

**Transcom**

**Sustainability  
Report 2017**



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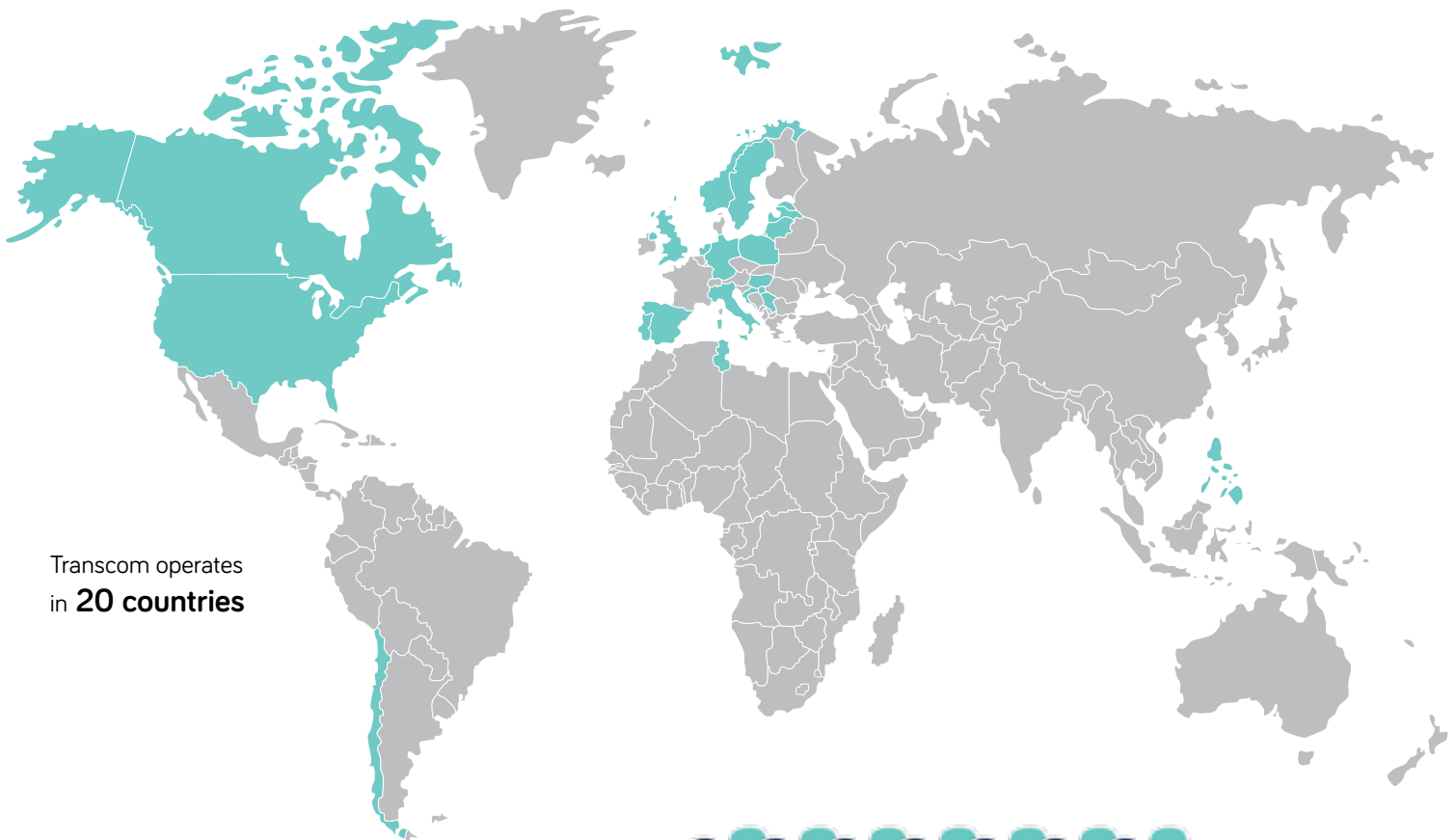
# Transcom 2017

## TRANSCOM AT A GLANCE

Transcom Holding AB is a customer experience specialist with operations all around the world. Transcom Holding AB consists of two subsidiaries, Transcom WorldWide AB (hereafter Transcom) and GVP Communication AB (hereafter Xzakt). This sustainability report refers to Transcom WorldWide. To our clients we provide outsourced customer care, sales, technical support and collections services. Our services are carried out through our wide network of contact centers and work-at-home agents. We help our clients to provide and develop an outstanding customer experience. Through analyzing customer interactions across different channels and

customer touch points we give our clients the possibility to further improve their brand value, adapt their offerings and drive growth.

In March 2017 Transcom was acquired by Altor Equity Partners AB (Altor). Altor is the majority owner of Transcom. During 2017 Xzakt was also acquired by Altor and became sister company with Transcom. Transcom has its headquarters in Stockholm, Sweden.



Revenue 2017: **EUR 429M**

Total equity: **EUR 128M**

Current debt: **EUR 155M**

**1.4 million** customer service interactions per day



“In 2017, Frost & Sullivan awarded Transcom the 2017 European Contact Center Outsourcing Customer Value Leadership Award. We are extremely proud to be recognized by Frost & Sullivan for what we consider to be the most important award of all. Delivering customer value is our top priority, and this award is a testament of how we have achieved our key objective of aligning customer experience management and innovation. We pride ourselves of being at the forefront of customer care and of investing in the right technology solutions that would enable us to support our clients in their digitalization journey, while maintaining the highest quality standards in our core service offering”, says Michael Weinreich, President & CEO, Transcom.”



**Xzakt Kundrelation (Xzakt)** was established in Stockholm 2000. Today Xzakt is one of Scandinavia's largest outsourcing providers for the management of customer service and switchboard call operations, including services in all the Scandinavian languages. Since 2000 Xzakt has been known for their quality and flexibility in managing customer relationships. Xzakt's services are provided around the clock any day during the year from one of their offices in Skellefteå, Gävle, or Stockholm. Xzakt's main customers are leading Nordic companies with a strong presence within e-commerce, finance, insurance, media and appliances, to name a few.

At Xzakt sustainability is integrated into the company culture. From the start of employment Xzakt's values, including the importance of sustainability is emphasized. Due to Xzakt's entrepreneurial mind set they focus on integrating sustainability into their company culture and ensuring that all their employees understand the importance of integrating sustainability into the business. Xzakt's operations run on a minimum of energy consumption, only 369 177 kWh/year, due to their high performance technical equipment and the environmental efforts

of their providers Göteborg Energi and Skellefteå Kraft, both leading environmental suppliers of energy.

The biggest asset is the employees at Xzakt and that's why they focus on employee well-being, which is seen as the most material sustainability aspect. During 2017, there were 243 full time employees at Xzakt (44% men and 56% women). All employees are covered under a collective bargaining agreement. Xzakt understands the importance of empowered employees and have therefore during 2017 conducted training for all managers in how to provide a healthy working environment for employees.

Xzakt's employees are very engaged through many community engagement projects. For example they have a close collaboration with UNICEF, Hand in Hand and Little Angel, all important organizations that help provide education to children and students. In 2017 Xzakt started working with Little Angel, a charity foundation founded by Gunilla von Platen, one of the founders of Xzakt, that is building an orphanage for children in need in Syria.

## COMMENT FROM CEO

Sustainability, and specifically our program Transcom Cares, serve as a guiding light at the core of our business



Transcom is a global customer service provider, handling over 1.4 million interactions with our clients' customers every day. We are the employer of 27,000 people around the world, hiring thousands of new people every year. Sustainability, and specifically our program Transcom Cares, serve as a guiding light at the core of our business, and is an integral part of our corporate strategy, business culture, and day-to-day operations.

Transcom Cares was launched in 2013, and focuses on people development, equality & diversity, and community engagement. Through this program, our talented employees showcase their willingness to support the local communities, co-workers in need, and the environment through volunteering, influencing and supporting our corporate donations.

Transcom has for many years had the goal to be an equal opportunity employer ensuring a diverse and gender balanced work force throughout our operations. We are pleased to see that we are successful in our employee equality. We recognize the fact that we still must strengthen our efforts to achieve a more balanced senior management.

For our customers it is of utmost importance that Transcom operates at the highest ethical standards and safeguards their customers' information, especially as our industry moves towards an increasingly digital and connected environment. Keeping up with the development and seizing the opportunities that artificial

intelligence provides to customers' service and experience puts stringent demands on Transcom's sustainability strategy in regards to ethical algorithms and employee talent development.

We also expect our suppliers to uphold these global values on ethical conduct, environmental protection, and universal human rights.

We are a proud signatory of the UN Global Compact, and have during the year continued to implement the ten principles in a wider context. During 2017, Transcom has also taken the next step in our commitment to sustainability by addressing the Sustainable Development Goals (SDGs). For Transcom, goals 5; Gender Equality, 8; Decent Work and Economic Growth, 10; Reduced Inequalities, 12; Responsible Consumption and Production, and goal 17; Partnerships for the Goals, are the areas in which we feel that we can have the greatest positive impact and support the international community to enable a better world.

With our strong commitment to ethics, integrity, and quality, I have great confidence in Transcom's continued journey as a sustainable and prosperous company. I am pleased to present our efforts and results in the Transcom sustainability report 2017.

Stockholm, April 17, 2018

Michael Weinreich  
President & CEO

# THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) AND UN GLOBAL COMPACT

Transcom is a signatory member of the UN Global Compact and has integrated the ten principles in our business strategy. During 2017, Transcom has started implementing the Sustainable Development Goals (SDGs) into our core business. For Transcom, goals 5; Gender Equality, 8; Decent Work and Economic Growth, 10; Reduced Inequalities, 12; Responsible Consumption and Production, and goal

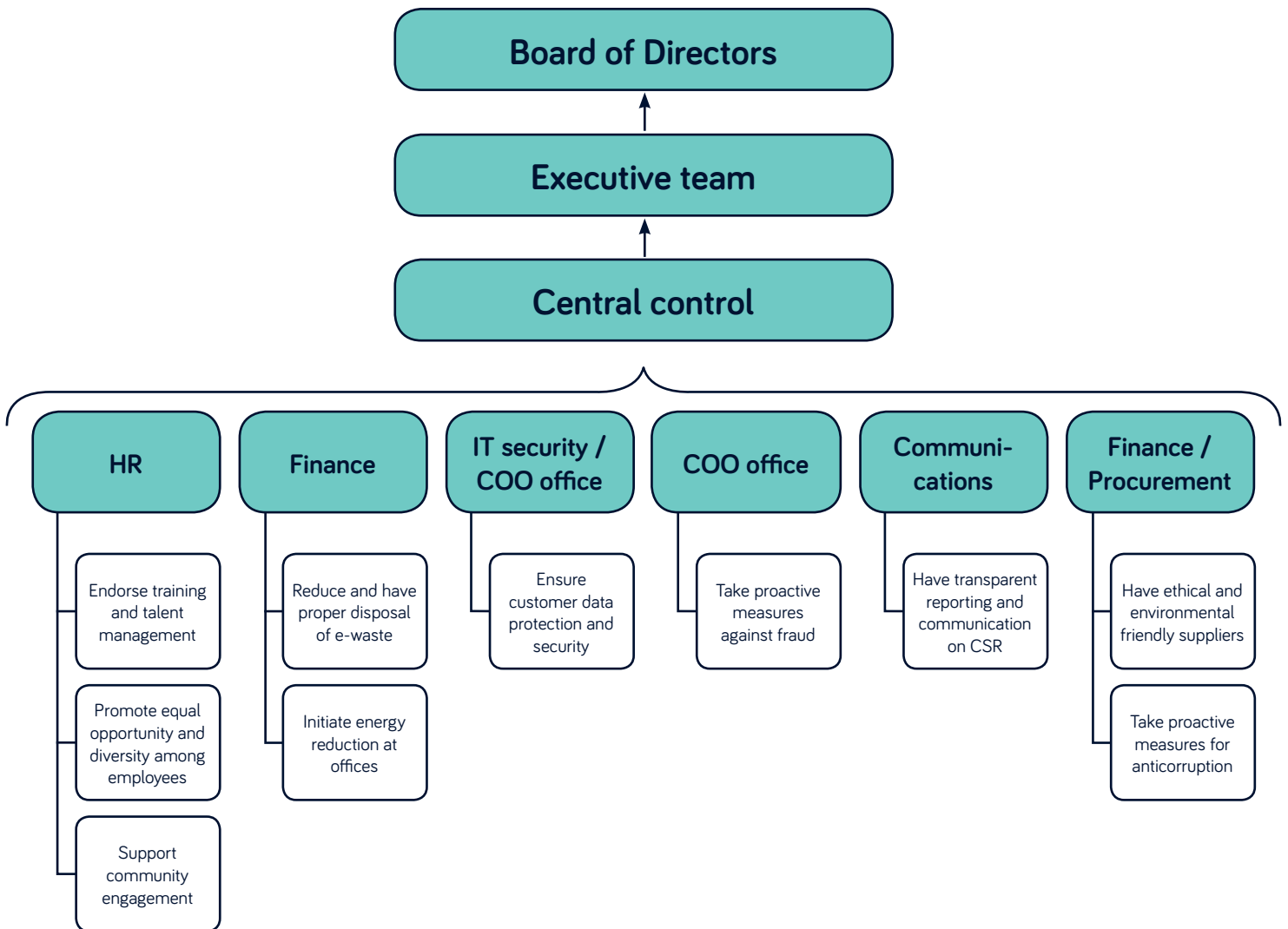
17; Partnerships for the Goals, are the areas in which we feel that we can have the greatest positive impact and give support to the international community to enable a better world. The proactive approach that embodies our sustainability strategy means that sustainability within the four areas, human rights, labor rights, environment and anti-corruption is integrated in our business model.



PRINCIPLE FROM UN GLOBAL COMPACT	TRANSCOM KEY ACHIEVEMENT
<b>Human Rights</b>	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Full signature and acceptance of the Transcom Code of Business Conduct amongst all employees.
Principle 2: make sure that they are not complicit in human rights abuses.	Initiated and disseminated supplier sustainability self-assessment and the Transcom Supplier Code of Business Conduct.
<b>Labor</b>	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Collective bargaining in place in five countries: Italy, Netherlands, Norway, Spain, and Sweden.
Principle 5: the effective abolition of child labour.	Transcom has a strict and explicit statement against all forms of child labor and any forms of slave labor in our Code of Business Conduct for both employees and suppliers.
Principle 6: the elimination of discrimination in respect of employment and occupation.	Robust and structured employment process to guarantee a healthy work place and being an equal opportunity employer.
<b>Environment</b>	
Principle 7: Businesses should support a precautionary approach to environmental challenges.	Embedding an environmental friendly strategy in our core business and supporting our customers to become aligned with the environmental benefits of a digital transformation.
Principle 8: undertake initiatives to promote greater environmental responsibility.	Increased awareness for employees in daily operations and active agenda for community engagement to protect the environment in societies we operate.
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Promotion of digital development in hardware and software to minimize our environmental impact from digital transactions and e-waste.
<b>Anti-Corruption</b>	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Doing business at the highest ethical standards regardless of region or situation in accordance with our zero tolerance on corrupt practices.

# GOVERNANCE

## Governance structure of sustainability



To increase efficiency, sustainability at Transcom has a clear governance structure. Each material sustainability area has a topic owner, responsible for implementing and monitoring the area. The topic owner is also responsible for collecting and consolidating data on key performance indicators within the sustainability area and to increase internal engagement around Transcom's sustainability initiatives.

The audit committee and the Board of Directors are responsible for following up on sustainability activities and targets. Transcom's sustainability work and progress is followed by the Head of Internal Audit, who reports independently to the Board of Directors.

## CODE OF BUSINESS CONDUCT AND SUPPLIER CODE OF BUSINESS CONDUCT

Transcom's Code of Business Conduct serves to guide Transcom's employees to act in accordance with our company's values, responsibilities, and ethical obligations. The Code of Business Conduct is based on 13 principles covering human rights, labor rights, environmental issues, and anti-corruption. It is owned by the Board of Directors, and is revised on an annual basis. Our policies help us mitigate emerging risks and keep up with expectations from our stakeholders.

Introduction to the Code of Business Conduct is included in every employee's onboarding. To ensure compliance with the code, we currently do a refresh training every second year, where all staff must go through a web-based training course including all principles from the Business Code of Conduct as well as a number of hypo-

thetical situations to prepare employees for real life cases. In the end of the training everyone has to pass a quiz to show that they have gotten a proper understanding of the code.

To ensure that Transcom's suppliers are compliant with human rights, labor and social standards, anti-discrimination and anti-corruption policies, and environmentally responsible processes, Transcom has implemented a Supplier Code of Business Conduct. The Board of Directors is the policy owner and the Head of Procurement is responsible for annually updating the code. The Supplier Code of Business Conduct is part of every major procurement process. Transcom monitors the implementation of the code by sending out self-assessment questionnaires to relevant suppliers on a yearly basis. Audits of specific suppliers may also occur.

## RISK MANAGEMENT

When conducting our materiality analysis several sustainability risks were identified, which we are actively working to mitigate. The sustainability risks that were identified are: e-waste, working conditions for our contracted employees, customer data protection, fraud within customer service and access to capital. It is vital for Transcom to limit and monitor our risk exposure. With regards to working conditions all health and safety issues and identified

risks are handled by local HR managers, workers' representatives or labor unions. Each elected health and safety representative at every site continuously assess and mitigates work environment risks with the local management always at a minimum annually. Also, a risk assessment with regards to corruption has been conducted which is elaborated on in the section "anti-corruption".



# Transcom Cares highlights

Transcom Cares is Transcom's sustainability program focusing on social sustainability issues. What started as an employee grassroots initiative for community engagement by Transcom employees in the Philippines has developed into a global corporate outreach program. It has become integrated in our operations to support our local communities and gives our employees the opportunity to volunteer and support those in need. The program consists of three focus pillars; people development, equality and diversity, and community engagement.

## PEOPLE DEVELOPMENT

Our employees are at the heart of everything we do. To be able to deliver outstanding customer service an engaged, skilled, and enthusiastic workforce is our backbone. At Transcom we understand the value of supporting high performing employees and retaining

our talents. Transcom must also be an attractive workplace to be able to appeal to new talents. Therefore, our goal is to become the number one employer of choice in the industry.

### Total number of employees by employment contract and gender

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND TYPE			
	Male	Female	Total
Total number of employees	10,653	15,466	26,119
Permanent contract	8,179	11,333	19,512
Temporary contract	2,474	4,133	6,607
Full time	7,296	9,099	16,395
Part time	3,476	6,248	9,724

*Employment type by gender is based on total number of employees. Data for our operations Transvoice, Corporate, and operations in Chile has not been included in the breakdown due to limitations in reporting data.*

### Total number of employees by employment contract and region

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND REGION			
	Permanent contract	Temporary contract	Total
Total number of employees	10,653	15,466	26,119
Central and South (C&S)	3,207	2,649	5,856
English speaking and Asia pacific	10,102	60	10,162
Iberia	2,882	2,158	5,040
North region	3,321	1,740	5,061

*Central and South region includes our operations in Croatia, Germany, Hungary, Italy, Poland, Serbia, Tunisia. English Speaking and Asia pacific includes Canada, Philippines, UK and USA. Iberia includes Spain and Portugal and North region includes Estonia, Latvia, Lithuania, Netherlands, Norway, and Sweden.*

*Data for our operations Transvoice, Corporate and operations in Chile has not been included in the permanent and temporary breakdown due to limitations in reporting data. Total number of employees in Chile amounted to 500, Corporate 208 employees and Transvoice 169 employees.*

## Training

We are highly motivated to offer our employees a stimulating working experience with competitive compensation and robust career development. We offer several programs to continuously improve our employees' skills and to continue to be a company in the forefront. Throughout the year Transcom has provided a lot of different training programs for our employees. All new hires at Transcom get a new hire training, followed by client related regular updates. Transcom also conduct policy trainings to secure that all employees are aware of how to act in specific situations. Coaching and performance management is also accessible for all Transcom employees. Another highly appreciated virtual training initiative is Transcom University, with online training courses accessible through the intranet. Because of all these training initiatives Transcom is able to inspire learning, advance knowledge, and foster innovation.

## Career development

To give our employees the opportunity to grow at Transcom we have a clearly defined career progression, either as a line manager or in a specialist role. We are happy to see that many of our managers began their work at Transcom as agents or in junior support roles. Through our internal career and leadership programs we are able to transform our employees to excellent future leaders. Because of this we are able to focus on internal recruiting. Every year, we award and recognize special efforts made by our committed team leaders from all around the world with the Team Leader Award.

## Transcom's Performance Management Program

In order to be able to support our team member's journey to perform to their fullest potential and shine in their respective roles Transcom has a Performance Management Program. Together managers and team members work to plan, manage and evaluate employees' work objectives and overall goals and contribution to Transcom's operations. The program includes clear goals and objectives at the start of the performance cycle, customized performance oriented training for team members and resources needed to do their jobs as well as focusing on coaching and giving feedback to evaluating the progress made in an annual performance review.

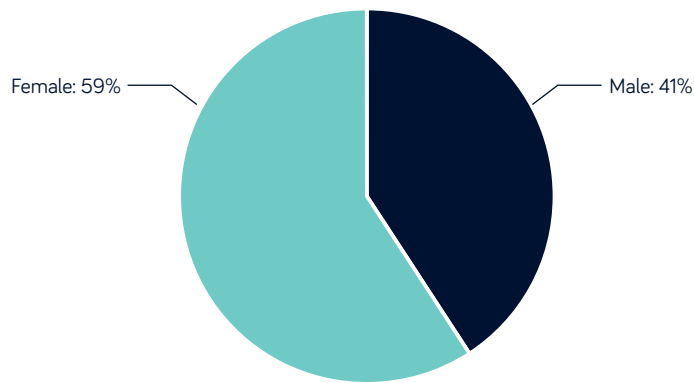


## EQUAL OPPORTUNITIES

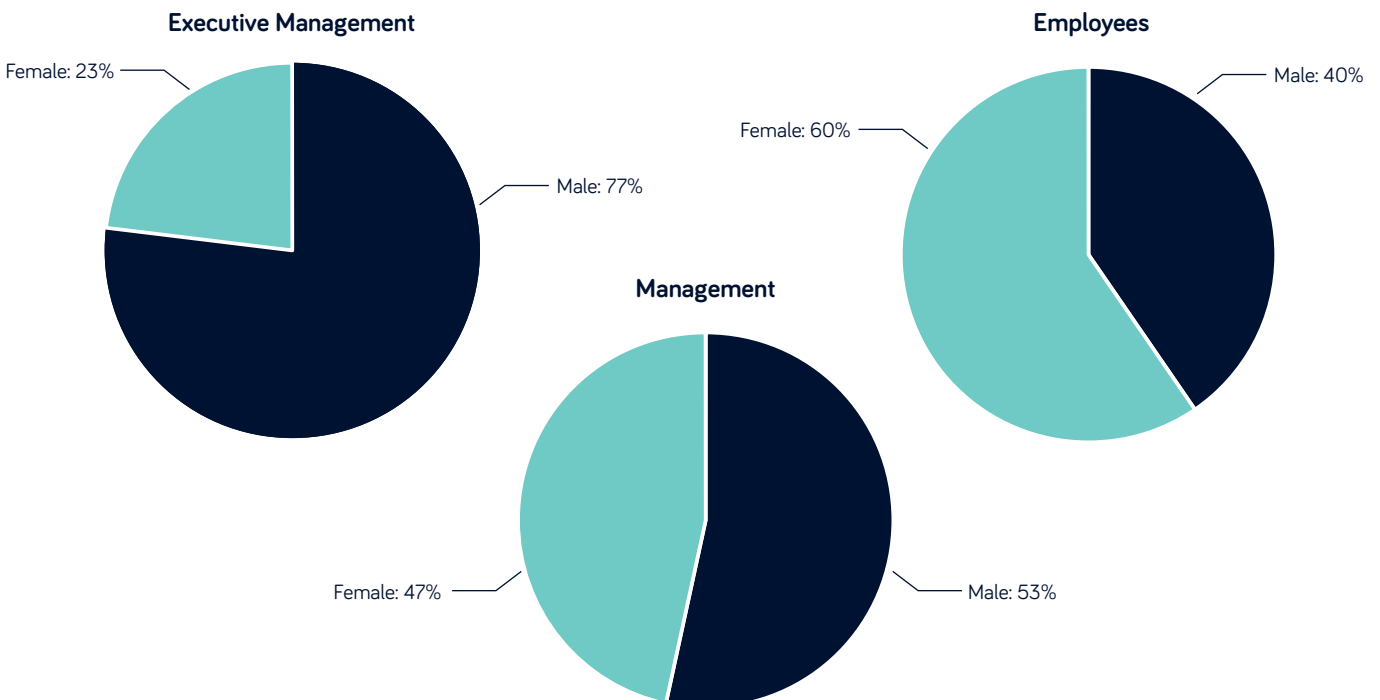
Transcom is an equal opportunity workplace where everyone has the same possibility to develop. We have zero tolerance for discrimination and actively work to prevent it. In line with our Business Code of Conduct, we value the opportunity to engage in open dialogue with our employees across the company and we respect our employees' right to freedom of association and collective bargaining. In 2017, 32.5% of Transcom employees were covered by a collective bargaining agreement.

We are currently digitalizing our recruitment process to further increase objectivity in the early screening of prospective employees. This will also minimize any risk of discrimination in the recruitment process. The process is rolled out in Sweden, and will be rolled out globally during 2018.

### Gender distribution of employees



### Gender breakdown by employee categories



## COMMUNITY ENGAGEMENT

Employees at Transcom have always been engaged and contributed to building strong communities. With our longstanding program, Transcom Cares, we want to actively facilitate employee's community engagement. It is apparent that Transcom Cares not only contribute to a better society at large but also increases the well-being and commitment of our own employees. Simply put, community engagement is part of Transcom's DNA. This year has been filled with many heartfelt Transcom Cares initiatives. Some remarkable examples from around the world are:

### **The Great Transcom Bake Off**

In the Netherlands, our Dutch Transcom team initiated the first ever Transcom Bake Off. The contest served as a fund raiser for the Animal Ambulance. Transcom employees took part in the competition, which tested every aspect of their baking skills and were judged by a professional jury. The cakes were rated on taste, texture, presentation and creativity. The jury was impressed by the participants' creativity and praised their commitment to help the volunteers at the Animal Ambulance. The money raised through the contest was gladly doubled by Transcom Netherland. Transcom is happy to support the Animal Ambulance, which picks-up sick and wounded animals to an animal shelter where devoted volunteers help and care for the animal.

### **Transcom Vilnius supports fundraising initiatives for children with cancer**

In Lithuania, around 100 children under the age of 18 are diagnosed with cancer every year. This does not only affect the child, but the whole family. Unfortunately, only one parent can live with the child when in the hospital, which can cause even more stress on the family. To simplify these family's situations Transcom supported the building of a home where families can stay together while their child is being treated for cancer. The home is located near the biggest oncological center in Lithuania. On top of the medical care from pediatricians, pain specialists, medics and oncologists the children will also be provided with access to different art and music therapies. The aim with the home is to help families both physically and emotionally during the child's cancer treatment.

### **Transcom Philippines empower children in need**

Transcom in the Philippines has enhanced their program together with STEPS School Worldwide Familia Mission in Bohol and Manila by volunteering and donating school supplies. STEPS School Worldwide Familia Mission strives to help improve the quality of life for poor and underprivileged children through different educational programs mainly focusing on organic farming. By providing

educational opportunities Transcom is helping to empower children and facilitate a better future for the students at the school.

### **Financial relief to hurricane victims**

Last year was an extremely harsh hurricane season. In the beginning of September, Hurricane Irma crossed the Caribbean and US, followed by Hurricane Maria, causing immense damage and being two of the costliest hurricanes in the Caribbean on record. After the catastrophic situation caused by the hurricanes, Transcom in the US started a relief fund to help the victims by collecting money for the employees affected by the hurricanes.

### **Innovative community impact in Croatia**

Transcom Croatia has several successful volunteering initiatives. In Vukovar, Croatia, Transcom employees are engaged in "Vukovar Butterflies" (Vukovarski leptirići), which is a humanitarian association for children with disabilities. Since there is no guaranteed treatment and support for these children in need of healthcare in Croatia, Transcom employees, parents and volunteers decided to support the organization through sales of creative artwork. Every Christmas and Easter Transcom's call center in Osijek acts as a showcase for selling the creations. All of the sales provisions goes to Vukovar Butterflies, which helps paying medical treatments for the children, utility bills, volunteer training, and set up playrooms. Besides the sales of creative artwork Transcom also donates funds to the organization to be able to buy didactic toys to improve the children's cognitive abilities.

Employees at Transcom's second call center in Pula are actively participating in different volunteering initiatives. For example, Transcom started an important collaboration with the Red Cross in Pula focusing on various local community projects to clean up the coastal area, sports activities at the homeless shelter, donation of clothes and sales of Christmas decorations at the Red Cross Advent.

### **Transcom Italy gives a helping hand to refugee children**

Transcom in Italy is proud to participate in several UNICEF volunteer initiatives. In May 2017 a large number of employees participated in the fundraising "The Orchid of UNICEF" through selling orchids. The money from the sales was used to help migrant and refugee children, victims of violence and poverty in countries hit by war. Through a simple flower, Transcom employees were determined to help save the lives of thousands of migrant children. In December another initiative called "Adopt a pigotta" (Adotta una Pigotta) was initiated by Transcom's employees where the sales of Rag Dolls that were hand made by our employees were donated to UNICEF.

# Transcom's sustainable operations

## ENVIRONMENT

It is of great importance for Transcom to reduce the impact our operations have on the environment. We focus on the factors where Transcom has most significant environmental impact, which are e-waste, business travel, and energy consumption in our facilities. Our environmental policy and travel policy leads Transcom's operations into a more environmental friendly direction and optimizes our environmental performance. For example, Transcom has the ambition to reduce the need for business travel by increasing the use of collaboration technology, like online

meetings, and adopting a strict approval process to ensure that any business travel undertaken is necessary and efficient. Travel expenses have gone down significantly in the past few years. Failure to mitigate future global climate risks will impact all businesses in the long run, hence this is high on Transcom's sustainability agenda. Our ambition for 2018 is to have a global real estate and facility management consultant help us reduce energy consumption even further.

TOTAL ENERGY CONSUMPTION (MWH)			
	Non-renewable	Renewable	Total
Fuel	349.78	0	349.78
Electricity	13,210.89	2,276.47	15,487.36
Heating	4,412.36	256.86	4,669.22
Cooling	1,262.56	200.7	1,463.26
<b>Total</b>	<b>19,235.59</b>	<b>2,734.03</b>	<b>21,969.62</b>

Renewable energy origin from solar, wind, biogas, biomass and hydro power.

TOTAL CO <sub>2</sub> e EMISSIONS (TONS)	
Scope 1	137.8
Scope 2	6,498.23
Scope 3	1,485.51
<b>Total</b>	<b>8,121.54</b>

Renewable energy in scope 2 emissions are considered to have a zero CO<sub>2</sub>e impact. Scope 3 emissions only include CO<sub>2</sub>e emissions, due to emission factor provided from our travel supplier.

ENERGY INTENSITY	841 kWh/employee
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Scope 1 emissions occur from sources that are owned or controlled by Transcom. This includes emission from company cars.

Scope 2 emissions accounts for emissions from purchased electricity, heating and cooling consumed by Transcom.

Scope 3 emissions accounts for emissions that are not owned or controlled by Transcom but occur due to Transcom activities. The disclosed data includes emissions from business travel.

## E-waste

Excellent information technology is a prerequisite for Transcom's employees to be able to provide high quality services. Hence, Transcom tries to evolve our technology infrastructure to have less environmental impact through seeking to always adopt improved and efficient business solutions to reduce wasteful consumption. When we buy new electronics, we favor environmental friendly technology and equipment. For example, whenever possible we procure ENERGY STAR-labelled retailers. E-waste is another part of the electronics lifecycle, which we take seriously, and therefore follow the Directive on waste electrical and electronic equipment

(WEEE Directive) and other country specific e-waste regulations. However, before we let the electronics go to waste we try to extend the useful life as much as possible, also looking at buying refurbished PCs when possible. Transcom has engaged with e-waste management companies in most geographies to deal with e-waste generated in a sustainable manner. When possible we will further develop our e-waste management to encompass a more circular life-cycle approach. Naturally, Transcom follows the precautionary principle by managing risks of negative social and environmental impact in accordance with international guidelines and always adopts a proactive stance to increase the protection of the environment.

## ANTI-CORRUPTION

Consistently enforcing a proactive stance to corruption in all its forms is of the utmost importance for a global operation such as ours. Every year, the internal audit department does a risk assessment of all of our operations according to Transparency International's Corruption Perception Index as part of our internal audit review process. Our review, escalation process, and whistle-blower system all jointly showed that 2017 was a year with zero cases of confirmed corruption.

This is much due to our rigorous and forceful steering documents and actions to implement our zero tolerance to fraud and other unethical behavior. Key factors are our comprehensive policy base for combating corruption, including our Supplier Code of Business Conduct and Code of Business Conduct for employees. We also have a whistle blower policy in place that applies to Transcom employees, agency workers, contractors, and home agents. We offer employees to file their complaints via email, mail, or fill out a form (where they can be anonymous) via our intranet.

All complaints and malpractices are thoroughly investigated through a fair, quick and confidential assessment process. The length and

scope of the investigation will depend on the subject matter of the concern. Where relevant, the investigation can escalate to the Chairman of Transcom's Board of Audit Committee, an independent auditor, or the police or other law enforcement authority. The employee will be informed of the commitments Transcom has taken after the complaint, unless the circumstances do not permit to. If urgent action is required, this may be taken before any investigation is conducted. The overriding principle is the interest of the Company and its stakeholders. The employee will, unless circumstances do not permit it, be told what action Transcom has decided to take and must treat any such information with the strictest confidence.

We further train all employees at the start of their employment in anti-corruption as part of the mandatory Code of Business Conduct training. All employees must after completion also provide a signed affidavit of their understanding of the Code of Business Conduct. In the operations we ensure that all risks of corruption are addressed in each country through the countries risk register, in the scope of our internal audits and in strategic risk assessments for business developments.

## SUPPLY CHAIN AND HUMAN RIGHTS

Transcom's responsibility, encompassing the four areas human rights, labor rights, environment, and anti-corruption, does not only include our own operations but spans our entire value chain. We do our utmost to ensure that our suppliers attain the highest ethical, social and environmental standards, and have processes in place to evaluate how well our suppliers follow different sustainability standards.

Transcom's suppliers can be divided into four main categories; IT and network, temporary staff and recruitment agencies, facilities-related suppliers and other miscellaneous suppliers. Most of them are situated in Europe (two-thirds) with the remainder mainly in North America and the Asia-Pacific region.

Our follow up process on suppliers consist of web-based self-assessment questionnaires, which are sent out on a yearly basis to our largest vendors. The questionnaire covers all ten principles of the UN Global Compact and their implementation of ethical

governance practices. Through our sustainability evaluation process, we gain insights on the sustainability risks in our value chain and an understanding of the level of maturity of our suppliers. This gives us information on how we can support our suppliers and ensure that there are no breaches towards human rights, labor rights, environmental protection or corruption in the supply chain. Through our follow up process we are able to identify and minimize risks, including risks connected to human rights.

Also, all new suppliers are expected to sign our Supplier Code of Business Conduct, which is based on UN Global Compact's ten principles and requires suppliers to pose similar demands into their suppliers. Exceptions can be made in cases where, for instance, corporate IT vendors can show that they have a more comprehensive Code of Business Conduct than Transcom's policy.

## DATA PROTECTION

The new EU regulation GDPR (General Data Protection Regulation) comes into play in May 2018. GDPR is a set of rules and requirements that will strengthen the protection of personal data managed by businesses. To be fully prepared for GDPR a project manager was assigned, reporting directly to Transcom CEO, as well as a steering committee that has been initiated comprised of various senior members of Transcom including our Global Director of Security and Privacy, Global Head of Legal, Global Governance, Global HR and Global IT Operations. A gap analysis was made to map all potential risks in connection to GDPR. Moreover, the data privacy governance and contractual framework is being reviewed in the context of GDPR and will be implemented. Transcom personnel will go through specific GDPR trainings to complete the cycle.

Security awareness training is an annual requirement at Transcom and must be made within 30 days of a new hire. Transcom will continually evaluate and apply the latest knowledge and technology to uphold our security measures and we are confident that we are well equipped to comply with the coming data protection regulations.

# Report details

## STAKEHOLDER DIALOGUES

As a part of our materiality analysis Transcom has conducted stakeholder dialogues. At Transcom, we focus our sustainability strategy on people, a decision which our stakeholders support. In a people-centered business like ours, long-term success largely depends on the ability to attract, develop and retain the right people.

Transcom conducts stakeholder dialogues in order to identify which sustainability aspects are considered to be most material, i.e. which economic, environmental and social issues that are most critical and has the most significant impact on Transcom's business. When deciding on which stakeholders to engage with Transcom considers the degree to which our operations depend and have an impact on the stakeholder in question. It's the responsibility of Transcom's Group Executive Management team to define which stakeholders to engage with. The table below summarizes the most important sustainability issues to each key stakeholder group. Transcom's Group Executive Management prioritizes amongst material sustainability aspects in order to allo-

cate adequate resources to achieve the highest impact. A number of internal and external factors are analyzed when assessing whether a sustainability topic is material, mainly Transcom's overall mission and strategy, and the concerns expressed by our stakeholders.

We organize specific stakeholder dialogues with our employees, e.g. through web-based surveys and feedback meetings. In addition to this, we conduct employee satisfaction surveys, which are 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. The results of the survey are analyzed and discussed on the local as well as on the global level, and action plans are created in order to address the findings.

The list below summarizes the most important sustainability issues to each key stakeholder group.

### Most important aspects per 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 employees
- Be an equal opportunity employer

#### ESG analysts

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

#### Clients

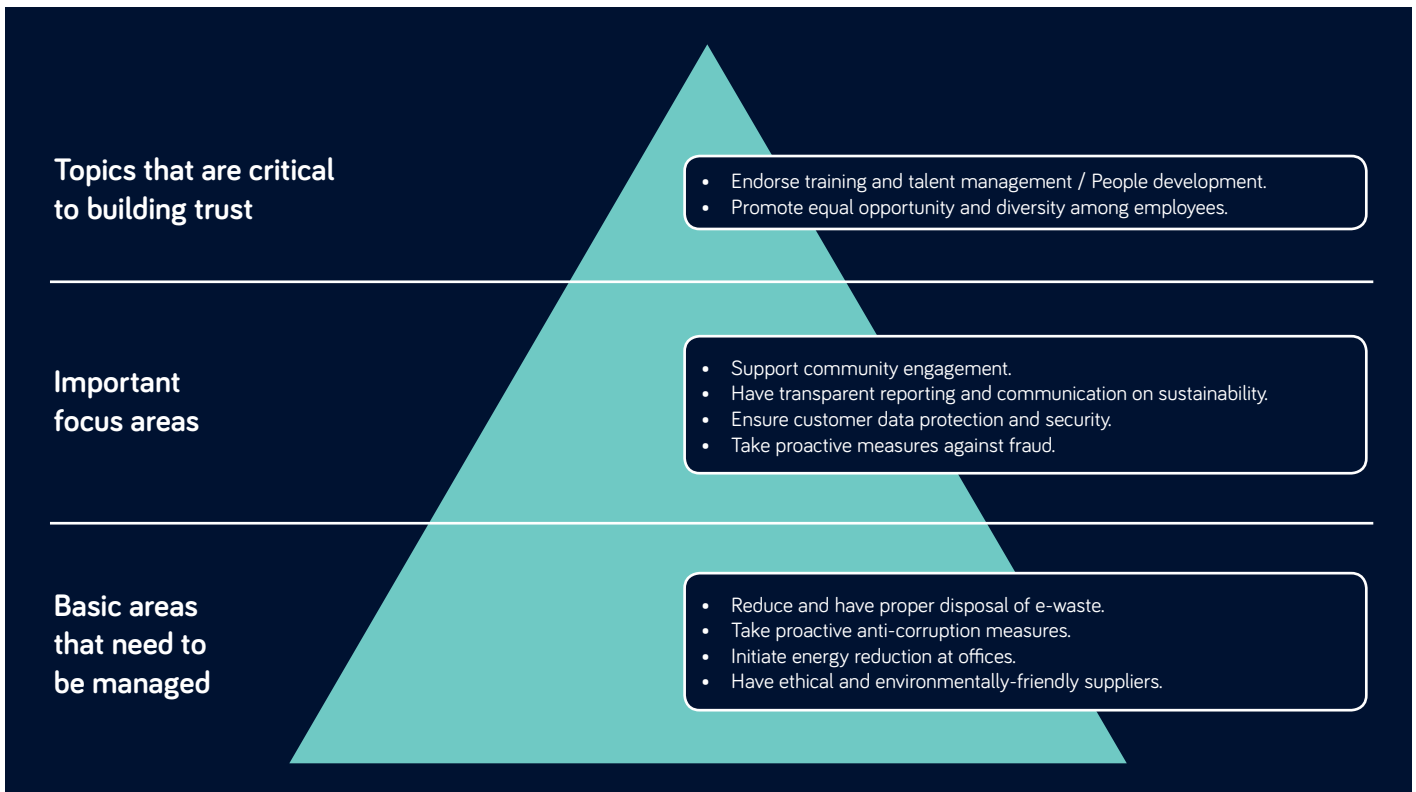
- Have fair and transparent recruitment practices
- Be an equal opportunity employer
- Focus on fair working conditions for employees



## MATERIALITY

To ensure that our sustainability strategy is relevant and of importance to our stakeholders, it is based on our stakeholder dialogues and materiality analysis. This provides a roadmap of which sustainability issues to focus on. In 2016, Transcom conducted a materiality analysis with key stakeholder groups, selected by Transcom's

Group Executive Management team; employees, owners, investors, ESG analysts, equity analysts, and clients. They were all asked to answer which sustainability topics they think are material through web-based surveys, and the result served as the basis of our sustainability strategy 2017.



## ABOUT THE REPORT

**Reporting period:** January – December 2017

**Reporting standard:** Global Reporting Initiative Standards

**Publication of previous report:** June 2016

**Contact in charge of the report:** Helene Ruda, Head of Communication, [helene.ruda@transcom.com](mailto:helene.ruda@transcom.com)

### Report boundaries

The report is based on the new Global Reporting Initiative Standards (GRI Standards), according to the core option, the EU Non-Financial Reporting Directive (Directive 2004/95/EU) and the Swedish legislative Annual Accounts Act (ÅRL), hence this report acts as Transcom's Statutory Sustainability Report.

### Communication on progress (COP) information

We are a signatory of the UN Global Compact, which is a United Nations initiative to support businesses to implement sustainable policies, and report on their progress. Additionally, to the focus areas of our sustainability 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. We are whole-heartedly committed to ensuring that we comply with the UN Global Compact and its principles.

### Report scope

During 2017 we divested our operations in Peru, thus this has been excluded from our report. A major organizational change has been the appointment of our new CEO and that Transcom has become sister company with Xzakt following an acquisition by Altor.

## Omissions

### People data

People data has been collected from Transcom's HR system, SAP. Head count is used for all employee data. In disclosure 102-8, on information on employees and other workers, it was not possible to split the data by employment contract and type for the Corporate, Transvoice, and Chile units. The GRI indicator compilation is planned to be integrated in the system for the forthcoming sustainability report. In disclosure 405-1, on diversity of governance bodies and employees, is partially reported as data cannot be divided into age categories due to limitations in the system. The gender split on executive management is per the first of January 2018. Transcom's operations Corporate, Transvoice, and Chile are excluded from 405-1.

### Environmental data

The material aspects "Reduce and have proper disposal of e-waste" and "Have ethically and environmentally friendly suppliers" do not have quantitative indicators for 2017 as the results from measurements and assessments are to be compiled in 2018 from the supplier evaluation system. The aspects are described with complete and extensive management approach disclosures.

On the emissions and energy indicators 302-1, 302-3, 305-1 and 305-2 the emissions factor has been manually standard calculated to 0 for all energy sources being renewable, more specifically hydro, wind, and solar power. The current energy data information provided globally by the suppliers does not include a LCA based emissions factor so the estimate is set at 0 for the production only.

Data for scope 1 and 2 emissions are based on the Greenhouse Gas Protocol standard for calculating data. Scope 3 emissions includes business travel and is provided by third party.

### External assurance

No independent third party assurance has been conducted on the GRI-data. However, Ernst & Young Sweden AB has conducted an assurance in accordance with FAR's auditing standard RevR 12.

# GRI Content Index

GRI STANDARD	DISCLOSURE	CHAPTER	FULFILLMENT	COP PRINCIPLE	OMISSIONS
<b>GRI 102: General disclosures</b>					
<b>GRI 102: General Disclosures</b>	<b>Organizational profile</b>				
	102-1	Name of the organization	Transcom 2017	F	
	102-2	Activities, brands, products, and services	Transcom 2017	F	
	102-3	Location of headquarters	Transcom 2017	F	
	102-4	Location of operations	Transcom 2017	F	
	102-5	Ownership and legal form	Transcom 2017	F	
	102-6	Markets served	Transcom 2017	F	
	102-7	Scale of the organization*	Transcom 2017	F	
	102-8	Information on employees and other workers	People development	F	Principle 6
	102-9	Supply chain	Supply chain and human rights	F	
	102-10	Significant changes to the organization and its supply chain	Report scope	F	
	102-11	Precautionary Principle or approach	E-waste	F	Principle 7
	102-12	External initiatives	The Sustainable Development Goals (SDGs) and UN Global Compact	F	
	102-13	Membership of associations	Community engagement	F	
	<b>Strategy</b>				
	102-14	Statement from senior decision-maker	Comment from CEO	F	
	<b>Ethics and Integrity</b>				
	102-16	Values, principles, standards, and norms of behavior	Code of Business Conduct and Supplier Code of Business Conduct	F	Principle 10
	<b>Governance</b>				
	102-18	Governance structure	Governance structure	F	
	<b>Stakeholder engagement</b>				
	102-40	List of stakeholder groups	Stakeholder dialogues	F	
	102-41	Collective bargaining agreements	Equal opportunities	F	Principle 3
	102-42	Identifying and selecting stakeholders	Stakeholder dialogues	F	
	102-43	Approach to stakeholder engagement	Stakeholder dialogues	F	
	102-44	Key topics and concerns raised	Stakeholder dialogues	F	
	<b>Reporting practice</b>				
	102-45	Entities included in the consolidated financial statements	Transcom 2017 & About the report	F	
	102-46	Defining report content and topic Boundaries	About the report	F	
	102-47	List of material topics	Materiality	F	
	102-48	Restatements of information		F	No restatements have been made
	102-49	Changes in reporting		F	No significant changes in reporting have been made
102-50	Reporting period	About the report	F		
102-51	Date of most recent report	About the report	F		
102-52	Reporting cycle	About the report	F		
102-53	Contact point for questions regarding the report	About the report	F		
102-54	Claims of reporting in accordance with the GRI Standards	About the report	F		
102-55	GRI content index	GRI index	F		
102-56	External assurance		F		

\* For more information about our financial performance please see our Annual Report, <http://www.transcom.com/en/About-Transcom/investor-relations/>

GRI STANDARD	DISCLOSURE	CHAPTER	FULFILLMENT	COP PRINCIPLE	OMISSIONS
<b>Material topics</b>					
<b>GRI 200 Economic Standards</b>					
<b>Aspect: Take proactive measures for anti-corruption</b>					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Anti-corruption	F	Principle 10	
	103-2 The management approach and its components	Anti-corruption	F	Principle 10	
	103-3 Evaluation of the management approach	Anti-corruption	F	Principle 10	
GRI 205: Anticorruption 2017	205-1 Operations assessed for risks related to corruption	Anti-corruption	F	Principle 10	
	205-3 Confirmed incidents of corruption and actions taken	Anti-corruption	F	Principle 10	
<b>GRI 300 Environmental Standards</b>					
<b>Aspect: Initiate energy reduction at offices</b>					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Environment	F	Principle 7, 8, 9	
	103-2 The management approach and its components	Environment	F	Principle 7, 8, 9	
	103-3 Evaluation of the management approach	Environment	F	Principle 7, 8, 9	
GRI 302: Energy 2017	302-1 Energy consumption within the organisation	Environment	F	Principle 7, 8	
	302-3 Energy intensity	Environment	F	Principle 8	
GRI 305: Emissions 2017	305-1 Direct (Scope 1) GHG emissions	Environment	F	Principle 7	
	305-2 Energy indirect (Scope 2) GHG emissions	Environment	F	Principle 7	
	305-3 Other indirect (Scope 3) GHG emissions	Environment	F	Principle 7	
<b>Aspect: Reduce and have proper disposal of e-waste</b>					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	E-waste	F		
	103-2 The management approach and its components	E-waste	F		
	103-3 Evaluation of the management approach	E-waste	F		
<b>GRI 400 Social Standards</b>					
<b>Aspect: Endorse training and talent management/People development</b>					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	People development	F		
	103-2 The management approach and its components	People development	F		
	103-3 Evaluation of the management approach	People development	F		
GRI 404: Training and education 2017	404-2 Programs for upgrading employee skills and transition assistance program	People development	F		
<b>Aspect: Promote equal opportunity and diversity among employees</b>					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Equal opportunities	F	Principle 6	
	103-2 The management approach and its components	Equal opportunities	F	Principle 6	
	103-3 Evaluation of the management approach	Equal opportunities	F	Principle 6	
GRI 405: Diversity and equal opportunity 2017	405-1 Diversity of governance bodies and employees	People development	P	Principle 6	

GRI STANDARD	DISCLOSURE	CHAPTER	FULFILLMENT	COP PRINCIPLE	OMISSIONS
<b>GRI 400 Social Standards</b>					
<b>Aspect: Ensure customer data protection and security</b>					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Data protection	F		
	103-2 The management approach and its components	Data protection	F		
	103-3 Evaluation of the management approach	Data protection	F		
GRI 418: Customer Privacy 2017	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data protection	F		
<b>Aspect: Safeguard end-customers privacy and integrity</b>					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Data protection	F		
	103-2 The management approach and its components	Data protection	F		
	103-3 Evaluation of the management approach	Data protection	F		
GRI 418: Customer Privacy 2017	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data protection	F		
<b>Aspect: Have ethically and environmentally friendly suppliers</b>					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Supply chain and human rights	F	Principle 1, 2, 4, 5, 8	
	103-2 The management approach and its components	Supply chain and human rights	F	Principle 1, 2, 4, 5, 8	
	103-3 Evaluation of the management approach	Supply chain and human rights	F	Principle 1, 2, 4, 5, 8	
<b>Aspect: Support community engagement</b>					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Community engagement	F	Principle 1	
	103-2 The management approach and its components	Community engagement	F	Principle 1	
	103-3 Evaluation of the management approach	Community engagement	F	Principle 1	

# Auditor's report on the statutory sustainability statement

(This is a translation from the Swedish original)

To the general meeting of the shareholders of Transcom Holding AB (publ.), corporate identity number 556962-4108

## Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2017 and that it has been prepared in accordance with the Annual Accounts Act.

## The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

## Opinions

A statutory sustainability statement has been prepared.

Stockholm  
Ernst & Young AB

Erik Sandström  
Authorized Public Accountant



# Transcom

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