



UN Global Compact
2022

Communication on progress



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Participant: Moelven

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Statement of continued support by the Chief Executive Officer

I am pleased to confirm that Moelven reaffirms its support of the Ten principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,



Morten Kristiansen
CEO

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Assessment, policy and goals

Moelven aims to be a safe and attractive workplace and we will ensure that our business activities and products are not harmful to people, biodiversity or ecosystems. We support and respect recognized human rights and ensure that we do not contribute to breaches. Moelven's Code of Conduct and our strategy plan stipulates that all our employees shall be treated fairly and with respect, and that we will work to build a culture that promotes diversity through inclusion, with a particular focus on equality. Furthermore, Moelven does not accept conditions in suppliers' or customers' operations that constitute breaches of the UN's Universal Declaration of Human Rights.

Defined goals:

- *Compliance with the UN Declaration of Human Rights and Moelven's Code of Conduct throughout the value chain.*
- *No cases of discrimination or abusive treatment of employees.*

Implementation

Moelven has published and actively informed our suppliers, partners and employees of our commitment and encouraged them to commit as well. Our employee handbook is prepared in accordance with the UN Global Compact's principles regarding human rights and provides employees with information about their rights and obligations. The handbook is available to all employees.

Moelven is committed to carry out an anonymous employee survey in all the Group's companies every year. Moelven has also established policies and procedures for reporting misconduct, making it possible for all employees to report anonymously of breaches of laws, rules, group guidelines or other matters worthy of criticism.

Measures:

An ongoing control of the supply chain's compliance with the UN Declaration of Human Rights and Moelven's Code of Conduct.

Measurement of outcomes

- *A new, joint employee survey was developed and conducted during 2021. The response rate was 75 %.*
- *No reported violations of the UN Declaration of Human Rights and Moelven's ethical guidelines in 2021.*
- *No reported cases or suspicions of wrongful doing (whistleblowing)*
- *In the past year Moelven has not been subject to any investigations, lawsuits or incidents involving Human Rights violations.*

Labour Rights

Principle 3: Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: make sure that they are not complicit in human rights abuses.

Principle 5: the elimination of all forms of forced and compulsory labour;

Principle 6: the elimination of discrimination in respect of employment and occupation

Assessment, policy and goals

At Moelven, we support the ILO's 1998 "Declaration on Fundamental Principles and Rights at Work". As stated in our Code of Conduct, we also support and recognize internationally acknowledged employee rights, including the freedom to form unions, and we recognize the right to collective negotiations. Moelven actively works for an injury-free and health-promoting working environment that promotes a preventive safety culture. We plan and act to prevent injury and work systematically to manage risk. No activity is important enough to be carried out with risk to life and health. As a Moelven employee you are entitled to refuse to work in situations that may entail a risk to life or health.

All timber Moelven purchases is controlled in accordance with current requirements for controlled timber and a high proportion is PEFC™-certified or FSC®-certified. FSC® certificate holders are required to implement the FSC® core labor requirements in their operations which includes:

- (1) no use of child labor,*
- (2) eliminate all forms of forced and compulsory labor,*
- (3) ensure that there is no discrimination in employment and occupation,*
- (4) respect freedom of association and the effective right to collective bargaining.*

It is also required to verify this to external third-party auditors. To obtain an FSC® certificate, organizations must also comply with FSC® five criteria's for workers rights and employment conditions which enhance the social and economic wellbeing of workers.

One of Moelven's objectives for future development is to increase the proportion of women in leading positions. Moelven's strategy plan and Code of Conduct state that we shall have an inclusive work culture and work actively for a good working environment characterized by equality and diversity. No harassment or discrimination is accepted on the basis of gender, race, religion, age, disability, sexual orientation, political conviction, nation or ethnic origin or other conditions. Guidelines and internal control routines have been established to ensure compliance. Our aim is that our current suppliers not only respect international human rights, but also actively support them.

Our most important resource are our employees. Ensuring a good work environment, both psychosocial and physical, and that no one is injured at work is therefore of crucial importance to us. Moelven's overall goal within health, security and environment (HSE) is zero injuries.

Defined goals:

	2021	2022	2024	
H1 value	< 6	< 6	< 4	Injuries with absence per million hours worked.
TRI value	< 24	< 24	< 16	Injuries with and without absence per million hours worked.
Number of registered incidents	1.0	1.2	1.2	Per employee/year
Sickness absence	< 4.2%	< 4.0%	< 4.0%	Both short and long-term absence

The Group's joint employee survey shall be conducted annually.

Implementation

It is stated in our Code of Conduct and our Sustainability Policy that Moelven shall not be involved, indirectly or directly, with any violation of the core conventions of ILO's declaration. Pursuant to the Working Environment Act, work regulations have been prepared that apply to all employees in Moelven. In addition, are all Moelven employees issued with a contract of employment which clearly states their rights and conditions.

Moelven and its employees have established a European Works Council (EWC) representing the European employees. Through the EWC, workers are informed and consulted by management on the progress of the business and any significant decision at European level that could affect their employment or working conditions. The EWC is an addition to the employee organizations that exist on a national level.

In recent years, Moelven has made major structural changes in HSE work. We have focused on building common requirements for safety, visible workwear and follow-up of contractors at our companies. Moelven has also implemented an action plan ("HSE towards 2023") to prepare and implement courses in HSE at all levels in the organization, strengthen the organization of the HSE work and to establish an internal audit organization that will perform annual audits of the compliance with internal and external requirements and rules at company level. HSE is today a integrated part of the operational business activities in all parts of the Moelven group.

Measurement of outcomes

In 2021, Moelven's employee survey was further developed and conducted at all units in the group. We also have a system in place that encourages employees, clients and partners to report back if they suspect any wrongful doing in regard to our Code of Conduct. No reports have been filed since the system has been implemented.

Through 2021, more women have been recruited to leading positions in Moelven. In general, the share of female employees is higher among administrative staff than for blue collar staff. For the Group as a whole, the development of the share of female employees is shown below:

	2019	2020	2021
Tot. no. of employees	3,399	3,391	3,312
Tot. no. of female employees	383	392	420
Percentage	11.27%	11.56%	12.68%

An important measure to reduce the frequency of injuries is to focus on reporting dangerous conditions and risk analyses. As of Dec 31st 2021, approximately 10,000 risk analyses had been carried out and reported. As the number of analyses and reports increase, so does the knowledge and thus the opportunities to take preventive actions. In 2021, the goal was 1 report per employee/year. The number of reported dangerous conditions and almost accidents has increased from 3,843 (2020) to 7,625 (2021), which gives a reporting frequency of 2,2 per employee/year.

Our progress on HSE is measured on a monthly basis. These are the results for 2021 compared to 2020:

	2021	2020	
H1 value	6,9	11,7	Injuries with absence per million hours worked.
TRI value	21,2	25,1	Injuries with and without absence per million hours worked.
Number of registered incidents	2,2	1,1	Per employee/year
Sickness absence	5,6 %	6,2 %	Both short and long-term absence

Environment

*Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.*

Assessment, policy and goals

Moelven supports the UNGC principles on the Environment and acknowledge that we have an impact on the environment – directly and indirectly. At Moelven, we are constantly challenging ourselves to produce safe, eco-friendly and sustainable products. We closely monitor the energy we use, the waste we generate, and the amount of CO₂ emitted from our businesses. Responsibility towards the environment is considered important to how we conduct business.

Sustainability is one of the cornerstones of Moelven's corporate strategy and it is well-integrated into the business model. In Moelven's annual Sustainability Report and in our Sustainability Policy, our focus areas are linked to those UN Sustainable Development Goals (SDGs) where Moelven has the greatest opportunity to influence and make a difference. These are:

- *We and the materials we produce shall be climate positive (SDG nr. 13)*
- *We shall use renewable resources and utilize the entire resource (SDG nr. 15)*
- *We shall be an attractive and safe workplace (SDG nr. 3 and SDG nr. 4)*
- *We shall create green jobs (SDG nr. 8)*

Moelvens main activity is the production of wood products and it is a basic premise to utilize the entire resource. By optimizing the utilization of raw materials and ensuring that the timber comes from certified sustainable forestry, Moelven has an impact on SDG target 15.2 by promoting the implementation of sustainable management of forests.

Building in wood can replace other materials with higher emissions. By using Moelven products in permanent buildings and structures the carbon is also stored which help reduce the CO₂ emissions in the atmosphere. This has an impact on SDG 13, Climate Action.

Implementation

Moelven strives to minimize the environmental impact of our activities.

Moelven shall only use certified raw materials from sustainable forestry. It is therefore a requirement that all timber Moelven buys must, as a minimum, be controlled in accordance with the applicable requirements for controlled timber stipulated in recognized Chain-of-custody standards (PEFC™ CoC and/or FSC® CoC).

Moelven follows the European waste hierarchy when prioritizing waste management and always looks at the possibilities of waste reduction before other alternatives. We use licensed waste companies for disposal of waste.

Moelven conducts annual reporting to monitor environmental performance and progress on areas such as raw material consumption, electricity and energy consumption, transportation, water use, waste generation and sorting etc. The results are published in the Group's annual sustainability report.

Measures:

- *Development of resource-efficient products and production methods.*
- *Systematically identify opportunities for waste reduction and alternative packaging materials.*
- *Continued mapping and follow-up of sustainability KPIs.*
- *Strengthen coordination of waste management across the entire group and centralization of waste management agreements.*
- *Collaborate with other companies to reduce emissions from waste by using solutions such as material recycling rather than incineration.*
- *Continue the work to increase the waste sorting rate to a minimum of 90% over time.*

Measurement of outcomes

Main environmental areas	2021	2020	Unit
Electricity consumption	235	249	GWh
Carbon footprint (scope 1, 2-location based, 3)	168 862	159 888	tCO ₂ e
Waste generated	16 187	15 178	Ton
Plastic used	2 049	1 909	Ton
Recycled plastic	581	392	Ton
Waste sorting degree	92,6 %	87,6 %	

- *No reported accidental emissions of significant size during 2021.*
- *Compliant with established raw material and product certifications.*

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Assessment, policy and goals

Moelven supports the UNGC principles on anti-corruption and dissociates itself from all forms of corruption and improper actions that impede free competition and marked balance. We must neither accept nor offer bribes or other benefits for business or personal gain.

“We deliver” is one of our core values. By this, we refer to the fact that Moelven is reliable and keeps its promises. In order to live up to our mission –

Moelven harvests raw materials from the forest and creates the products and solutions the world needs – we rely on the trust placed in us by the community and our various stakeholder groups as a social and business partner. We build trust by cooperating and communicating with everyone around us. Moelven views anti-corruption work and compliance with competition legislation as important parts of the work aimed at achieving long-term sustainable development.

The Board of Directors has considered and approved policies within the following areas as relevant to this topic:

- Compliance with competition legislation
- Transparent corporate culture and procedures for reporting misconduct
- Ethics
- Sustainability

Moelven shall use certified raw materials sourced from sustainable forestry.

A high proportion of the timber Moelven uses is FSC™-certified. One of the FSC™ principles and criteria is that *“The Organization shall publicize a commitment not to offer or receive bribes in money or any other form of corruption, and shall comply with anti-corruption legislation where this exists. In the absence of anti-corruption legislation, The Organization shall implement other anti-corruption measures proportionate to the scale and intensity of management activities and the risk of corruption.”*

Defined goals:

- Compliance with the UN Declaration of Human Rights and Moelven’s Code of Conduct requirements throughout the entire value chain.
- No instances of discrimination or abusive treatment of employees.
- No instances of corruption or price fixing

Implementation

Moelven’s Code of Conduct and our guidelines to ensure compliance with competition legislation have been communicated to company leaders, sales and marketing apparatus as well as CFOs in physical meetings, and in addition made known among the other employees.

We have a system in place for whistle-blowing for any Code of Conduct violation.

Measures:

- *Continuous monitoring of compliance with the Group's Anti-Corruption Policy and Code of Conduct.*
- *Regular delivery of training programmes on competition law.*
- *Third party verifications of Moelven's compliance with raw material certification requirements.*
- *Implementation of systematic checks of the supply chain's compliance with the UN Declaration of Human Rights and Moelven's Code of Conduct.*

Measurement of outcomes

- *An IT-tool has been implemented to carry out systematic control of the supply chain's compliance with the requirements set by Moelven.*
- *In the past year Moelven has not been subject to any investigations, lawsuits or incidents involving corruption or competition law violations.*
- *No reported cases or suspicions of wrongful doing (whistleblowing)*