

**REPORT****Prepared**

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## Communication On Progress (COP), UN Global Compact, Eltel Group 2018

This report compiles outcome from August 2017 up to and including December 2018.

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## REPORT

### Uppgjord

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### Godkänd

Karin Lagerstedt Woolford

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## 1. Preword

Sustainability is an important part of our business – both in terms of our infranet services that enable a more sustainable society, and through the direct impacts of our operations on our employees, partners and the environment. Our various stakeholders continuously require enhancements in our performance and they expect our commitment in the strive for a climate neutral operation. Customers and investors are placing demands on us, and employees want to work for companies that are responsible corporate citizens. More sustainable operations are also aligned with our Operational Excellence strategy, for example by improving efficiency and cost savings through reduced fuel use, less accidents, first time resolution and lower sick leave among our employees.

Our sustainability plan for 2018–2020 is based on priorities from previous years:

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

The scope of our activities and the reporting of results are step by step more diversified. Eltel now deliver the non-financial reporting that is set out in the EU directive 2014/95/EU, in all major aspects. This directive obliges large public-interest companies with more than 500 employees, including listed companies, to disclose certain non-financial information annually. This information is included in Eltel's annual report from 2018 for the first time. 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. Eltel have joined the reporting according to:

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

To be able to report sustainability data more comprehensible and correct we have introduced a new IT tool. The tool that helps us to better measure and follow up our performance. It gives structure to our activities and helps us to improve our sustainability performance.

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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 2018.

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## 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.

We have systematically implemented a Group-wide program in recent years to reduce work-related injuries by promoting a more proactive health and safety culture. This has led to a significant reduction in the number of injuries since 2015. Eltel has a comprehensive Health, Safety and Environment Policy, and subcontractors are integrated into Eltel's health and safety plans. Eltel is committed to comply with the OHSAS 18001/ISO 45001 standards, and approximately 80% of our subsidiaries are certified. Customers and authorities make regular visits to and audits at Eltel work sites. In 2018 the lost time injuries per million working hours (LTIF) are on the same level as 2017; 7.0.

#### Health & Safety Highlights 2018

- Zero fatal accidents
- Our Lost Time Injuries Frequency rate remained the same as the previous year – 7.0
- The number of near-miss and potential incident reports increased by 18%
- Absence due to illness including long-term illness increased from 4.5% to 4.9%
- 77% of our 'category A sub-contractors and suppliers' were part of Eltel's H&S program

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### Outcome

Eltel notices that no cases in violation of the Human Rights principles have been issued against Eltel during the reporting period. Our performance regarding health & safety is also still very good and strengthened in some aspects.

### 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

Our activities directly affect the people we employ and partner with, and indirectly through securing the lifelines of modern society. We are dependent on our employees and partners to be able to deliver our technical infranet services. These services benefit people throughout society by ensuring electricity and communication networks work properly, and that society's demands for greater digitalisation are met. The importance of our role is highlighted by extreme weather situations that have disrupted networks in recent years.

In terms of our people, we aim to attract the right people by providing stimulating employment opportunities and environments. We also work to increase employee engagement as it enhances our operations and ultimately our customer satisfaction. The Eltel Human Resources Policy and the Eltel Code of Conduct provide essential guidance in our work with employees and suppliers.

The most risk-exposed partners 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.

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 also maintain 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.

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

### People & Society Highlights 2018

- 75% of all employees responded to the employee engagement survey
- 469 improvement actions from team discussions

### Outcome

No cases have been reported by or against the company during the reporting period. Due to the industry nature, the gender composition is heavily dominated by male employees at Eltel.

Employment satisfaction increased from 63% in 2017 to 65% in 2018.

One of the main topics in Health & Safety is to enhance the safety culture within the field staff. Improvement can be seen in for example the number of reported near misses and risks.

## 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:

- Eltel's greenhouse gas footprint
- implementation of environment friendly technologies by client contracts
- environmental assessments in connection to project/site planning

Good environmental performance is essential to ensure we meet regulations and stakeholder expectations. Our technical infranet services also enable society to reduce its environmental footprint. We do this by upgrading power networks to support electric vehicle charging infrastructure, smart metering to reduce energy use and networks that can manage the increased supply of renewable electricity. We are active in solar panel installations and are growing in the wind power industry.

Eltel's Health, Safety and Environment Policy is the cornerstone of our environmental work. It states how we are to minimize the environmental impacts of our operations and monitor possible environmental incidents. In 2018, no major environmental incidents occurred as a result from Eltel's operations.

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

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Our work with environmental topics is closely related to our strategic priority ‘Optimal use of competence and resources’. This priority promotes the efficient use of resources, which decreases our environmental footprint and cost.

We consider vehicle emissions to be our most significant environmental impact. The total emissions from our vehicle fleet reduced by 4.13% during 2018. Our per km emissions and the amount of fuel we used decreased during the year.

Initiatives to reduce our vehicle emissions include eco-driving training for our drivers, which promotes more fuel-efficient driving. We also work to optimize ‘ticket planning’, which is how we plan the jobs and routes our technicians take. Vehicle GPS systems combined with technicians that can deal with a range of tasks optimize fleet routing and minimize emissions.

### 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 is increasing our market share in solar- and wind power installations. Eltel is also a major player in installing charging stations for electric vehicles. The CO<sub>2</sub> emissions from the company vast vehicle fleet, have been reduced by 4.13% in 2018 compared to 2017.

No cases regarding environment have been reported by or against the company during the reporting period.

## 2.4 Anti-corruption

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

Customers are gradually placing more ethical requirements on Eltel. We must meet these expectations to continue to win contracts now and in the future. From an employer perspective, being a good corporate citizen helps us to attract and retain talent. As a listed company, how we fulfil our business ethics and corporate citizenship commitments is becoming increasingly important for investors – particularly among our institutional shareholders.

Working with business ethics involves complying with all relevant laws and regulations, our internal policies and agreements with customers and suppliers. We must also abide by what is commonly understood as ethical behavior by our shareholders, customers, employees and sub-contractors, as well as external stakeholders such as the media. Meeting these stakeholder expectations ensures we remain a relevant partner, employer and investment opportunity.

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The basis of maintaining a high standard of business ethics is Eltels policies. The following policies have been revised and communicated during 2018:

- Eltel Code of Conduct
- Anti-corruption Policy
- Human Resources Policy
- Health, Safety and Security Policy
- Insider Policy
- Group Tax Policy
- Information Security Policy
- Whistle blowing policy

### Outcome

No cases have been reported by or against the company during the reporting period.

## 3. KPI Outcome for reporting period

Key performance indicators	2018	2017	2016
<b>Employees</b>			
Number of employees at year end	7376	7999	9466
Share of male/female at year end	88/12%	86/14 %	87/13 %
<b>Health &amp; Safety for Eltel employees</b>			
Absence due to illness, including long term illness	4,9 %	4,5 %	4,0 %
Lost time injury frequency (lost time injuries per million work hours)	7.0	7.0	7.5
Number of fatal accidents	0	0	1
<b>Environment</b>			
Average CO <sub>2</sub> emissions, cars and vans, g/km	167	171	178
Total CO <sub>2</sub> emissions in tonnes	27393	28573	32266

## 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
- Business Ethics

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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 2019 onwards:

- Share of women in Group Management Team, % end-of-year
- Share of women in Board of Directors, % at end-of-year
- Total CO<sub>2</sub> emissions of entire car fleet, kg per total working hours
- Total CO<sub>2</sub> emissions of entire car fleet, kg per annual net sales in million Euro
- Total CO<sub>2</sub> emissions of entire car fleet, tonnes per total number of vehicles

Focus areas and targets for the period 2018-2020:

Priority area	Focus area
<b>Health &amp; Safety</b>	Zero fatality and disability cases Reduce Lost Time Injury Frequency (LTIF) including sub-contractor employees to 6.0 by 2020
<b>People &amp; Society</b>	Be the industry's most attractive workplace in the Infranet field Contribute to sustainable development and welfare
<b>Environment</b>	Reduce the average CO <sub>2</sub> 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
<b>Supply Chain</b>	Continue monitoring of strategic partners' HSE performance and compliance with Eltel's Code of Conduct Policy

KPI compilation:

Focus area	KPI	2020 Target
<b>Health &amp; Safety</b>	Absence due to illness, including long-term illness, Eltel employees, %	4.0
	Lost time injuries per million working hours (LTIFR): Eltel and subcontractor employees	6.0
	Number of fatal accidents: Eltel and subcontractor employees	0
<b>Environment</b>	Annual 4% reduction of average CO <sub>2</sub> emission cars and vans, g/km at year-end	150