



United Nations Global Compact

**Communication on Progress | 2017**



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01  
Statement

# Statement of continued support by the CEO



14 June 2017

To our stakeholders,

I am very pleased to bring to you NOS Communication On Progress on the implementation of the Ten Principles of United Nations Global Compact.

I would also like to take this opportunity to reaffirm our continuous support to the organization's approach in the areas of Human Rights, Labour, Environment and Anti-Corruption. In the following sections you will find a brief summary of the actions we undertook in 2016 to integrate these principles into our business. The year 2016 represented another step in the execution of NOS' growth strategy, presented in 2014, where the main goals were to increase market share and strengthen our competitive position in the Portuguese communications market.

Sustainability is integrated in our strategy. The introduction of corporate responsibility and sustainable development principles into our corporate activities is part of a social commitment that is directly rooted from our ethical principles and values. The year 2016 was an example of this vision in our company.

In 2016, we developed training actions on our Code of Ethics, which involved employees across all our businesses, suppliers and partners, thus ensuring compliance with the Code's principles.

We integrated our Sustainability Requirements to Suppliers and Partners in the procurement process of the Company. These summarise our outlook, our commitment and our conduct regarding sustainability and must be followed by all NOS Suppliers and Partners.

We continued to manage our Integrated Management System at NOS SGPS, certified according to ISO 9001 (Quality) and ISO 14001 (Environment) standards, through NOS Comunicações, S.A., NOS Inovação S.A., NOS Sistemas, S.A., NOS Technology, S.A. and NOS Towering. We also certified NOS Comunicações according to OSHAS 18001 (Health & Safety) and ISO 20000 (Service management) standards. NOS SGPS is also certified according to the ISO 27001 (Information security) through NOS Comunicações, S.A. and NOS Sistemas.

GRI Standards, launched in 2016, represent global best practice in sustainability reporting. Thus, we are in the process of developing and revising our sustainability indicators system report, based on G4 Guidelines, to these new GRI Standards. Finally, we are in the process of preparing a formal materiality analysis, involving internal and external stakeholders, the results of which will inform our sustainability strategy for the next three-year cycle.

Given the delay in the conclusion of our materiality analysis, and the transition to GRI Standards, we expect to publish NOS first Sustainability Report in 2018. This Communication On Progress aims to fill that information gap, providing relevant data regarding our commitment to the UN Global Compact Principles, including actions, outcomes and quantified performance on social and environmental key issues. We will also publish this information in our website.


We expect 2017 to be even more challenging, with the conclusion of our first sustainability strategic cycle. But NOS - together with our employees and partners - is fully prepared to face those challenges. It is our belief that the Telecommunications sector offers countless opportunities to build a better society and this will remain our permanent motivation.

Thank you,



Miguel Almeida

NOS CEO

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02  
Framework

# Framework

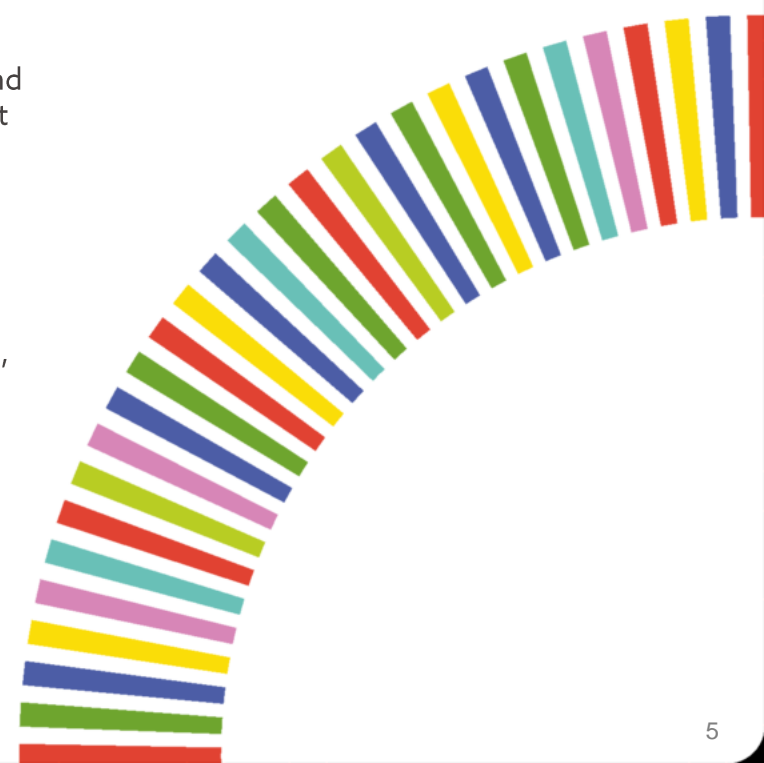
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NOS recognizes that its activity has economic, environmental and social impacts, both direct and indirect, in the communities where it operates.

Sustainability is an integral part of our strategy. The introduction of corporate responsibility and sustainable development principles into our corporate activities is part of a social commitment which is directly rooted from our ethical principles and values.

In 2014, NOS voluntarily joined the United Nations Global Compact (UNGC) initiative, committed to develop the principles of responsible corporate citizenship, and the universal environmental and social principles.

The way NOS addresses the 10 UNGC principles, in the period between April/16 to May /2017, can be verified throughout this document.



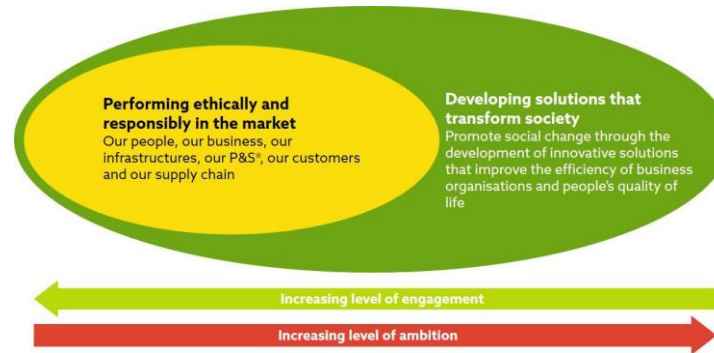
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03  
**Our vision**

# Our vision

## Commitment

We believe that information and communication technologies are a crucial instrument for the implementation of a sustainable development model. Therefore, we are committed to contribute towards the development of society through innovative products and services. Together with our employees, our customers, our shareholders, investors, suppliers, partners, government and regulatory entities, the industry, third sector organizations and society in general, we seek to explore new opportunities which may lead to a better future for the global community. We strive to foster prosperity and encourage social, environmental and economic change. It is also our goal to contribute to optimise processes and improve the capabilities of both people and organisations. In order to achieve this, we ground our activity on the principles reflected at our Sustainability Policy ([www.nos.pt](http://www.nos.pt)), which has not changed since last report.



# Our vision

## Sustainability Strategy

The development of NOS' first strategic sustainability cycle continues. We began this strategic cycle by performing a thorough benchmarking of the sector, which allowed us to pinpoint the most relevant sustainability topics for the telecom sector. The sector's material topics were then compared with topics that had been identified during the latest strategic cycle performed within the scope of the management system and analysed in light of the legal and regulatory framework, international policies and commitments in the domain of sustainable development as well as the major risks of sustainability on a global level. It should be noted that we have already integrated the analysis of the Sustainable Development Goals (SDG) into this process, identifying the goals to which we can contribute.





# Our vision

## Sustainability strategy

An initial reflexion was carried out based on the elements mentioned before, focusing on the potential impact of each topic on NOS and the best ways for the organisation to manage each one. The following table includes the preliminary results arising from this analysis and provides an overview of the main risks and opportunities sustainability poses to our business. Materiality will be assessed through an internal review process complemented by the inputs resulting from a wide-ranging engagement of external stakeholders. The results of this process will provide the basis for NOS' sustainability strategy, which will guide our actions during the 2015-2018 period.

Ethics	Employees	Privacy and Security	P&S	Environment	Society
▼ Alignment with ethical principles	▼ Balance between professional and personal lives	▼ Data protection	▼ Network infrastructure	▼ Energy and GEE emissions	▼ Accessibility
Conflict of interest	Development	Secure use	Customer service	Waste	ICT literacy
Corruption	Salaries and benefits	Access to contents	Responsible marketing		P&S that reduce environmental impact
	H&S				P&S that improve quality of life
<b>Social and environmental performance of supply chain</b>					

# Our vision

## Sustainability Management

Environmental and social issues have been addressed as a fundamental part of our values and principles since the inception of our activity. Therefore, we created a structure for the management of sustainability, including the distribution of internal duties and the definition of a strategic cycle and an operational cycle. The management of sustainability is performed based on these two cycles: a strategic cycle, a three-year cycle to identify material topics based on their impact on the company and their relevance to our stakeholders; and, a operational cycle, a one-year cycle, involves analysing the preceding year's results and defining of annual goals.

### Mission

To pursue NOS' Sustainability goals and define mechanisms suitable to monitor, report and stimulate the different areas with a view to improve the interaction between the foundations of sustainable growth - economic development, environmental performance and social responsibility - while ensuring the fulfilment of regulatory requirements subscribed and monitoring the interaction between processes so as to maximise their continuous improvement.

Corporate Communication and Sustainability is no longer responsible for the integrated management system of NOS (Quality, Environment and Safety and Health) implementation and monitoring. This change resulted from an internal reorganization.

# Our vision

## Sustainability Management

Through NOS SGPS, NOS Comunicações, S.A., NOS Inovação S.A., NOS Sistemas, S.A., NOS Technology, S.A. and NOS Towering, NOS is certified regarding quality and environment according to the ISO9001 and ISO14001 standards, respectively for the companies and scopes defined in figure. NOS Comunicações is certified according to the OHSAS 18001(a), ISO 27001(b) and ISO 20000(c) standards. Additionally, NOS Sistemas is also certified according to ISO 27001(d).



(a) The scope of the Occupational Health and Safety component is only Corporate Products and Services. (b) The scope of the Information Security component is the business processes "Customer Management" and "Billing and Charging" for fixed and mobile service clients, in the market segments: Residential, Personal, Business (with primary focus on Corporate clients) and Wholesale. (c) The scope of the Service Management component is for telecommunications and ICT services to corporate customers, according to the service catalog and from Lisbon and Oporto operational centers. (d) The scope of the Information Security component is the security processes related to the housing services in data centers.

# Our vision

## Report

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New GRI Guidelines – GRI Standards – were published in 2016. GRI Standards are a restructuring of GRI G4 into a new “architecture” with the aim of making its content more clear, logic and flexible. Mandatory and optional requirements became clearer. Distinction between requirements (shall), recommendations (should) and guidance were also distinguished. As a result, NOS is currently evaluating the impacts of the new GRI Guidelines into its reporting process, to introduce the adjustments deemed as necessary.

Contrary to what was expected, since we haven't yet completed the strategy and all our reporting system is being revised, it is expected to publish a formal sustainability report only in 2018. Therefore, it is crucial that we conclude the materiality review process integrated in the strategic cycle.

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04

## Our performance

# Our performance

## Ethics

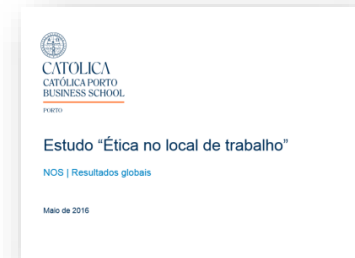
### Training on Code of Ethics

In 2015 we approved a new corporate Code of Ethics and developed/implemented training tools and irregularities reporting mechanisms, thus ensuring compliance with the Code's principles by our employees. In 2016, it was approved a short version of NOS Code of Ethics for Partners and Suppliers. The Code of Ethics (hereinafter designated as the "Code") summarises the principles and rules that govern internal and external relations between the companies comprising the NOS Group (hereinafter designated as "NOS" or "the Group") and their stakeholders. It was created with the primary purpose of sharing those principles and rules as well as promoting and encouraging their observance.

On a first stage, NOS employees were trained on this Code. After that, an adapted training session was developed for cinema's workers. Practical cases were developed considering the main tasks performed by these workers to adapt training contents to their reality. Due to geographical constraints, training sessions were ministered according a cascade model. On a first moment, training was ministered to cinema's responsible, in room (2 sessions, 26 participants). Subsequently, these cinema's responsible trained the remaining workers. Moreover, suppliers and partners representing NOS were also trained.

### Católica Porto Business School

NOS associated to Católica Porto Business School and to the study "Ethics at Work". This study has the objective to understand how ethical rules at work are aligned within portuguese organizations and also how these rules are aligned in comparison to european companies. This study is based on the survey used in the European study "Ethics at Work | 2015 Survey of Employees". It allowed to assess the involvement of NOS employees with ethical matters and evaluate their knowledge about principles and rules set by NOS to manage this theme.



# Our performance

## Ethics

In 2016, NOS' Ethics Committee was informed of 6 alleged irregularities reported by NOS stakeholders. From these, 83% were accepted resulting in 2 penalties and 1 warning. The Ethics Committee has also answered to two requests for clarification from NOS employees.

Alleged irregularities reported by stakeholder 2016	Nature of issue 2016	Resolution of issue 2016
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# Our performance

## People

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NOS implements HR management policies and programmes aimed at attracting, retaining and developing the best professionals. In line with this view, NOS conceived mechanisms and tools to facilitate the development of employees, including training paths designed to help them in their personal and professional development.

NOS Performance and Development Model continued in 2016. This model was designed to support development, management and recognition, value performance, behaviours and promote meritocracy. NOS Campus (Corporate University), essential to develop and strengthen skills of all employees and support strategic objectives to the organisation, and NOS Alfa trainees programme, also continued in 2016.

### Health and Well Being

Health and Well Being is a performance driver and, in that sense, we have identified main professional risks to employees, aggregated into three major risk categories: Psychosocial, Ergonomic and Mobility at Service. In 2016 we developed an annual programme with the main objective of proactively promote changes in behaviour and contribute to a better life and a healthier workplace.



# Our performance

## People

This programme was implemented in several stages. The first goal was to involve and disclose initiatives to mobilize employees to participate and incorporate the learned behaviors in their daily routines.

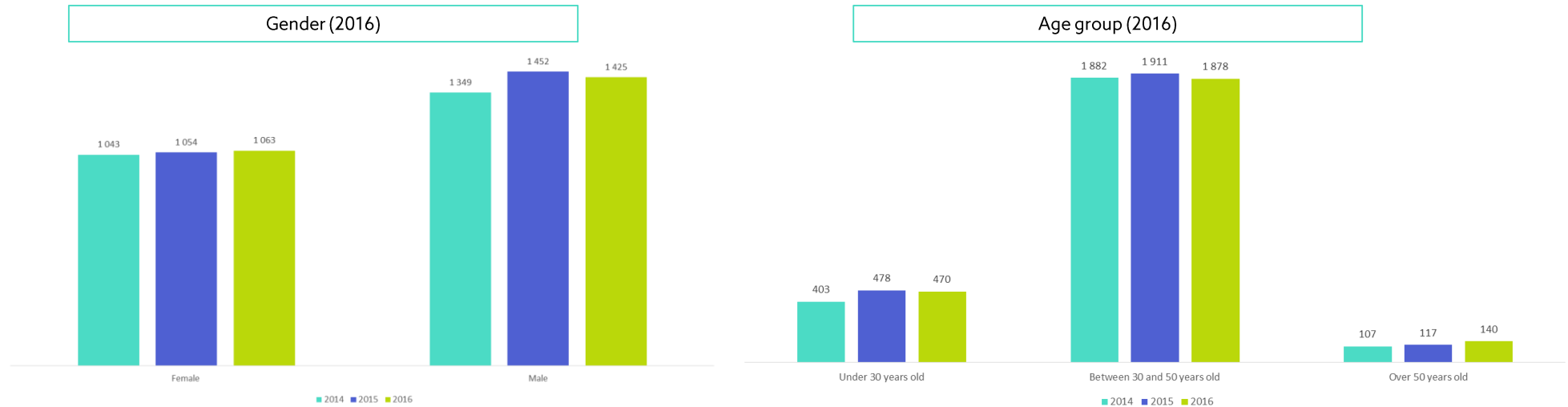
The programme included workshops, labour gym, driving attention tests, among others. On the intranet, employees contacted with tips and pedagogic videos about healthy behaviours and their impact on minimising risks. 35% of the employees actively participated and more than 8.500 views of the intranet contents were registered. The programme also included a healthy week (5 days initiative) to involve employees more directly, and a coaching programme (3 months pilot), which consisted in monitoring, every week, the health and well being evolution of 200 employees, in a specific clinical speciality according identified needs. In 2017, besides the annual consultation to employees about safety and health matters, a detailed study of behaviours and life styles will be conducted. This study will collect information to design employees' profiles and develop proper solutions to the identified needs.



# Our performance

## People

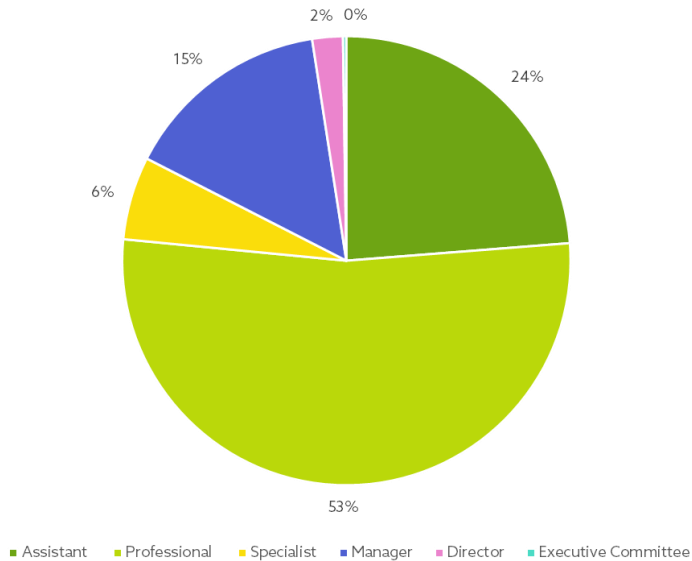
In 2016, NOS had 2.488 colaboradores, out of which:



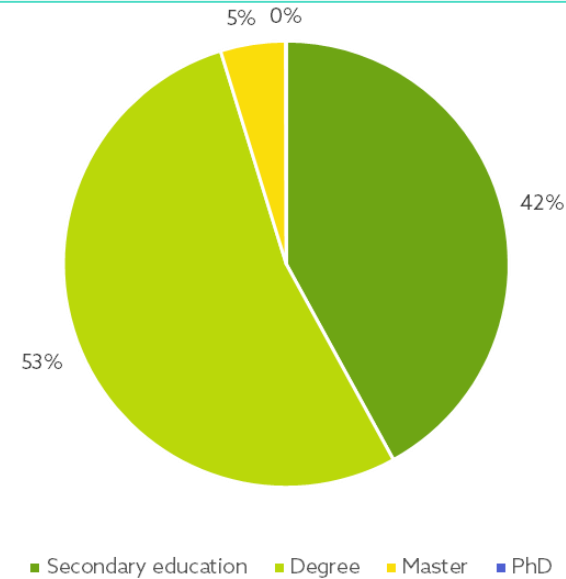
# Our performance

## People

Organisational group (2016)



Education level (2016)

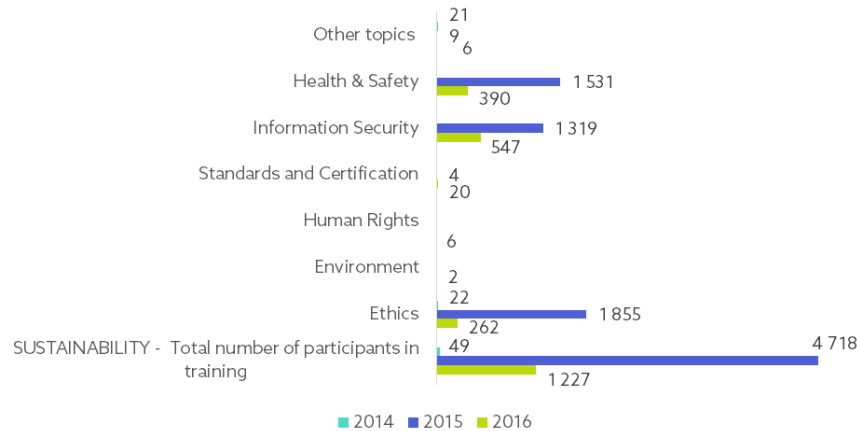


# Our performance

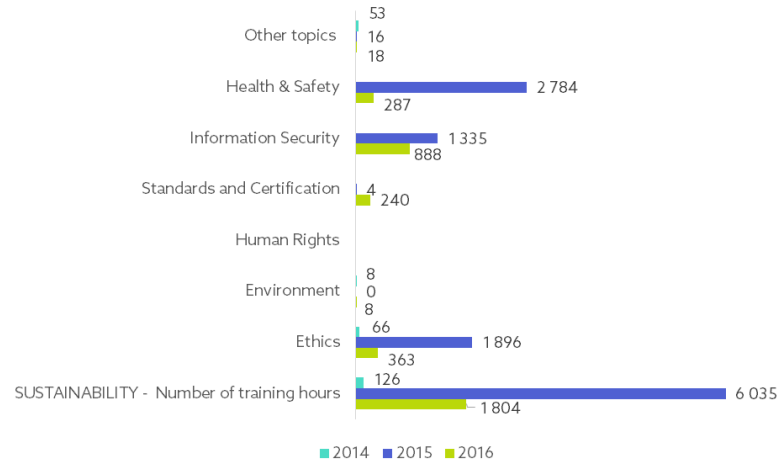
## People

**Training**  
 In 2016, we update/reinforce knowledge of the Emergency Teams, by training (in room) NOS employees integrating Emergency Teams of our buildings. All new employees performed mandatory e-learning courses, in particular the Physical Security training.

Total number of participants in sustainability training (2014-2016)



Hours of sustainability training (2014-2016)



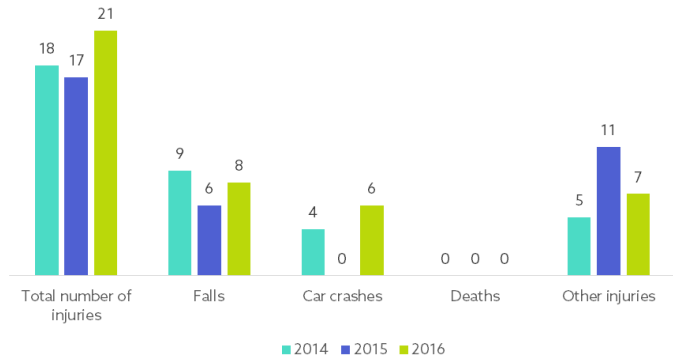
# Our performance

## People

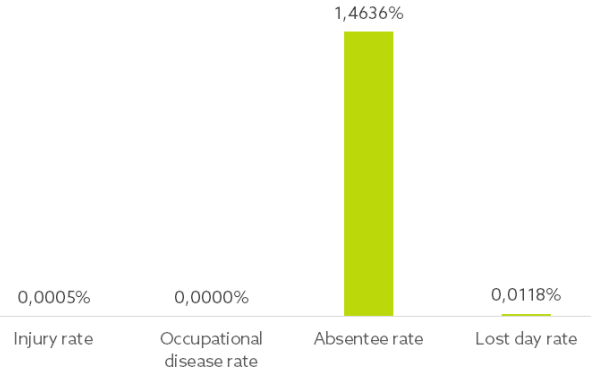
### Incidents

Em 2016, there were 21 incidents within NOS' universe.

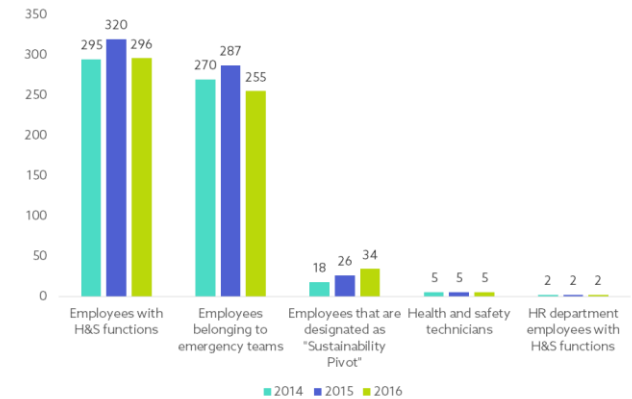
Types of injury (2016)



Injury, occupational diseases, absentee and lost days (2016)



Number of employees with H&S functions (2016)



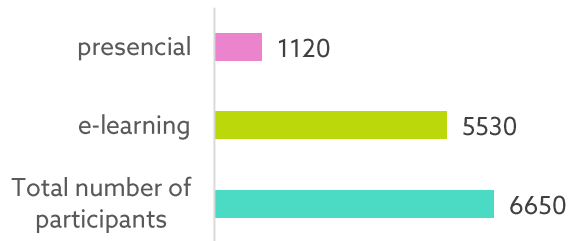
# Our performance

## Supply chain

### Code of Ethics or Partners and Suppliers

In 2016, it was approved a short version of NOS Code of Ethics for Partners and Suppliers. Subsequently, the communication and training plans of this Code were defined and implemented. Training to Partners and Suppliers employees involved, until now, more than 6.000 employees. Completion of training should occur during 2017.

Training to Partners and Suppliers (2016)



### Sustainability Requirements for Suppliers and Partners

We reinforce the communication of our guidelines to suppliers and partners that summarise our outlook, our commitment and our conduct regarding sustainability and must be followed by all NOS Suppliers and Partners. The Sustainability Requirements for Suppliers and Partners set out specific provisions regarding ethics, security and continuity, environment, health and safety, waste, among others.

In 2017 we revised our Procurement Manual, where we have included in the procurement process the sustainability requirements to partners and suppliers, which are now compulsory and applicable for all acquisitions.

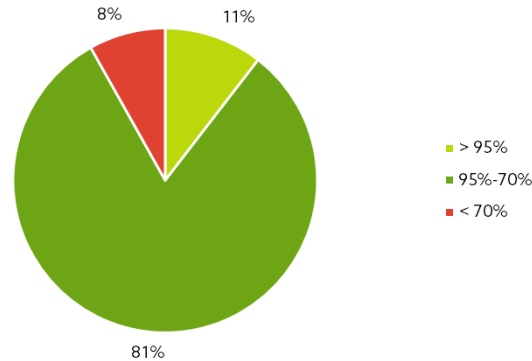
# Our performance

## Supply chain

### Suppliers assessment

In 2016, the supplier assessment was maintained. Besides the criteria related to the acquisition volume, suppliers identified by areas as critical and representing a potential risk for business were also included in the assessment. 86 suppliers were assessed within a total of 118 questionnaires answered. From these, 92% had evaluations higher than 70%. For the remaining 8%, with lower ratings, the responsible areas together with the supplier, defined action plans to improve their performance. All suppliers received a communication with the obtained results.

Suppliers assessment (2016)



# Our performance

## Information Security and Privacy

NOS has adopted best practices to manage the risks related to security and continuity, having developed since the 2000s programmes for Information Security Management (ISM - Information Security Management) and Business Continuity Management (BCM - Business Continuity Management).

The **Security Policy** at NOS defines the Information Security Principles that must be followed by employees and service providers of NOS, as well as defines the levels and security domains and the respective control objectives. The Policy, which goal is to protect information and assets, is voluntarily based on adapting recommended international standards, such as the ISO 27001 standard and the Technical Guidelines for Security Measures of ENISA - European Network and Information Security Agency.

NOS has specific procedures to ensure the Continuity of critical operations and of the communication services provided to its customers, which also include Crisis Management Plans to cover scenarios of technical and operational failures, or others with an impact on customers and brand reputation.

NOS is also committed to ensuring the fundamental rights of individuals to Privacy, especially the protection of the personal data of its customers. NOS' **Privacy Policy** is intended to provide our customers an understanding of how our organisation collects, processes, and protects personal information transmitted by anyone using NOS services.



Available at [www.nos.pt](http://www.nos.pt)

<http://www.nos.pt/institucional/EN/Sustainability/action/Pages/security-and-privacy.aspx>



# Our performance

## Information security and privacy

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NOS complies with national and European legislation applicable to the processing of personal data and the protection of privacy. As an electronic communications operator, NOS must ensure the confidentiality of its customers' personal data, which regards their private lives, conveying the market a clear image of NOS' trustworthiness and reliability. During 2016, NOS started a Privacy Program with the purpose of preparing the company for compliance with the new General Data Protection Regulation whose application will begin in May 2018.

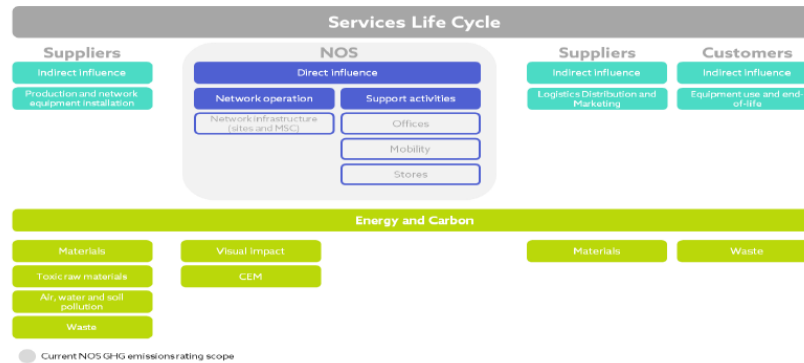
In 2016, we analysed 21 complaints regarding alleged violations of customer personal data. Two claims have been proven as improper use of information.

# Our performance

## Environmental impact of our products and services life cycle

Managing the environmental impact of our products and services' life cycle, means:

- Minimize the negative environmental effects of activities throughout our entire value chain – from the production of equipment and installation of infrastructures by our suppliers to the use of products and services by our customers;
- Developing solutions that fulfil the potential of new technologies, improving environmental performance in sectors ranging from industry to retail and services.



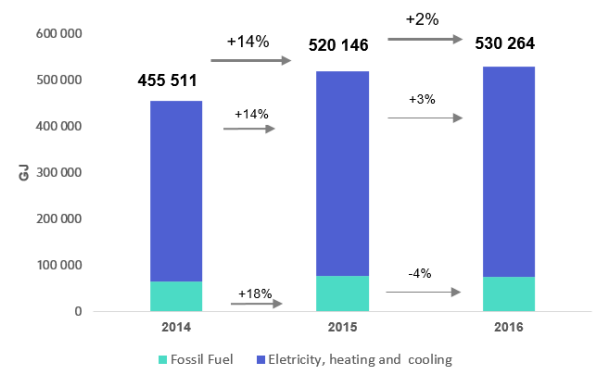
# Our performance

## Energy and emissions

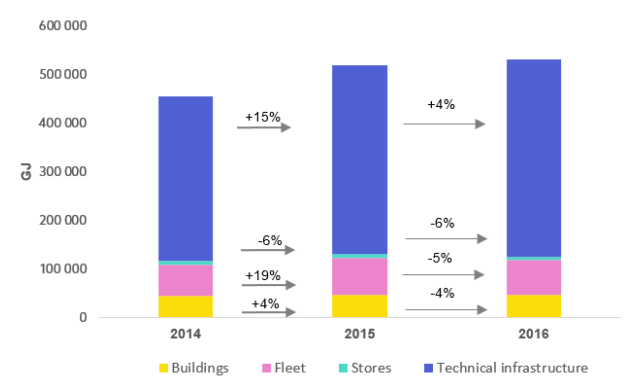
Energy consumption and related GHG emissions are the most important environmental impact of our value chain. NOS direct energy consumption totals around 145 GWh/year (80% in our technical network and 20% in support activities). This consumption, in absolute terms, increased as a result of organic growth and service data conquering more importance in our portfolio. Between 2014 and 2016, NOS total energy consumption increased 14%. The increase has been registered essentially in 2015, year in which dedicated data centers were integrated in the organization business. Consumption stabilized in 2016.

Besides the increase in total consumption, energy efficiency ratio presents a continuous improvement: between 2014 and 2016 we reduced 14% the global consumption of energy per data traffic in our telecommunications network (kWh/GB). This progress results from energy efficient measures implemented, both at main technical sites, as in our access network. Through the SavEnergy project we have reduced 20 to 50% the energetic needs of our mobile telecommunications antennas and tested solutions of renewable electricity own-generation.

Energy consumption by type (2014-2016)



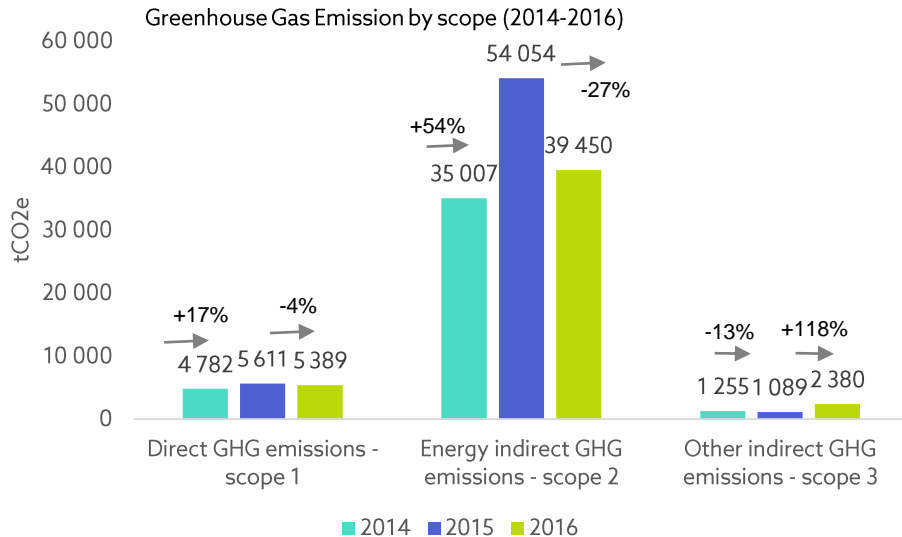
Energy consumption by activity (2014-2016)



# Our performance

## Energy and emissions

Between 2014 and 2016 total emissions of scope 1 (direct emissions) and scope 2 (indirect emissions from energy consumption) increase 11%, resulting from the combined effect of a higher energy consumption in our activities and a lower contribution from renewable sources to the electricity production mix in Portugal. This increase was particularly noted in 2015 – year in which an increase in NOS consumption was combined with a very low production of renewable electricity at the national level– with 2016 values registering a significant reduction.



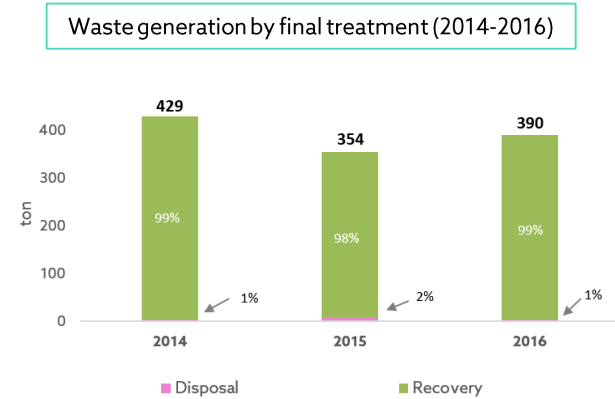
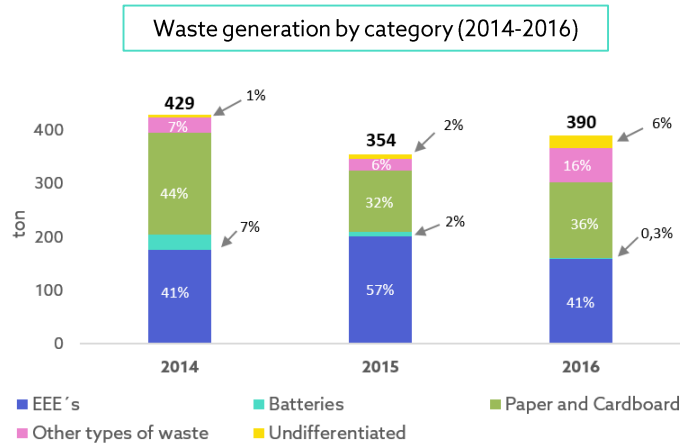
In 2016, we carried out an employee survey to characterize the mobility pattern (house-work-house), produce indicators and quantify correspondent GEE emissions. This is the main source of scope 3 emissions at NOS, representing around 60% of the total emissions in this scope. The inclusion of these emissions in the accounting process justifies the increase registered (+118%).

Note: Carbon Footprint calculated according GHG Protocol  
 Scope 2: Calculated using supplier specific emission factors (market-based method).

# Our performance

## Waste

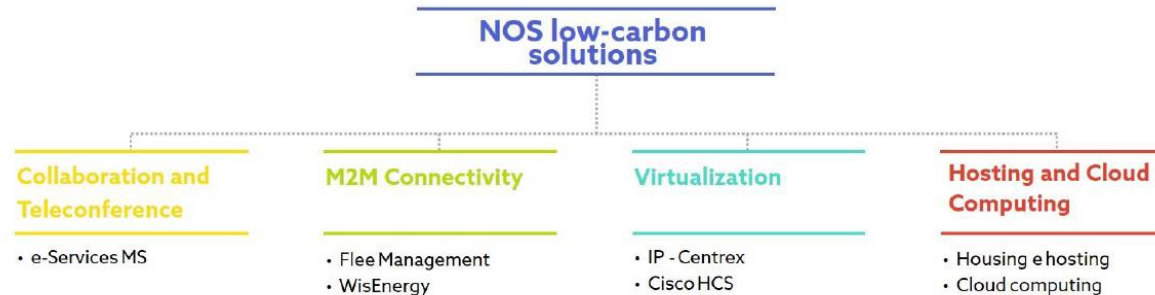
End-of-life electric and electronic equipment, and associated packaging, make up the most relevant waste categories resulting from NOS activities. In our operations, we implemented selection waste collection and, in 2016, 99% of the total waste produced was sent to energetic valorisation or recycling operations. NOS is associated to management entities, through which contributes to the correct disposal of all equipments it put on market at the end of their life cycle. Packaging waste put on market is also sent to recycling through integrated a well-known management system.



# Our performance

## Solutions that reduce our customers' impact

ICTs are crucial for the transition to a low-carbon economy. Estimates suggest that this sector may have the potential to reduce global CO2 emissions by 15% by 2020. In order to fulfil this potential, we have developed innovative solutions in our businesses areas which enhance our customers' functions and productivity while reducing their carbon footprint. Dematerialisation solutions that reduce materials consumption and waste generation; energy management solutions that reduce consumption of facilities and vehicle fleets; cooperation and telecommuting solutions that minimise travel.



# Our performance

## Developing products and services that improve quality of life

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We acknowledge the crucial role played by the ICT improving social inclusion, empowering people and promoting a knowledge-based society. In this way, we are committed to develop products and services that will have an impact on people's quality of life and target three major goals:

- Ensuring ICT access to all customers regardless of their age, disabilities, language, culture or computer literacy, through the development of products and services of great social and environmental value;
- Contributing to the increase of activities that generate economic value in local communities (local recruitment, investment in the community, local suppliers, etc.);
- Using ICT as a factor of innovation and contribute to the information society.

In this regard, our Patronage Policy and Community Intervention Programme – the development of which is dependent on the conclusion of the strategic cycle – will focus on contributing to literacy, particularly in ICT, ensuring access and training civil society in the use of ICT regardless of age, disability, language, culture and ICT literacy.

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05 **Global Compact  
Index Table**



# Global compact index table

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