M E B Y E

## PROGRESS 2023

Melbye Group AS Sustainability Report



### PROGRESS IN THE MELBYE GROUP

Ever since we were founded in 1907, Melbye has always focused on the long-term. Today, we are a leading supplier within the construction industry with a focus on sustainable infrastructure solutions for the fibre, energy and installation segments. We are constantly working to explore and develop more, better and more sustainable solutions within our business areas. We are facing constant new demands, and framework conditions are changing. We recognise that the bar will be raised further in the years ahead and Melbye Group intends to continue and increase our focus on greener solutions and contribute to sustainability in all aspects of our value chain. That is why we have chosen to name our sustainability report 'Progress'. We are not finished yet. We are going in the right direction.

Melbye is a family-owned, Norwegian business group. We always have been. We are proud of the work and results we achieved in 2023. We highlight some of our achievements in case studies throughout the report. These stories clearly show how sustainability fits in with our vision: 'To deliver the smartest solutions, to the benefit of all.' Not only will we offer good solutions for the customer, but we will also actively contribute to the benefit of society, people, the environment and the climate.

Over the next few years, major upgrades and the development of critical infrastructure will be required. The need for greater capacity is being driven by increased electricity consumption, a development that is accelerating with the transition from fossil fuels to renewable energy sources. Some of our neighbours are lagging quite far behind in the development of their fibre network, a need that is greatly increasing with the expansion of 5G infrastructure. We can already see these drivers today, and we are actively surveying the opportunities that may emerge as underground and overground infrastructure need to be upgraded. We will continue to actively employ sustainable solutions that meet new requirements and regulations.

This report is based on the work done on the materiality analysis, and lays out our work on climate, energy, waste, responsible procurement and diversity. Furthermore, the report contains concrete examples of what Melbye Group achieved in 2023, and provides some ideas of where will go in 2024 and beyond.

Happy reading.

**Vivi Nyseter-Østby** Group CEO, Melbye Group

Ida Melbye-Larsen Chair of the Board, Melbye Group



### OUR CONTRIBUTION TO THE UN'S SDGS

M E L B Y The UN Sustainable Development Goals (SDGs) were a natural starting point for the development of Melbye's sustainability strategy. Our internal goals should align with the overall goals for society, and below is a list of the SDGs we regard as the most relevant for the company and our value chain.



#### Good health

We will ensure good health and promote quality of life for all our employees, regardless of their age. We will achieve this by focusing on health, safety and the environment (HSE) and by supporting internal health-promoting schemes.



#### Decent work and economic growth

It is our goal to contribute to creating economic growth in society, and we have a responsibility to safeguard human rights and labour rights in our supply chains. We will be a safe, inclusive workplace with a focus on HSE, working environment and the development of internal sustainability expertise.



#### Innovation and infrastructure

As part of the process between production and application within essential infrastructure, we will focus on environmental documentation of our products and will increase our range of products/solutions that are less environmentally harmful than traditional alternatives. In this way, we contribute to building a solid infrastructure and a more sustainable business sector.



#### Reduced inequality

We prioritise diversity and inclusion – both internally, during the recruitment process, and in our value chain through our Code of Conduct. In this way, we help to promote social, economic and political inclusion for all, regardless of age, gender, disability, race, ethnicity, nationality, religion, economic status or any other trait.



#### Responsible consumption and production

We will document the climate and environmental impact of our products, and will work to reduce the content of unwanted chemicals in our products. We will work to produce eco-friendly and circular solutions within our product categories, reduce our use of packaging, and increase our rate of recycling. In this way, we can contribute to achieving sustainable management and more efficient use of natural resources.



#### Stopping climate change

We will prepare climate accounts, reduce our greenhouse gas emissions, and establish a plan with specific reduction targets. In this way, we can help to combat climate change and its consequences. Documenting the climate and environmental impact of our products, working for more eco-friendly and circular solutions, reducing waste and increasing our focus on recycling are all key measures to help to stop climate change.

### OUR WORK ON THE MATERIALITY ANALYSIS

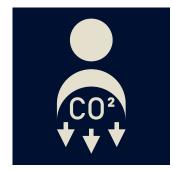
The most important aspects for Melbye:	Significant aspects of the greatest external importance:	Significant aspects of the greatest internal importance:	Significant aspects of lesser importance:
Documentation and knowledge of climate and environmental footprint	Sustainable supply chain Code of Conduct	Sustainability anchoring and collaboration	Sustainability integrated as part of our corporate
ιοστριπτ	Code of Conduct	Collaboration across	governance
Openness and communication	Reduced greenhouse gas emissions	the value chain	Health, safety and environment
on sustainability		Attractive employer	
Increased sustainability competencies	Increased circularity and reduced natural impact		Sustainable operations
Sustainable Sourcing/procurement			

Melbye's materiality analysis was carried out in 2022 and lays the foundation of our sustainability efforts during the strategy period. The materiality analysis was carried out with broad involvement across the company, including Group management and the Board. In addition, we involved external consultants to provide an outside perspective during the preparation of the analysis.

#### Our sustainability focus areas

Based on the materiality analysis, three focus areas were defined in our sustainability strategy, which are based on ESG (Environmental, Social and Governance) principles.

Melbye's focus areas are:



Reducing climate and environmental impact

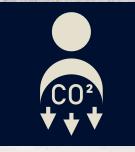


An attractive, inclusive and safe workplace



An open and present participant in sustainability

The progress report was developed in line with our focus areas, and the 2023 results are presented in the next three chapters.



### REDUCING OUR CLIMATE AND ENVIRONMENTAL IMPACT





INFRASTRUCTURE

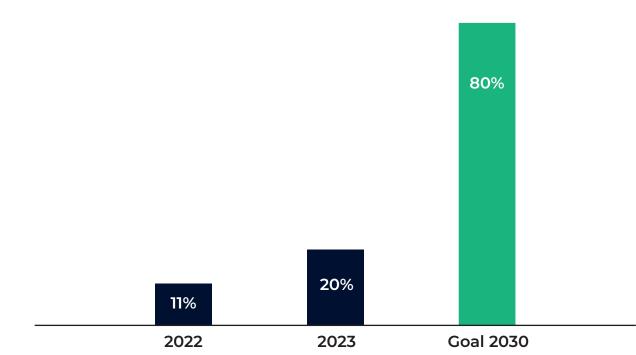


Erland Stakvik Sales Manager, Infrastructure Work on climate and the environment has been a major focus in 2023. To ensure targeted work in the future, investing in a good reporting system has been vital. Melbye, in collaboration with CEMAsys, has therefore established good procedures for the reporting of climate and environmental data. The quality of the data is steadily improving, and for the first time Melbye can report the relative developments for the most important indicators when we compare 2023 to 2022. Furthermore, there has been progress in our work on including larger parts of the value chain through mapping of Scope 3 emissions. Concurrently, focus on the use of EPDs in the industry has increased, work we have focused on and will continue to focus on into 2024.

#### Our EPD and environmental documentation work

In line with the sustainable transition of our customers, there is rapidly increasing demand of product documentation such as REACH, RoHS, Conflict Minerals, Environmental Product Declaration (EPD), and Life Cycle Assessments (LCAs). We are working to gather as much information as possible from our suppliers about the products we sell, and will make this information available on our website. This work continued in 2023 and we are extremely pleased with the progress so far. We are continuing our efforts to ensure that 80% of our goods by sales will have publicly available EPD in 2030.

Share of sold products with EPD	2022	2023	Goal 2030
	11%	20%	80%



#### Share of sold products with EPD

#### New solutions for lower emissions and increased efficiency

Established practice for laying cables underground is to use concrete pipes. However, established practices can be challenged.

Melbye offers an alternative using our HDPE multiducts, made of recycled raw materials. The ducts have a significantly lower net weight, which contributes to reducing emissions from transport. The ducts can be handled manually, are easy to place and thus save contractors time and effort during the construction process. At the same times, the ducts are easy to dig up and recycle again.

'If we compare the EPDs for multiducts with the concrete alternative, we see there is potential for environmental savings of up to 70 percent. We already have great reference projects that demonstrate this, strengthening our belief in the product and giving us high confidence for future successes.

#### Reducing our CO<sub>2</sub> footprint

2023 is the first year where Melbye can report on developments in our emissions. With figures from 2022, we can now see the change compared to 2023 for our Scope 1 and 2 emissions. This is an important step forwards. Our work on setting goals, developing a climate budget and implementing measures. At the same time, we are working to establish an account for our Scope 3 emissions, a project we have begun and which is progressing well.

The development in emissions may appear to be going in the wrong direction. 2023 was a year with slightly more travel, resulting in a slight increase in emissions. The main difference comes from transport to and from work being included in Scope 3 for the first time. Therefore, a direct year-on-year comparison is not possible. Energy consumption in the organisation has decreased, and quality of reporting has increased in 2023.

#### Greenhouse gas emissions

Total emissions	2022	2023
Scope 1, 2 and 3, location-based (tCO2e)	152.8	264.9
Scope 1, 2 and 3, market-based (tCO2e)	477.4	643.4

Direct emissions, Scope 1	2022	2023
tCO2e	42.3	51.5

Indirect emissions, Scope 2	2022	2023
Location-based (tCO2e)	10.7	13.4
Market-based (tCO2e)	335.3	391.9

Other indirect emissions, Scope 3	2022	2023
tCO2e	99.9	200

Total reduction in emissions	2022	2023
Change in emissions, total location-based	-	+73.4%
Change in emissions, total market-based	-	+34.8%

#### **Energy consumption**

Energy consumption in the organisation	2022	2023
Scope 1 (MWh)	171.8	198
Scope 2 (MWh)	1,184.8	1,033.8
Total	1,356.6	1,231.8

Reduction in energy consumption	2022	2023
	-	-9.2%



Product Manager

#### Reducing our environmental impact

We use professional companies to manage the waste from our warehouses. We work continuously to reduce the amount of waste we produce, and our goal is to have an 80% sorting rate for our warehouses in Norway and Sweden. In 2023, we saw a positive trend where the sorting rate increased from 43 percent to 49 percent. At the same time, the total amount of waste was reduced significantly.

Total waste	2022	2023
Tonnes	98.4	62.7

Waste by fraction (tonnes)	2022	2023
Paper for recycling	0.9	1
Metal for recycling	3.4	1.4
Plastic recycled	3.4	2
Plastic (foil) recycled	0.7	1
Unsorted/combustible	18.4	5
Mixed waste, sorted and recycled	19.9	10.5
Cardboard for recycling	14	14
Wood for burning	37.3	27
Mixed electronic waste	0.4	0.5

Waste after processing	2022	2023
Sorted	43%	49%
Residual waste	57%	51%

Hazardous waste	2022	2023
kg	0	123

#### Protecting birds with Melbye's covered conductor solution

Problems related to birds and suspended cables are well known in the energy sector, with the endangered Eurasian eagle-owl among one of the species hardest hit. Melbye's BLX solution was therefore developed with a clear goal: minimise the risk of injuries to birds.

The components allow for the building of sealed systems without any penetration by power lines or the presence of current in insulator covers. This is not only beneficial for operations, but also for birds that pass over facilities and installations.

'When we began designing BLX components, we had clear and strategic targets for both products and installation. One of the primary goals was to achieve an almost completely insulated installation to protect birds.'



### MELBYE SHALL BE AN ATTRACTIVE, INCLUSIVE AND SAFE WORKPLACE

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PEOPLE & ORGANISATION



Liv Kluge Chief People & Organisation Officer



Melbye aims to be an attractive, inclusive and safe workplace. 2023 was another year that saw no serious injuries or incidents. At the same time, progress has been made in important areas such as reduced sick leave, and the proportion of women in the company has increased from 23% to 28%. As such, Melbye is approaching its target of having 30% of employees in the company be women. Melbye has traditionally had a good proportion of women on the Board, and this is also true of 2023, where half the Board of Melbye Group was women. In total, the number of employees increased by three in 2023, and 2024 will be a year where we focus on further recruitment in important areas such as new business areas and environmental documentation.

#### Increased knowledge of sustainability

In order for our sustainability strategy to succeed, to contribute to changing attitudes and to safeguard our role as a trading company where competence is a core part of our delivery, our internal sustainability competence will be crucial in the period ahead. To that end, we continued our efforts in 2023, and Ethical Trade Norway was invited to contribute to the further development of our responsible procurement work.

#### A diverse recruitment process

Through strategic and inclusive recruitment practices, we are committed to creating a workforce that reflects our global community. The recruitment committee and our People & Organisation department participate actively in all recruitment processes and ensure strict adherence to our guidelines. All of our job vacancies are advertised internally and externally. We are also committed to ensuring gender diversity in our assessment processes. In 2023, the proportion of female employees increased to 28%, compared to 20% in 2018.

'To guarantee fairness in our recruitment process, we have established an internal recruitment committee with representatives from various specialism, age groups and genders. This provides us with diverse perspectives throughout the entire recruitment process.'

### EQUALITY AND DIVERSITY

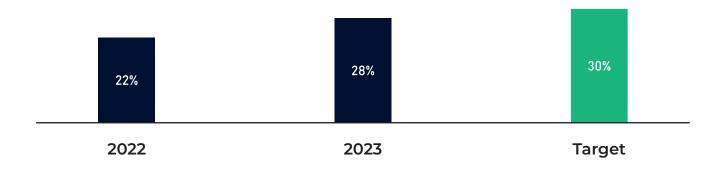
We at Melbye take care of our employees and aim to be an attractive and modern workplace for all. Having a good and safe workplace is important for us, and we have therefore organised our work on health, safety and the environment (HSE) through our HSE policy. We carry out risk assessments and safety inspections, and we also support a number of health-promoting schemes for our employees. We also take the temperature of our work environment through pulse checks several times a year. For 2023, we have seen a positive development in reduced sick leave, and we have taken a step closer to our target of having 30% of employees in the company be women. At the Board level, women are well represented.

Our employees	2022	2023
Norway	62	65
Sweden	44	45
ик	2	4

Health, safety and environment	2022	2023
Sick leave	7.2%	6.2%
Serious accidents and incidents	0	0

Equality and diversity	2022	2023
Board members, women	60%	60%
Board members, men	40%	40%
Managers with staff responsibility, women	18%	24%
Managers with staff responsibility, men	82%	76%
Total percentage, women	23%	28%
Total percentage, men	77%	72%
Average age	47	47

#### Percentage of women in the company compared to target





### AN OPEN AND PRESENT PLAYER IN SUSTAINABILITY



SUSTAINABILITY



Aina-Lena Pohl Sustainability Manager 2023 was a year of strong progress in Melbye's work regarding responsible procurement. In collaboration with Ethical Trade Norway, we carried out training in responsible procurement for all our purchasers. We expanded our risk survey efforts, including through the introduction of an important new measure: making unannounced visits to our suppliers. This comes in addition to established practice through the use of self-evaluations and physical audits. We have also taken a step forward with 93% of our suppliers having signed the Melbye Code of Conduct. For suppliers where non-conformance has been detected, individual action plans have been implemented to resolve these, which is in line with our strategy of improvement over exclusion.

In 2023, Melbye was awarded a silver medal by EcoVadis for our sustainability work. EcoVadis is a recognised rating organisation for companies' sustainability work, and an important milestone has been achieved for us at Melbye. We are very proud of this, and we are continuing to work to maintain and improve this rating.

#### Sustainable corporate governance

Sustainability work at Melbye is clearly anchored in the Board and senior management. The Board decides on and follows up the work at a strategic level, and Group management is the executive body the works towards the approved targets. The company has two dedicated resources that work at the group level (across the countries we operate in). Sustainability is a core part of the organisation and has stakeholders across most functions.

Sustainability is crucial: strategic targets, good reporting, strategic targets, robust reporting against these, and contributing to business development as well as market-oriented measures for Melbye's sustainability work.

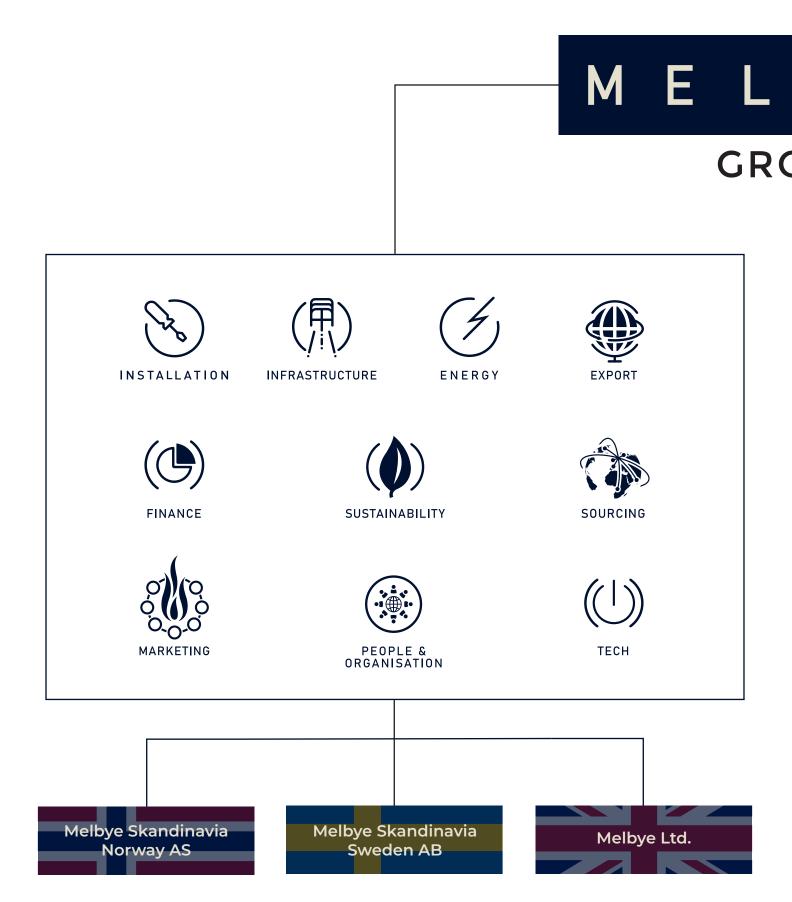


### Melbye's sustainability work has been awarded a silver medal by EcoVadis

Melbye has undergone its first assessment by global third-party certification organisation and independent platform EcoVadis. The assessment resulted in a silver medal, which places us among the top 25 percent of all ranked companies.

EcoVadis follows up on work within the environment, labour and human rights, ethics and sustainable procurement in order to ensure our sustainability ambitions.

'Melbye's silver status from EcoVadis provides our customers and suppliers assurance that we comply with the requirements of sustainable practices. We are proud of our dedicated employees who contribute to the progress of our sustainability work.



The Melbye Group is organised in such a manner that Group functions, including sustainability, work across the markets we operate within. The markets in Norway, Sweden and the UK are served through group functions in addition to our physical presence in these countries. Melbye previously utilised a more concentrated focus on the various markets, however, changing market requirements and a desire for more flexibility have led to this new organisation.



### A RESPONSIBLE PARTNER

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SUPPLY CHAIN



Kate E. Grønberg Lyngdal, Purchasing Manager Melbye uses external certifications and environments to demonstrate we are a responsible partner. Melbye Skandinavia Norway is ISO 9001:2015 and 14001:2015 certified. Work is ongoing to certify the company at the group level and incorporate the UK and Sweden into the ISO work. As stated in this report, we have been assessed by EcoVadis, and we are working actively on internal policies and management documents.

Transparency combined with a sustainable supply chain is important for us and our customers. Traditionally, we have always collaborated closely with our suppliers, and we work on a principle of improvement over exclusion. In this report, we present the most important figures for our work on responsible procurement. In addition, Melbye reports to and collaborates with Ethical Trade Norway. The reporting to Ethical Trade Norway is used by Melbye to demonstrate compliance with the Norwegian Transparency Act and is available **HERE**.



#### Collaborating for a more responsible value chain

We at Melbye take our commitment to responsible procurement seriously. Through our membership of Ethical Trade Norway, we have access to the tools, advice and resources we require to be able to operate in accordance with applicable laws and regulations.

Our approach to responsible procurement has a solid foundation in our focus on due diligence.

'Our aim is for the entire value chain to see reasonable earnings. We are aware that too much pressure on delivery times and other commercial conditions can result in human rights violations. Ethical Trade Norway is a valuable partner for us at Melbye, and their insight into the challenges of procurement makes them a great sparring partner.'

# Total number of suppliers divided by continent

2023

**4.7% (4.9%)** America

**77.5% (76.4%)** Europe

**17.7% (18.2%)** Asia

**0% (0.5%)** Australia



SOURCING



Roar Winjum Chief Procurement Officer



#### Proximity to suppliers contributes to responsible procurement

We at Melbye take the Norwegian Transparency Act seriously, and in 2023 we implemented a comprehensive strategy to strengthen our procedures in this area.

As a part of our commitment to responsible practices, we conduct physical audits of our suppliers. After each audit, an action plan is developed to resolve any non-conformance and to further improve conditions. This is followed up by regular, unannounced visits, where we carry out follow-up of the action plan and perform random checks in accordance with the physical audit.

One of the most important measures is an increased physical presence with our suppliers, and we have our own auditors in China and India.

'Through thorough risk assessments, audits and follow-up processes, we are working to ensure that the social and working conditions of our suppliers is in line with our guidelines and requirements.'

As a part of the work on responsible procurement, we are seeing increasingly greater risk in our supplier base in Asia. This is true for both environmental and social conditions, and increasingly to delivery security. Therefore, we have set a goal of having 30% of our suppliers based in the EU, and the proportion has increased from 2022 to 2023. This is a long-term project that will take time, involving a number of strategic considerations, as well as constantly changing geopolitical conditions. There are currently 11 suppliers where we detected non-conformance, and for whom we have drawn up action plans. Examples of non-conformance are a lack of overtime pay or minimum wage. Five conditions were rectified in 2023, and some of the suppliers were followed up into 2024.

Melbye works actively to communicate our Code of Conduct to our suppliers. You can read our Code of Conduct **HERE**.

Risk surveys	2022	2023
Number of suppliers	187	169
Number of suppliers defined as an at-risk supplier	35	25
Percentage of at-risk suppliers assessed	57%	100%
Percentage of suppliers that have agreed to the Melbye Code of Conduct	90%	93%
Self-evaluations by supplier	20	8
Physical audits	10	20
Non-conformances detected	0	8
	-	
Suppliers with action plans	11	11

\*Physical audits include surprise visits, new measure from 2023.

Risk surveys	2023
Percentage of suppliers who responded to the supplier assessment (self-assessment)	54%
Suppliers with HSE* systems	78%
Suppliers with policies or procedures to safeguard employees' right to form a union and enter into collective bargaining*	74%
Suppliers that meet minimum wage in line with local laws	98%
Supplier that pay overtime in line with local laws	95%
Suppliers with measures in place to prevent discrimination	86%

\*based on a total of 70 suppliers surveyed. Surveying began in 2023.

Through our UK subsidiary, Melbye is subject to the Modern Slavery Act, which has much in common with the Norwegian Transparency Act. You can find Melbye's report on the Modern Slavery Act **HERE**.





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