Transparency Act Report 2023

MER AS

Pure energy from Statkraft

Table of Contents

1 Who we are 2

1.1 Our values 2

1.2 United Nations Guiding Principles on Business and Human Rights 2

1.3 Governance 2

1.4 Roles and responsibilities 3

2 Methodology: Mapping Mer's operations, suppliers and business partners 5

2.1 The methodology we follow 5

2.2 Risk assessment 6

3 Risk assessment findings 7

3.1 Our own operations 7

3.1.1 Group activities 7

3.1.2 Installation works - Mer Fleet Services 7

3.2 Supply chain and business partners 8

3.3 Suppliers 8

3.4 Business partners 12

4 Actual negative consequences 13

5 Grievance mechanisms / Whistleblower channel 13

6 The way forward - our responsibility path 13

6.1 Procurement 13

6.2 Compliance 14

6.3 Health, Safety and Security (HSS) Management System 14

6.4 Sustainability 15

This report has been published in accordance with the requirements of the Norwegian Transparency Act. The document covers the full operations of Mer AS and its subsidiaries, Mer Norway AS, Mer Germany Gmbh, Mer Austria Gmbh, Mer Sweden AB, Mer Charging UK Limited and Mer Fleet Services Limited.

It sets out the steps taken by Mer to continue its work to assess, prevent, and mitigate the risks of adverse impacts on human rights and decent working conditions in its business operations, supply chains and other business relationships, during the fiscal year from 1st January 2023, ending 31st December 2023.

The report starts by presenting Mer and how responsible business conduct is embedded into roles, policies, and management systems. It then describes the methodology used for assessing impacts on human rights and decent working conditions in our own operations, with suppliers and business partners. It next reports findings of the risk assessment and description of mitigation actions. Development plans are detailed in the last part of the document.

1 Who we are

Mer is a European electric vehicle (EV) charging company with a mission to make sustainable electric mobility easy and accessible for everyone. Our ambition is to become a leading European multi-segment charging provider, with customer-centric solutions that create a smarter and better tomorrow.

We were formed in 2021 through consolidation of previous company acquisitions by Statkraft, and as of 2023 had subsidiaries in Norway, Sweden, UK, Austria, and Germany. Together we have extensive expertise in the EV charging industry and combine charging with renewable energy. We are owned by Statkraft, Europe's largest producer of renewable energy. This allows us to combine the best of both worlds to power the European shift towards a pure way of moving.

1.1 Our values

We are Sustainable.

Every day, we strive to grow our business in a sustainable manner, considering our impact on people, the environment and our society.

It also means that we value togetherness, and we focus on creating a safe and inclusive environment that fosters trust, transparency and equality through open communication.

We are Passionate.

We are passionate about what we do, and we value curious mindset and seek to grow and learn from failing.

We believe in bringing fun and positivity to our colleagues and customers by embracing change and continuously look to improve from our learnings.

We are Entrepreneurial.

We value our creativity and ability to craft and build a sustainable, powerful and successful company together.

We reward curiosity and new ideas, while also focusing on delivering to our promise - to build customer centric solutions

1.2 United Nations Guiding Principles on Business and Human Rights

Mer is committed to respecting human rights as set out in the United Nations Guiding Principles (UNGP) on Business and Human Rights, and as a member of the UN Global Compact (through Statkraft) supports the protection of internationally recognized human rights. This means respecting the dignity and fundamental rights and freedoms of all individuals affected by our activities.

We actively work to support the United Nations Sustainable Development Goals (SDGs) and share the view that business has a key role to play in delivering on and contributing to the goals.

We support all defined SDGs and have selected some specific goals that we especially aim to contribute to through our operations in the future.

1.3 Governance

The Mer Board of Directors are responsible of overseeing that Mer adheres to national laws and regulations, wherever it operates, which includes adequately managing any risks related to adverse impacts on human rights and decent working conditions.

At Mer, we take our responsibility for having a positive impact on the people and communities where we work seriously. We are committed to protecting the human rights of people who work throughout our value chain and interact with our products. We are committed to:

- Conducting activities in a way that avoids or minimizes negative consequences.
- Not tolerating, and working actively against, corruption in all its forms in the public and private sector. We do not offer, give, accept, or receive bribes or other improper advantages, whether directly or indirectly, for business or private gain, whether for ourselves or for others.
- Fairness, transparency, verifiability, and accuracy in all our dealings. We act in an ethical and responsible manner and comply with all applicable legal requirements wherever Mer operates. Clear requirements and consistent business conduct builds trust and loyalty among employees, business partners, customers, and communities.

Mer has policies and requirements in place to translate this into daily business practice. Mer has adapted most of its policies and procedure from Statkraft and continuously work on personalizing and implementing them across the business units. Since 2022 we have a comprehensive management system in place as part of our governance structure, called “The Mer Way”. It describes how we execute

our daily business to deliver our mission, ambition, and values. We document our requirements, processes, and best practice to ensure:

- We know the dos and don'ts for how we act
- We have clearly defined roles and responsibilities
- We enable continuous improvement of our common standards

Our most relevant policies and requirements for this report are the Mer Code of Conduct and related Supplier's Code of Conduct, the policies on Sustainability and Business Ethics, Anti-Corruption & Economic Crime, the policy on Equality, Diversity and Inclusion, the requirement to carry out integrity reviews of third parties and the inclusion of business ethics clauses into contracts. Mer also has a detailed procurement procedure, which includes the Supplier Code of Conduct and the Guide on Supplier Qualification, that both Group Procurement staff and local business units are expected to follow. Our Supplier Code of Conduct sets out our expectations for our suppliers and other business partners in relation to business ethics, people, society, and the environment based on national laws, international standards, and applicable UN and International Labour Organisation (ILO) conventions. Our Supplier Code of Conduct is available in English, German, Swedish and Norwegian to ensure that all suppliers understand the requirements set by Mer.

We work to identify and manage our impacts and risks, also in the supply chain. All employees are required to complete training on business ethics topics through our training portal Learnster on a regular basis. Our goal is to develop trainings on all policies included in The Mer Way, to ensure that all employees are familiar with our policies and adhere to the requirements set by Mer.

We have high standards and are continuously seeking to improve our compliance processes. We assess that the quality and degree of coverage of the policies and requirements in The Mer Way is sufficient, and we continue to work on improving the implementation of our policies and requirements in our day-to-day business, so that they meet the standards we set ourselves.

1.4 Roles and responsibilities

> "Sustainable and responsible business practices are strategically important to us in Mer, as we continue to accelerate the EV transition in Europe. To be truly sustainable, we have set ourselves high standards and work continuously to include all the aspects of ESG. To ensure this extends to our supply chain, we strive to partner with suppliers that share our sustainability ambitions and who continuously want to work with us to improve and help us take responsibility for our impact."
>
> **Kristoffer Thoner, CEO, Mer AS**

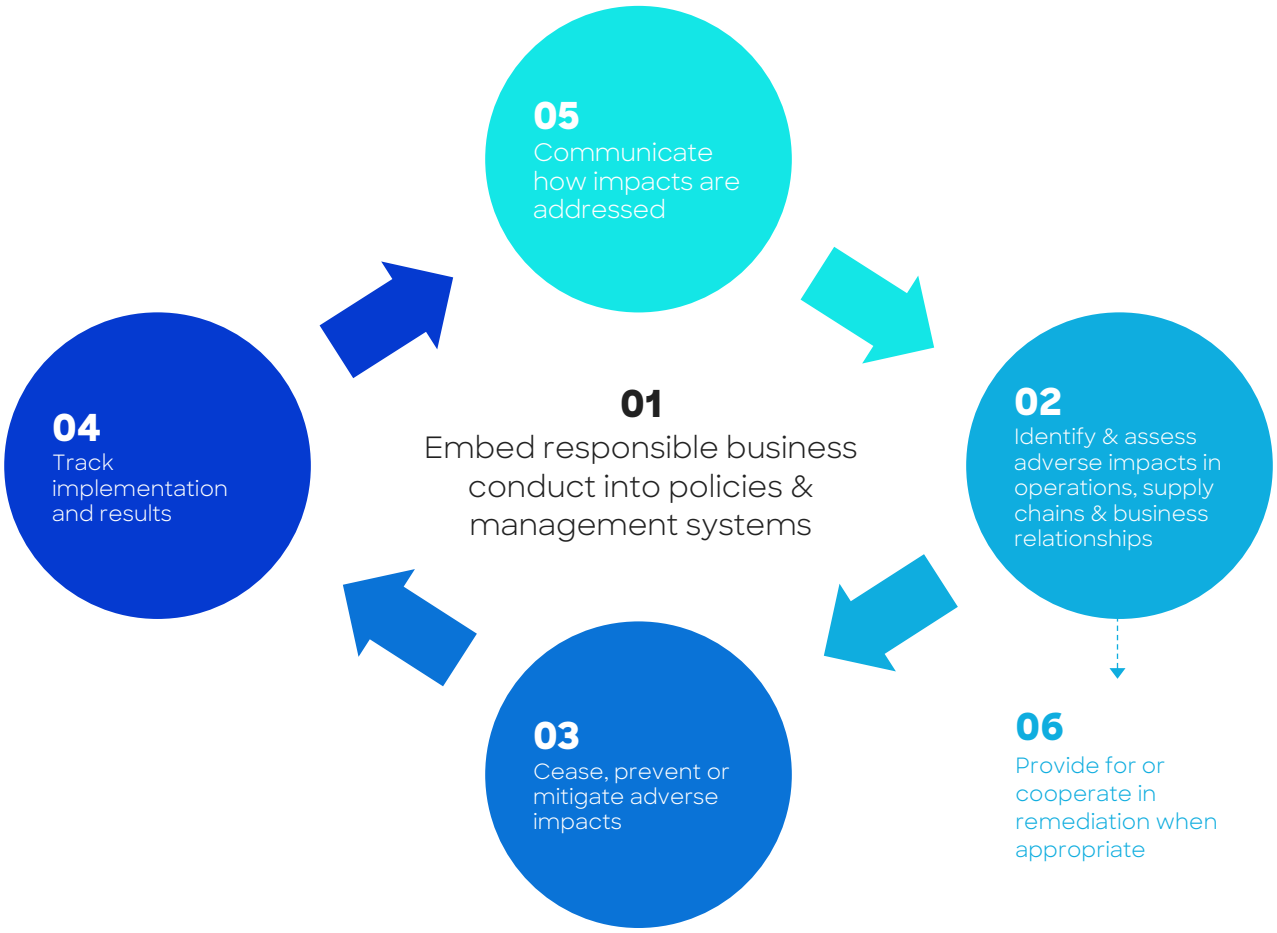
Business ethics, human and labour rights, and the environment, are areas that are prioritized in Mer. The policy and process owners are responsible for continuously improving and implementing the policies and requirements related to sustainability and business ethics in our daily business, that have been in place since 2022. We acknowledge that delivering process excellence requires continuous attention and efforts. Line management continues to be accountable for compliance with policies and requirements for the activities and resources under their command.

Head of Legal, Compliance and Data Protection	• Reporting to CFO • Process and policy owner for the contents of the Code of Conduct, Business Ethics, which covers corruption, fraud, economic sanctions, money-laundering, export control, competition law, and data protection • Responsible for courses on all the above
Senior Group Quality & Risk Manager	• Reporting to Head of Financial Planning and Analysis • Enterprise Risk Management (ERM) ownership: overseeing the organisation's ERM framework, ensuring a robust RM support to the C-level and local business units (BUs), and maintaining the Enterprise Risk Register • Support to the Head of Legal, Compliance and Data Protection on the maintenance and sustainment of the group-wide Governance Management System • Health, Safety and Security (HSS) management system ownership at group level
Group Sustainability Manager	• Reporting to Head of Group Strategy and M&A • Owner for overarching Sustainability policy. This is again intertwined into other policy and process areas for execution by line management. • Support in collaboratively increasing transparency in the supply chain • Responsible for courses on sustainability
HR	• Head of HR at Group level is the common process and policy owner for Mer. Reporting to CCO • Local HR roles report to local Managing Director, with dotted line to Group HR • Responsibility for all full and part time employees follow line management
Head of Procurement	• Reporting to CFO • Responsible for implementation of Sustainability, Human and Labour Rights and Business Ethics policies and requirements during the procurement process and with our contracted suppliers and business partners • Responsible for internal courses on procurement

2 Methodology: Mapping Mer's operations, suppliers and business partners

Mer supports the United Nations Guiding Principles (UNGP) and OECD guidelines for multinational enterprises' approach to due diligence and recognises the need to have processes in place to identify, prevent, mitigate, and account for how the impact on human rights is addressed. It is understood that this is an ongoing activity, as risks may change over time in line with operational changes or external influences. Mer understands that the report must be linked to the specific due diligence assessments that the business has carried out.

OECD Guidelines – Steps of Human Rights Due Diligence (HRDD):



2.1 The methodology we follow

The risk assessment of our suppliers and business partners builds on the list of high-risk products from the Norwegian Government Agency for Financial Management (DFØ) and the list of industries with their own collective agreements (see the Norwegian Labour Inspection Authority). These agreements contain their own set of minimum legal requirements regarding wage and labour rights.

The Norwegian Government Agency for Financial Management defines products as high risk "[…] when there is a systematic documented high risk of human rights abuse occurring in the supply chain, meaning the value chain from raw material extraction to component production until finishing assembling." The

documentation is based on reports and studies by ILO and other relevant sources (for example research reports and reports from acknowledged civil society and union organizations). To make the list relevant in the daily practice of public procurers, specific product categories have been selected based on Norwegian public procurement activities. The high-risk list is a guidance tool, and not exhaustive. Products not on the list could therefore also be high risk purchases. The list of high-risk products includes products such as office supplies, electronics and ICT, construction and landscaping materials, furniture, vehicles, textiles and workwear, medical consumables, play and sports equipment, as well as food and beverages.

The high risk industries are defined by law as the construction industry, the maritime construction industry, cleaning workers, fish processing enterprises, electricians, freight transport by road, passenger transport by road, hotel, restaurants, and catering.

2.2 Risk assessment

We established the initial risk assessment of Mer´s supply base in 2023, together with the consultancy PricewaterhouseCoopers (PwC), for the Transparency Act Report of 2022. For the remainder of 2023 we focused on investigating some of the high-risk categories in more detail instead of remaking the overall risk assessment with spend from 2023. We chose this path because we are not changing our entire supply chain every year and assessed that it is more beneficial to start deep diving into concrete supplier relationships instead of recreating the overall assessment.

In our risk matrix, the above-mentioned products, services, and industries are considered as high inherent risk. Services and products with similar risk profiles have been classified as medium or high depending on our knowledge of the industry, product or service. Other products and services have been considered as low risk.

For some categories of product/services, the risk depends on the country risk for human rights and decent working conditions. When assessing country risk, we use the Global Rights Index, Labor Rights Index and Transparency International's Corruption Perception Index.

To establish the responsibility of Mer, we assessed whether there is a risk of causing, contributing to, or being directly related to, the risk of adverse impact on human rights and decent working conditions:

- When causing: Mer's own actions or omissions are in themselves resulting in harming human rights and decent working conditions.
- When contributing: Mer's actions or omissions significantly facilitates or enables such harm along with another actor.

Mer is directly related to an adverse impact when Mer has business relationships or connections with another entity that is causing harm. This is typically the case when buying off-the-shelf products and the risk lies in the lower tiers of the supply chain.

3 Risk assessment findings

The Transparency Act requires companies to undertake human rights due diligence in our own operations and in the full supply chain. As a service provider, Mer has no production sites or factories of its own and most of our goods and services are acquired in the supplier market. One notable exception is Mer Fleet Services, a business unit of Mer in the United Kingdom. This business unit has its own on-site installation team carrying out electrical installations and construction works, industries classified as high risk for adverse impact. We also report Group level findings for our office staff.

3.1 Our own operations

3.1.1 Group activities

Mer requires that all employees in the Mer Group complete compulsory training on Mer's Code of Conduct, as well as courses focusing on other topics such as business ethics and equality, diversity and inclusion, and conscious travel. Trainings related to other topics will be launched in 2024 to continue to offer development and increase competency.

Mer is working actively on equal opportunities and non-discrimination. Mer AS employs 44 percent women, whilst the broader Group has 34 percent women in management positions and 35 percent in its broader staff. The number of women is thus fairly divided between the different levels of responsibility and function. There was one reported incident of discrimination in 2023, through our whistleblowing channel. This was thoroughly investigated. Measures were made through mandatory training for all, and workshops in all locations that covered topics within diversity and inclusion. Any concerns raised on these topics in pulse surveys are acted upon.

3.1.2 Installation works - Mer Fleet Services

Mer Fleet Services (Mer Fleet) provides charge point solutions for fleets, workplaces, and homes across the UK. Mer Fleet builds the foundations for the chargers and installs them using its in-house workforce along with outside subcontractors.

Electrical installation covers a diverse range of hazardous tasks and requires manual labour and heavy equipment. The work is inherently considered as high risk of breaching HSE-standards and labour rights by the Norwegian reference bodies we use for our work (see above).

Good management in electrical installation is needed from conception to execution, if health and safety standards are to be maintained. Mer Fleet's senior management are visible and provide active leadership in developing and maintaining a culture supportive of health and safety management. Its aim is not simply to avoid accidents, but to motivate and empower its employees to work safely.

Mer Fleet, with its 77 employees, had near incidents, incidents without injuries and accidents resulting in injuries but these injuries were so negligible that they were not formally tracked as TRI (total recordable injuries / illnesses).

Mer Fleet is ISO 9001 (Quality Management System) and ISO 14001 (Environmental Management System) certified. It is currently not ISO 45001 certified but still abides by relevant HSE legislation. All planned installations have a project manager, risk assessment, method statement and Construction Phase Plan. Mer Fleet also needs to abide by The Construction (Design & Management) Regulations (CDM 2015), because it works as the principal contractor on site. In addition, it has CHAS, Constructionline Gold and Safe Contracting H&S accreditations.

Mer Fleet is working closely with the Carney Consultancy, a health and safety external consultant, which provides consultancy services regarding HSE guidelines and procedures and advice on legislation changes and policy updates. Human Resources in Mer Fleet oversee the induction of all new hires into its

ISO systems and health and safety procedures and policies. When there are policy changes or updates these are sent to all employees by e-mail, BOB (the HR portal), or via Teams.

Mer Fleet also performs annual salary reviews to ensure living wages are paid across Mer Fleet. With the help of a job evaluation tool, salary searches are conducted based on the employee's role, qualifications, and experience. The salary reviews also include market data and recommendations from the Joint Industry Board (JIB). Mer has reviewed this as part of our due diligence process, which found that all our installation workers receive living wages.

Mer Fleet also produces an internal Modern Slavery and Corporate Responsibility Statement that gets reviewed at the end of the financial year.

3.2 Supply chain and business partners

The main part of the risk assessment covers Mer's suppliers and business partners. According to The Transparency Act, suppliers are defined as business relations who supply or provide goods, services, or other input factors that are part of Mer's delivery of services or production of goods from the raw material stage to the finished products. All other business relations are classified as business partners. Business partners are important for the day-to-day running of the business but are not part of Mer's core products and services.

As a starting point to the assessment, Mer classified its entire supplier base in 2022 into relevant categories and assessed whether they were part of the core service delivery (suppliers), or not (business partners). In the next step the categories were risk assessed for inherent risk of adverse impacts on human rights and decent working conditions. To get an understanding of the potential leverage Mer may have for immediate impact, the assessment also covers whether Mer potentially causes, contributes to, or is merely directly related to these risks, see methodology section for mapping our own operations, suppliers, and business partners above. Mer does not renew the supply base on an annual basis. Therefore, the initial risk assessment of the 2022 supply base is kept also for 2023. Rather than remaking the initial risk assessment with 2023 spend data, we focused on assessing and mitigating some of the main risks in more detail.

In general, we will continue to prioritize implementing appropriate measures where Mer potentially causes or contributes to the risk. Where Mer is only directly related to risks, we are already mitigating risks by having a clear tone from the top, detailed policies and procedures for procurement, as well as having defined roles and responsibilities internally.

We will continue to seek to improve Mer´s policies and procedures to safeguard human rights and decent working conditions for its suppliers and business partners. Below, we have listed our high-risk suppliers and business partners and corresponding mitigating measures.

3.3 Suppliers

The risk assessment shows that high-risk suppliers are mainly companies delivering hardware and software related to Mer's electric vehicle chargers, as well as installation works, logistics and call centres. The electricity and grid costs related to the electric vehicle chargers are also defined as high-risk suppliers. To reduce the risk, we continuously work on improving and developing the procurement process in Mer.

Installation work on Mer's building sites require manual labour, making it inherently considered as high-risk of breaching HSE-standards and labour rights of the workers. This is a major direct spend category for Mer, with many suppliers in the category. Due to the direct contractual relationship, Mer considers itself to be potentially causing or contributing to these risks. Hence, following up installation suppliers is a prioritised action for Mer.

In addition, there is an inherent high-risk related to the materials, components and equipment used in the installations. The main equipment on the sites, e.g., chargers and transformers, will be followed up by the Category Manager Hardware, but our installations suppliers also use tools, materials, or components to carry out their work. The sourcing and processing of these potentially carry a high risk of negatively affecting human rights and decent working conditions of local communities near production sites. However, Mer considers itself to be merely directly related to these potential risks and will not prioritise further investigations at this point of time.

Mer is underway of setting up a structure for implementing mitigating actions in the installations category on a continuous basis. Procurement may have an impact on risk mitigation through processes such as prequalification, tender management, and contract management. Mer has hired Sourcing Managers to review the procurement process regarding installation works, streamline installations agreements, ensure use of Mer's Supplier Code of Conduct, and continuously follow up installation suppliers.

The first Sourcing Manager commenced in August 2023 and focuses on the Swedish market. In Sweden, Mer has so far implemented the following measures in the category:

- Standardised contract templates created and implemented for installation works based on the Swedish national standards. The templates contain clauses on business ethics, the environment and HSS. Three existing suppliers were migrated to this new contract template, and three new suppliers were signed on the new template. For 2024 we will continue to migrate existing suppliers onto the new contracts and requirements.
- The top three installation suppliers were interviewed on ESG topics, using our newly created ESG questionnaire as guidance.
- All current installation suppliers have signed and agreed to Mer's Supplier Code of Conduct.
- The top ten installation suppliers are cleared in the Dow Jones counterparty risk assessment tool, without any findings.
- The top ten installation suppliers are assessed and cleared for financial stability.

The work performed so far on the Swedish installation supplies has not uncovered any actual negative consequences. For 2024, the goal in installations in Sweden is to perform more on-site visits to interview workers and document working conditions. The Swedish Sourcing Manager will also support the Norwegian BU in creating and implementing Norwegian standard contracts with the same requirement level as in Sweden.

During the fall of 2023 and the beginning of 2024, we conducted a major tender process in the installation category in Germany for the public business segment. For this process we performed an ESG assessment of the suppliers, and implemented a contract template containing our business ethics, environmental and HSS guidelines. No actual negative consequences were uncovered in the process. The tender bundled our spend in the category on a selected number of suppliers. The framework agreements will thus be a good starting point for further work on ESG topics. This work will fall under the responsibility area of the Sourcing Manager for installations in Germany and Austria. A hiring process for this position has been successfully completed, with starting date in May 2024.

Hardware providers are key suppliers to Mer. This category includes products such as AC chargers, DC chargers, transformers, foundations, cables, circuit breakers, poles, energy meters, and telecommunications hardware. Hardware is another major spend category at Mer, with many suppliers in the category. There is significant risk of breaching fundamental human rights and decent working conditions related to Mer's hardware, both for workers and local communities.

This risk lies in the supply chain where raw materials, such as metal, plastic and electrical components are extracted and processed, which typically takes place outside Europe in high-risk countries. Mer considers itself only being directly related to these risks. Mer's direct contractual counterparties are manufacturers based in Europe, where the risk of breaching labour rights is low and HSE systems are in place. However, since hardware is Mer's main equipment, follow up measures in this category are prioritised. Mer chose to

adjust the procurement process to address the high risks identified above, for a major hardware tender process conducted in the spring of 2023. Mer performed an extended prequalification and requested detailed documentation regarding human rights and working conditions, business ethics and environmental aspects. The goal was to get a detailed overview of the current capabilities of potential suppliers and their development plans. A similar approach was taken for another hardware tender process conducted late 2023/early 2024.

The requested information was not to be an excluding factor unless actual negative consequences or business ethics breaches were identified. By doing so, Mer took a collaborative approach to the supplier market and actively contributed to maturing the supplier market. When the market is considered mature enough, Mer will do a new assessment on whether the information requested in the prequalification process should become an excluding factor. Going forward, Mer strives for a collaborative effort with hardware suppliers to reduce the environmental footprint in Mer's supply chains.

In the tender processes mentioned above, Mer did not identify any actual negative consequences or business ethics breaches of our suppliers. Our learning from the processes is that while it is possible to obtain and evaluate documentation of our supplier's routines and principles, it is challenging and resource intense to document and evaluate full supply chains. Furthermore, suppliers are sometimes reluctant to disclose the names of their suppliers, as they view their supplier network a competitive advantage. Along with educating (foreign) suppliers about the requirements of The Norwegian Transparency Act, our contract template for Group hardware created in 2023 grants Mer the right to access information about both the supplier and its supply chain. We anticipate this will provide significant support in obtaining required information.

A full assessment of a supply chain has not been conducted yet; however, this is a goal for 2024/2025. Hardware procurement continues to focus on standardizing the choice of hardware across the business units. Through standardization, Mer will limit the number of suppliers. This allows for a more concentrated effort in achieving transparency in the supply chain and monitoring supplier's adherence to agreed principles.

Mer has visited the production sites of all our main DC charger hardware suppliers during 2023 and has not made any observations regarding missing HSS standards or labour law breaches.

Software is another spend area in Mer's business. Some suppliers in this category are major multinational companies, such as Microsoft, but Mer also uses suppliers, developers, and consultants in its organisation.

There are two types of risks related to software. First and foremost, the working conditions of the workers who develop the software. When Mer engages with such developers and consultants, there is a risk of Mer either causing or contributing to breaching standards of decent working conditions or living wages.

Secondly, the IT equipment used to build the software, such as laptops, consists of high-risk materials and components. This risk type is alike the above category of hardware. However, Mer considers having a low impact on these risks since IT equipment is usually an off-the-shelf standardised product purchased from a few major global players. Where possible, the risk is managed through the Supplier Code of Conduct, in which we set expectations to our suppliers.

Mer prioritizes the follow-up of IT service suppliers, as there is a risk of Mer either causing or contributing to adverse impacts. During 2023, Mer recruited a Category Manager for IT & Technology Procurement, starting in January 2024. The Category Manager IT & Technology is responsible for prequalification, tender management and contract management in the IT & Technology category, amongst others.

Call centres potentially entail a high risk of breaching labour rights depending on the country in which they operate. Mer considers itself to be potentially causing or contributing to these risks due to the direct contractual relationship. Mer's call centres are in different countries in Europe. Mer signed a new call centre contract during 2023. As a part of the review process, Mer communicated requirements as stated in the Supplier Code of Conduct and applied a supplier self-assessment questionnaire on human and labour rights, business ethics and the environment. Suppliers were also checked for adverse media

reports and against the global sanctions list, and other databases within the Dow Jones screening tool. The checks did not uncover any actual negative consequences of our activities.

Logistics and transportation entail a high risk of breaching HSE-standards and labour rights for drivers according to the Norwegian reference bodies used for our work. For Mer, this service is organized in two ways:

1) The supplier chooses the logistics operator and owns the contract, or

2) Mer has the contractual relationship with the logistics supplier

For the former, Mer is only directly related to these risks. For the latter, Mer potentially causes or contributes to the risks. Mer is currently assessing its logistics and warehousing strategy, but no active tenders are planned at this point in time.

Electricity and the connection of charging stations to the power grid are key parts of Mer's business of providing EV charging. The supply chain of electricity can be divided into:

1) Power production (the construction of powerplants and production), and

2) The power grid network, that transports the electricity to the charging point

The supply chain for equipment used for power production includes mining of high-risk materials, production of high-risk metals, manufacture and assembly of components, and transportation between sub-suppliers. For example, Statkraft has stated that poor working conditions and inequality at sub-suppliers is a risk related to hydropower equipment, while production of GRP-composite wind turbine blades is related to the risk of forced labour and discrimination of women. The process of extracting and processing high-risk materials also poses a risk for local communities' whose environment might be negatively impacted. For workers at power production sites, the inherent HSE risks include transportation, working from heights, lifting operations, electrical work, and heavy equipment. The installation of power stations entails HSE risk and the risk of breaching labour standards, including minimum wage requirements.

The supply chain for the power grid networks consists of power cables, masts and transformer stations. Power cables typically consist of high-risk materials such as aluminium alloy and reinforced steel or aluminium conductor steel reinforced (ACSR) and insulation materials. Aluminium is a high-risk material, where high inherent risk for workers and nearby local communities are associated with the mining operations of bauxite in countries such as China, Guinea, and Brazil, and alumina refineries in high-risk countries such as China. Alumina refineries produce red mud, a highly caustic material that causes human harm upon contact, as well as pollution of waterways, and affects local ecosystems which in turn affect local communities. For workers installing and maintaining the power grid network in the countries where Mer operates, we consider the risk as medium for breaching decent working conditions for non-electrical works and high for electrical works.

Masts carrying the power cables are typically made of concrete, wood, aluminium, or steel, which are materials considered as inherently high risk. Theses materials' risks are related to workers and local communities affected by the extraction and processing of raw materials. The installation of masts entails HSE risks including working from heights, operating heavy equipment, transportation, and electrical installation. This work likely falls under construction work as an industry with collectively applicable agreements in Norway.

Transformer stations are made of several materials and components including silicon steel, copper, oil (used as a cooler and insulation) as well as electrical components. Additionally, the enclosure of the transformer could consist of concrete, wood, brick and/or sheet metal. The materials' risk is similar to the above descriptions for workers in the supply chain and local communities. The installation of transformer stations likely falls under construction work as an industry with collectively applicable agreements in Norway.

Mer considers itself to be directly related to the risks described above and has decided to postpone its own risk mitigation actions. This is because some of Mer's suppliers in this category, for example Statkraft,

are also subject to The Transparency Act. We will assess the due diligence reporting of these companies to define potential future actions from Mer.

3.4 Business partners

Business partners such as waste management, accommodation, mobility, cleaning, restaurants, and facility management (including services such as cleaning and catering) are considered inherently as high risk. In Norway, apart from waste management, these industries are by law required to have minimum wages and industry specific labour rights, which has a risk reducing impact. In Mer, we have chosen to use the same risk profile for these industries beyond Norway, based on the assumption that such high risks are prevalent in the other countries we operate, too. In cases where Mer has a direct contractual relationship with such business partners, there is a risk of Mer causing or contributing to risks in these industries.

Waste management and resource productivity are critical elements in Mer's product life cycle. As waste management requires manual labour, it is inherently considered high risk of breaching HSE-standards and labour rights, for example regarding worker´s living wages. Mer considers itself to be directly related to these risks and will review contractual agreements, ensuring the use of the Supplier Code of Conduct and that contracts include clauses safeguarding human rights.

From a sustainability perspective, Mer understands that charging infrastructure is a commodity-intensive product. As many raw materials are used in the construction of charging stations, circular products and recyclable materials in supplier choices will be considered where possible. In Mer, we believe products should have the longest possible life cycle and are looking into the most effective way forward. As an example, shipping packaging material gets re-used as much as possible. We want to reduce the amount of waste produced in our value chain by taking further steps in the future. By implementing an asset decommissioning strategy, we aim to reuse products and resources instead of disposing of them.

For some of our business partners, such as businesses within **accommodation**, **mobility** and **catering**, we are yet to gain full overview of our supplier base. For now, the costs for these services are reimbursed through expense reimbursements.

Mer does not have direct contracts for **cleaning** or **facility management**. Our office spaces are rented in established office complexes, for example in Statkraft offices in Oslo and London, and these services are part of the rent. Where Mer does have direct contracts, these will be reviewed, ensuring contracts include clauses safeguarding human rights and the use of the Supplier Code of Conduct.

The above-mentioned follow-up activities on high-risk business partners will be prioritized after implementing mitigating activities and strengthening the overview and control with our suppliers in the prioritised high risk categories installations, hardware, and IT (software).

4 Actual negative consequences

In the work completed in prioritised high-risk categories, Mer has not uncovered any actual negative consequences related to its own operations, suppliers, or business partners. However, we acknowledge that this does not necessarily mean there are no actual adverse impacts.

5 Grievance mechanisms / Whistleblower channel

As explained in our 2022 report, Mer has grievance mechanisms and a whistleblower channel available for both employees and external parties. Under our Code of Conduct, if an employee of Mer suspects that a decision or action would violate or violates Mer's legal or ethical commitments, he or she has a right and a responsibility to raise the issue. Mer's whistleblowing policy explains how to report a concern and the procedures for handling reported concerns.

Mer has a separate inbox in place for requests and concerns related to The Transparency Act.

6 The way forward - our responsibility path

6.1 Procurement

The mission of Mer Procurement is to secure the supply of high-quality products and services, to bring innovation and sustainability to our business through the supply chain and to control cost. Sustainability is understood in a holistic sense, covering the environment, social and corporate governance as we strive to ensure responsible business conduct with regards to people, society, and the environment in our supply chain.

Procurement collaborates closely with the other internal policy and process owners in implementing Mer's policies and requirements in sustainability, human rights, decent working conditions, and business ethics. Implementing these policies and requirements applies to both new procurement processes and ongoing work with our contracted suppliers and business partners.

The work performed by Procurement in high-risk categories during the 2023 reporting period is detailed in the chapter 3 'Risk assessment findings' of this report. Other ongoing work, as well as ambitions, for the upcoming period are as follows:

- **Organisation and routines:** Mer Procurement has adopted a category approach to managing spend. Category management strives to holistically manage a given supplier market, also with regards to sustainability. This usually leads to standardization, for example of the supplier base or of approaches, and allows for more streamlined and effective work with suppliers. Mer has successfully completed the recruitment of core positions in the prioritized categories hardware, IT, and installations during 2023. For installations we have a resource covering Germany and Austria, and one covering Sweden and Norway. The role descriptions of all new hires include responsibility for supplier prequalification and supplier follow up. To date, most procurements are still performed by non-procurement staff. For the upcoming period we aim to increase the number of processes supported by procurement, as well as increasing compliance to the procurement process when tenders are performed by non-procurement personnel.

- **Training:** The procurement process is described in The Mer Way. Procurement was introduced to the entire company in a Mer Town Hall in December 2023 and procurement introduction meetings were held to wider audiences in Sweden (two), Norway, and Germany (two), as well as

to new starters in chosen functions. In the upcoming period, we aim to set up compulsory learning courses in our internal training portal.

- **Enablers:** Mer has established contract templates for group wide hardware as well as installations in Sweden and Germany. We strive to implement further contract templates together with our legal and compliance department, for example for local hardware, and services. Furthermore, Mer sees the need to increase systems support to collect, evaluate, and follow up supplier assessments and supply chain information in a systematic, data driven and efficient manner. We are currently in the final phases of a tender for a procurement system aimed at supplier relationship management and ESG follow up. During 2024, we aim to increase the use of purchase orders with the implementation of a common ERP system. This will allow us to measure spend on contract and ensure that spend happens on prequalified suppliers.

6.2 Compliance

During 2023, the following actions were carried out in Mer:

- Populated the Dow Jones tool (our global due diligence tool). All business partners (customers and suppliers etc.) whom Mer had engaged with prior to the tool's roll out were added and all potential business partners are added prior to execution of any agreements. This tool continuously screens counterparties in relation to integrity risks and ensures Mer has a comprehensive up-to-date record. Training was also rolled out in Mer, so staff are familiar with the requirements regarding when and what due diligence is required on third parties.

- Developed training for suppliers so there is no ambiguity about the requirements of our Supplier's Code.

- Developed and rolled out quick guides to Mer's eight business ethics rules, which cover topics such as anti-corruption and business partner due diligence, in Norwegian, Swedish, German, and English, providing more information, examples and checklists to colleagues.

- Reviewed and updated the business ethics clauses used across Mer in line with The Transparency Act.

For 2024, there are plans to enhance the monitoring of Mer´s third parties.

6.3 Health, Safety and Security (HSS) Management System

Mer cares for the health, safety, and security of people wherever it operates including employees, contractors, and customers/visitors. Thereby, Mer continuously cooperates with qualified business partners and ensures that its products, tools, and equipment meet the recommendations according to relevant local and international standards, e.g., ISOs 45001, 9001, or 14001.

Mer's HSS management is a risk-based (proactive and reactive) system, integrating the following group-wide tripartite approach to ensure that Mer satisfies all internal and external requirements:

- Monthly reporting of KPIs and further statistics

- Reporting of observations and incidents through dedicated templates, ensuring a standardised evaluation and response process

- Quarterly HSS management meetings, including risk assessments according to the higher-level ERM process principles

6.4 Sustainability

During 2023, the following actions were carried out in Mer:

- An extensive corporate carbon footprint (CCF) was calculated across Scope 1 (direct emissions), 2 (indirect energy emissions) and 3 (indirect emissions, e.g. supply chain) along the value chain. This helps Mer understand the sources of **emissions** and identify opportunities for reduction. The CCF forms the basis for the decarbonisation strategy, consisting of mid-term reduction targets, a net zero emissions target and related decarbonization initiatives.

- Mer´s **employees** were identified as a critical element on the path to become more sustainable. The sustainability team will develop internal learning journeys on several sustainability topics for all employees, providing them with the knowledge and tools they need to contribute to Mer's sustainability goals.

- A close collaboration between the Sustainability and Procurement teams in Mer, resulting in **supplier prequalification** and efforts to increase transparency in the supply chain. This will ensure Mer's suppliers are committed to sustainability and contribute to the overall efforts in reducing the environmental impact in Mer´s value chain.

In 2024, there are plans to extend the work on the decarbonisation strategy in Mer and take other sustainability topics into consideration. Functions across Mer will also align on a strategic level to a common sustainability approach.

Oslo, 11 June 2024

Ellen Hanetho
Chairman of the Board

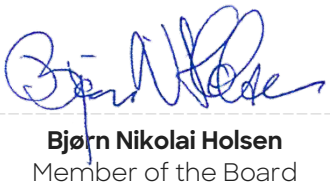
Jürgen Norbert Tzschoppe
Member of the Board

Pernille Fabricius
Member of the Board

Matteo de Renzi
Member of the Board

Marit Grimsbo
Member of the Board

Anne Marit Harris
Member of the Board



Bjørn Nikolai Holsen
Member of the Board

MER AS
Lilleakerveien 6A
0283 Oslo, Norway
+47 476 70 800
mer.eco