



Eltel Sustainability Review | 2014



A wind park harnessing storms in the very north of Finland. Power lines reaching a rural village in Botswana, lighting up a health centre. Two great examples of Eltel's role in meeting tomorrow's energy challenges. Our core business is building, connecting and caring for the lifelines of our society when it comes to power, communication and transportation. In that way we operate at the very heart of a more sustainable society.

In 2014, Eltel formalised its sustainability efforts by signing the United Nations Global Compact initiative. This initiative is a principle-based framework for businesses to work proactively for human rights, working conditions, anti-corruption and fair business issues as well as to report on their implementation.

The four dimensions in the Global Compact initiative overlap well with Eltel's previous efforts in the field. In fact, we have organised our strategic sustainability efforts in four similar dimensions: environment, employee, economy and health & safety. This sustainability review focuses on the non-financial elements of reporting.

Environment. We contribute to a more sustainable society through our core business, which is increasing energy efficiency by building and fine-tuning

smart grids and smart metering systems. We also implement turnkey wind power parks and underground road cabling as well as boost internal efforts when it comes to emission goals.

Employees. Our culture and way of working is manifested in The Eltel Way, which includes regulations and policies as well as the highlighted values and internal culture that enable us to boost transparency and ethical behaviour. In 2014 Eltel started an e-learning project that improves compliance with The Eltel way guidelines, reporting and policies.

Health & Safety. Eltel staff often work under hazardous conditions, which is why ensuring safe working conditions is a top priority for us. From day one we seek to implement our Zero accident vision. Among our other initiatives we have built a training centre in Poland to enhance

occupational safety. We will continue to minimise lost time injuries, minor injuries and near misses.

This Eltel Sustainability Review is the first of its kind. In the reporting sector we are introducing some new elements. We are also actively developing the scope and framework of our future reporting.

We are convinced that we are on the right track to reach our vision of being the strong contributors to building the smart and sustainable society of tomorrow.



Axel Hjärne
CEO

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There is a lot to gain from responsible exports



What are the EKN requirements for export guarantees?

EKN requires that the risks of adverse effects on humans and the environment are managed in a responsible manner. We screen all export transactions from the standpoint of corporate social responsibility (CSR) before participating in projects. When EKN guarantees larger projects, we demand that the foreign buyer of Swedish exports shall fulfil international standards for environmental and social issues. We use the IFC Performance Standards, which is a comprehensive standard for evaluating environmental and social sustainability.

What are the key CSR considerations for EKN in the future?

Every transaction and project has specific risks and challenges. EKN's CSR considerations include the environment, human rights and labour rights, anti-corruption and the promotion of sustainable lending to poor countries. In recent years there has been an increased focus on human rights. We have developed our processes and have more ways to collect and analyse information.

What recent results are you most proud of?

We see many export transactions

that create improved conditions for development – especially several large projects in Africa where Swedish exports have led to better infrastructure, climate adapted electricity supply and improved communication. EKN guarantees many of these kinds of transactions that are in accordance with our sustainability requirements. It is also satisfying that we reach common new solutions on sustainability challenges together with the Swedish export industry. Trade is an important tool for sustainable development, but it requires fair terms and conditions.

For business transactions in Africa, what parameters are in focus?

In Africa, mineral extraction and infrastructure projects are common. Essential areas to focus on include management and policy of local population, labour conditions and management of high biodiversity and emissions. Sometimes projects also need to be analysed from a conflict perspective.

For international business, what are the benefits of working with CSR?

There is a lot to gain from responsible exports. It reduces operational and financial risks. Companies that do not

EKN

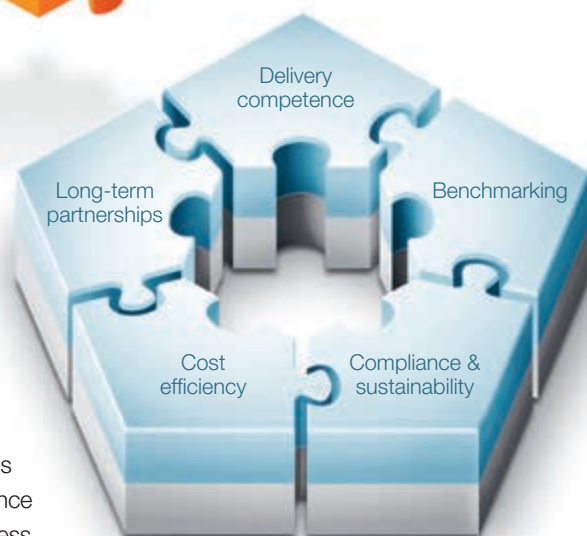
EKN is a state authority with the task of promoting exports and developing the internationalisation of Swedish business and industry. EKN insures payments and shares risk with exporting companies and banks. Activities are financed with the premiums paid by insurance holders.

EKN promotes corporate responsibility. In its guarantee operation EKN's CSR considerations include the environment, human rights and labour rights, anti-corruption and the promotion of sustainable lending to poor countries.

manage staff, local population and the environment properly risk production stoppages due to government intervention, accidents or local riot. This can lead to significant costs and risk to reputation. Also, responsible export can create additional sales, for example when the buying country's local competence and labour force are utilised by the exporting company. Eltel is a good example of this.

The Eltel Way

– Ensuring best value



People our most valuable asset

Etel is a people company, with 8,500 colleagues. Our operation model The Eltel Way includes regulations and policies as well as highlighting company values and internal culture. This year we initiated an e-learning project to support employee understanding of Eltel's different policies and guidelines.

Etel Way defines of how we work at Eltel, and is a leading operating model and differentiator in the Infranet industry. Eltel Way outlines how we organise, empower and support our employees to improve processes and guarantee outstanding customer delivery. Over the past years compliance and sustainability have gained more focus. We have worked to make sustainability a cornerstone in the Eltel Way of working.

What Eltel does

- Structure in regulation and guidelines as well as cross-geography experience ensures best practice in each business line.
- Reporting in a uniform manner ensures transparency and quality control.
- Eltel Culture & People is our most important asset. Leadership development is an integrated and prioritised part of Eltel's operations.
- Operational efficiency: the key focus areas includes delegated responsibility, knowledge sharing and cooperation, investment in competence development and a strong focus on Health & Safety.
- Organic growth is a result of all of the above. Growth guarantees our customers stability and long-term partnerships.

What clients get

- Delivery competence is how we are boosting Infranet quality through high availability and quality combined with a large degree of flexibility.

- Benchmarking from state-of-the-art solutions as one of the largest players in the market, with establishments in 10 countries and international projects. Ground-breaking methods can be implemented on all markets.
- Compliance and sustainability have earned increased focus. Eltel has implemented programmes for compliance with ethical standards and sustainability issues through training and management awareness.
- Cost efficiency with no waste of working hours. Our size also allows us to develop solutions where the costs can be shared between several customers/beneficiaries.
- Long-term partnerships: most of our key customers have been with us for more than 10 years, thanks to local flexibility, high quality and commitment to continuous improvement.

E-learning is a great support for managers

As an operator in the service sector, Eltel is highly dependent on the competences, motivation and performance of employees. Eltel has developed an e-learning tool to support managers and make sure all levels of the company are reached by new policies and guidelines, in all business areas and countries.



“The result has exceeded our expectations and the awareness of group policies has increased massively and improved the assessment of cases,” says Päivi Hautamäki, General Counsel at Eltel.

Implementation through Europe

The e-training programme has been designed for Eltel’s top 800 managers globally in ten countries. For a successful implementation, local adaptation and translations have been needed throughout the organization. Business unit manuals define how work is organised within a specific unit and service.

“It is vital to Eltel that all managers are aware of and understand policies in order for us to ensure that conduct is

ethical and in compliance with laws and regulations,” says Päivi Hautamäki.

Consistency is everything

Eltel has 8,500 employees, so for the sake of consistency, it is essential to make all managers go through the four steps of the e-learning programme. Six months after the programme started the lion share of all managers have finalised the full programme.

“The tool has a great follow-up feature where we can send notifications as reminders to take the test until it has been completed successfully. Each test has questions and optional answers to choose from. We have seen a great improvement in employee understanding

of rules and regulations internally,” says Päivi Hautamäki. The tool was created for Eltel during early spring 2014 and was taken into use into use early in the second quarter of 2014.

Policies trained in the e-training

The e-training programme is designed to increase knowledge and understanding among Eltel’s managers in the first phase for these four specific policies:

- Competition
- Risk Management
- Authorization
- Compliance

Smart grids for a sustainable society

Europe needs to build the smart society of tomorrow. Upgrading power lines dating back to the 50s and renewing telecom infrastructure are steps in the right direction. The next generation of power grids, called smart grids, will provide the necessary technology to use energy more efficiently and increase the use of renewable energy.

At the heart of a more sustainable society

Eltel is an active contributor to a more sustainable society. The latest technology in power networks, a growing share of renewable energy projects and smart grid installations are all activities that have a positive impact on the environment. Eltel has worked for years to optimise the planning and routing of field activities and has started to follow up emissions of its fleet.

A recent study assigned by Eltel identifies the following trends for the European energy market: ageing grids, the fulfilment of an internal EU energy market, the continued introduction of renewable energy sources (RES) and their connection to the grid. Many of Europe's transmission and distribution networks are over 50 years old. Modern transmission nets are needed due to intermittent power sources (such as wind and solar power) and load variability.

Many of the trends are pointing at the need for a faster development of smart grids as an important factor to increase the use of renewable energy and enhance energy utilisation and efficiency.

Renewable energy produced locally demands new technical solutions. The old generation infrastructure was built to distribute energy one way; the next generation is a two-way highway, making it possible to feed energy back into the networks, enabling production and sales of renewable energy at a local level.

The Nordic power utilities have been quick to adapt and see the value of the smart grids and smart metering. And other countries are expected to follow. Smart meters are at the consumer end of the smart grids and a vital component in monitoring performance and measuring energy consumption and usage patterns. This will help power utilities also to understand better their customer needs and become more agile.

To date Eltel has installed 3.5 million smart meters in Nordic homes. This provides Eltel with the most extensive experience of smart meter installations

Environmental focus at Eltel

How does Eltel deal with the waste of installation materials?

We recognise that our vehicle fleet is playing a significant role in our environmental impact. Therefore, our objective is to continue to reduce CO2 emissions by planning our daily work properly and to avoid useless driving. Secondly, we choose our fleet based on an operational and environmental point of view, says Seppo Ryttilä, HSEQ Manager at Eltel.

How does Eltel ensure that heavy vehicles are more environmentally friendly?

Comprehensive environmental planning is a mandatory part of our project site planning. For example, we pay attention to wildlife like nesting birds and schedule our excavation works so that they do not harm agricultural activities. We work together with customers, permitting authorities and local communities to make sure that all known environmental aspects are properly managed during projects, says Seppo Ryttilä.

in Northern Europe. The combined knowledge from both communication solutions and power networks are vital to building the smart grids that will lead to a more sustainable future in Europe.



Partnership for a greener future

1. What are your partner expectations from a sustainability perspective?

TeliaSonera has a 360-degree perspective on sustainability. And we expect the same from our partners. Our formal requirements are specified in our 'Supplier Code of Conduct'. However, we encourage our suppliers to go even further.

We monitor our emissions all the way, even in cases where we have engaged a partner. For example, when Eltel is driving on our behalf, the emissions are a part of our value chain. Through dialogue with the supplier, we are reviewing the way we can decrease the total carbon impact most effectively. Similarly, we expect that our suppliers have such a dialogue with their suppliers.

2. What is the biggest challenge in the upcoming years?

We talk a lot about how we can improve our resource efficiency. We have relatively low emissions in the telecom industry; however, we have an opportunity to find energy-efficient solutions that create a sustainable society in the long run for our clients. We see ourselves as facilitators for others to reduce their environmental impact. For example, it could be to affect mobile manufacturers to produce phones that are easier to disassemble and recycle. Or how we allow logistics partners to measure mobile coverage across the country through small readers

on their vehicles, instead of us sending out our own vehicles.

We purchase services from suppliers for several billion dollars each year. If we can encourage only a few of these to become more environmentally friendly, it has a huge impact in the long run.

3. What results are you most proud of in 2013? What has the progress been in 2014?

To some extent this was a tough year. In 2013 we increased our reported GHG emissions. Yet we have made great efforts to reduce our footprint. For example, we only buy green electricity in Sweden and Finland. We have also installed solar panels on over 500 mobile base stations in Nepal, Tajikistan and Uzbekistan mobile base stations

Moreover, we have implemented effective training programmes with our suppliers to inspire initiatives that are not only good for the environment but also for business - an example of this is of course eco-driving.

4. When it comes to environment, what areas are most important?

We focus on three main areas: energy efficiency, greenhouse gas emissions and waste (especially electronic waste). When we work on these areas, we aim to reduce our own impact and to maximise the benefit to others by creating smart solutions. But we are also depend on

TeliaSonera guidelines for environmental sustainability

This is a shortened version of TeliaSonera's code of conduct for suppliers

- Follow all relevant laws, regulations and permits.
- To have a management system in place and to adopt best practices.
- Eco-efficiency, energy efficiency and recycling.
- Organize the recovery, reuse and recycling of products.
- Avoid hazardous substances mentioned in TeliaSonera's black list, and strive to avoid substances on the grey list.

our own suppliers to find smart new solutions to reduce environmental impact and thereby maximise their business. Today, we work towards our goals for 2020: increase energy efficiency by 20 percent per user and reduce carbon emissions by 20 percent per subscription (starting 2013).



Interview with Seppo Ryttilä, HSEQ Manager at Eltel

Eltel Way leads to “Goal Zero”

What is Eltel's view on HSE?

Besides the usual business focus, Eltel's leadership shows its commitment to HSE by focusing on incident prevention and highlighting the importance of well-being and work safety. Also environmental aspects are well in control. Our HSE management system is implemented in all Eltel countries and HSE performance monitoring is a routine practice.

How does Eltel implement HSE in daily work?

Our operational model called The Eltel Way refers to Specialised people, Empowered organisation with individual target setting and Proactive mindset to maintain momentum and constant development of organisation and processes. The Eltel Way guides HSE. For example, risk assessments and work method statements are important proactive steps to enable safe operations. In addition to specialised and professionally trained people, we invest significant time and effort to regular work safety and “license to operate” training.

What does Goal Zero mean?

Our vision of Goal Zero accidents helps us to maintain professional behavior every day, everywhere and by everyone. This means not only learning from the past but also predicting hazardous and unsafe situations before they happen. Once a team manager is notified of a potentially unsafe condition, it is important to remove the hazard immediately and to communicate preventive actions to operative people. So we maintain a non-blaming culture in order to avoid situation where hazards are kept hidden.

Generally, Eltel worksite safety culture is on a good level. However, we need to continue to emphasise the importance of personal focus to eliminate injuries. Our most typical injuries are muscle-related back problems, knee or ankle twists, slips on icy roads and other work safety-related lapses.

What are your focus areas ahead?

One of our current focus areas is to ensure that the HSE practices and overall control of our supply chain cover our sub-contractor community as well as other business partners more effectively. Our customers are paying more and more attention to this, and we shall work together in order to achieve the targeted goals. Working together between companies is an excellent learning process for all parties.

At Eltel, we are committed to continuous improvement and are confident that Eltel Way HSE will be recognized as a practice within Infranet industry.

Good safety is good business

Over the last few years, Eltel has grown fast and at the same time managed to maintain a high level of work safety performance. Besides the usual business focus, Eltel's leadership demonstrates a daily commitment to HSE (Health, Safety, Environment) by focusing on incident prevention and highlighting the importance of well-being and work safety.





Safety is the highest priority in Olsztyn

Health & safety is the highest priority when Eltel trains its staff. At the beginning of 2012 Training Centre in Eltel Networks Olsztyn SA was built. Eltel was in 2011 selected, with its partner Carillion Utility, as the provider of construction services for National Grid – the operator of power system in England and Wales. Due to different working conditions and National Grid's high expectations, it was necessary to train a large number of technicians in a short time in Poland.

"We are always trying to find new and effective ways to train our staff in order to meet the demands of both competence and health & safety. The training in Olsztyn includes theory and a practical part," says Tadeusz Madaj President of the Board at Eltel Networks Olsztyn SA. The class room part is followed by a series of tests and examinations, which

gives the participants a formal permission to work on the lines operated by National Grid. In the practical part the participants learn about maintenance work on high voltage lines.

Training for Health & Safety

Eltel's 120 linesmen and engineers have been trained for work in the UK. The centre will also train newly employed linesmen. Additionally, another training programme exists that is aimed to newly recruited employees. The purpose is to check their ability to work on high-voltage lines and train them to work safely and efficiently.

"Our Training Centre allows us to increase the safety of work, provide well trained staff and is also a unique system of personnel training," Zbigniew Chabowski Safety Inspector at Eltel Networks Olsztyn SA says.

Most of the work is performed on double circuit lines with one live circuit. In addition to preparation for work on high-voltage lines, participants are trained in rescue techniques involving the evacuation of injured persons from the tower and the centre of the span line. Construction engineers are also involved in the training to act as supervisors.

"Olsztyn Training Centre teaches us what it takes to be a good linesman. It was a way to understand the expectation of the National Grid when starting our adventure in England. The biggest compliment was to hear from other linesmen from the UK: Let's do it like Marcin for training, it was the best way," says Marcin Gralak, an Electrical Engineer at Eltel Torun.



Eltel Heroes

Eltel Heroes is an initiative starting in 2013 to celebrate teams at Eltel who have made outstanding efforts to improve operations. The focus is to highlight Eltel's way of working, measuring efficiency in the field as well as sharing information about best practices. Last year's Health & Safety has been a prioritised area for all of Eltel Group and the H&S-contributions to Eltel Heroes have increased accordingly.

Per-Erik Lindberg is a team leader in Stockholm. He heads a team building, caring and connecting overhead lines for fixed telecom customers. Per-Erik and his team were nominated as Eltel Heroes for their work involving H&S and environmental issues.

Per-Erik is running an intensive campaign to replace toxic poles. Replacing poles creates a less hazardous working environment for Eltel staff as well as removes toxic materials from the environment.

Most toxic poles are made of creosote impregnated wood and were installed after the 1950s. Today more environmental friendly materials are available, such as composite poles.

"On a sunny day, you cannot avoid coming in contact with creosote. It sticks to clothes and equipment and is hard to get rid of," Per-Erik states.

Eltel is campaigning for composite materials in order to remove toxic

substances from the employees' working environment. To date there is a growing understanding of the environmental aspects of building and replacing poles. For Skanova, the replacement of toxic poles started in 2013.

"It is on a small scale, but it is important to take the first steps to get rid of creosote poles," says Per-Erik.

Spreading best practice

Per-Erik has won recognition inside Eltel, encouraging other teams to address environmental issues. Eltel teams in all countries continuously challenge current practices and are seeking for internal and external best practices.

Back to work life

Illness and accidents unfortunately happen on a regular basis for a company of Eltel's size. Having an opportunity to stay active in the working life supports a person's mental, physical and social wellbeing. To care for them professionally, Eltel has a programme in place to offer employees options for work in case of illness or accident, or when a deteriorated health prevents employees from carrying out previous tasks. Depending on the case, there are different solutions. Examples of how Eltel works in Eltel are listed below.

- **Alternative job.** Alternative work means that an employee is offered a temporary job position. These are normally time limited until a person is fully able to return to the previous job.
- **Lighter work option.** When a person's condition prevents him or her from performing the same tasks as before, there are opportunities to lighten the daily workload. An example case is when a technician is unable to work at height or carry heavy objects.
- **Solutions involving insurance company.** In more complex cases, Eltel and insurance companies work to understand the employee's personal situation. Vocational rehabilitation is always agreed mutually by the employee and Eltel, and in consultation with medical experts in work health. Each case is assessed individually to find an optimal solution for all.

Eltel's reporting practice evolves in sustainability

Eltel reporting in CR and sustainability is constantly developing. In the 2000s the focus was on quality systems and KPIs related to customer deliveries and employee data. In 2011 Eltel increased its focus on Health and Safety, resulting in Group-wide data on injuries and preventive actions. There were no fatal accidents in 2012-2013.

As part of the new HSE plan, and in collaboration with Lease Plan, Eltel's sustainability report now includes emissions data for the company's Nordic fleet. Out of the total 3,521 vehicles at the end of 2013, 2,669 were vans and cars for which CO2 data are reported by the manufacturers. Average CO2 g/km for vans and cars was reduced by 4.7% from 2012 to 2013. Due to the type of

work Eltel performs, 83% of these 2,669 vehicles were vans, which had 47% higher CO2 values than cars. CO2 data is not available for trucks or other heavy vehicles by manufacturer. However, fuel consumption and total CO2 emissions are reported for our entire Nordic fleet of 3,521 vehicles.

Eltel is currently choosing a new sustainability reporting framework for the coming years. We will align the new framework with our reporting framework for business operations, while increasing our focus on the factors that contribute most to a sustainable society and sustainable Eltel. Eltel's signing of the UN Global Compact initiative will also human rights and working conditions in 2015.

Reported results of CR

Item	2013	2012
Number of employees at year end	8,459	8,495
Of which employees < 30 years	20%	20%
Of which employees > 55 years	18%	17%
Health and Safety		
Absence due to illness*	2.7%	3.0%
Lost time injuries per million working hours	11	11
Number of fatal accidents	0	0
Environment, Nordic fleet		
Average CO2 g/km of cars and vans, end of year	203	213
CO2 emissions of total fleet based on fuel consumption	21.1 tons	
Consumption of fuel of total fleet	8.3 million litres	

* Data regarding Absence rate excluding 'long-term' absence.



Building the infrastructure
of the sustainable society

