis. Existing decarbonization levers are applied as part of the growth forecast, but additional reductions will need to be achieved together with future customers and partners as part of upcoming projects.

Long-term pathway to net zero 2045

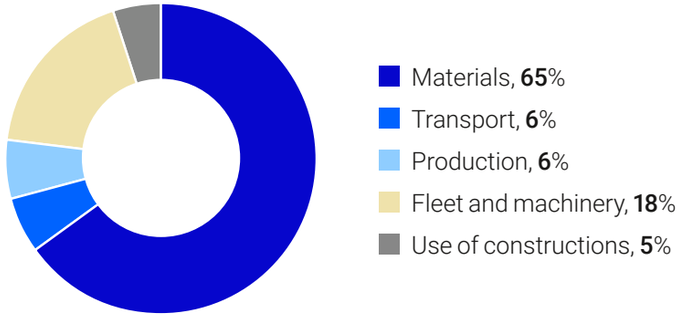
Using industry averages and research data on the expected energy transition in society, NCC has calculated a potential reduction beyond 2030. By advancing the key activities and decarbonization levers already in place, NCC will continue the decarbonization path further toward 2045. However, a full transition requires value-chain upscaling, which involves accelerating actions across the entire value chain, phasing out fossil fuels in material production and transportation and scaling low-emission solutions such as carbon capture and storage (CCS).

Along the way technical innovation is needed, and NCC will rely on the Research & Innovation function to collaborate with suppliers and industry peers to leverage efforts to develop low-emission solutions. The final part of the long-term pathway will be carbon offsetting of remaining emissions. Permanent carbon removals and other offsetting measures will be investigated by NCC with the aim of reducing the remaining 10 percent of emissions according to the SBTi Net-Zero standard.

Deep dive decarbonization levers

On the following pages, further details are provided on the five decarbonization levers together with a description of associated key activities and challenges. The aim of these actions is to drive progress on activities initiated in recent years to reduce the carbon footprint of NCC and to address additional measures that can bring about change, particularly in our value chain.

NCC's emissions per decarbonization lever



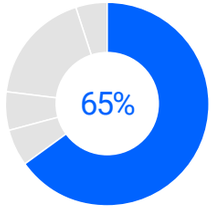
Deep dive – Materials

Much of the climate impact of construction and civil engineering operations stems from the materials used. In recent years, many ambitious projects have demonstrated how carbon emissions in the construction industry can be reduced by as much as 50 percent.

A key enabler of such reductions is clear climate targets from customers and early-phase planning, aligning the design, dimensions and material specifications with the intended function of the asset. This approach helps ensure that the chosen solutions are both climate efficient and fit for purposes.

Concrete, steel and bitumen are NCC's primary materials in terms of climate emissions. Other significant categories include general building materials, technical installations and goods purchased via subcontractors. Since the largest share of emissions in NCC's value chain originates from the production of raw materials, tackling these materials-related emissions represents a key part ofNCC's transition plan.

This decarbonization lever is the most extensive and complex of all, but when implemented at scale, it has the potential to deliver some of the most substantial emissions reductions across NCC's value chain.



Emissions from purchased materials amounted to approximately 842,000 tons CO_2e, equal to 65 percent of NCC's total emissions.

Key activities

Optimize structures and materials

Early structural design decisions strongly influence both cost and carbon emissions. Selecting the right material in the right place, with the appropriate dimensions and quality, combined with NCC's low-emissions expertise, significantly reduces the climate footprint. It is essential to achieve material efficiency and avoid overdimensioning.

To scale this approach, NCC must become involved in projects at an early stage to inspire clients and guide designers toward optimized structures. By using climate calculations, life cycle assessments (LCAs) and environmental product declarations (EPDs) in early phases and tenders, NCC can provide solid insights and identify the most cost- and climate-efficient solutions.

Research & Innovation on specific materials

For many years, NCC has cooperated with industrial PhD candidates to explore different aspects of construction, which has resulted in several published papers. NCC is also funding and participating in research projects through, for example, the Development Fund of the Swedish Construction Industry (SBUF), in particular regarding how to reduce climate impact. Representatives from business areas are taking part in or leading these projects together with peers and other stakeholders in the industry.

To reduce the climate impact of purchased materials, NCC's Research & Innovation and the Purchasing function participate in research projects together with suppliers, for example, regarding different concrete and steel products.

Strategic purchasing

NCC's Integrated Supply Chain strategic initiative focuses on building and maintaining a strong supplier base that meets the needs of both project and industry operations. To drive climate action, procurement prioritizes long term partnerships that secure low emissions materials and early involvement of suppliers to enable effective carbon reduction strategies.

Growing opportunities for recycling and reusing major construction elements such as concrete, steel, bricks and tiles support NCC's circularity ambitions. Collaborating closely with customers is essential to identify and realize reuse potential in new projects. Procuring products with recycled content or renewable materials contributes further to lowering emissions in construction.

Reduce waste

In the design phase, there is a major opportunity to influence and reduce the amount of material waste in a construction project. Purchasing strategies are also important to avoid surplus materials, for example, through prefabrication of building blocks and standardization in construction design.

On construction sites, NCC has resource efficiency procedures aimed at reducing waste from construction. Surplus materials are transferred between projects to reduce the total utilization of materials.

Challenges

- Material producers need to complete their transition and to reshape production methods to ensure a less carbon-intensive industry.
- Obtaining more detailed data from our main suppliers since the maturity level varies in terms of the digital transfer of information.
- The reliance on subcontractors for project operations requires a deeper understanding of how the spend reflects different materials in our portfolio.
- Building codes and technical standards can delay development of optimization in construction.
- A dependency on customers to raise the bar and demand solutions for low-emissions construction. Without it, the transition will lose momentum and technological development may be delayed.

Deep dive – Materials

Prioritized materials

NCC prioritizes several key materials based on their significant carbon footprint in the value chain. For these materials NCC works to obtain specific supplier data, build strategic supplier relationships and collaborate with customers to support informed choices in conjunction with the design phase of a project.

Concrete

is widely used across NCC's operations, and a dedicated concrete roadmap was introduced several years ago to guide the transition toward lower-carbon solutions. The strategy is built on three pillars: using the right quantity and the right quality in the right location. Intensity targets were established to drive improvements in ready-mix concrete, leading to a 38-percent reduction in emissions between 2020 and 2024. This work will continue and will be expanded to include additional cement-based products.

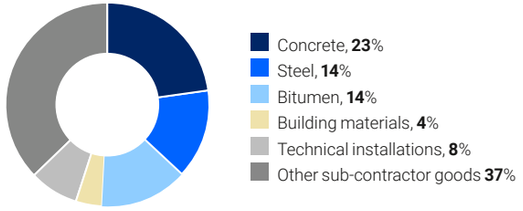
Steel

is a carbon-intensive material that forms a substantial part of a building's structural framework. In the procurement of reinforcement steel, significant efforts have been made in the Purchasing function to identify and select suppliers offering products with a lower carbon footprint. By using materials with higher recycled content and produced using renewable energy, emissions from reinforcement steel have been reduced by 48 percent between 2020 and 2024. This work will continue and will gradually extend to additional steel-based products.

Bitumen

is a key component in asphalt production, and reducing emissions from this material requires a shift toward alternative binders. Several successful pilot projects have already been carried out, and ongoing efforts are focused on evaluating biogenic binder solutions such as TOP and lignin.

NCC's emissions per material

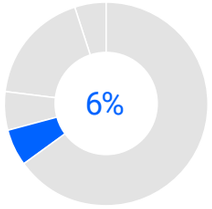


Important tools

- *Climate calculations* – extensive method based on connecting material volumes and associated emissions factors to cost calculations at all stages of the tender and design process as well as in conjunction with the production phase of projects.
- *Digital data from suppliers* – digital messages, such as via Peppol and other sources, provide a good basis for data-informed decisions.
- *Collection of Environmental product declaration* – Environmental product declarations from prioritized suppliers are key to being able to select the most suitable supplier for a project.
- *Integrated Supply Chain* – a key tool for strategic purchasing and collaboration with stakeholders in the supply chain.

Deep dive – Transport

This decarbonization lever covers the delivery of materials and goods to NCC's sites. Together with the emissions associated with purchased materials, the transport of goods to projects is largely managed and controlled by NCC's suppliers. Therefore, NCC's efforts focus on building strategic supplier relationships, driving transport efficiency initiatives and phasing out fossil fuels by integrating requirements and expectations into contracts. Collectively, these actions support the development of a low-emissions goods transport chain.



Emissions from transportation amounted to approximately 80,000 tons CO_2e, equal to 6 percent of NCC's total emissions.

Key activities

Strategic purchasing

NCC's Integrated Supply Chain strategic initiative focuses on building and maintaining a strong supplier base that meets the needs of projects and industrial operations. For the transport of goods to NCC's sites and facilities, it is essential to engage providers that are actively transitioning to fossil-free freight operations. NCC prefers to use suppliers located close to the project or site, particularly for heavy goods where transport emissions constitute a significant share of the product's total footprint.

Since material providers arrange most of the transportation, the strategy focuses on demanding low emission solutions and selecting suppliers that are leading the transition in their industries.

Logistics optimization

To reduce the overall transport volume to NCC, several initiatives will be in focus in the years ahead. These include co-loading smaller shipments, scheduling less frequent site deliveries, and requiring wholesalers to arrange more efficient delivery solutions. Implementation of these measures has already begun.

In large projects, deliveries of ready-mix concrete can be substantial. Effective planning is therefore used to optimize transport flows and reduce waste on site. This approach has proven to reduce the number of transport journeys and thus the associated carbon emissions.

Requirements and agreements for freight

Customer demands in projects can vary significantly among countries and regions regarding emissions from transport. For example, in larger cities legislation requires that transportation is low-carbon or emissions-free in order to enter construction sites. Therefore it is essential to include specific requirements in transport agreements to meet demands and provide suitable low-emission alternatives for our customers.

Challenges

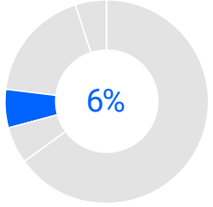
- Lack of availability of bio-based fuels and a risk of higher prices when demand rises.
- Progress of electrification in society is slower than anticipated.
- Delayed legislation in EU for cost of carbon emissions related to transport.

Deep dive – Production

The Production decarbonization lever focuses on stationary combustion. NCC's own operations consist of construction sites for building and infrastructure projects, as well as asphalt and stone production. The main source of carbon emissions is combustion of fuels but also the use of electricity for heating and equipment in operations.

For a number of years now, NCC has pursued a strategic approach to increase the use of renewable fuels and electricity. These efforts have successfully reduced NCC's Scope 1 and Scope 2 emissions by more than 60 percent since 2015.

NCC has established agreements with its main suppliers of electricity to ensure the delivery of fossil-free electricity from certified sources. As a result, electricity and heating used at NCC's sites and projects are mainly fossil free, reaching approximately 95 percent.



Emissions from production amounted to approximately 81,000 tons CO_2e, equal to 6 percent of NCC's total emissions.

Key activities

Phase out fossil fuels

Asphalt plants represent the largest source of emissions in NCC's own operations. NCC has about 50 asphalt plants across the Nordic countries and over the past decade has focused on converting these to operate on fossil-free fuels, mainly wooden pellets. Liquid fuels are still required when starting up each production cycle and is today mainly fossil based. Therefore, the current focus is to further increase the share of renewable fuels during operations and to continue the conversion of the remaining plants into renewable energy sources.

Scaling up biofuel use and electrification

For smaller stationary equipment, mainly used on construction sites, there is a major opportunity to transition to electrified equipment.

NCC works in partnership with rental equipment companies to ensure the right equipment is used for each purpose. The long-term focus is to increase the proportion of electrified equipment and, where needed, use biofuels as a complementary solution.

Increase recycling of asphalt and aggregates

NCC has been working with the recycling of asphalt and aggregates for some time and considers it a core activity. NCC has developed structures and procedures that support more circular production using less virgin materials.

Including reclaimed asphalt pavement (RAP) and recycled aggregates in the production process reduces the need for material and energy resources, thereby mitigating the climate footprint of the asphalt.

Energy efficiency

NCC is developing methods to reduce energy use, optimize temperatures and loading, and adjust recipes to lower fuel consumption in its asphalt production.

Energy efficiency is also a priority at construction sites, where consumption patterns vary considerably. As a supporting tool, detailed energy mapping of all relevant energy sources is carried out in projects to identify opportunities for improvement.

Challenges

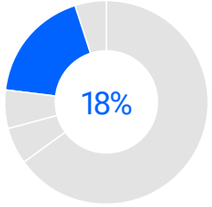
- Lack of availability of bio-based fuels and a risk of higher prices when demand rises.
- Low quality of wood pellets, such as high moisture content, could increase the need for fossil fuels in conjunction with starting and stopping the asphalt production process.

Deep dive – Fleet and Machinery

Fleet and machinery mainly release emissions while being used in the management of masses, stone and building materials at projects and sites. This decarbonization lever groups together mobile combustion in all forms. NCC's work is carried out using its own fleet and machinery and through sub-contractors and other partners.

The decarbonization lever also includes light vehicles such as trucks and service cars. While these are less emission intensive, they must still be addressed.

For other mobile combustion, which includes small handheld equipment and other on site machinery, electrification has already made good progress, offering good opportunities to choose fully electrified equipment.



Emissions from fleet and machinery amounted to approximately 230,000 tons CO_2e, equal to 18 percent of NCC's total emissions.

Key activities

Phase out fossil fuels

Much of the heavy machinery and vehicles used for stone material production, mass excavation and lifting operations on construction sites are currently powered by combustion engines. A practical short term measure is to transition this machinery to biofuels, such as HVO or biogas, which can be implemented with existing equipment and infrastructure.

In the long term, however, the transition will require replacing fossil based solutions with electrically powered machinery and worksites. Electrified construction sites have already been introduced on a small scale, particularly in Norway, providing valuable insights for broader deployment across NCC.

Logistics optimization

Quarries for stone extraction require heavy machinery and transport vehicles. NCC strives to optimize logistics to reduce idle time and overall fuel consumption.

To optimize logistics on a larger scale, particularly in major infrastructure projects, NCC focuses on digitalization, sharing just-in-time information with sub-contractors and regularly monitoring the effects of measures implemented. NCC can continuously learn and adapt to more efficient logistics solutions through close collaboration within projects.

Requirements and agreements with contractors

Customer requirements relating to fleet and machinery emissions in projects can vary among countries and regions. Collaboration with subcontractors and service providers plays a key role in NCC's efforts to reduce fleet and machinery emissions. Through contractual agreements, NCC can decide on how it will approach each project, select a suitable level of emissions and provide alternatives for the customers.

Strategic purchasing

NCC's Integrated Supply Chain strategic initiative focuses on building and maintaining a strong supplier base that meets the needs of projects and industrial operations.

To ensure long-term improvements, NCC collaborates with strategic suppliers that are transitioning to less carbon intensive vehicles and machinery. Good progress is being made in the electrification of smaller machinery and for NCC it is vital to collaborate with external providers of these tools and machinery.

Circular and efficient excavation of masses

Early planning helps minimize excavation volumes, and by analyzing soil and material conditions, NCC can identify technical and environmental opportunities to reuse masses, either within the project or in nearby locations. Leveraging NCC's geotechnical expertise to adjust or redesign solutions further reduces the generation of excess material. Together, these measures mitigate the need for virgin materials and limit transportation requirements. Furthermore, optimized logistics reduces transportation related to excavation masses, thereby significantly decreasing emissions.

Challenges

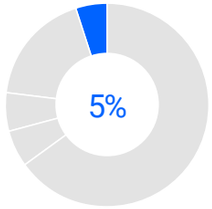
- Lack of customer demand for low-emission worksites and transport vehicles that could support the transition to alternative fuels and electrification.
- The pricing and availability of electrically powered large machinery and heavy vehicles is an obstacle as the market is transitioning slowly. The high voltage network is also insufficiently developed to support the use of heavy electrically powered machinery in production and on construction sites.
- Delayed legislation in EU for cost of carbon emissions related to transport.
- Lack of availability of bio-based fuels and the risk of higher prices when demand rises.

Deep dive – Use of constructions

Buildings, facilities and infrastructure are designed and constructed to have a long service life. Since the use phase often spans several decades, it is essential to minimize the energy required to operate these structures to reduce their climate footprint.

Customers have high expectations of climate-efficient measures. As a knowledge-based company with extensive experience in developing energy efficient solutions across a wide range of projects, NCC is well positioned to meet the growing demand for low-energy buildings – and in doing so, help reduce emissions generated during the use phase.

The decarbonization lever covers all NCC's constructions, but measurement and reporting are limited to NCC-developed buildings and design-and-build contracts, in line with the boundaries in the GHG protocol for Scope 3, Category 11: Use of sold products.



Emissions from Use of constructions amounted to approximately 64,000 tons CO_2e, equal to 5 percent of NCC's total emissions.

Key activities

Energy efficiency in constructions

Buildings and infrastructure facilities must be designed to minimize energy consumption and reduce their climate impact throughout their life cycle.

With its many experts and specialists in the fields of technology, sustainability, construction and design, NCC is well positioned to set high standards for construction projects. NCC promotes and enables competence development among employees and participation in innovation projects to enable continuous improvements and product development.

Energy performance requirements on buildings

Most tenders and contracts for buildings are subject to energy performance requirements and NCC ensures that these requirements are met or exceeded. These may include the type of energy source, technical solutions for heat pumps, local energy production via solar panels, and so forth.

The NCC Property Development business area requires the energy performance of its buildings to exceed regulations by at least 25 percent and that local energy production is to be used in all projects.

Enabling energy performance

Upon closure and handover to the customer, NCC is to ensure the provision of good documentation and operating instructions. This supports the continued smooth operation and monitoring of technical installations, such as heating, ventilation and water supply, thereby securing optimal energy performance.

Sustainability certifications

NCC encourages customers to take a strategic approach to certification schemes in their building contracts. Such an approach provides clear and actionable requirements for NCC, including targets for energy efficiency and emission levels.

All of NCC's property development projects must hold a sustainability certification, such as BREEAM Excellent and DGNB Gold, to ensure strong environmental performance.

Challenges

- Focus on low energy consumption in finished buildings and infrastructure projects must be balanced with the risk of increasing the embodied carbon due to the use of additional materials.
- Uncertainties regarding emissions intensity for materials in the future.

Governance

This Climate Transition Plan has been formally approved by NCC's Board of Directors, and annual results will be reported to the Board.

NCC's Senior Management Team (SMT) is responsible for setting and monitoring the Group's sustainability targets. The heads of the business areas are responsible for implementing sustainability strategies and driving progress in their respective operations. The SMT monitors the results and development of the Climate Transition Plan at least every six months.

Climate targets are included in incentive programs for senior management, further reinforcing accountability and commitment.

NCC's Common Environment Team – a forum that includes sustainability managers from business areas and representatives from relevant Group functions – coordinates and pursues Group-wide environmental topics. The team is responsible for monitoring and revising actions and targets for the transition plan. The CFO of NCC is a member of the Common Environment Team and acts as the SMT's sponsor for the environmental area.

In addition to the transition plan, yearly action plans with short-term targets and KPIs are developed to drive continuous improvement and progress across the company. Emission outcomes are reported in NCC's Annual and Sustainability Report.

Investments and funding

NCC's main investment cost (CapEx) is related to the conversion of asphalt plants to enable the use of biofuels, thereby replacing fossil fuels. The investment planning is part of the NCC Industry business area strategy and there is a clear timeline set for the years ahead. Investments in converting asphalt plants are not part of the Taxonomy-aligned investment portfolio for NCC but are a means to achieve a reduction in Scope 1 emissions.

Funding for research and innovation, both internally and externally, supports the work on reducing emissions from building materials and energy (OpEx).

Green Finance Framework

NCC issues green bonds in the market through an established green finance framework. The funds are used for financing property development projects with high climate ambitions and to continue the transition of Industry sites toward renewable energy. The bonds support investors, banks and financial institutes as they strive to comply with the Taxonomy regulation and drive the financial transition to a more sustainable economy. For more information about NCC's green finance framework, visit ncc.com.

Carbon lock-in

The risk of carbon lock-in is low for NCC, as buildings and structures are primarily designed to operate on electricity or use district heating and cooling systems. This enables end-users to benefit from the local energy mix in the countries where the products are used, many of which already have a high share of fossil-free energy. In NCC's own operations, the main exposure to carbon lock-in lies in asphalt plants that were originally configured to run on fossil fuels, such as oil and natural gas. A large proportion of these facilities has already been converted to operate on biofuels, thereby reducing dependence on fossil energy. To prevent future lock-in, NCC is continuing to invest in the conversion of the remaining plants so that fossil fuels can be fully phased out.

Closing remarks

With this Climate Transition Plan, we have taken an important step toward translating ambition into action. NCC has established a clear direction and identified the main decarbonization levers that are most crucial to reducing our emissions. At the same time, we recognize that the challenges are significant and that there is still work to be done.

A central part of our continued journey is to improve the collection and quality of climate data. This is a process that we are continuously developing. The plan we are presenting is not static – it will be updated as we gain new knowledge, develop new solutions and address changing conditions.

We remain committed to our targets and look forward to continuing to collaborate with customers, suppliers and industry players. Working together, we can accelerate progress toward solutions with a reduced climate impact and establish the foundation for a construction sector that promotes a more sustainable and resilient society.