

ESG Q&A – Bellman Group AB

Bellman Group AB (publ) ("Bellman Group") was founded in 2017 through the merger of Bellmans Åkeri & Entreprenad AB and Uppländska Bergborning AB. The company is a full-service provider of field related works required for construction of crucial infrastructure and buildings.

GENERAL INDUSTRY

Please list the industry's three biggest sustainability related challenges

- To improve the working environment in terms of health & safety
- To reduce climate and environmental impact
- To ensure proper business ethics

How does the firm compare to industry peers regarding sustainability initiatives? Above, on par, or below?

Bellman Group is relatively alone in being able to offer complete solutions to customers in the construction industry and is a pure subcontractor. Through the ISO certification that was implemented in 2020 for all companies (except SÅCAB which was acquired in 2020) according to standards 9001, 14001 and 45001, the assessment is that the group is at the forefront of sustainability. Very few of Bellman Group's smaller competitors have taken the step to standard 45001 yet.

Is the company a signatory of the UN Global Compact or Science Based Targets, report to the CDP or engage in any other relevant sustainability initiatives?

The group is a member of Sveriges Åkeriföretags initiative "Fair Transport", through its subsidiary Bellmans Åkeri & Entreprenad AB. The group will also review the possibilities for Samgräv and Såcab to join the initiative

ENVIRONMENT

Please list, if any, the firm's climate related opportunities

Major customers within the construction industry, including many different areas, need to take responsibility for a sustainable environment. To be able to meet certain requirements, customers are forced to place demand on their subcontractors in all areas. In procurements Bellman Group needs to ensure that these requirements can be met, which is then followed up continuously during the project.

In our quest for reduced environmental impact, we also work to improve logistics planning, which in turn benefits our customers.

Mechanical processing of materials for recycling now takes place as well, for example, with mobile crushing plants, which reduces transports.

In relation to Landfill, reusing as much as possible of the material that is initially "left over" for large projects, is part of Bellman Group's DNA. We process and produce materials such as crushed products and gravel which are to a great extent reused in the preparation of soil for the next step in the production process.

Please list the firm's three primary risks related to climate change

Bellman Group's operations are not directly affected by any climate change. However, approximately 75 percent of revenues are currently related to large infrastructure projects, primarily linked to transport routes around metropolitan areas. Vehicles and transports will continue to travel on these routes even if we switch to renewable fuels and electricity

Does the firm anticipate any climate related investments?

Bellman Group's subsidiary VSM has recently made a major investment in 27 new Caterpillar machines, including 13 wheel loaders, ten excavators and four dump trucks, all of which contribute to low fuel consumption, low emission levels and are leaders from a safety and work environment perspective.

Continuous improvements and upgrades are also made to the existing machinery to ensure that the risk of discharges to land and water is minimized and that our employees have the knowledge and tools required to be able to quickly act if an accident or spill occurs. A daily inspection of all our units should also help identify deficiencies and enable action before an event or leak occurs.

In connection with the newly established sustainability report for 2020, we will include a climate report, which will be used by the management team and board to decide on future investments.

Does the firm rely on any scarce resources for its operations? If so, what efforts are made to mitigate the risk of those resources becoming even more scarce in the future, e.g. recycling, reusing, substitutes or improved resource efficiency?

The Group is dependent on fuel and consumes large amounts of diesel. To the extent possible, environmentally classified diesel is used. Several of the Group's projects use 100 percent HVO fuel (Hydrated Vegetable Oil) but this is not available to the extent that is desired yet.

In connection with the ISO certification, a review has been made of the oils and other chemicals that the group uses. The service agreements for our machines specify which oils are permitted to be used for the agreement to apply. However, in the review, the number of articles used for this purpose has been reduced from 300 to 65 articles where we have good knowledge of how the product should be used correctly.

To extend the life of the machine park and ensure efficient use of resources, units are upgraded on an ongoing basis in their own workshop.

Mechanical processing of materials takes place at mobile crushing plants to reduce transport back and forth and enable recycling of masses.

Transition related risks (for example changed customer preferences or legislation): Do you anticipate any risks or opportunities due to the transition to a carbon neutral society? Is there any risk of the firm's offering being negatively affected? If yes, is the firm well positioned to handle that risk?

Bellman Group tries to meet the driving forces in society that strive for reduced climate and environmental impact through continuous improvement work and in collaboration with its customers, hence we do not see any transition-related risks.

Please list the firm's (1-2) primary means of making a positive environmental impact or minimising negative environmental impact. (If applicable, please list the corresponding most relevant UN Sustainable Development Goals). How are they tracked and communicated?

During the year, the Group began to collect data for its newly established sustainability reports. The reports will provide an overview of the business's climate impact and will hence form a basis for the efforts needed to reduce emissions and possibly compensating for climate change. By identifying where the Group's major climate impact is within the Company's business model, Bellman Group can take the right measures in form of business development, efficiencies, implementation of new technology and requirements on suppliers in order to limit negative emissions. The sustainability reports also form a foundation for setting realistic climate goals for the business, in order to (in the long-run) support Sweden's national goal of having a fossil-independent vehicle fleet by 2030 and net zero emissions (of greenhouse gases) by 2045.

Currently the groups primary means of making a positive environmental impact is through reduced diesel consumption and hence emissions, which is primarily achieved by upgrading the vehicle fleet.

In addition, several of the companies in the group are certified according to ISO 14001.

SOCIAL

Does the firm have a history of accidents? If so, how have these been managed? Are there any preventive measures, such as policies?

Bellman Group works preventively with safety issues and has a zero vision when it comes to accidents. However, accidents have occurred and during the first three quarters of the year, 13 minor incidents (resulting in cuts or scratches) and one accident occurred. The accident involved a wrist injury due to a heavy lift.

Risks, incidents and accidents are reported and investigated so that measures can be taken as quickly as possible. The staff undergoes training in safety and to change attitude to counteract risk behaviours.

All managers and leaders with personnel responsibilities will undergo training in the work environment and currently about 50 percent of the leaders have completed this training.

The Code of Conduct, which covers employees and subcontractors, contains the guidelines that should guide both internally and externally and promotes behaviour in line with Bellman Group's core values; quality, competence and safety. A supplier assessment is carried out on an annual basis in order to ensure that the code of conduct has been upheld

Does the company conduct any other community engagement activities aside from those directly connected to the business?

Bellman Group is a member of the supervisory board for a machine education school, ME skolan (gymnasium & komvux). All subsidiaries contribute to the completion of internships during school hours and apprenticeships after the education

Circular economy: How are purchases and waste managed? Please list the firm's demands on its suppliers, if applicable.

The foundation for Bellman Group's mission "we make it possible to build" means we are constantly working to streamline the processes around large construction projects. This includes having transports that are efficient throughout the chain, that we load optimal cargo and hence, we do not drive empty cars but instead they are returned with for example lots for backfilling. It also means that we can, via our own landfills, reduce distances for excavation.

In addition, Bellman Group is environmentally certified and takes care of residual products. Materials which stem during projects are recycled by refining the material into a product that in turn can be sold and reused.

Are there any goals, policies, or Codes of conduct applicable to the firm's suppliers? How often does the firm conduct audits of its suppliers?

The subcontractors hired by Bellman Group must conform and comply with a code of conduct established in 2019.

Once a year, a supplier assessment is made in accordance with the quality requirements in ISO 9001 and 14001 regarding delivery and the environment.

In connection with subcontractors being contracted, an investigation is carried out to ensure that the supplier takes the responsibility which the industry requires in order to maintain minimum wages, insurance, etc.

GOVERNANCE

Do all staff members receive continuous training on anti-corruption? Is there an external whistle-blower function? Are there any ongoing or historical incidents involving corruption, cartels or any other unethical business conduct? Have any preventive measures been taken?

Bellman Group's Code of Conduct addresses issues related to anti-corruption and the ethical principles on which the business is based. In order for the Group to become aware of and be able to remedy conditions and events that violate the Code of Conduct, policies, or applicable laws and regulations, all employees, partners and suppliers are encouraged to notify suspicious deviations directly to Bellman Group's Senior Management or via the whistleblowing system available on the Group's websites.

No reports of such a nature which has prompted any action have so far been reported.

Please state the firm's business tax residence (i.e. where the firm pays tax) and explain why that specific tax residence was chosen.

Bellman Group is a Swedish limited company that is tax resident only in Sweden.

Are there independent members of the Board of Directors?

The Board consist of six members (incl. CEO Håkan Lind) of which four are independent of the Company, its management and the Company's major shareholders. The independent members are; Björn Andersson (Chairman), Charlotte Hybinette, Anne-Lie Lind and Ingalill Östman.

Please state if and to what extent, the company has transactions with related parties?

N/A

Is the remuneration of the CEO and other members of the management team in line with industry peers? Which KPIs dictate the remuneration (particularly if sustainability and gender diversity are included)?

The salary is market-based and set using KPI's. The compensation consist of a fixed salary and the opportunity for a bonus if certain financial and certain individual goals have been achieved.

The KPI's used are related to financial targets in terms of EBIT and free cash flow. However, there are a number of other parameters that form the basis for bonuses which link to development in areas related to sustainability, workplace routines in relation to the follow-up of requirements for resources and suppliers, health & safety and code of conduct.

Please indicate the relative split of men/women at every level of the firm, particularly the Board of Directors and management team.

Board of Directors - 50/50

Management team - 6 men and 1 woman

Is the Head of Sustainability a member of the management team? If not, who does that person report to?

Bellman Group is in the process of recruiting a new head of Communication and Sustainability and that position will be part of the Management team.

Policies or agreements in place?

- Union Agreement - Yes
- Code of Conduct - Yes
- Diversity Policy - Yes
- Anti-Corruption Policy - incorporated in the Code of Conduct