

REPORT

Prepared

Thomas Ohlsson

Approved

Karin Lagerstedt Woolford

Date

2018-12-22

Version

1

Page

1 (9)

Information Class

Public

Doc. no.

SGE18 - 7504027

Communication on progress (COP), UN Global Compact, Eltel Group 2017

Contents

1.	Prefword	2
2.	Actions	3
2.1	Human Rights	3
2.2	Labour standards	4
2.3	Environment	5
2.4	Anti-corruption	6
3.	KPI Outcome for reporting period	7
4.	Eltel's sustainability plan for 2018-2020	7
5.	Attachments	9

REPORT

Uppgjord

Thomas Ohlsson

Godkänd

Karin Lagerstedt Woolford

Datum

2018-12-22

Revision

1

Sida

2 (9)

Informationsklass

Public

Dok. nr.

SGE18 - 7504027

1. Preamble

Our sustainability work continues to be shaped by the business environments that we are active in. Our various stakeholders require better working methods in corporate responsibility and they expect our commitment not only to be found in policy documents. Our sustainability plan for 2018–2020 is based on priorities from previous years (section 3):

- Health & Safety
- People & Society
- Environment
- Supply Chain

The scope of our activities and the reporting of results will be more diversified. Eltel is well prepared to deliver the non-financial reporting that is set out in the EU directive 2014/95/EU. This directive also obliges large public-interest companies with more than 500 employees, including listed companies, to disclose certain non-financial information annually. This information will be included in Eltel's annual reports. Examples of non-financial information are: environmental protection, social responsibility and treatment of employees, respect for human rights, anti-corruption and bribery and diversity in company boards (age, gender, educational and professional background).

Various studies show that social media gives stakeholder groups more influence over companies in sustainability topics, which must be considered. Our clients and investors have also requested Eltel to join the reporting of:

- Carbon Disclosure Project (CDP)
- Nasdaq sustainability reporting
- Global Reporting Initiative, GRI

Sustainability is integrated into our day-to-day activities and our business processes. The Board of Directors and Group Management monitor Eltel's compliance with adopted policies and guidelines. Governmental and risk management regarding sustainability issues is disclosed in Eltel's Annual Report 2017.

This report compiles outcome from August 2016 to July 2017. Some of the disclosed data in the report are though compiled with calendar year periods, according to Eltel other internal and external stakeholder reporting. Eltel therefore humbly requests UN GC that our reporting periods will be changed to calendar year.

REPORT

Uppgjord

Thomas Ohlsson

Godkänd

Karin Lagerstedt Woolford

Datum

2018-12-22 1

Revision

Sida

3 (9)

Informationsklass

Public

Dok. nr.

SGE18 - 7504027

2. Actions

2.1 Human Rights

- Principle 1: Support and respect the protection of internationally proclaimed human rights
- Principle 2: Make sure that we are not in complicit in human rights abuses

Eltel sets high ethical standards in performing its business by operating in an economically, environmentally and socially responsible manner. Eltel is committed to respect internationally acknowledged human rights and is committed to not being directly or indirectly involved in breaches of those rights. Eltel informs customers and other stakeholder groups such as suppliers and subcontractors of its Code of Conduct. Subcontractors and suppliers are requested to confirm their compliance with Eltel Code of Conduct in writing. All policies and instructions are communicated on Eltel's internal websites and Code of Conduct for subcontractors and suppliers is published on the Group's external website.

Eltel is complying with the ISO 45000/OHSAS 18001 Occupational Health & Safety standard and some subsidiaries also maintain such a certificate. Customers and authorities make regular visits to and audits at Eltel work sites. In 2017 Eltel achieved an important improvement by bringing down the lost time injuries per million working hours (LTIF) from 7.5 in 2016 to 7.0 in 2017. The positive trend is continuing in 2018.

Conducted in 2017, the Employee Engagement Survey revealed that a certain small degree of employees still were subject to harassment or threats of violence at the workplace. The company's commitment to zero tolerance is enforced in 2018. Furthermore, Eltel has installed a whistleblowing system since several years.

Outcome

Eltel notices that no cases in violation of the Human Rights principles have been issued against Eltel during the 12 months from August 2016 to July 2017.

REPORT

Uppgjord

Thomas Ohlsson

Godkänd

Karin Lagerstedt Woolford

Datum

2018-12-22 1

Revision

Sida

4 (9)

Informationsklass

Public

Dok. nr.

SGE18 - 7504027

2.2 Labour standards

- Principle 3: The freedom of association and the effective recognition of the right to collective bargaining
- Principle 4: The elimination of all forms of forced and compulsory labour
- Principle 5: The effective abolition of child labour
- Principle 6: The elimination of discrimination in employment and occupation

Employee engagement is our top priority in developing the Eltel as a workplace. Our employees' feedback is regularly acted upon to further develop Eltel as an attractive place to work. Positive achievements in reducing lost time injuries have continued and our culture has changed into becoming more proactive in terms of preventing injuries. One of the most significant initiatives in Health and Safety has been the inclusion of our subcontractors and suppliers in our work.

The most risk-exposed partners have started to report their H&S performance as part of their compliance with the Eltel Code of Conduct. As a company, Eltel is securing the lifelines of modern society by keeping crucial infranets up and running and by influencing the future development of these platforms. To make this happen, we work in seamless collaboration throughout the value chain, from our customers to our partners.

In the Code of Conduct Policy Eltel is committed to promoting decent and fair working conditions for all of its employees, subcontractors, suppliers and other contracting parties in all countries in which Eltel operates. Eltel's culture and ways of working are compiled and documented in a group (digital) "handbook" that enable us to boost transparency and ethical behavior.

Some of the tasks performed by Eltel are physically demanding. Health and physical ability of employees are checked according to plan, depending on the job tasks and local regulations. Eltel is committed to comply with the ISO45001 standard and several entities maintain also such a certificate. Employees are regularly trained in safe working practices. Customers and authorities make regular audits in Eltel subsidiaries in the area of Health & Safety. Suppliers and subcontractors are to comply with Eltel Code of Conduct rules.

Eltel offers equal job opportunities for both genders, reflected in the recruitment process and in salary setting among others.

Outcome

No cases have been reported by or against the company during the 12 months from August 2016 to July 2017. Due to the industry nature, the gender composition is heavily dominated by male employees at Eltel.

REPORT

Uppgjord

Thomas Ohlsson

Godkänd

Karin Lagerstedt Woolford

Datum

2018-12-22 1

Revision

Sida

5 (9)

Informationsklass

Public

Dok. nr.

SGE18 - 7504027

One of the main topics in Health & Safety is to enhance the safety culture within the field staff. This is to ensure that our employees have right attitudes, use required personal protection equipment and work according to correct procedures. The Group has set a target to reduce the Lost Time Injuries per one million work hours from 7.5 in 2016, to 7.0 in 2017 and 6.5 in 2018. Action plans are agreed and implemented in all countries to achieve the targets.

2.3 Environment

- Principle 7: Support a precautionary approach to environmental challenges
- Principle 8: Undertake initiatives to promote environmental responsibility
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies

In terms of Environment Eltel sees the following areas of primary interest:

- implementation of environment friendly technologies
- environmental assessments in connection to project/site planning
- Eltel's own CO₂ footprint

For a few years Eltel has been reporting its direct emissions in which vehicle fleet emissions play a crucial role. We has been systematically lowering our CO₂ footprint as the fleet has been renewed. This was proven in 2017 when the total consumption of fuel was reduced by 18% from 2016 and the total CO₂ emissions were reduced by 21%. Eltel continues to engineer and build the latest technologies for charging stations aimed at electric vehicles for a number of customers. As a new initiative, Eltel has started to develop a system on how to monitor environmental incidents in a structured way.

In June Eltel delivered a progress report to CDP (Carbon Disclosure Project) within the frame of Scope 1. The company is considering how to develop ways to monitor the progress of indirect emissions in the future (Scope 2 and 3).

As a technical Infranet services provider in Power, Communication and Transport & Safety, Eltel is optimally positioned to utilize many of the innovations that digitalization and other new technologies provide. One of the company's core businesses is Power that is deploying new transmission infrastructures to connect renewable energy sources (RES) to markets. Eltel has worked for decades in the automation of power networks in the high and medium voltage area and the progress is now shifting towards the distribution networks. Most of the smart grid developments takes place here also meeting the challenges of micro generation of solar and wind power. Besides the environmental goals with RES, another goal is to improve the energy efficiency that actually reduces the power consumption.

Eltel policy is to ensure compliance with the international standard ISO 14001 as well as with local legislation. The Group instruction includes a section "Hazards and

REPORT

Uppgjord

Thomas Ohlsson

Godkänd

Karin Lagerstedt Woolford

Datum

2018-12-22 1

Revision

Sida

6 (9)

Informationsklass

Public

Dok. nr.

SGE18 - 7504027

Effects Management Process” for critical operations and installations. Group Management Team reviews the risk report bi-annually. Eltel audit committee and main board discuss the risk report once per year.

Outcome

Eltel makes a positive and important contribution to a more sustainable environment across the countries where it operates. Eltel continues to be a leading contractor in the Nordics for installation of Smart Metering and will presumably install 50% of total meters in the Nordics, by 2019. The CO₂ emissions from the company vast vehicle fleet, have been reduced by 4.0% in 2017 compared to 2016.

No cases regarding environment have been reported by or against the company during the 12 months from August 2016 to July 2017.

2.4 Anti-corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

The anti-corruption measures and implementation throughout the organization is defined in the “Code of Conduct” policy, “Anti-corruption” policy and “Fair competition instruction”. The areas cover the following: appropriate behavior, third party conduct, monitoring and whistle-blowing, managing bribery risks and due diligence, due diligence on associated persons, hospitality and gifts, and training.

Eltel’s area of the highest potential risk for corruption has been in the African countries and that part of Eltel’s operations is now being ramped down.

Some of the measures that limit risks are careful selection of countries of operation, customers’ public procurement practices, customers’ own and improving control mechanisms and control of money transactions during the project by financiers/guarantee institutions. Eltel has a comprehensive set of tools in its own control including authorization policy, accounting and financial controls and regular financial and management reporting throughout all organizational levels.

Outcome

No cases have been reported by or against the company during the 12 months from August 2016 to July 2017.

REPORT

Uppgjord

Thomas Ohlsson

Godkänd

Karin Lagerstedt Woolford

Datum

2018-12-22 1

Revision

Sida

7 (9)

Informationsklass

Public

Dok. nr.

SGE18 - 7504027

3. KPI Outcome for reporting period

Key performance indicators	2017	2016	2015
Employees			
Number of employees at year end	7999	9466	9568
Of which < 30 years	20 %	18 %	20 %
Of which > 55 years	23 %	18 %	20 %
Share of male/female at year end	86/14 %	87/13 %	89/11 %
Health & Safety for Eltel employees			
Absence due to illness, including long term illness	4,5 %	4,0 %	4,2 %
Lost time injury frequency (lost time injuries per million work hours)	7,0	7,5	10,5
Number of fatal accidents	0	1	1
Environment			
Average CO ₂ emissions, cars and vans, g/km	171	178	186
Total CO ₂ emissions in tonnes	28573	32266	35601

4. Eltel's sustainability plan for 2018-2020

As mentioned, our sustainability plan for 2018–2020 is based on the same priorities as previous years:

- Health & Safety
- People & Society
- Environment
- Supply Chain

Due to the increased demands on non-financial reporting from different stakeholders, Eltel will add the following KPI's to the annual reporting package from 2018 onwards:

- Share of women of total employees, % end-of-year
- Share of women in Group Management Team, % end-of-year
- Share of women in Board of Directors, % at end-of-year
- Total CO₂ emissions of entire car fleet, kg per total working hours
- Total CO₂ emissions of entire car fleet, kg per annual net sales in million Euro
- Total CO₂ emissions of entire car fleet, tonnes per total number of vehicles

REPORT

Uppgjord

Thomas Ohlsson

Godkänd

Karin Lagerstedt Woolford

Datum

2018-12-22 1

Revision

Sida

8 (9)

Informationsklass

Public

Dok. nr.

SGE18 - 7504027

Focus areas and targets for the period 2018-2020:

Priority area	Focus area
Health & Safety	Zero fatality and disability cases Reduce Lost Time Injury Frequency (LTIF) including sub-contractor employees to 6.0 by 2020
People & Society	Be the industry's most attractive workplace in the Infranet field Contribute to sustainable development and welfare
Environment	Reduce the average CO ₂ emissions of cars and vans to 150 g/km in 2020 by annual reduction of minimum 4% Set up reporting of environmental incidents by their severity including subcontractors Promote the positive impact of Eltel's customer solutions with case reports on Smart Metering, Wind Power, Electric Vehicles
Supply Chain	Continue monitoring of strategic partners' HSE performance and compliance with Eltel's Code of Conduct Policy

KPI compilation:

Focus area	KPI	2020 Target
Health & Safety		
	Absence due to illness, including long-term illness, Eltel employees, %	4.0
	Lost time injuries per million working hours (LTIFR): Eltel and subcontractor employees Number of fatal accidents: Eltel and subcontractor employees	6.0
Environment		
	Annual 4% reduction of average CO ₂ emission cars and vans, g/km at year-end	150

REPORT

Uppgjord

Thomas Ohlsson

Godkänd

Karin Lagerstedt Woolford

Datum

2018-12-22

Revision

1

Sida

9 (9)

Informationsklass

Public

Dok. nr.

SGE18 - 7504027

5. Attachments

5.1 Eltel Code of Conduct

Will be submitted separately to UN GC, to be visible in the Eltel UN GC COP web-page.

5.2 Eltel Occupational Health, Safety & Environment Policy

Will be submitted separately to UN GC, to be visible in the Eltel UN GC COP web-page.

5.3 Eltel Anti-corruption policy

Will be submitted separately to UN GC, to be visible in the Eltel UN GC COP web-page.

5.4 Eltel Competition instruction

Will be submitted separately to UN GC, to be visible in the Eltel UN GC COP web-page.