

**Transcom**

# Communication on Progress 2015

## CONTENTS

Comments from the CEO	3
Focus on people	4
Our stakeholder dialogues	5
People development and equal opportunities	6
Governance and ethical business practice	8
Supply chain - CSR in the procurement process	9
Environmental care	10
Community engagement	11

# Comments from the CEO

At Transcom, we have chosen to focus our corporate social responsibility (CSR) efforts on people, which is reflected in the focus areas of our CSR governance program, Transcom Cares. We focus on people development, equality & diversity and community engagement. In addition to the CSR focus areas we have defined for our Transcom Cares program, Transcom fully supports the ten principles of the UN Global Compact with respect to human rights, labor rights, environmental care and anti-corruption work. These principles are an integral part of our corporate strategy, business culture and day-to-day operations. Therefore, as part of our ongoing pledge to deliver an outstanding customer experience in a global sustainable society, Transcom is a signatory of the UN Global Compact. We are whole-heartedly committed to ensuring that we comply with the UN Global Compact and its principles. I invite you to read more about CSR at Transcom in 2015 on our special website [2015.transcom.com](http://2015.transcom.com), which replaces the traditional front section of the annual report. On this site, you will also find content on other areas, such as operations, business development, finance and HR. Let me also invite you to read the Hello Transcom magazine, which features stories from the year. It is available on [www.transcom.com](http://www.transcom.com).

Let me close by thanking our clients and shareholders for their continued support, as well as our 30,000 employees for their hard work, commitment and dedication during 2015.

Stockholm, June 2016

Johan Eriksson,  
President & CEO of Transcom



# Focus on people

Every day, Transcom's 30,000 customer experience specialists handle a multitude of interactions with our clients' customers in more than 33 languages all over the world. People truly make all the difference in our business. Our ambition to deliver an excellent customer experience in every single interaction depends on an engaged, skilled and highly motivated workforce. Our ability to attract people with the right attitudes and mindset, in combination with efficient training methods and processes to drive performance, is essential to achieving our goals.

## OUR RESPONSIBILITY

At Transcom, Corporate Social Responsibility (CSR) means that we always do our utmost to do the right thing by our clients, our people and our communities. We are convinced that our commitment to sustainability also helps us to attract, retain and develop the best people, which is critical to our long-term success.

Transcom Cares is the overarching governance program for Transcom's Corporate Social responsibility (CSR) activities, which are an integral part of our day-to-day business. Transcom Cares started several years ago as a concept for our community engagements in the Philippines, but in 2013 it was established as a global CSR program with three focus areas:



### • People development

High performing, skilled and motivated people are the key ingredient in providing excellent customer experience, and it is therefore critical that we have a process to support high performance as well as the ability to attract new employees and retain our talents.

### • Equal Opportunities

We believe that being an employer that provides equal opportunities to all is an important key to our future success. It is our people's skills, knowledge and attitudes that matter. We have zero tolerance for discrimination.

### • Community engagement

Local community engagement is how Transcom Cares started. People want to work for a company that has a sustainable approach to business and that contributes to building communities.

# Our stakeholder dialogues

In a people-intensive business like ours, where long-term success largely depends on the ability to attract and develop the right people, we believe it makes sense to focus our corporate social responsibility (CSR) efforts on people as well. Our stakeholder dialogues and materiality analysis verify this view.

Our materiality analysis was performed in order to identify which sustainability aspects are considered to be most material and to prioritize amongst these in order to allocate adequate resources to achieve the highest impact. The list below summarizes the most important sustainability issues to each key stakeholder group.

## EMPLOYEES

- Be an equal opportunity employer
- Be transparent with financial reporting
- Work proactively with anticorruption

## OWNERS

- Provide continuous training for employees
- Be transparent with financial reporting
- Have fair and transparent recruitment practices

## INVESTORS

- Provide continuous training for employees
- Focus on fair working conditions for employees
- Ensure high degree of customer satisfaction
- Focus on health and safety management for employees

## EQUITY ANALYSTS

- Be transparent with financial reporting
- Focus on fair working conditions for our employees
- Be an equal opportunity employer

## ESG ANALYSTS

- Focus on fair working conditions for our employees
- Uphold freedom of association and right to collective bargaining
- Ensure high degree of customer satisfaction

## CLIENTS

- Have fair and transparent recruitment practices
- Be an equal opportunity employer
- Focus on fair working conditions for employees

As part of this process, we organize specific stakeholder dialogues with our employees, e.g. through web-based surveys and feedback meetings. In addition to this, we conduct an annual employee satisfaction survey, "Voice of Our Employees", which is open to all employees, including temps and agency workers. Gathering feedback from our employees on their satisfaction is critical in order to continuously improve our workplace and make it a great place to work. In order to make sure that we get the insights we need, we revised the content of the survey during 2015, and also improved the technical platform. Our aim is to engage with our people and encourage everyone to make their voices heard. Therefore, it is very positive that 85.9 percent of our workforce participated this year. The response rate improved quite significantly compared to the 2014 survey. In this year's survey, as well as last year, approximately 80 percent of respondents stated that they would recommend Transcom as a good place to work. The results are analyzed and discussed on the local as well as on the global level. An action plan to address the findings is created at every site and in every country throughout the organization.

# People development and equal opportunities

## PEOPLE DEVELOPMENT

High performing, skilled and motivated people are the key ingredient in providing excellent customer experience, and it is therefore critical that we have a process to support high performance as well as the ability to attract new employees and retain our talents.

### Developing careers

In order to ensure that we are successful in finding the right people; the company has a clear goal of becoming an employer of choice in our industry. Besides offering a stimulating working experience, competitive compensation and robust training, the opportunity for career development is one of the key factors that attract new talents to the company.

At Transcom, we truly believe in developing our people and we offer unique opportunities for our employees to develop in their roles. There is a clearly defined career progression, either as a line manager or in a specialist role. There are hundreds of examples of senior leaders at Transcom who started out as agents or in junior support roles. Please visit [blog.transcom.com](http://blog.transcom.com) for stories about people who have chosen to build their careers with us.

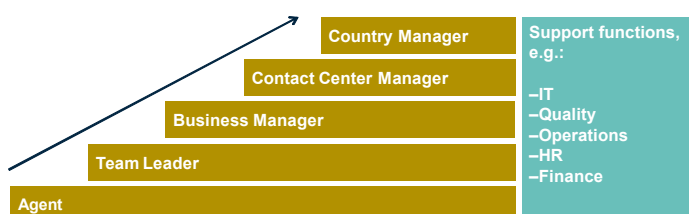
Internal candidates fill the absolute majority of our first line management positions, as well as functional specialist roles. All our Business Managers, and five out of six Team Leaders, are internally recruited. When recruiting externally, many candidates come to us through referrals from employees.

In many countries where we operate, our employees are represented by an independent trade union or are covered by collective agreements that entitle them to healthcare and retirement benefits.

At Transcom, we are committed to maintaining high international labor standards and we also expect our suppliers to offer fair and reasonable compensation and working hours to employees in line with legal requirements as stipulated in their countries of operation.

### Employee security

Transcom always tries to minimize the negative impact on employees in cases where downsizing or restructuring actions cannot be avoided. In many cases, we will offer training, relocation support, job search assistance, or other forms of support.



## Number of employees by region

	December 2015
North Europe	5,092
Central & South	6,102
Iberia & Latam	6,765
North America & Asia Pacific	11,446
Other (mainly CMS)	108
<b>Total</b>	<b>29,513</b>

## Full-time employees and temporary staff

	December 2015
Full-time employees	26,321
Temporary staff	3,192
<b>Total</b>	<b>29,513</b>

## Health and safety

We are committed to ensuring that Transcom work centers are safe and secure places for all those that visit and use them. Our centers comply with applicable health, safety and environmental laws and all related policies. We aim to make sure that our employees benefit from an appropriate standard in their physical environment, technology equipment and office furniture by:

- Observing common safety recommendations and good practices
- Participating in evacuation drills and safety training sessions

Transcom has not experienced any serious work-related accidents in the last years. Also, all of our suppliers are expected to provide employees with safe working environments where risks of accidents are minimized, in compliance with applicable health, safety and environmental laws.

## Performance and Talent Management

We firmly believe that talented, passionate and innovative people are fundamental to delivering an outstanding customer experience. Effective tools and systems are becoming more important, but our true differentiators are our people. Transcom relies on high performing people with the right skills to provide value to our clients.

Performance and Talent Management Programs have been designed with a holistic view that encompasses recruitment, performance management and appraisals, competence and abilities, training and continuing individual development/succession plans for our employees.

The aim of the Performance Management Program and Performance Appraisal is to define key objectives for each individual to measure performance against and, consequently, creating a

results-orientated culture in our company. This global annual process enables an open, transparent and integrated system for managing people.

The overall aim of our Talent Management is to identify our internal talent and develop high-potential employees. Also, this program guarantees that Transcom has a succession plan and map any competence gaps and need for development of potential future leaders at all levels, in order to ensure the sustainability of the Company. We want to ensure that Transcom has a talent pool of potential successors when job opportunities arise, therefore we will continue working to identify and develop our internal talent and create great opportunities for people to growth with us. Because the way we develop our people as leaders is what will make the difference in the end.

In 2015, we enhanced the quality of the process and introduced a new Group-wide tool that will increase visibility and support our managers. Managers and specialists received refresher training on the process during the year in order to ensure that quality is maintained. The Performance Management Program not only supports performance, but also serves as an important platform for the Talent Management Process.

In 2015, we also continued the implementation of our Talent Management Program, which was launched in 2014 with the overall aim of identifying internal talent and developing high-potential employees. This program is an important part of succession planning in that it supports the identification of potential future leaders at all levels in order to ensure the sustainability of the organization.

Our employees can directly influence the Talent Management process. We view the program as being both a personal and a collective learning experience. It also supports the implementation of efficient business processes for recruitment, career path management, compensation and individual development plans. This holistic

approach enables us to attract and retain the most talented people, while also making sure that we can quickly identify available talent when job opportunities arise.

### EQUAL OPPORTUNITIES

We believe that being an employer that provides equal opportunities to all is an important key to our future success. It is our people's skills, knowledge and attitudes that matter. We have a zero tolerance for discrimination.

The gender distribution among managers is good overall, with women making up 52 percent of managerial employees. Our target is to improve this number even more.

A unique position that Transcom is proud to fill in many markets is that of a platform for career development for young people and new graduates. In many countries, we are a top employer of people aged 18–26. Our agents learn about direct client interaction in a dynamic environment, strengthening their communication and technology skills; they become product specialists, handle conflicts and, in turn, are rewarded for a job well done. Transcom is proud of the role we play in the lives of our current and former employees.

#### Gender distribution, all employees

Year	2015	2014
Women	57%	57%
Men	43%	43%

#### Gender distribution, managers

Year	2015	2014
Women	52%	52%
Men	48%	48%

#### Recognition

Transcom Lithuania was recognized at the National Responsible Business Awards 2015, organized by the Ministry of Social Security and Labor of the Republic of Lithuania, as a "Workplace of the Year". The awards were given to national and foreign companies operating in Lithuania to recognize the contribution to socially responsible practices and initiatives that benefit companies and society by strengthening social welfare as well as minimizing negative impact on the environment.

# Governance and ethical business practice

Corporate responsibility at Transcom is an integral part of safeguarding not only our values but also the reputation of the clients that choose to partner with us. In the coming years, we will strive to be recognized as one of the most sustainable global customer experience specialists on the market.

## GOVERNANCE

Transcom WorldWide AB (publ) ("Transcom" or the "Company") is a Swedish public limited company, and its ordinary shares are listed on the Nasdaq Stockholm exchange. The Company's governance framework encapsulates key principles, which govern the relationship between the numerous stakeholders of Transcom. It further includes an internal framework for decision making, and assignment of responsibility for the Company's management, administration and internal control. Transparent reporting is one of the cornerstones of corporate governance at Transcom, in that it facilitates the understanding and monitoring of key developments in the Company by its stakeholders. Transcom's corporate governance framework further supports Transcom in ensuring that it is an ethical corporate citizen. Transcom adheres to principles of corporate governance found in both internal and external rules and regulations. As a Swedish public limited company listed on Nasdaq Stockholm, Transcom is subject to the Swedish Companies Act, the Annual Accounts Act and other applicable Swedish and foreign laws and regulations, including the Rule Book for Issuers of Nasdaq Stockholm and the Swedish Corporate governance Code (the "Code"). In addition, to ensure compliance with all applicable legal requirements, Transcom has adopted internal instructions that include the Code of Business Conduct, Supplier Code of Business Conduct as well as a number of internal policies.

Read more in the 2015 Corporate Governance Report:  
[http://www.transcom.com/Global/Corporate%20Governance/Transcom\\_Corp\\_Gov\\_2015.pdf](http://www.transcom.com/Global/Corporate%20Governance/Transcom_Corp_Gov_2015.pdf)

## RISKS

Transcom's Group Internal Audit function is responsible for following up on critical risks and action plans and reporting the status of action plans to the Audit Committee on a periodic basis. Further, Transcom's annual internal audit plan, that is, the scope and the areas of operations to be reviewed during audits, is reviewed and approved each year by the Audit Committee. Risk-based internal audits are carried out independently to evaluate if the key risks are managed appropriately.

## CODE OF BUSINESS CONDUCT

Transcom's Board-approved Code of Business Conduct applies to all employees and promotes ethical, sustainable and transparent business practices within the Group. The Code is available in 17 languages and covers the four areas of The UN Global Compact, environmental care, human rights, labor rights and anticorruption practices. All our employees sign this document when they start their employment, and are given suitable training on the key values of the Code.

## ANTI-CORRUPTION PRACTICES

To combat all forms of corruption, we have the following governing documents in place: Supplier Code of Business Conduct, Code of Business Conduct for employees and our Whistleblower reporting policy & mechanism. We enforce periodic mandatory and refresher training on Whistleblower reporting and the Code of Business Conduct. Furthermore, the awareness of the Code of business conduct is evaluated during internal audits.

Transcom has decided to formalize the refresher-training schedule, ensuring that training is conducted frequently, and to continue with communication activities to increase awareness among all our employees. We have received positive feedback from the investor community, our employees and our partners on our dedicated efforts to uphold the highest ethical standards in our operations and to push the boundaries of responsibility throughout our full value chain.

## WHISTLEBLOWER PROCESS

The Board of Directors has established a whistle blowing process which enables personnel to report violations in accounting, reporting, internal controls, non-compliance with the Code of Business Conduct, Group policies, applicable laws, etc. Personnel are requested to report the matters to local Human Resources manager or to Transcom's internal whistle bower function at [whistleblower.reporting@transcom.com](mailto:whistleblower.reporting@transcom.com). The whistleblower reporting mechanism also facilitates anonymous reporting. All allegations are taken seriously and an enquiry is conducted to not only investigate the alleged violations, but also to identify root causes to facilitate further strengthening of internal controls.



# Supply chain

## – CSR in the procurement process

In 2015, we continued to strengthen the management of our supply chain process. A new Head of Global Procurement was appointed, whose responsibilities include to ensure that a solid process is in place in terms of coordinating our vendor management and ensuring that the principles of sustainable procurement are implemented in the organization. As part of this, we will continue to evaluate sustainability performance of our suppliers.

Key purchases include IT equipment and human resources related services. We have assessed the inherent overall CSR risks at a medium level from a value chain perspective based on the principles of the UN Global Compact. Respect for human rights, including no tolerance for child or forced labor as well as equal and fair working conditions for all employees are among the top priorities.

We regularly carry out CSR assessments of our key vendors by a third party through web-based self-assessments covering all ten principles of the UN Global Compact on human rights, labor rights, environmental care, anti-corruption and information on their implementation of ethical governance practices. A systematic evaluation of the responses is done to ensure a fair judgment on

the replies against internationally ratified conventions and declarations and OECD guidelines for multinational companies.

The supplier assessment process enables us to take quick action if any malpractice or breach of our Supplier Code of Business Conduct is identified. Our escalation process consists of three main steps; dialogue and learning, visits and relationship building and, as a last step, contract termination. To begin with, we engage in discussions regarding the appropriate corrective action plan (CAP) for the supplier. At this stage, we focus on assessing the management process and evidence of genuine understanding of the impact of the area of concern. If necessary, we continue with a supplier site visit to ensure compliance and comprehension of the supplier code of conduct. If major non-conformities are detected, these must be addressed within three months. For minor non-conformities we request a change within the coming year. If, at the end of this period, the supplier still does not comply with Transcom's Supplier Code of Business Conduct, we initiate a process of exiting the cooperation with this partner, as our commitment to a sustainable value chain is critical to our license to operate in society.

# Environmental care

At Transcom, we strive to reduce the environmental impact of our operations, with a particular focus on limiting business travel and decreasing energy consumption in our facilities. Transcom continues to make efforts to minimize our carbon emissions, e.g. by reviewing the meeting needs in the company and creating suitable alternatives to travel. In 2015, the energy consumption in our facilities increased slightly, by approximately 1.5 percent, while CO<sub>2</sub> emissions from business travel decreased by 35 percent. CO<sub>2</sub> emissions per employee were also lower compared to 2014 (from 0.055 ton per employee to 0.034 ton).

Transcom continues to make efforts to minimize our carbon emissions, e.g. by reviewing the meeting needs in the company and creating suitable alternatives to travel. In 2015, the energy consumption in our facilities increased slightly, by approximately 1.5 percent, while CO<sub>2</sub> emissions from business travel decreased by 35 percent. CO<sub>2</sub> emissions per employee were also lower compared to 2014 (from 0.055 ton per employee to 0.034 ton).

We are committed to encouraging, educating and promoting a sustainable business model that keeps environmental impact at a minimum and reduces the carbon emissions at a steady pace for us today and, most importantly, for generations to come.

## Carbon emissions

Year	2015	2014
CO <sub>2</sub> emissions, business travel (tonnes)	1,017	1,575
CO <sub>2</sub> emissions, per employee (tonnes/employee)	0.034	0.055
CO <sub>2</sub> emissions, by Revenue (tonnes/million euros)	1.62	2.56

## ENVIRONMENTAL POLICY AND ENVIRONMENTAL AWARENESS

We conduct training and support local initiatives with our employees in order to encourage greater environmental responsibility in our workplaces. Our employees are committed to minimizing the impact and to working together to contribute to a better environment. Our environmental policy that includes respect for the precautionary principle guides us in lowering emissions from air travel, supports us in selecting goods and services produced with respect for the nature and is a tool to push our environmental demands throughout our supply chain.

## NEW TECHNOLOGY

We also promote environmentally friendly technologies and equipment. During 2015, Transcom moved all its employees to the Google Apps for Work platform. We expect that this move will be beneficial from an environmental standpoint. It will be easier for all our people to collaborate across teams and geographical locations, thereby reducing the need for travel.

# Community engagement

Local community engagement is how Transcom Cares started. People want to work for a company that has a sustainable approach to business and that contributes to building communities.

Many of our community engagement activities depend on our employees' passion to contribute their time and energy. It is clear that these activities support recruitment and staff retention. Getting involved in the communities in which we operate not only strengthens our employer brand, but also maintains our license to

operate in the markets where we choose to compete.

Transcom also runs programs to make life easier for our employees. On-site child care centers, pharmacies, and employee microloans are some examples.

Visit [blog.transcom.com](http://blog.transcom.com) to stay informed about Transcom Cares activities and other news from Transcom. Our goal for the blog is to open a window into our company, culture and day-to-day operations.

# Transcom

**Transcom WorldWide AB (publ)**  
Gjörwellsgatan 30  
SE-112 60 Stockholm  
Sweden  
Company registration number:  
556880-1277  
[www.transcom.com](http://www.transcom.com)