

Communication On Progress (COP), UN Global Compact, 2020

Eltel Group

Reporting period: 2020-01-01 – 2020-12-31

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1 Foreword

Eltel strives to be a frontrunner as a good corporate citizen. To us, this means more than complying with the laws and regulations of the countries in which we operate. It is about always improving and developing for the company and the good of society. This goes hand in hand with operating a long-term sustainable and profitable business. Eltel also operates in a market that can actively help the world to minimize the carbon footprint. We work proactively to minimize our own negative impact and maximize our positive impact on people and environment. Our approach to sustainability is shaped by the demands and expectations of our main stakeholders and society at large. It also provides us with our greatest opportunity to contribute to a more sustainable society.

There are two key aspects to our approach – how we create shared value by enabling a more sustainable society and how we ensure sustainable and responsible business practice.

1.1 Shared value: enabling a more sustainable society

The networks that Eltel installs, maintains and upgrades enable our customers and its consumers to reduce their environmental footprint. For example, we deliver infrastructure that allows renewable energy generation, electric vehicle charging and communication networks that support the digitalization of society, as well as enabling new ways of interacting and meeting.

1.2 A responsible business for people and the environment

A review and update of the Eltel sustainability priority and focus areas were conducted in 2020, including the key performance indicators that enable us to accurately measure our performance and report the results. The Eltel Sustainability Plan for 2021–2023 was approved in October 2020.

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.

1.3 Current sustainability plan

Our sustainability plan is based on the following priorities:

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

The scope of our activities and the reporting of results are step by step more diversified. Eltel deliver the non-financial reporting that is set out in the EU directive 2014/95/EU. This directive obliges large public-interest companies with more than 500 employees, including listed companies, to disclose certain non-financial information annually. 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 also must be considered.

Eltel reports according to:

- Carbon Disclosure Project (CDP)
- Nasdaq sustainability reporting
- EU directive 2014/95

Sustainability is integrated into our day-to-day activities and our business processes. The Board of Directors and Group Management Team monitor Eltel's compliance with adopted policies and guidelines. Governmental and risk management regarding sustainability issues is disclosed in Eltel's Annual Report 2020.

2 Responsibility and governance

The Eltel Sustainability Committee, comprising business representatives from all Country Units, reports directly to the Group Management Team and the President and CEO, who is ultimately responsible for sustainability at Eltel. To further optimize the development going forward, a Sustainability Steering Group was established in 2020. Stakeholder dialogue guides our approach. We actively engage with a variety of stakeholders at different levels. Stakeholder dialogue on the relevant topics is used to shape our strategic decision-making and Eltel's Sustainability Plan. By meeting stakeholder expectations, we remain relevant as a partner, employer and investment opportunity.

2.1 Sustainability frameworks and reporting tools

Eltel is committed to a number of sustainability frameworks and reporting tools that help Eltel meet the expectations of its internal and external stakeholders – and help to further improve Eltel's business. The UN Sustainable Development Goals (SDGs) provide a roadmap for how we can collectively work to overcome global challenges related to economic, social and environmental sustainability. As a leading company in our industry, we believe that we can contribute to SDGs 5, 7, 8, 9, 10, 11, 12 and 13.

Eltel is a signatory to the United Nations Global Compact and its ten principles on human rights, labour, environment and anti-corruption. We report our climate change impact in accordance with the Carbon Disclosure Project (CDP).

We are certified according to ISO 9001 Quality Management, OHSAS 18001/ISO 45001 Occupational Health and Safety, and ISO 14001 Environmental Management.

3 Audit on public sustainability report

Eltel is legally committed to have an audit performed on the sustainability annual report. For 2020 this audit was performed by an authorized public accountant from KPMG, Mats Kåvik. His statement is as follows:

“Engagement and responsibility

It is the board of directors who is responsible for the sustainability report for the year 2020 on pages 18–26 and that it is prepared in accordance with the Annual Accounts Act.

The scope of the examination

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12.

The auditor's opinion regarding the statutory sustainability report.

This means that our examination of the statutory sustainability report 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 opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm 29 March 2021

KPMG AB

Mats Kåvik

Authorized Public Accountant”

This COP compiles outcome for 2020 and the data and figures are the same as in the annual report (see <https://www.eltelgroup.com/investors/financial-reports-and-presentations/>)

4 Actions

4.1 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

One competitive advantage of Eltel is our employees, and the goal is to be the most attractive workplace in the industry. Our employees are our greatest asset and our clear focus on leadership, talent management, employee development and engagement are essential parts of our strategy. This helps us to attract and retain the right people and ultimately improve our customer satisfaction. Based on the input received from our employees, local dialogue and action plans are implemented in order to make improvements for the future. On a Group level, the results of the employee engagement surveys provide input for business planning, business reviews and high-level decision-making.

At Eltel, managers have a great responsibility for the people in their team. In order to support our managers in their leadership role, we have developed and implemented a leadership framework with clearly defined roles, responsibilities and expectations. All employees have regular performance and development dialogues with their managers. This helps us to stay focused on our strategy and to more concretely identify further learning needs, development opportunities and potential workplace improvements. The participation rate in the employee engagement survey in 2020 was high (74%) and the highest engagement driver was "Health and safety". This confirms the progress in our focus and systematic approach to this area. "Feedback and communication" identified as an improvement area going forward.

KPIs	2020	2019
Number of employees at year end	5,449	6,678
Of which < 30 years, %	18	19
Of which > 55 years, %	24	24
Share of male/female at year end, %	84/16	87/13
Share of women in Group Management Team, % at year end	25	20
Share of women in Board of Directors, % at year end	20	9

Health and safety

Our employees are our most valuable resource and health and safety is a key sustainability area. At Eltel, safety is not just about personal protective equipment, incident reports and adjusting to the current pandemic challenge; it is an attitude that we choose to adopt every day. We work systematically to reduce the number of accidents and near misses by promoting a culture of health and safety.

We work hard to foster a culture in which safety is a primary concern among our employees and subcontractors. The proactive work to prevent and reduce the number of workplace injuries and accidents and to promote health and well-being has continued during the year. Risk analysis, the proper equipment, the right training and the correct information are a prerequisite for all assignments. The reporting and follow-up of risk observations, incidents and accidents has been developed during the year and the analysis of near

misses and potential incidents has provided valuable insights into our preventive safety work. In addition to the safety focus, the COVID-19 pandemic has challenged the health and well-being of all employees. Eltel's country units responded quickly to the pandemic by establishing COVID-19 teams to coordinate measures and manage internal communications. Measures to protect employees included working from home where possible and implementing social distancing. Follow-up dialogue with employees who are ill and rehabilitation support for employees on long-term sick leave are also important measures for reducing absence due to illness.

Other important activities in 2020 included safety training, regular safety walks conducted by our managers, internal safety bulletins, internal campaigns, theme days and theme weeks.

We have overall responsibility for our subcontractors, including their work environment, employees and ultimately delivery to the customer. Our partners are included in our systematic work on health and safety and we have clear processes in place that ensure they sign up to the Eltel Code of Conduct and commit to our other key policies and principles.

Outcome

KPIs	2020	2019
Absence due to illness, including long-term illness, Eltel employees, %	5.4	5.1
Lost time injuries per million working hours (LTIF), Eltel employees	4.9	6.2
Total Recordable Injury Frequency per million working hours (TRIF), Eltel employees	24.8	30.0
Number of fatal accidents: Eltel and subcontractor employees	0	1

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 and safety is also very good and strengthened in important areas.

4.2 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 labor
- Principle 5: The effective abolition of child labor
- Principle 6: The elimination of discrimination in employment and occupation

Solid business ethics are the foundation of a healthy business and we have an important role to play as a good corporate citizen. Good ethical behavior in our operations reflects a responsible and sustainable business practice.

Our approach

Eltel is a signatory to the United Nations Global Compact and its principles on human and labour rights, which are incorporated into our internal policies. Working with business ethics involves, as a minimum, complying with all applicable laws and regulations, as well as Eltel's internal policies and agreements with shareholders, unions, customers and subcontractors.

2020

As part of our overall strategy and the improvement of our operations, a taskforce was established to further improve how customer contracts are implemented and executed. This includes team sessions to ensure a common understanding of the terms of agreements and applicable laws and regulations, in order to fully deliver on our customer promises. As a people company, maintaining an awareness and understanding of our governing policies is critical to ensuring business compliance. Mandatory business ethics training for employees was implemented in 2019, continued in 2020 and presenting the fundamentals of our Code of Conduct and other governing policies. During 2020, new employees have received training as part of their onboarding process.

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. 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.

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 we 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.

We regularly conducted supply chain audits during the year, both planned and unannounced. In cases in which signs of non-compliance were identified, an action plan was implemented to ensure that the subcontractor meets our standards.

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 reporting period. Due to the industry nature, the gender composition is heavily dominated by male employees at Eltel. The overall performance improved and the injury frequency is lowered compared to previous years.

4.3 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

Eltel is active in an industry that plays an important role in the transition to a low carbon society. As the market leader in the industry we must live up to the expectations of our customers, shareholders and society. Eltel is active in many services that enable society to reduce its environmental footprint. We install wind

11.11.2021

7 (10)

power plants in the Nordics, as well as charging stations and solar panels. We upgrade networks, so they can manage an increased supply of renewable energy and support electric vehicle charging infrastructure.

Our approach

We develop innovative electric- and telecom network solutions and support our customers in their efforts to enable a more sustainable future. The main source of our environmental impact is our vehicle fleet. Our main focus is to reduce the average CO2 emissions of cars and vans and establish a roadmap to become fossil free. We constantly strive to minimize the environmental impact of our operations and monitor our performance.

2020

We proactively work in the area of climate and the environment in our own operations as well in our value chain. The strategic priority of core operational improvements has resulted in a considerable reduction in CO2 emissions as a result of better production planning and the introduction of digital route planning systems. By maintaining a modern and fuel-efficient vehicle fleet, we minimize emissions per kilometer and our ambition is to move towards a fossil-free fleet. Every time a lease contract comes up for renewal, we consider the possibility of introducing vehicles that run on renewables and/or less fuel, or by switching to electric vehicles. Other important and prioritized environmental areas include waste management and the responsible sourcing of materials for both people and the environment.

Our Health, Safety, Environment and Quality Policy states how we shall minimize the environmental impact of our operations and monitor potential incidents. All units shall maintain local certified management systems based on ISO 14001. In 2020, no major environmental incidents occurred as a result of our operations. The main source of our environmental impact is our fleet of 3,208 vehicles. By keeping a modern, fuel-efficient fleet we reduce emissions per kilometer. Besides keeping a modern low-emission fleet, we plan jobs in such a way as to ensure that we don't drive more than necessary. GPS systems coupled with technicians who can perform a range of tasks optimize fleet usage. The use of digital tools is one example of how we can plan orders better.

Eltel monitor the direct emissions (scope 1) and the indirect emissions (scope 2 and 3) and have delivered a progress report to CDP (Carbon Disclosure Project). 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.

Outcome

Eltel makes a positive and important contribution to a more sustainable environment through our services across the countries where we operate. The carbon footprint has been reduced during 2020. No cases regarding environment have been reported by or against the company during the reporting period.

11.11.2021

8 (10)

KPIs	2020	2019
Share of zero- and low- emission new vehicles (cars and vans) - ZLEVs, %	1.1	0.3
Total number of vehicles in entire fleet	3,208	3,789
Total fuel consumption of entire fleet, litres	7,381,713	8,876,973
Total CO ₂ emissions of entire car fleet:		
– in tonnes	19,328	23,222
– kg per total working hours	1.8	1.9
– kg per annual sales in million Euro	20.6	21.3
– tonnes per total number of vehicles	6.0	6.1

4.4 Anti-corruption

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

As a market leader in our industry, we have a responsibility to be a good corporate citizen. Our customers have high ethical requirements and we must meet them in order to remain a market leader. Being a good corporate citizen is a way of attracting and retaining talent. As a listed company, investors, particularly institutional shareholders, monitor how we fulfil our commitment to business ethics.

Our approach

Working with business ethics involves complying with all applicable laws and regulations, as well as our internal policies and agreements with customers and suppliers. We must abide by what is commonly understood as ethical behaviour by our shareholders, customers, employees and subcontractors, and external stakeholders, including the media. By meeting these stakeholder expectations, we will be sure that we remain relevant as a partner, employer and investment opportunity.

Whistleblowing procedure

Eltel's whistleblowing procedure enables employees, partners and customers to report any suspected breach of our Code of Conduct or other policies. Any issue can be reported anonymously via email or phone for the attention of Eltel's General Counsel and, ultimately, the Audit Committee. All issues are investigated on a confidential basis and the results are reported back to the whistleblower.

In 2020, two whistleblower matters were reported. The matters were investigated by Eltel's Group Compliance function in accordance with established procedures and resulted in the following actions: independent external assistance to ensure Eltel's full understanding of the matters, interviews with unit management and review of their response, reporting of findings and mitigating action to Audit Committee and the whistleblower. The investigations have been concluded and Eltel's Group Compliance function continues to follow up with unit management to ensure all actions are completed.

Eltel policies relevant to business ethics:

- Eltel's Code of Conduct
- Anti-corruption Policy
- Human Resources Policy
- Health, Safety and Environment and Quality Policy
- Insider Policy
- Information Security Policy

- Whistleblowing Policy
- Risk Management Policy
- Competition Instruction

Outcome

No cases except the two whistle blows described above, have been reported by or against the company during the reporting period.

5 Compiled KPI Outcome for reporting period

Key performance indicators	2020	2019	2018
Employees			
Number of employees at year end	5449	6678	7376
Share of male/female at year end, %	84/16	87/13	88/12
Health & Safety for Eltel employees			
Absence due to illness, including long term illness, %	5.4	5.2	4.9
Lost time injury frequency (lost time injuries per million work hours)	4,9	6.2	7.0
Number of fatal accidents incl subcontractors	0	1	0
Environment			
Total CO ₂ emissions in tonnes	19328	23222	27393

6 Eltel's sustainability plan 2018-2020

As mentioned, Eltel's sustainability plan 2018–2020 is based on the following priority/focus areas:

Priority area	Focus area
Health and Safety	<ul style="list-style-type: none"> • Zero fatality and disability cases • Reduce Lost Time Injury Frequency (LTIF) including sub-contractor employees to 6.0 by 2020
People and Society	<ul style="list-style-type: none"> • Be the industry's most attractive workplace in the Infranet field • Contribute to sustainable development and welfare
Environment	<ul style="list-style-type: none"> • Reduce the average CO₂ 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	<ul style="list-style-type: none"> • Continue monitoring of strategic partners' HSE performance and compliance with Eltel's Code of Conduct Policy
Business Ethics	<ul style="list-style-type: none"> • Working with business ethics involves, as a minimum, • complying with all applicable laws and regulations, as well • as Eltel's internal policies and agreements with shareholders, customers and subcontractors.

7 Eltel's sustainability plan 2021-2023 and long term

During fall of 2020 a renewed sustainability plan was developed. The plan is based on the same priority areas as it's predecessor. It contains higher ambitions in all areas, and also a target for developing a road map to become fossil neutral.

Priority area	Focus area
Health and Safety	<ul style="list-style-type: none"> • Zero fatality and disability cases • Reduce Injury Frequency (LTIF and TRIF) including subcontractor employees • Foster a proactive safety culture
People and Society	<ul style="list-style-type: none"> • Be the industry's most attractive workplace • Contribute to sustainable development and welfare
Environment	<ul style="list-style-type: none"> • Reduce the average CO2 emissions of cars and vans • Establish a roadmap to become fossil free • Promote the positive impact of Eltel's customer solutions • Focus on annual decrease of the share of purchased fossil energy
Supply Chain	<ul style="list-style-type: none"> • Secure the HSEQ performance and compliance with Eltel's Code of Conduct Policy by monitoring of strategic partners'
Business Ethics	<ul style="list-style-type: none"> • Be compliant with all relevant laws and regulations, as well as our internal policies and agreements with customers and suppliers to ensure we remain relevant as partner, employer and investment opportunity. • Code of Conduct and policy trainings

Regarding the very important issue of reducing use of fossil combustibles in Eltel operations, Eltel is clearly taking a stance towards a target of net fossil free operation. It is though essential that Eltel have a defined plan how to go forward to a net carbon footprint, before it is possible to commit to a net zero target at a certain date. That plan will surely be developed during the next three years and with great probability sooner than that.

8 Development after reporting period

The conditions for transition towards a fossil free operation varies considerably between different countries that Eltel operates in. Various country units therefore have different plans and actions to take steps forward according to the Group sustainability plan. As an example, country unit Norway is the first country unit that has decided to transform the whole vehicle fleet to ZEV (electric vehicles with "zero emissions"). One reason for Norway to be a forerunner in this aspect, is the very good availability to fossil free electric power.

In June 2021, Eltel Board of Directors took decision on committing to Science Based Target initiative, SBTi. The commitment letter was sent to SBTi the same month. Eltel currently works on setting science based targets according to agreements at COP 21 in Paris 2015.