



Bitumen-based roofing felt has a lifespan for up to 50 years as an effective protection.

SUSTAINABILITY REPORT

For Nordic Waterproofing, the link between successful business and responsible enterprise is self-evident. The Group's products contribute to long-term sustainability, its sustainability efforts generate new business opportunities, reduce costs and risks, and enable the Group to meet the demands and expectations of various stakeholders.

Nordic Waterproofing's business concept is based on sustainability - to protect, preserve and contribute to durability, better energy performance, CO₂-neutral alternatives and increased biodiversity through green infrastructure. Customer and end user demand is thus a given driving force for the Group's operations.

SUSTAINABILITY STRATEGY

The actual sustainability work takes primarily place on a national level by the subsidiaries that are closest to the market with a proactive offer for regional preferences. Policies such as environment, code of conduct and whistleblower policy have been developed at Group level.

The Group signed the UN Global Compact in 2012. A specific code of conduct for suppliers has been established based on the UN Global Compact.

Denmark is the first country to carry out a stakeholder dialogue for a materiality analysis. This will provide the basis for an even more goal-oriented sustainability work. Other main markets intend to follow suit.



THE GLOBAL SUSTAINABLE DEVELOPMENT GOALS

The UN's Global 17 Sustainable Development Goals in Agenda 2030 make a clear and useful framework for meeting the global challenges and have had a major impact on the society. At the same time, the goals are an impetus to innovations and business opportunities in the area of sustainability. Private and public organizations have an important role to play and the business community is expected to contribute with responsible business, transparent reporting of their own goals and results, and the development of products and services that contribute to a sustainable development.

Nordic Waterproofing supports and contributes to several of the UN's sustainability goals. The Group has chosen to give special priority to four of these goals where the business is judged to have the greatest opportunity to contribute:

- 7 Sustainable energy for all - Increase the share of renewable energy in the world
- 9 Sustainable industry, innovation and infrastructure - Build resilient infrastructure, promote inclusive and sustainable industrialization and promote innovation
- 11 Sustainable cities and communities
 - Make cities and homes inclusive, safe, resilient, and sustainable
- 12 Sustainable consumption and production
 - Sustainable management and use of natural resources

SIGNED THE UN GLOBAL COMPACT

The Group has a Code of Conduct based on the 10 principles of the UN Global Compact that the subsidiaries are expected to follow in their sustainability work.

Extreme weather including heavy precipitation increases the need of protecting buildings and to manage large amounts of stormwater.

MANUFACTURING AND ENVIRONMENT

WATERPROOFING FOR THE CONSERVATION OF BUILDINGS HAS FEW FOSSIL-FREE OPTIONS

With regard to waterproofing for flat roofs, 85 percent have bitumen-based waterproofing in the Nordic region. Nordic Waterproofing also manufactures EPDM rubber membranes and offers PVC and TPO plastics. Together, these four materials accounts for 95 percent of all building waterproofing. Currently, there are no materials at the same cost level based on completely fossil-free alternatives.

INPUTS

The most important inputs in Nordic Waterproofing's production are bitumen, polymers (rubber compounds and plastics), environmentally certified wood and plants.

Bitumen – a residual product ...

Bitumen is a residual product that follows in the industrial refining of crude oil when producing different fuels. Bitumen production requires thus a lower energy consumption in the production itself, however, heat energy is required in the processing of waterproofing products.

... with a long-life cycle ...

Today's bitumen-based waterproofing, blended with elastomers and polymer for increased flexibility, has a life cycle of up to 50 years, where design and installation also affects. When renovating the waterproofing, the old layer normally is kept, and a new layer is added.

... and which doesn't harm man and nature

As bitumen is a hydrocarbon not intended for combustion but for use in structural materials, no greenhouse gases are emitted. The remaining constituents of bitumen-based waterproofing (fillers, polymers, slates, sand, etc.) are either inert (not inclined to form chemical compounds) or have low propensity for chemical reaction. This means that they pose minimal danger to man or nature throughout their life cycle, provided that it isn't burnt. Bitumen is insoluble in water, non-biodegradable and therefore the ideal material for collecting and holding water (collection ponds, irrigation water, polluted water etc.). In order to reduce use of polyester in the liners, a large part consists of recycled polyester from PET bottles.

Reduced material utilization...

Product development is also focused on reducing the thickness of roofing felt (and thus the amount of bitumen) while maintaining function through better blending recipes.

... and increased proportion of sustainable materials

Sustainable materials are a growing part of Nordic Waterproofing's operations. Both green infrastructure and wood-based building elements have a positive environmental effect due to their CO₂-binding properties. Wood as a building material is a natural raw material that has a significantly lower emission level compared to other building materials.

Green infrastructure contributes to biodiversity while protecting the underlying waterproofing membranes, the building gets a better insulation against extreme temperatures and absorbs some of the city's noise, dust and air pollution while improving both the micro and macro climates. Green roofs also act as barriers in large amounts of precipitation. They can absorb up to 50-80 percent of the precipitation, which reduces or delays the runoff of rainwater to the stormwater system. Growing plants for green infrastructure

also requires no major energy consumption. In addition, biochar is used as a nutrient in the crops. It has been added from Vegtech's bio-based boiler through so-called pyrolysis.

Reduced CO₂ emissions are also possible in bitumen-based products. Nordic Waterproofing's Finnish brand Kerabit has developed Kerabit Nature. Its fossil bitumen has been partially replaced by bitumen extracted from tall oil, CTO. The positive CO uptake through the tall oil raw material makes Kerabit Nature CO-neutral (bitumen already has low 0.2 kg CO equivalents / kg) Kerabit Nature is available as for both top and bottom layers.

Development is also taking place for application of roofing felt without gas burners, which both reduces CO₂ emissions and reduces the risk of fire.

Recycling

Roofing felt is normally left on the roof when applying with a new layer during renovation. NWG's subsidiaries also have agreements with recycling companies that recycle bitumen to be used for road paving. EPDM rubber can only be reused as a filler material as it is vulcanized and cannot be melted down.

PRODUCTS ARE ENVIRONMENTALLY CLASSIFIED

Nordic Waterproofing's products are classified in various sustainability assessments of construction products made on a national level. In Sweden e.g., both Matak's and Trebolit's products are listed in several environmental assessments – the Swan, Sweden Green Building Council's Eco-building label, Building Products Assessment, Sunda Hus and Green BASTA-label (based on EU legislation REACH). Similar ratings are made in the other markets of the Group, e.g. DGNB in Denmark, BBA in UK and Dubokeur in the Netherlands.





Constant product development is an important link in reducing the material consumption.

Efficient energy use

A significant part of the Group's energy consumption, as well as its climate impact, is related to the use of natural gas or biogas as well as purchased electricity and district heating (indirect energy and direct energy). Reporting takes place from production units and offices at all business units except Installation Services, which mainly includes roofing services. Energy consumed by company cars, trucks and suppliers is not included.

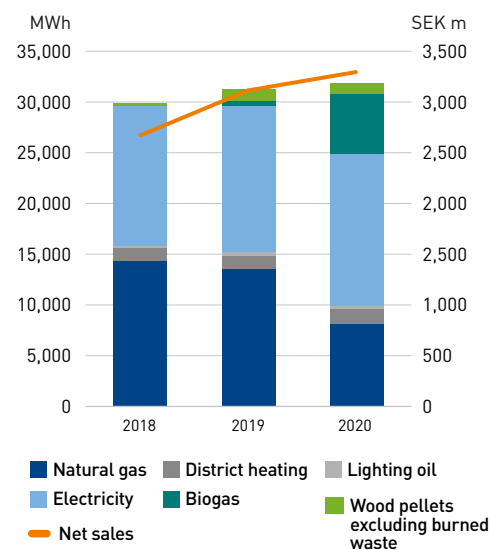
Energy consumption in 2020 increased by 2.3 percent compared to the previous year. Net sales for the same period increased by 6 percent, which is one of the reasons for the increased energy consumption. The calculation of the Group's carbon dioxide emissions (CO₂) in scope 1 and 2 (direct emissions from controlled sources and emissions from the generation of electricity and district heating) is based on each

unit's total average energy mix. The group's combined carbon dioxide emissions amounted to 4,564 tonnes (6,237), a decrease of 26.7 percent, compared to the sales which increased by 6 percent.

Green electricity and biogas

As each country's energy mix differs, national initiatives are taken to introduce more renewable types of energy. Sweden, for example, signed an agreement in 2019 on the purchase of green electricity (renewable energy sources) and a transition from natural gas to biogas in the production of bitumen-based products was made at the end of 2019. This reduced CO₂ emissions by almost 1,100 tonnes of CO₂e compared to 2019. Denmark has taken the same initiative with green electricity and will switch to biogas in production from 2021, which will mean a reduction of about 750 tonnes of CO₂e compared to consumption in 2020.

ENERGY CONSUMPTION PER ENERGY SOURCE



CLIMATE, TONS CO ₂ e	2020	2019	diff.
Scope 1 emissions total	2,536	3,587	-29.31%
whereof Natural gas	1,637	2,751	-40.48%
whereof Lighting oil	42	81	-48.47%
whereof Fuels	853	755	13.08%
(whereof Emissions from biomass which are not absorbed during growth)	3		
Scope 2 emissions total	2,028	2,650	-23.45%
whereof Electricity	1,949	2,617	-25.51%
whereof District heating	79	33	141.09%
CO₂ Total	4,564	6,237	-26.82%

PRODUCTION

The business affects the external environment mainly through noise and direct and indirect emissions. The Group's production requires resources such as raw materials, water, energy, and chemicals. All subsidiaries are covered by the Group's environmental policy, which covers energy consumption, emissions, and the use of raw materials. Where applicable, there is a local policy as a complement. All production units apply environmental management systems, and each production facility has set environmental goals. Operations in Finland and Sweden are certified according to ISO 14001.

TRANSPORTS

Most of the waterproofing products have a high weight in relation to their value. The general solution is therefore to reduce the distance between the production plant and the destina-

tion by having national production facilities. Most of the transports are carried out by a third party purchased by Nordic Waterproofing.

**Statutory sustainability report,
as stated in the Annual Accounts Act.**

- | | |
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| 1. Business concept | page 18 |
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AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders in Nordic Waterproofing Holding AB (publ), corporate identity number 556839-3168.

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory sustainability report for the year 2020 on pages 18, 29-34, 45-47 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially

different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION

A statutory sustainability report has been prepared.

Malmö April 6, 2021
Deloitte AB

Jeanette Roosberg
Authorized Public Accountant



Installation of wood-based roof elements at Thurø school in Svendborg, Denmark.

THE EU'S GREEN DEAL

The EU has previously adopted climate targets for 2020 and 2030 according to the UNFCCC, with a decrease by 20 percent by 2020 and by 40 percent by 2030 compared to 1990 of EU's total emissions.

The EU has now set aims to become climate neutral by 2050. This aim takes place under the name The EU's Green Deal. It's planned to be done through legislation and an action plan that will promote more efficient use of resources by converting to a clean, circular economy and restoring lost biodiversity, as well as reducing pollution.

The plan states which investments are needed and which financing tools are available. It explains how to ensure a fair and inclusive

transition. The action areas include further energyefficient buildings. This means a doubling of the pace of renovation in terms of energy efficiency compared to the current 0.4-1.2 percent of the property portfolio in the EU to achieve the EU's energy and climate goals.

The EU will also provide financial and technical support to those most affected by the transition to a green economy. The support will be channeled through the so-called fair adjustment mechanism. It will contribute at least EUR 100 billion in 2021-2027 to the hardest hit regions. It is unclear at present how much support may go to the construction sector in the Nordic region.

SOCIAL ENTERPRISE

The Group has a decentralized organizational structure with local management responsible for employee recruitment and dialogue.

The Group had an average of 1,153 (1,033) full-time employees in 2020. During the summer season, the workforce in the operating segment Installation Services increases by more than 100 people. Human resources issues are decentralized and differ regionally even though Nordic Waterproofing is often one of the larger employers in smaller communities.

COMPETENCE PROVISION IS MADE LOCALLY

An important part of the strategy for a decentralized group lies in attracting the right expertise locally. Nordic Waterproofing is often in smaller communities a major employer. Locally recruited staff results in motivated employees and a lower staff turnover. The Group has broadened its recruitment activities, complementing traditional recruitment days by offering apprenticeships and seeking new fora in which the companies believe appropriate skills can be found. Roofing contractors have been experiencing continued personnel short-

ages and difficulties recruiting new skilled labourers. In order to increase access to potential staff, Nordic Waterproofing supports educational programmes in roof installation and offers trainee positions for future professionals, increasing its attractiveness in the market.

SKILLS DEVELOPMENT AND MOTIVATION

Ongoing skills development focusing, for example, on productivity and broader production skills, increases the organization's flexibility. The Group's philosophy is that skills development is primarily achieved through continuous learning in day-to-day work. This is complemented by training initiatives for a large number of employees, as well as for external roofers/contractors seeking further training in the industry. To monitor employee satisfaction and commitment, performance reviews are conducted alongside regular employee surveys.



OCCUPATIONAL HEALTH AND SAFETY

Nordic Waterproofing's operations include factories, warehouses, and offices. The Finnish operations also include roofing services. Employee safety is always the highest priority and all subsidiaries have a work environment policy. The production plant in Finland is certified in accordance with the OHSAS 18001 work environment management system.

Each workplace and environment have their own specific risks and, accordingly, each subsidiary is responsible for systematically managing health and safety efforts. This includes gathering information about and assessing site-specific risks and reporting accidents to the Group. The process of reducing the occurrence of incidents and accidents is achieved by analyzing the underlying causes. Each individual site shall report to the Group level, all occupational injuries and illnesses resulting in at least eight hours of absence caused by accidents, defined as Lost Work Cases (LWC).

In 2020, focused efforts continued to reduce accidents within the Group. The number of occupational injuries, LWC, which resulted in

at least eight hours of absence, decreased by 20 percent to 52 (65), mainly attributable to reduced numbers accidents in Finland. Finland accounts for the largest the number due to installation operations that still is the Group's riskiest area. Serious accidents (bodily injuries, eg bone fractures) increased at the same time to 18 (6), of which 13 was attributable to Finland.

Efforts to prevent accidents are continuing in 2021. An important part of this will involve integrating newly acquired companies into our systematic efforts, but also, continue to raise awareness and knowledge among all employees who are contributing to our operations. All of the companies within the Group that have production sites have contracted external Occupational Health Care services to support their employees, such as in the case of rehabilitation.

DIVERSITY AND EQUAL TREATMENT

Historically, the roofing industry has been a male-dominated industry regardless of personnel category. Nordic Waterproofing works to achieve its goal to have a balanced mix of ethnicity, age and gender, taking into account

the type of activity being conducted. Improved diversity and inclusion have the potential to further drive Nordic Waterproofing's development and results, both at team level and individually.

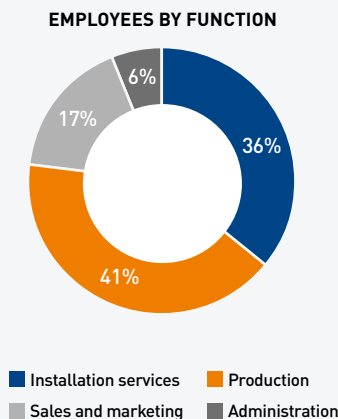
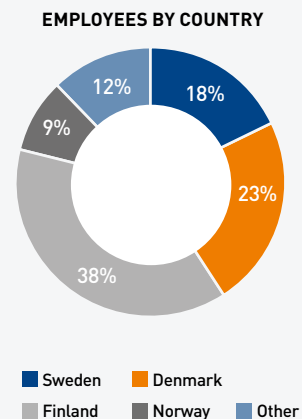
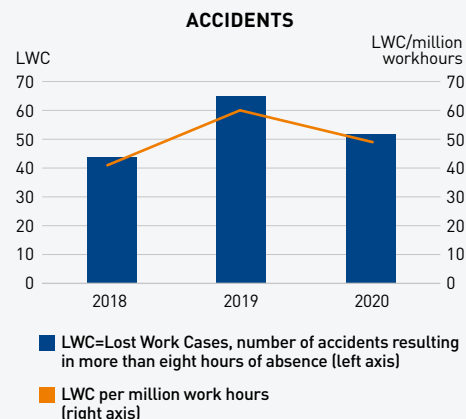
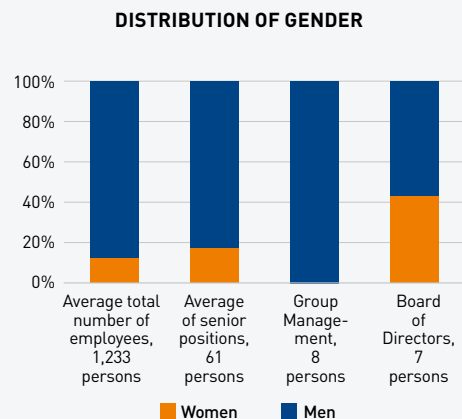
The companies within the Group work continuously to attract, develop and retain talented young people regardless of gender or other characteristics. Independent of gender or other aspects of diversity, each individual is offered equal opportunities in terms of career paths. The operations as a whole also work towards a more balanced mix in terms of ethnicity and gender. To reach the goal to increase the awareness of its operations and being a good employer, Group companies leveraging several online platforms and channels to build relationships with new stakeholders.

Today, local management teams comprise a total of 61 individuals (61), of which 17 percent (23) are women. Nordic Waterproofing Holding A/S's Board of Directors consists of four men and three women. Accordingly, the proportion of women on the Board of Directors is 33 percent, meeting the target of the Group's Diversity policy.

THE CODE OF CONDUCT IS THE BASIS FOR ALL ACTIVITIES

Nordic Waterproofing aims to maintain a working environment characterized by responsibility and empowerment, ethics and morality, openness and teamwork. Combined with a focus on customers and their needs, these values enable the Group to meet its targets and strategic priorities. An important part of a safe working environment is to ensure that no one is exposed to discrimination or sexual harassment. Nordic Waterproofing's workplaces should be characterized by respect for diversity and different qualities, knowledge and skills, regardless of gender, religion, ethnic background, age, race or sexual orientation.

The Group's Code of Conduct, which includes the areas of environment, work environment and business ethics, is the basis for all activities within the Group and applies to all employees and the Group's Board of Directors without exception. The Code of Conduct and the training materials are available in all nine languages used within the Group.





APPRENTICESHIP PROGRAM FOR SCHOOL-DROPOUTS IN DENMARK

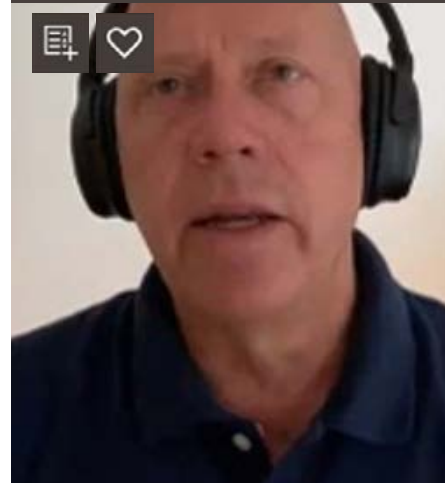
Phønix Tag Materialer in Vejen, Denmark, has taken an initiative for a trainee program of roofers. The students are mainly young with several defeats in their life who get a chance to get closer to the labor market and a daily life where they both learn and contribute. The goal of the training is to get an apprenticeship with a roofing company. This will give them a fresh start and hopefully a new and lasting direction in life, where the roofing profession will be the way into adulthood.

The background to the project is the labor shortage that prevails in the roofing industry. The Apprenticeship program is a joint project with several partners; roofing contractors, municipalities, employment services, trade unions, and the Danish Ministry of Labor.

The first 26 students began in March 2020 and the program was inaugurated by the Danish Minister of Labor Mr Troels Lund Poulsen.

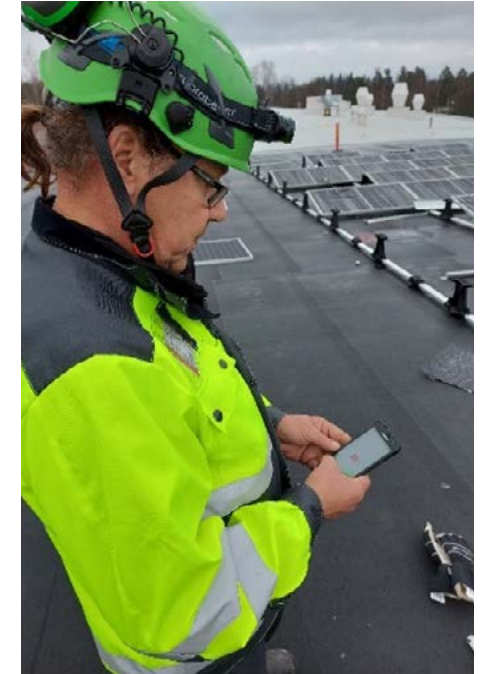
"Coffee with Paul-Erik"

3 0



VIRTUAL FIKA

In Denmark, the project "Coffee with Paul-Erik" has been initiated due to the corona pandemic. Employees in the Danish organization can have a coffee once a month with the business area manager Paul-Erik Rask via the video function Teams on the Internet. Paul-Erik gives information about the business and all online can talk to him.



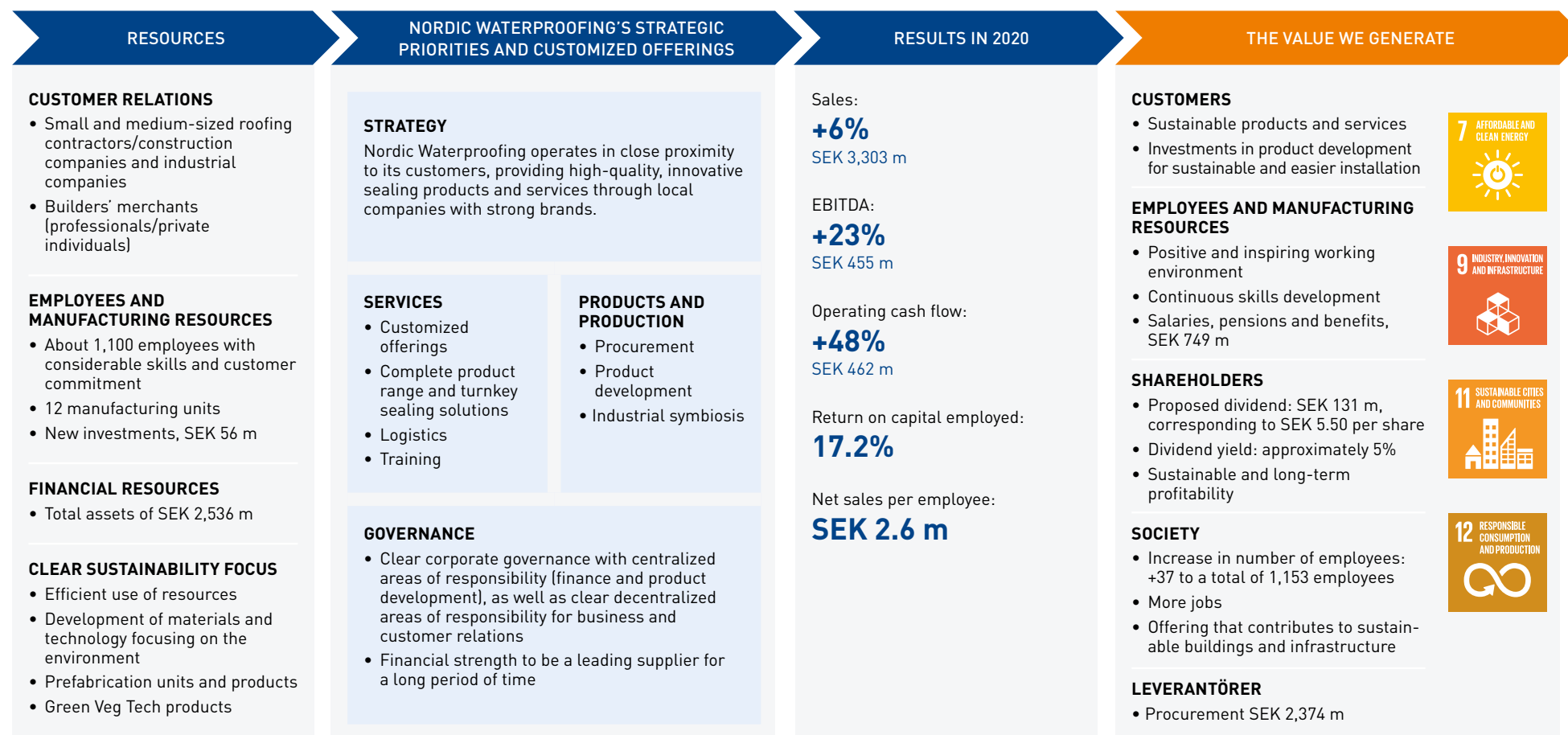
SOCIAL MEDIA TO KEEP THE ORGANIZATION IN TOUCH

There are various examples of how companies in the Group use social media to keep in touch with employees.

In Finland, roofers who are out in the field have an app through which they can easily get information and talk to colleagues and the management.

FOCUS ON THE CUSTOMERS AND SUSTAINABILITY DRIVES OUR BUSINESS MODEL

With a combination of competent employees, innovative strength and robust financing, Nordic Waterproofing contributes to develop, manufacture and sell innovative and sustainable products and solutions.



RISKS AND RISK MANAGEMENT

All business operations are associated with risks. Risks that are managed well can lead to opportunities and value being generated, while risks that are not managed properly can cause damage and losses.

Demand for Nordic Waterproofing's products and solutions varies by market. The Group focuses on maintaining an exposure to market segments that generally offer a favourable balance between parts of the construction industry that dominate in the earlier and later stages of the economic cycle, as well as towards private individuals and industrial players between which demand is well balanced. Seasonal effects occur and are particularly apparent in the Installation Services operating segment. Read more about seasonal effects on page 10.

RISKS OF CONFIDENCE

As a leading player in the Nordic waterproofing market, the expectations of Nordic Waterproofing are rigorous. There is a risk for the Group that the behaviour of individual employees or business decisions could erode the trust that has been built up over a long time. It is essential to prevent and minimize the risk of such events and behaviours adversely affecting confidence and trust in the Group and its brands. For this reason, the Group conducts continuous training in the Code of Conduct and product safety.

CRISIS MANAGEMENT

Nordic Waterproofing's crisis management is decentralized, meaning that events should be resolved locally, as close as possible to the origin of the incident. The crisis organization now in place at the Group level shall ensure that those involved within Nordic Waterproofing have the knowledge and skills required to manage various incidents. If major incidents occur that could affect the Group as a whole, the Group's crisis organization, including the Board of Directors, is to be informed and should assess how the event should be managed.

RESPONSIBILITY AND REVIEW

The capacity to identify, evaluate, manage and monitor risks is an important part of the management and control of Nordic Waterproofing's business operations. The purpose is for the Group's targets to be achieved through well-considered risk taking within defined limits. Risks and opportunities are regularly reviewed and reported to the Executive Board and the Board of Directors for appropriate responses and actions.

Responsibility for risk work lies with the managers of each of Nordic Waterproofing's different business units. Responsibility refers both to ongoing efforts with operational and other relevant risks, to advance and develop work in the area of risk. A bottom-up risk assessment is conducted annually in each business unit. A risk matrix with the ten greatest risks – their probability, consequences and measures for reducing or preventing those risks – is then consolidated from each business unit up to the Group level, forming the basis for a list of the Group's shared risks.

Financial risk management is administered by the Group CFO who is responsible for the Group's external banking relationships, liquidity management, net financial items, interest-bearing liabilities and assets, and for Group-wide payment systems and netting of currency positions. The centralization of financial management entails considerable economies of scale and lower financing costs, while ensuring strict management of the Group's financial risks and improved internal control. Read more about Nordic Waterproofing's significant risks and risk management on pages 79-81.

MAJOR RISKS AT NORDIC WATERPROOFING

RISK	DESCRIPTION	DEVELOPMENT	
Market	Development of the construction market	The waterproofing market is a relatively small niche within the construction market and generally follows the fluctuations in the construction industry. Demand for Nordic Waterproofing's products and services may fall because of lower construction activity.	Demand from the construction industry remained strong in 2020, despite the global covid-19 pandemic. We estimate that Nordic Waterproofing's distribution of sales is approximately 50 percent for renovation and 50 percent for new construction, which gives us a good balance to cope throughout the business cycle.
	Competition	By developing their products, improving their production methods or offering their products at lower prices, Nordic Waterproofing's competitors could cause customers to prefer their products. Synthetic materials, such as PVC and TPO, which account for a small proportion of the Group's turnover, may increase in popularity at the expense of bitumen.	Nordic Waterproofing is constantly monitoring the development in its market. The overall demand for bitumen and EPDM products, and other materials supplied via Nordic Waterproofing's local representatives, is stable in the Group's market.
Operational	Unforeseen problems in connection with acquisitions	Unforeseen business-related problems associated with the acquired companies or the integration processes may take longer or be costlier than anticipated, and expected synergies could fail to, or only partially, materialize. Thus, the value of assets relating to the acquisitions – goodwill – may not be realized and may need to be written down.	The Group has stated plans to grow through acquisitions and has implemented a number in recent years. The acquisition processes are led by a group experienced executives contributing to a structured integration process including the Group's Code of Conduct as an important part.
	Seasonality	Irregular seasonal variations, e.g. an earlier winter season, may affect building activities.	The Group maintains an agile organization to meet the challenges posed by the Nordic winter and summer weather conditions.
	Disruption in production	The Group's manufacturing and installation operations could suffer stoppages or disruptions in the form of, for example, fire, engine breakdowns, failures in IT systems, disputes with labour organizations, weather conditions or natural disasters.	The bitumen manufacturing units in Denmark, Finland and Sweden are maintained routinely and, once a year, production is stopped for systematic servicing. In addition, Nordic Waterproofing has spare capacities in its production units, allowing for a shorter accidental stop.
	Environmental permits	The production facilities in Denmark, Finland and Sweden are subject to mandatory reporting obligations and require permits. The operations affect the external environment primarily through noise and emissions.	The Group has all necessary permits for its operations and is monitoring any changes in the environmental regulations and permit regulations in each relevant country.
	IT system and process failure	The Group's IT systems can be disrupted by software failures, computer viruses, hacking, sabotage and physical damage, for example.	A central organization is continually monitoring the system's status and carrying out monthly updates to protect the Group's IT systems. No major disruptions were reported in 2020.
	Supplier relationships	Access to alternative suppliers from whom bitumen and rubber components can be purchased is considered crucial in the event that partnerships with the Group's primary suppliers were to come to an end. The supply agreement for rubber products contains minimum volume commitments for the Group, reducing the option to purchase rubber compounds from alternative suppliers and adapt to lower demand.	The Group has integrated the risk minimization and dependencies in the purchasing process. Potential suppliers are evaluated and a more flexible dual sourcing is used where possible. At the end of 2019, Nynäs, an important bitumen supplier, applied for a corporate restructuring, why the Group chose to supplement with additional suppliers to secure deliveries of bitumen. Nynäs' reconstruction was completed in 2020. No delivery problems were noted in 2020.
	Raw material costs	There is a risk that the Group will be unable to compensate for an increase in the cost of input goods by imposing a higher price on a customer or that this compensation will only be obtained after a period of time, which will have an adverse effect on the Group's results and financial position.	The Group is exposed to commodity price volatility and may decide to hedge the price levels for a certain period of time and/or respond by raising the price of its products. In 2020, spot prices for bitumen were volatile as a result of volatility in the market price of oil. The Group had more stable prices through hedge agreements during three of the year's quarters.
	Political risks	The Group may have suppliers who procure their raw materials from areas that may be affected by political turbulence or, for example, through an executive order from the US Treasury Department's Office of Foreign Assets Control ("OFAC") may no longer continue to purchase their raw materials from its supplier.	Nynäs, an important supplier of bitumen for the Group, changed its supply of raw materials and ownership structure in 2020, thereby canceling the executive order issued by OFAC.
	Effects of Brexit	Nordic Waterproofing conducts operations in the UK through its business unit SealEco. The operations in the UK are to a certain extent dependent on imports of goods from the production unit in Sweden, but combined with the fact that Nordic Waterproofing's sales in the UK account for less than 2 percent of the Group's total sales, Nordic Waterproofing estimates that an exit from the EU, in one form or another, will not have a significant direct impact on the Group's earnings.	The development surrounding Brexit was continuously monitored in order to mitigate potential negative effects. Brexit took place in January 2021 and the Group has not noted any significant negative impact.

MAJOR RISKS AT NORDIC WATERPROOFING

RISK		DESCRIPTION	DEVELOPMENT
Legal	Competition law	Competition authorities have the power to take legal action and may require a party to cease applying terms and conditions or prices in agreements that are found to be anti-competitive.	Nordic Waterproofing A/S and other suppliers of waterproofing products were the subject of an investigation by the Danish Competition and Consumer Authority (KFST), which was completed in 2020 without further action by the authorities.
	Changes to regulations	Changes in stimuli to encourage the construction of new-buildings, e.g. legislation, regulations and rules affecting town planning, zoning plans and land development, as well as building permit/planning permission regulations, may change in the future. Furthermore, changes may occur in the regulations for contributions, such as the ROT deductions in Sweden and household allowances in Finland.	Nordic Waterproofing's products are well established in all relevant markets and the Group is exposed to a limited extent to changes in the subsidies in different countries.
	Intellectual property rights	The Group has developed products that lack patent protection that may be more important to the Group and its competitive position on the market than what has previously been considered to be commercially reasonable. There is also a risk that the Group will be unable to defend trademarks and patents granted.	The Group has assigned an external party and established routines to register and maintain its patents, trade marks and other intellectual property.
	Compliance risks	With 1,116 employees in ten countries there is an inherent risk that any Nordic Waterproofing employee is involved in unethical behavior in terms of bribery, corruption, fraud or other illegal or unethical behaviour. The same goes for the Group's suppliers.	In 2018, the Group's Code of Conduct and Whistleblower policy was implemented. The adherence to these will be followed up annually in the annual performance reviews. In 2019 a Code of Conduct for Suppliers was introduced.
Financial	Currency risks	The Group is exposed to currency risk in the form of transactions and currency conversions. Transaction exposure arises in connection with acquisitions and sales of goods and services in currencies other than the local currency of the relevant subsidiary. The translation exposure constitutes the risk represented by the translation difference in the form of the change in equity.	The Group has significant cash flows in foreign currencies (DKK, EUR and NOK) that arise in the ordinary course of the Group's business. Inflows and outflows of those foreign currencies are naturally well balanced and any net transaction exposure is therefore considered insignificant.
	Credit risks	Credit risks may occur in relationships with customers failing to perform their obligations.	In each country, Nordic Waterproofing has a large number of customers, most with low outstanding credit. The Group maintains a close relationship with its customers and any delays are monitored and rectified as soon as possible. No major credit loss was reported in 2020.
	Commodity price risk	Commodity price risk is the risk that changes in the price of raw materials will unexpectedly impact the Group's income statement, balance sheet or cash flow. Nordic Waterproofing is primarily exposed to the risk of price changes of four types of raw materials: bitumen, SBS, polyester and EPDM. The greatest exposure available is in bitumen whose price in the short term is the most volatile.	In 2020, the Group's results were positively impacted by lower raw material prices than in 2019, the risk of being financially affected by developments in commodity prices can be considered to be unchanged. In 2020, commodity prices for bitumen were hedged by forward contracts for the first, third and fourth quarters of the year.
	Interest rate risk	Interest rate risk is the risk that a change in market interest rates will have a negative impact on the Group's income statement or balance sheet. The Group's bank loans carry variable interest rates in the form of EURIBOR 3M or STIBOR 3M plus a margin.	In 2020, the Group has signed a new agreement for its long-term financing with lower margins, which reduced this risk. The Group's covenants have also developed positive, which has led to a lower interest cost.
Sustainability	Environmental and occupational health and safety risks	The Group is exposed to environmental and production risks, such as major fires with both production stoppages and environmental impact as a consequence. Group operations, especially the installation businesses which involve roof laying, are also subjected to risks of accidents, with very severe injuries or even deadly outcomes as a consequence.	With regard to fires in proprietary production, this is followed up for each individual business unit in an annual assessment with preventive action programmes and testing of emergency contingencies. The follow-up is reported to Group Management. The Group continuously trains personnel with the aim of minimizing risks and accidents. Best practice comparisons are made between the different countries' organizations.
	Human rights	The Group has both common supply chains, and supply chains specific for our business units. We evaluate our suppliers but there is a risk that there are breaches of labour and human rights lower in the value chain.	In 2018, we initiated a project looking further into the possible impacts of our business. A Supplier Code of Conduct was introduced in 2019.