

## Communication On Progress (COP), UN Global Compact, 2021

### Eltel Group

Reporting period: 2021-01-01 – 2021-12-31

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## **1 Foreword**

Eltel strives to be a forerunner 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 both for the benefit of our 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, but of course also driven by our own ambition to contribute as a good corporate citizen.

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 Highlights in 2021**

#### **Improved safety performance**

An increased focus on monitoring and preventing minor injuries helped to further reduce the Lost Time Injury Frequency Rate (LTIFR).

#### **Commitment to the Science Based Targets initiative**

Eltel's commitment to the SBTi has underlined the company's level of ambition to tackle the global climate challenge.

#### **CDP Climate Change upgrading**

In 2021, we stepped up our climate work at Eltel by further developing our climate reporting. Our progress was recognised in the improved score on the CDP Climate questionnaire where we achieved a Management score (B-) for taking coordinated action on climate issues.

#### **COVID-19, protecting employees' health**

Eltel continued social distancing and other measures to protect the health of its employees, customers, and other partners.

#### **EU taxonomy impact identified**

The taxonomy-eligible economic activities relevant to Eltel were identified. These are estimated to account for 32% of the turnover.

### **1.2 Shared value: enabling a more sustainable society**

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

### 1.3 Responsible business for company, people, and environment

The Eltel Sustainability Plan for 2021–2023 was approved in October 2020. The key performance indicators that enable us to accurately measure our performance and report the results were upgraded.

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.

### 1.4 Existing sustainability plan

Our sustainability plan is based on the following priorities:

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

Sustainability is one of the key drivers of the Eltel strategy, Operational Excellence. Our strategic goals and operational focus areas align with the core elements of the United Nation's definition of sustainable development: economic growth, social inclusion, and environmental protection, as well as the internal sustainability priority areas and Eltel's overall role in benefiting society.



**Rewarded owners**  
*Economic growth*



**Engaged employees**  
*Social inclusion*



**Satisfied customers**  
*Environmental protection*

#### ▪ **Objective**

Support sustainable profitable growth by taking a leading sustainability position in the market.

#### ▪ **Scope: Sustainability plan 2021-2023**

Develop priority areas, focus areas and KPIs.

Optimize the processes for the continuous development, reporting and follow-up that support the business.

#### ▪ **Development, 2021-2023**

Continued efforts to reduce negative environmental and climate impact with incremental improvement

Uphold a secure level of business ethics and application of Code of Conduct

Establish a Sustainability Steering Group with business representatives to provide guidance, to ensure delivery and implementation

- **Monitoring and follow-up, 2021-2023**

Additional KPIs and updated goal setting.

Explore the sustainability perspective, in addition to quality and compliance, to identify possible business development and communications opportunities. Selected projects and initiatives (current and future).

Stakeholder engagement. Structured mapping and development of stakeholder dialogues as an opportunity to further develop the current plan, to be more relevant to our business as well as to our stakeholders.

Eltel reports according to:

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

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 2021.

## **2 Responsibility and governance**

The Eltel Sustainability Committee, comprising business representatives from all Country Units, reports directly to Group Sustainability Manager, who reports to the President and CEO, who is ultimately responsible for sustainability at Eltel. The country unit representatives are participating in the respective country units' management teams. To further optimize the development going forward, a Sustainability Steering Group was established in 2021. 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 Frameworks and reporting**

Eltel is committed to a number of sustainability frameworks and reporting tools that help Eltel meet the expectations of its internal and external stakeholders. The UN Sustainable Development Goals (SDGs) provide a framework for how we can collectively work to overcome global challenges related to economic, social, and environmental sustainability. We believe that we mainly 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. We also annually report our climate change impact in accordance with the Carbon Disclosure Project (CDP). Eltel are certified according to ISO 9001 Quality Management, ISO 45001 Occupational Health and Safety, and ISO 14001 Environmental Management.

Eltel's commitment to the SBTi during 2021, has underlined the company's level of ambition to contribute tackling the global climate challenge.

### 3 Audit on public sustainability report

Eltel is legally committed to have an audit performed on the sustainability annual report. For 2021 this audit was performed by an authorized public accountant from KPMG, Fredrik Westin. His statement is as follows:

***“Engagement and responsibility***

*It is the board of directors who is responsible for the sustainability report for the year 2021 on pages 23-31 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 6652 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 2022  
KPMG AB  
Fredrik Westin  
Authorized Public Accountant”*

This COP compiles outcome for 2021 and the data and figures are the same as in the annual report (see <https://www.eltelgroup.com/investors/financial-reports-and-presentations/>)

### 4 Measures performed

#### 4.1 Human Rights

- Supporting principle 1: Support and respect the protection of internationally proclaimed human rights
- Supporting 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 2021 was high (84%) 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" was identified as an improvement area going forward.

KPIs	2021	2020
Number of employees at year-end	5,049	5,449
Of which < 30 years, %	19	18
Of which > 55 years, %	23	24
Share of male/female at year-end, %	87/13	84/16
Share of women in Group Management Team, % at year-end	25	25
Share of women in Board of Directors, % at year-end	20	20

### Health and safety

Work safety is a key sustainability area and at Eltel, safety is not just about personal protective equipment, instructions and accident reports; 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 safety culture.

We work hard to foster a culture in which safety is a primary focus area 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 continued to challenge the health and well-being of all employees. Measures were taken 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 2021 included safety training, regular safety walks conducted by our managers, internal safety bulletins, internal campaigns, theme days and theme weeks.

We have an 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	2021	2020
Absence due to illness, including long-term illness, Eltel employees, %	5.3	5.4
Lost time injuries per million working hours (LTIFR), Eltel employees	3.8	4.9
Total Recordable Injury Frequency per million working hours (TRIFR), Eltel employees	25.0	24.8
Number of fatal accidents: Eltel and subcontractor employees	0	0

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 very good and strengthened in important areas.

## 4.2 Labour standards

- Supporting principle 3: The freedom of association and the effective recognition of the right to collective bargaining
- Supporting principle 4: The elimination of all forms of forced and compulsory labor
- Supporting principle 5: The effective abolition of child labor
- Supporting 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.

## 2021

Contract management training 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 continued in 2021 and presenting the fundamentals of our Code of Conduct and other governing policies. During 2021, 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 is increased and the injury frequency is lowered compared to previous years.

### **4.3 Environment**

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|---------------------------|--|
| • Supporting principle 7: | Support a precautionary approach to environmental challenges                     |
| • Supporting principle 8: | Undertake initiatives to promote environmental responsibility                    |
| • Supporting 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
- Promoting service offers to the market that contribute to environment friendly energy production, efficient energy distribution and digital communications.

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.

#### **Our approach**

We develop innovative power- and telecom network solutions and support our customers in their efforts to enable a more sustainable future. The main source of our own environmental impact is our vehicle fleet. Therefore, our main focus is to reduce the average CO2 emissions of cars and



vans according to our SBTi targets. We constantly strive to minimize the environmental impact of our operations and monitor our performance.

## 2021

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 CO<sub>2</sub> 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 we strive 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. Eltel has also begun using fossil free diesel fuel, HVO100 in some areas. 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 2021, no major environmental incidents occurred as a result of our operations.

The main source of our environmental impact is our fleet of almost 3000 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 facilitates optimizing order planning.

Eltel have delivered a progress report to CDP (Carbon Disclosure Project). The enhanced reporting ambitions resulted in a raised score from C to B- in CDP scale.

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 2021. No cases regarding environment have been reported by or against the company during the reporting period.

KPIs	2021	2020 <sup>1)</sup>
Vehicles in entire fleet	2,895	3,208
Share of zero- and low-emission vehicles (cars and vans), %	1.9	1.1
Total fuel consumption of entire fleet, litres	6,147,285	7,381,713
Total CO <sub>2</sub> emissions, kg CO <sub>2</sub> -eq, scope 1	15,372,013	20,384,761

<sup>1)</sup> The 2020 carbon emissions are recalculated using the new improved calculation methodology.

## 4.4 Anti-corruption

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

As a major player in our industry, we have a responsibility to be role model and 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 also 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**

The whistleblowing procedure enables employees, partners and customers to report suspected breaches of our Code of Conduct or other policies. The reported issue can be submitted anonymously through a third party solution, 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 2021, no whistle blow matters were reported.

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 22 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	2021	2020	2019
<b>Employees</b>			
Number of employees at year end	5049	5449	6678
Share of male/female at year end	87/13	84/16	87/13%
<b>Health &amp; Safety for Eltel employees</b>			
Absence due to illness, including long term illness	5,3%	5,4%	5.2%
Lost time injury frequency (lost time injuries per million work hours)	3,8	4,9	6.2
Number of fatal accidents incl subcontractors	0	0	1
<b>Environment</b>			
Total CO <sub>2</sub> emissions in tonnes (Scope 1)	15372	19328	23222

## 6 EU environmental impact taxonomy

The EU taxonomy is the EU's judicial classification system, which provides a harmonised method for defining financial activities that have the most significant impact on the EU's measures to prevent climate change, on environmental protection, and on the achievement of the set goals. In the first phase, the EU taxonomy classification system covers the sectors with the highest potential to reach the EU-level goals set for climate change mitigation – cutting net carbon dioxide emissions by 55% from the 1990 level by 2030 and achieving carbon neutrality by 2050.

The taxonomy-eligible economic activities relevant to Eltel were identified. These are estimated to account for 32% of the turnover.

## 7 Sustainability plan, focus areas and long term development

As mentioned, a renewed sustainability plan was developed in the fall of 2020 and came into effect in 2021. The plan is based on the same priority areas as its predecessor, but contains higher ambitions in all areas, and also a target for developing a road map to become fossil neutral.

Priority area	Focus
<b>Health &amp; Safety</b>	Zero fatality and disability cases Reduce Injury Frequency (LTIF and TRIF) including subcontractor employees Foster a proactive safety culture
<b>People &amp; Society</b>	Be the industry's most attractive workplace Contribute to sustainable development and welfare
<b>Environment</b>	Reduce the average CO <sub>2</sub> 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
<b>Supply chain</b>	Secure the HSEQ performance and compliance with Eltel's Code of Conduct Policy by monitoring of strategic partners'

15.12.2022

12 (12)

<b>Business ethics</b>	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
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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, which is further clarified by our decision to join SBTi. The plan and targets in SBTi are not yet established and approved by SBTi but will certainly be a guiding path towards the long-term goal to have a “zero carbon footprint”. 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.

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.

## 8 Development after reporting period

In June 2021, Eltel Board of Directors took decision on committing to Science Base regarding SBTi. In spring of 2022 Eltel Group developed targets and plans in order to submit them to SBTi. All respective country units did their own analysis and took decision on how to progress in an effective way. Targets are set to contribute to a limit of max 1.5 degrees increase in temperature, the most ambitious target. The CU work was orchestrated by group sustainability manager into a group plan that was determined by the board of directors in May. This plan and targets was submitted to SBTi organization in the same month. Eltel are at present (2022-12) waiting for the response from SBTi.

The work and progress in different fields have nevertheless already been started.