



# SUSTAINABILITY IN MELBYE

# 2024

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M E L

B Y

E

Part of critical infrastructure – **since 1907**



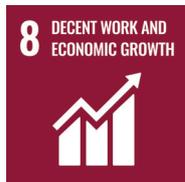
# The UN Sustainable Development Goals

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 and well-being

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. We will do this by focusing on HSE and by supporting internal health-promoting schemes. A number of our innovative products improve, facilitate and secure the working life of those who use them. This constitutes a contribution to the health and safety of our customers, as well.



## Industry, 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.



## Climate action

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 materiality and strategy work

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 Collaboration across the value chain Attractive employer	Sustainability integrated as part of our corporate governance Health, safety and environment Sustainable operations
Openness and communication on sustainability	Reduced greenhouse gas emissions		
Increased sustainability competencies	Increased circularity and reduced natural impact		
Sustainable sourcing/purchasing			

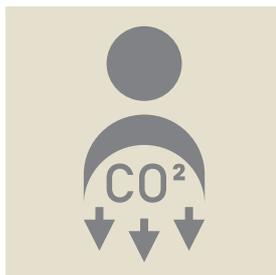
## Materiality analysis

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. As part of our obligation under the Corporate Sustainability Reporting Directive (CSRD), we will update the materiality analysis in 2025, in a process entailing a full dual analysis with broad involvement of employees, customers, suppliers and other stakeholders.

## Our sustainability focus areas

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

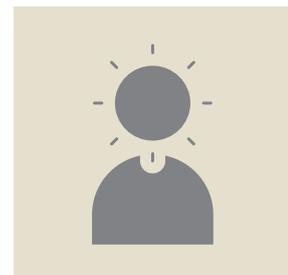
Melbye's focus areas are:



**Reducing climate and environmental impact**

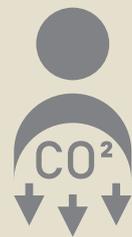


**An attractive, inclusive and safe workplace**



**An open and present participant in sustainability**

The progress report was developed in line with our focus areas, and the 2024 results are presented in the next three chapters.



# Our EPD and environmental documentation work

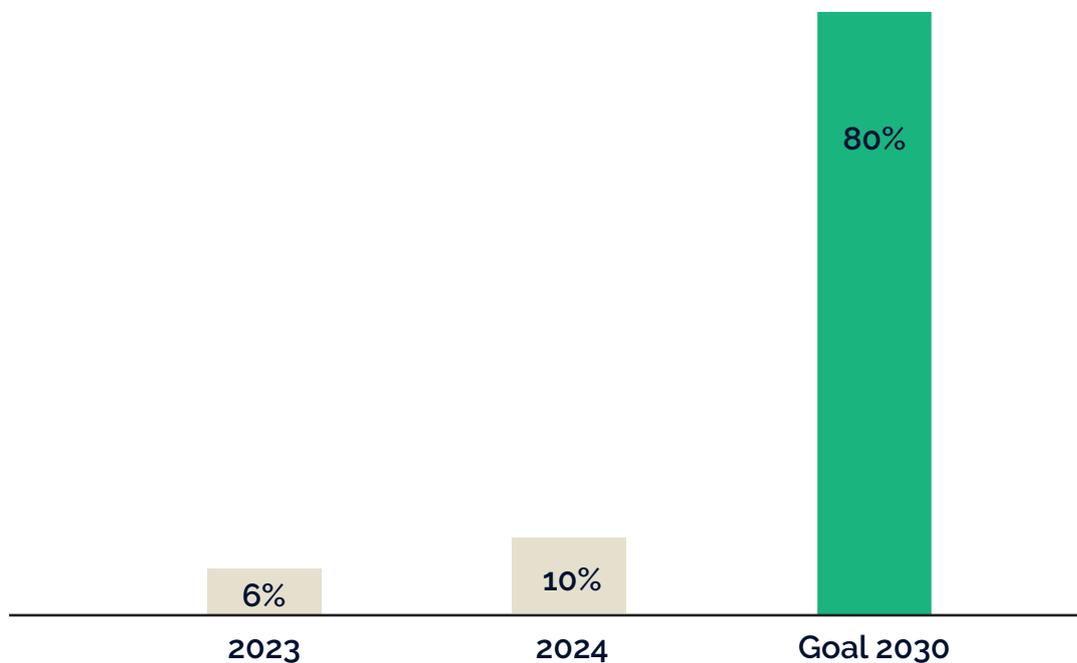
In 2024, EPDs became a clear requirement in the industries Melbye serves. The grid companies have drawn up specific requirements, which are also weighted in such a way that suppliers can realistically meet them. Melbye Group must be a driving force in the industry's EPD-related efforts. To this end, throughout 2024 we invested heavily in internal expertise and resources for this work. We are proud to have issued numerous EPDs over the course of the year, all of which are third party-certified. Melbye currently has several full-time resources dedicated to the preparation of EPDs, in close contact with our suppliers in Asia. Another reason why we want a local presence close to our suppliers is that Melbye plays an important role in transferring Nordic customer requirements to suppliers and creating mutual understanding. Melbye is currently working with OneClick LCA to produce the EPDs, and we expect rapid growth in terms of which products and product groups are covered by EPDs.

All of our EPDs are available on our website.

Proportion of traded products (in value) covered by EPDs*	2023	2024	Goal 2030
	6%	10%	80%

*\*The KPI was amended in 2024, from proportion of products to share of revenue, in order to account for both commercial and environmental needs.*

Proportion of traded products (in value) covered by EPDs



# Reducing our climate footprint

In 2024, efforts to develop Melbye's climate reporting continued. A Scope 3 transport emission screening was carried out, and the results are now included in the reporting. Scope 3 Transport is a major item in Melbye's climate reporting, since as a trading company, we buy and sell goods that are transported over large distances. It is therefore important to have control of these emissions. Furthermore, in 2024 Melbye set new climate targets that are in line with the Science Based Targets Initiative (SBTi). Melbye will not apply for approval of the targets this year, but we want the targets to be in line with the SBTi's expectations.

The increase in our Scope 3 emissions must be viewed in light of the inclusion of a new large category of emissions.

## Greenhouse gas emissions

Total emissions	2023	2024
Scope 1, 2 and 3, location-based (tCO <sub>2</sub> e)	844.2	825.4
Scope 1, 2 and 3, market-based (tCO <sub>2</sub> e)	1222.7	1281.8
Direct emissions, Scope 1	2023	2024
tCO <sub>2</sub> e	51.5	46.6
Indirect emissions, Scope 2	2023	2024
Location-based (tCO <sub>2</sub> e)	13.4	13.8
Market-based (tCO <sub>2</sub> e)	391.9	470.2
Other indirect emissions, Scope 3*	2023	2024
tCO <sub>2</sub> e	779.3	765.1
Development, total emissions	2024	
Change in emissions, total location-based	-2.2%	
Change in emissions, total market-based	4.8%	
Reduction in emissions, Scope 1	-9.5%	
Reduction in emissions, Scope 2		
Location-based	3.0%	
Market-based	20.0%	
Reduction in emissions, Scope 3*	-1.8%	

\*Scope 3 was expanded to include upstream transport in 2024. Data were collected for 2023 and 2024, and the figures for 2023 have therefore changed from those included in the previous year's report.

## Energy consumption

Energy consumption in the organisation	2023	2024
Scope 1 (MWh)	198	179.4
Scope 2 (MWh)	1,033.8	990.4
Total	1,231.8	1,169.8
Reduction in energy consumption	2024	
	-5.0%	

# 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. This goal was achieved by a good margin in 2024 as well, although the sorting rate dropped slightly from 2023 to 2024. This was mainly due to a large return that was not suitable for resale.

Total waste	2023	2024
Tonnes	62.7	69.3

Waste per fraction (all figures in tonnes)	2023	2024
Paper for recycling	1	1.6
Metal for recycling	1.4	4.7
Plastic recycled	2	1.6
Plastic (foil) recycled	1	0.8
Unsorted/combustible	5	8.6
Mixed waste, sorted and recycled	10.5	8.8
Cardboard for recycling	14	14.4
Wood for recycling	27	28.8
Mixed electronic waste	0.5	0

Waste after processing	2023	2024
Sorted	92%	88%
Residual waste	8%	12%

Hazardous waste	2023	2024
kg	123	0



# Melbye shall be an attractive, inclusive and safe workplace

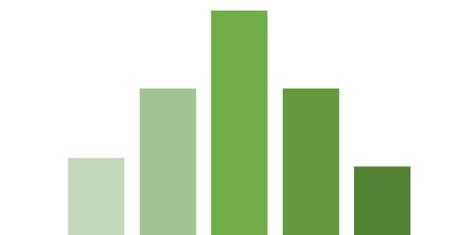
**Melbye aims to be an attractive, inclusive and safe workplace** 2024 marked yet another year without serious injuries or incidents. At the same time, progress was made in important areas that reduced sick leave. The proportion of women in the company has increased from 23% to 28%. As such, Melbye is approaching its target of having 30% of employees in the company be women.

2024 was a year in which several necessary measures in the organisation were introduced to ensure competitiveness in the years to come. Melbye Group has restructured to better and more holistically serve its market areas and customer groups. The measures lead to changes in reported figures for 2024, and these cannot be compared "one to one" with those for 2023.

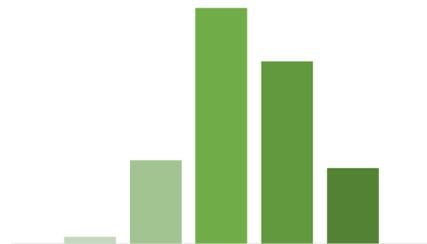
## Increased knowledge of sustainability

To succeed in our sustainability strategy and 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. We also want sustainability to be a source of pride in the company. To this end, in 2024 we conducted an internal survey to gain more insight into whether our employees have confidence in our strategy and feel proud of our sustainability work. This work is well underway and will continue in 2025.

"I feel confident explaining Melbye's sustainability work to a friend"



"I am proud of the sustainability work at Melbye."



# Equality and diversity

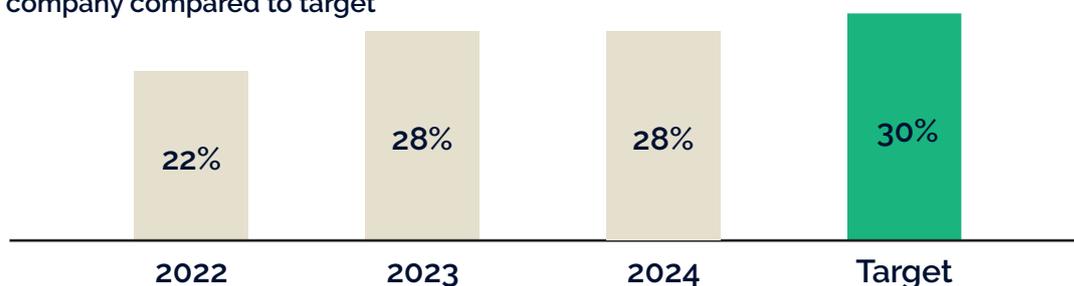
Having a good and safe workplace is important for us, and we have therefore organised our work with health, safety and the environment (HSE) through our HSE policy. We carry out risk assessments and safety inspections, and we also support a number of health-promoting schemes for our employees. We also take the temperature of our work environment through "pulse checks" several times a year. We are pleased to report that 2024 saw a reduction in sick leave. We have achieved our goal of a minimum of 30% women with personnel responsibility, and are approaching our goal of a 30% female workforce in the company. Women are well-represented at the Board level.

Our employees	2022	2023	2024
Norway	62	65	60
Sweden	44	45	46
Finland	0	1	1
UK	2	4	2

Health, safety and environment	2022	2023	2024
Sick leave	7.2%	6.2%	4.82%
Serious accidents and incidents	0	0	0

Equality and diversity	2022	2023	2024
Board members, women	60%	60%	50%
Board members, men	40%	40%	67%
Employee-elected representatives - 2 men			
Managers with staff responsibility, women	18%	24%	33%
Managers with staff responsibility, men	82%	76%	67%
Total percentage, women	23%	28%	28%
Total percentage, men	77%	72%	72%
Average age	47	47	47

Percentage of women in the company compared to target





# An open and present participant in sustainability



2024 was a year of strong progress in Melbye's work regarding responsible procurement.

We had several key goals for the year, nearly all of which we met. The risk surveys are demanding, and there is still work to be done in order to be able to conduct a full risk survey of our Tier 2 suppliers. Melbye aimed to conduct in-person supplier visits for all suppliers in high-risk countries. This included checking the suppliers' self-assessment. Other objectives included carrying out unannounced visits, integrating ESG research through Cemasis solutions for risk surveys, and participating in project work through Ethical Trade Norway. All of these goals were achieved.

In another step forward, 96% of our suppliers have now signed the Melbye Code of Conduct. Melbye also adopted its own internal Code of Conduct for 2024. 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.

## Melbye highlights suppliers who do a good job of responsible manufacturing

Melbye has recently launched new diplomas for suppliers, in recognition of their efforts to comply with our Code of Conduct and meet our standards. The diplomas are designed to spotlight the work of our suppliers while motivating further development. Suppliers can achieve different levels (from bronze to platinum) based on their audit results, and the accreditation is valid until the next physical audit. According to our procurement managers, Jacky Xu and Ankush Sunkale, the feedback from our suppliers has been very positive.

The diplomas not only help to acknowledge their achievements, but also to strengthen the collaboration between Melbye and our suppliers. This contributes to the continuous improvement of standards in areas such as environmental safety, human rights, and quality control.

Jacky Xu describes the diplomas as a tool to build stronger relationships and inspire best practices among suppliers.

*"Suppliers feel proud and respected when they receive their diplomas. They see it as an honour to be recognised as a Melbye-qualified supplier, and that gives them an added motivation to do their very best,"* says Sourcing Manager Jacky Xu.

With these diplomas, Melbye has taken another step towards building lasting partnerships and promoting sustainability across the entire supply chain. They are more than a recognition of good work; they are an initiative that creates value for suppliers, Melbye Group and our customers.



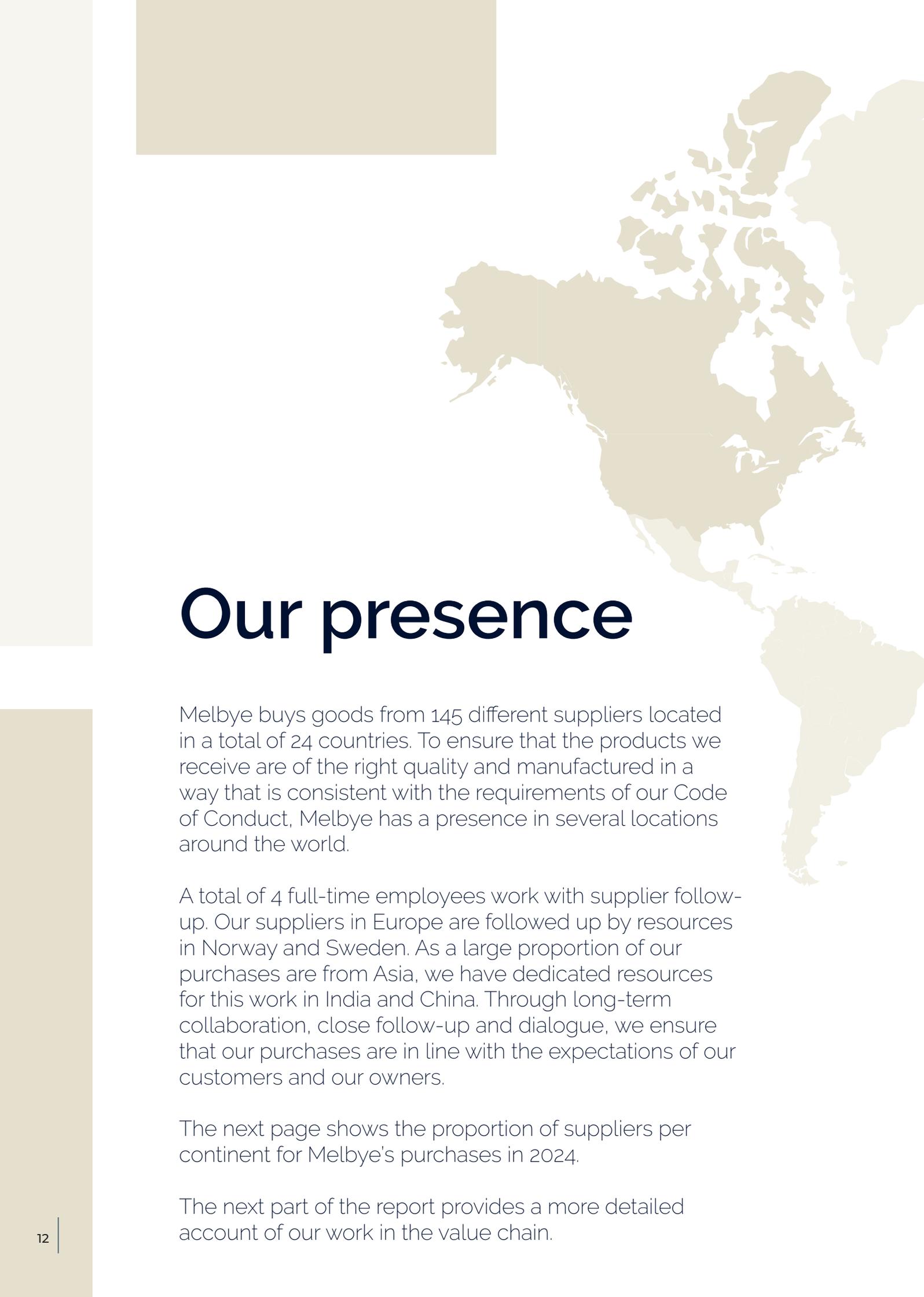
# Certifications

Melbye uses external certifications and environments to demonstrate we are a responsible partner. Melbye Skandinavia Norge 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. We work actively with internal policies and management documents. Transparency combined with a sustainable supply chain is important for us and our customers. This report highlights the most important figures for our work with responsible procurement. The report to Ethical Trade Norway is used as Melbye's statement pursuant to the Norwegian Transparency Act, and is available [HERE](#).

Certifications and compliance work are high on Melbye's priority list, and as a sourcing partner, our customers must feel confident that Melbye is a safe supplier.







# Our presence

Melbye buys goods from 145 different suppliers located in a total of 24 countries. To ensure that the products we receive are of the right quality and manufactured in a way that is consistent with the requirements of our Code of Conduct, Melbye has a presence in several locations around the world.

A total of 4 full-time employees work with supplier follow-up. Our suppliers in Europe are followed up by resources in Norway and Sweden. As a large proportion of our purchases are from Asia, we have dedicated resources for this work in India and China. Through long-term collaboration, close follow-up and dialogue, we ensure that our purchases are in line with the expectations of our customers and our owners.

The next page shows the proportion of suppliers per continent for Melbye's purchases in 2024.

The next part of the report provides a more detailed account of our work in the value chain.



**5% (4.7%)**

North America

**22% (17.7%)**

Asia

**73% (77.5%)**

Europe

*\*2023 figures in parentheses.*

# Responsible procurement

As a part of our work with responsible procurement, we have noted growing risks among our supplier base in Asia. These risks relate to both environmental and social conditions, and increasingly to delivery security, as well. We have therefore set a goal of having 30% of our suppliers based in the EU, and the proportion 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.

Melbye currently has 12 suppliers where we detected non-conformance during our audits, 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 will be followed up in 2025.

Melbye Group works actively to communicate our Code of Conduct to our suppliers. You can read our Code of Conduct [HERE](#).

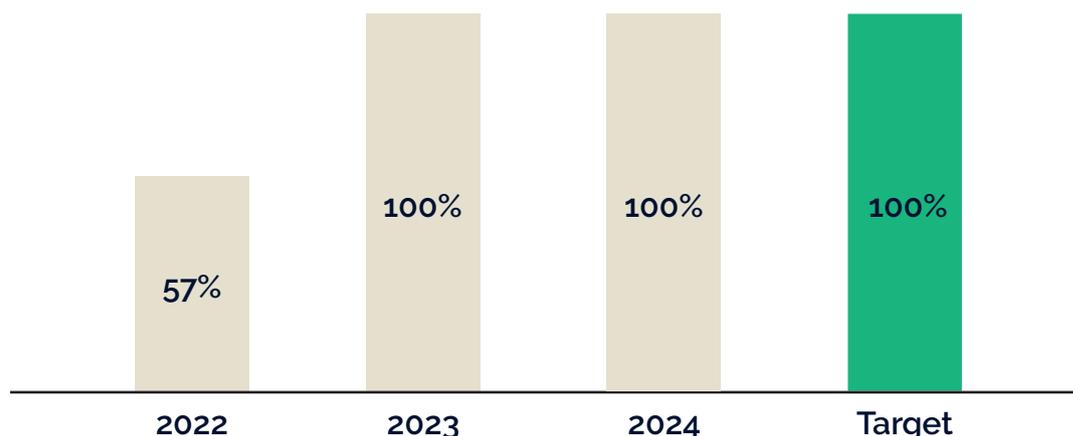
Below is the summary of our work with responsible procurement in 2024. For a full overview, please refer to our report under the Norwegian Transparency Act.

Risk surveys	2023	2024
Percentage of suppliers who responded to the supplier assessment (self-assessment)	54%	54%
Suppliers with HSE* systems	78%	78%
Suppliers with policies or procedures to safeguard employees' right to unionise and engage in collective bargaining*	74%	74%
Suppliers that meet minimum wage in line with local laws	98%	98%
Supplier that pay overtime in line with local laws	95%	95%
Suppliers with measures in place to prevent discrimination	86%	86%

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

\*\*The risk surveys are carried out every two years.

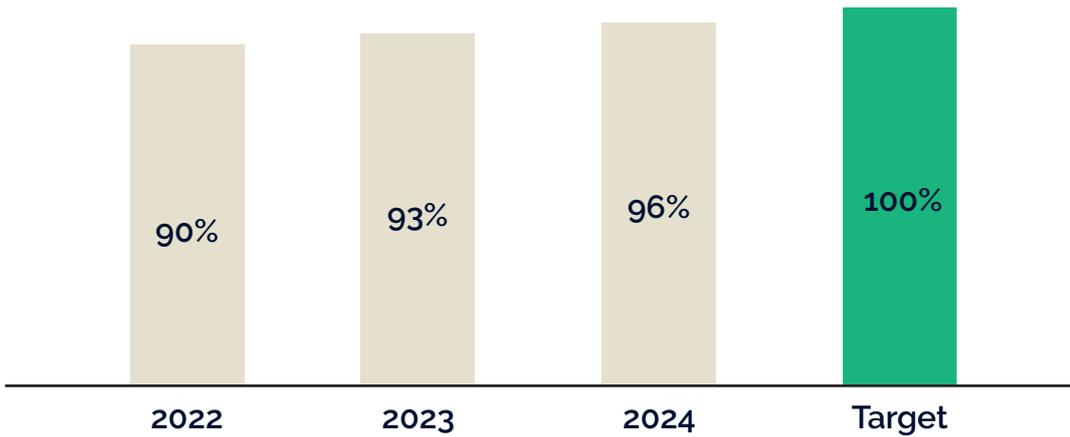
## Percentage of at-risk suppliers assessed



Risk surveys	2022	2023	2024
Number of suppliers	187	169	140
Number of suppliers defined as an at-risk supplier	35	25	35
Percentage of at-risk suppliers assessed	57%	100%	100%
Percentage of suppliers that have agreed to comply with the Melbyes Code of Conduct	90%	93%	96%
Self-evaluations by suppliers	20	8	11
Physical audits	10	20	39
Non-conformances detected	0	8	10
Suppliers with action plans	11	11	12

\*Physical audits include surprise visits, a relatively new measure introduced in 2023.

### Percentage of suppliers that have agreed to the Melbye Code of Conduct



Level	Number of suppliers
Platinum	3
Gold	4
Silver	14
Bronze	5



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