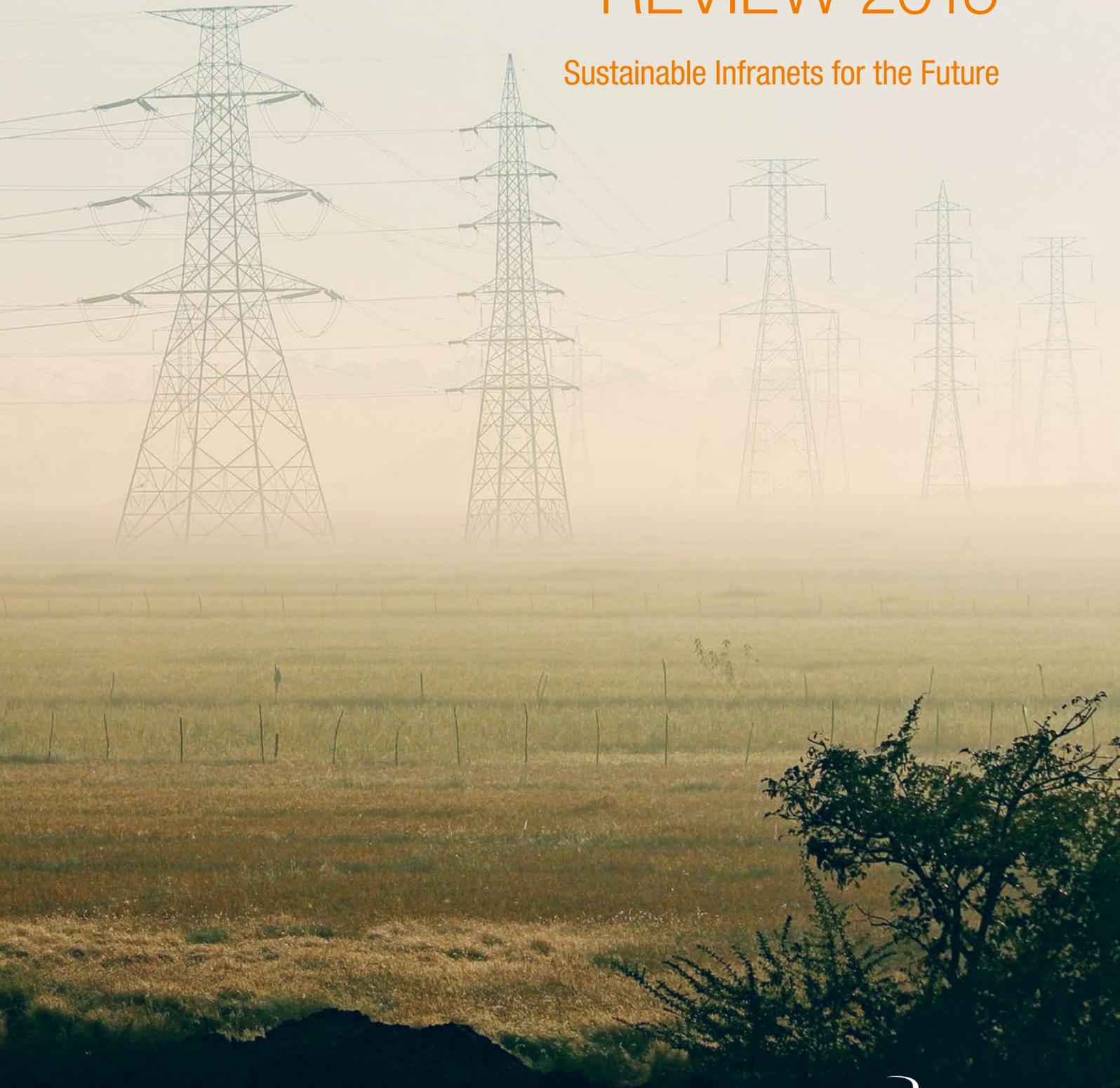


SUSTAINABILITY REVIEW 2015

Sustainable Infranets for the Future



ELTEL

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CEO comment

The change from a privately owned company to a listed one in February 2015 is a major milestone in Eltel's history. The arrival of new owners and analysts, combined with increased media interest, has necessitated a change in the way we communicate who we are and what we do. It has redefined the manner in which we present our goals, policies, procedures, and financial performance.

We have reviewed our social and environmental impacts, assessed potential risks that are inherent to the global technical services industry and to the nature of our operations, and put in place mechanisms to address these. We have given particular emphasis to the following areas:

Employee management

All Eltel teams work in accordance with the Eltel Way, which originates in our shared experience and commitment to the best practices in all the countries where Eltel operates. Our ambition is to be the industry's best workplace with the best people in the Infranet field.

Safety at work

While the number of work-related accidents at Eltel stabilised in 2015, the rate is still too high. We have set a new target for reducing injury frequency in 2017, which will require major effort from

all our employees. After many years of zero fatal accidents, it is unfortunate that one of our technicians in Poland lost his life in 2015. In order to avoid these in future, the focus will continue to be on performance without failure in terms of managing site risk assessments, optimising work methods, enforcing the use of personal protective equipment, and promoting Health & Safety attitudes and values. Achieving zero major injuries continues to be our visionary goal for the future.

Subcontractor compliance

In addition to relying on our own employees, our service delivery depends on competent subcontractors and suppliers. We already have certain procedures in place, such as requiring our suppliers to commit to the Eltel Code of Conduct, but this is not enough. Therefore we have launched a new programme to ensure that all high-risk partners comply with Eltel procedural and reporting requirements.

Compliance in Africa

In 50 years of delivering power projects to African utilities, Eltel has become one of the most experienced European companies to venture in the region. The countries and projects where we participate are carefully selected, together with the pertinent financing

and governmental bodies. However, we recognise that the risks related to work safety, human rights and bribery must be carefully managed.

Contribution to the environment

Eltel contributes significantly to building, upgrading, and maintaining smarter Infranets that will lead to a lower impact on the environment. To deliver all these services, we need a large number of cars and vans. We have now included in our report the entire vehicle fleet that we use to carry out customer orders and its emissions in the ten European countries in which we operate. We have also set an annual emissions reduction target for our fleet.

Eltel is a signatory to the United Nations Global Compact, and in August 2015 we delivered our first Communication on Progress report. This exercise has been most interesting for us and we were happy to outline several good processes and communicate the results of our work. While progress has been made in many fields, Eltel needs to evolve together with the world around us and continuously introduce new ways to ensure Sustainable Infranets for the Future.

Axel Hjärne, CEO and President of Eltel

Eltel in brief

Eltel is a leading European provider of technical services for critical infrastructure networks – Infranets. We provide a broad and integrated range of solutions, from maintenance and upgrade services to project deliveries.

Power

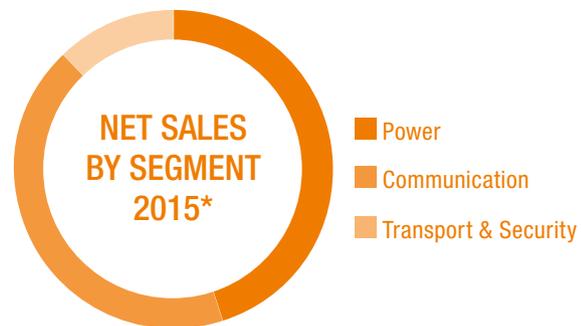
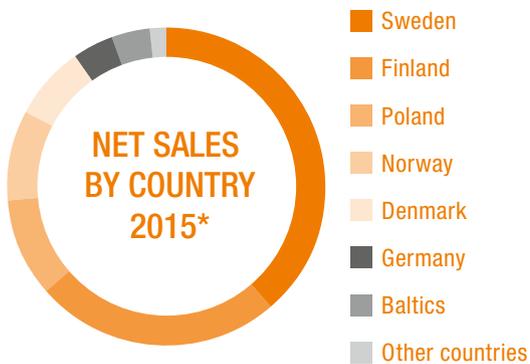
Operating throughout Eltel's geographic regions, the Power segment provides network maintenance services, upgrade work and project business to national transmission system operators and distribution system operators. Its business is characterised by long-term customer relationships, with a continuous order flow generated through framework agreements and projects.

Communication

The Communication segment provides maintenance and upgrade work to telecom operators and other communication network owners. This segment currently operates throughout all of Eltel's geographies. Its business is based on long-term customer relationships and driven by technology upgrades and growing demands for data traffic in the networks.

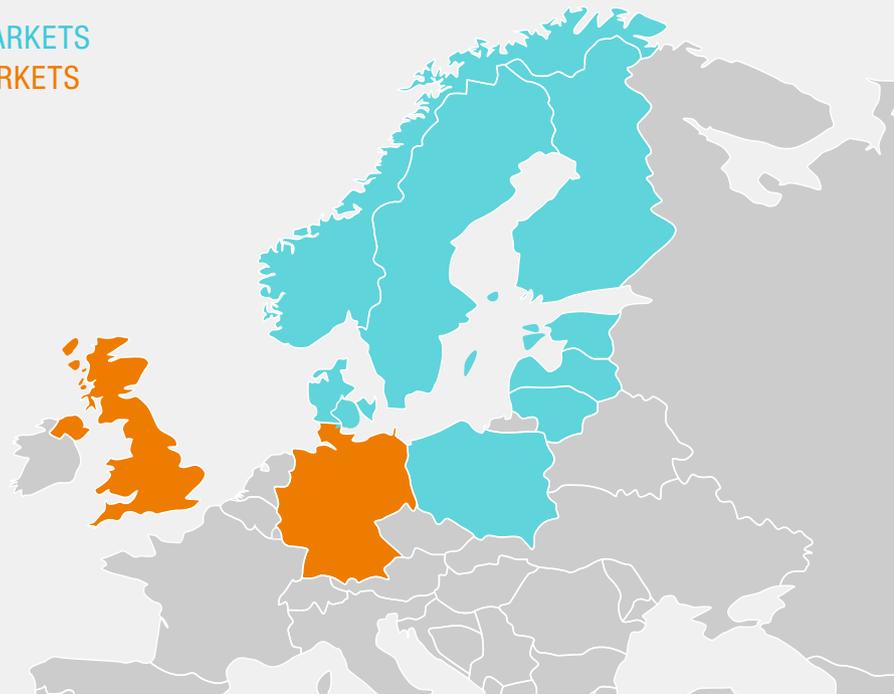
Transport & Security

The Transport & Security segment provides maintenance, upgrade work and project business to various governmental authorities, including rail, road, defence and aviation authorities. The Transport & Security business segment primarily operates in the Nordic markets. The business is driven by investments and maintenance needs in transport infrastructure, an increase in air and rail transport and the outsourcing of technical services in security and aviation.



*Based on unaudited figures

CORE MARKETS
NEW MARKETS
AFRICA



Eltel operating environment and sustainability

Mega trends shape our business

Global mega trends are strongly shaping our societies and quality of life, as well as Eltel's operating environment and related risks and opportunities. Some of the most important trends are climate change, digitalisation, urbanisation and needs for security. These have a huge impact on the energy, communication and transportation infrastructures that are deployed and maintained to serve our daily needs in a safe and efficient manner. We call these infrastructures Infranets and Eltel has been one of the most innovative and proactive

developers in this field for 15 years. Eltel is well positioned to capitalise on the related market growth.

Eltel Sustainability

Eltel aims to provide sustainable infranets for the future. We want to be good citizens in the societies in which we operate, and our business portfolio enables us to make a positive impact on sustainable development together with our partners and stakeholders.

Eltel's intention is to balance economic, social and environmental

considerations in its operations. We are committed to the principles of the United Nations Global Compact (UNGC) and have defined clear policies for people management, health and safety, environment, risk management, and supply chain management, among others. We are continuously raising awareness of them and enforcing compliance of these practices. We published our first sustainability review in 2014 and our first UNGC Communication On Progress report in 2015.

ELTEL HAS IDENTIFIED ITS KEY IMPACT AREAS AND SET THE FOLLOWING GOALS FOR ITS SUSTAINABILITY WORK:

| | |
|----------------------------|--|
| People | Be the industry's best workplace with the best people in the Infranet field |
| Health & safety | Zero fatal accidents Reduce Lost Time Injury Frequency (LTIF) of employees to 7 by 2017 Reduce the number of major injuries to zero in the long term |
| Environment | Reduce the average emissions of cars and vans by a minimum of 4% per annum until 2017 |
| Africa | Identify and mitigate local risks Contribute to sustainable development and welfare |
| Supply chain | Categorise suppliers based on risk level Conduct self-assessment and on-site evaluations accordingly Include high-risk suppliers in Eltel's incident reporting system during 2016-2017 |



Employees

As a service company, Eltel's success depends greatly on the well-being, engagement and professionalism of its 9,568 employees and how they are managed. It is only through establishing and maintaining a high performing organisation that Eltel can meet its target of being the number one Infranet company in Europe.

As specified in its Code of Conduct, Eltel is committed to promoting decent and fair working conditions for all of its employees and contracting parties in all the countries in which Eltel operates. The industry is male-dominated, but Eltel aims to provide equal opportunities for every employee and job applicant.

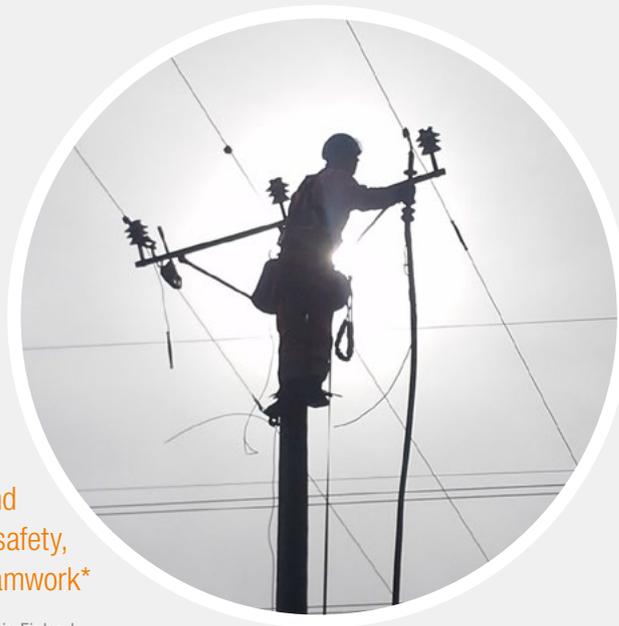
9,568

employees, of which 11% are female

4/5

or higher average score given for job expectations and meaningfulness, workplace safety, management culture and teamwork*

*based on an employee satisfaction survey in Finland



89%

would recommend Eltel as an employer*

20%

of employees under 30 years of age and 20% over 55

The Eltel Way and drivers

Eltel has identified specialisation, empowerment and proactivity as the main drivers for our people and organisational culture. In addition, Eltel's culture and way of working is manifested

in the Eltel Way, a unified approach that encompasses all Eltel business units, locations and operations. It outlines how we organise, empower and support our employees to improve processes

and guarantee outstanding customer delivery. We believe the Eltel Way is a key differentiator and key factor behind Eltel's market leading position in the Infranet industry.



Project Manager development



At Eltel, we are proud to call ourselves doers – people who combine knowledge and expertise with a very hands-on attitude to work. One of the key drivers of Eltel's people management and the Eltel Way is to have specialised employees who are thoroughly trained to accomplish their tasks and who receive numerous opportunities for career and personal development.

Eltel considers an individual's vast experience and knowledge as invaluable resources. To support our employees' progress, Eltel offers a range of competence development programmes, from professional qualifications to leadership programmes.

One of the most focal positions at Eltel is that of the project manager (PM). The job of a project manager consists of

a wide range of functional competences as well as personal ones. In 2015 Eltel started an international competence development programme for project managers in its power transmission business. The programme consists of four two-day modules, starting from carrying out personal assessments, making personal development plans, training and developing competences, and ending with an International IPMA Standard certification. The 69 programme participants come from the Nordic countries, Poland and Germany.

Carlos Canto, Eltel programme manager, says, "The training programme has been prepared with leading external experts in project management. Professional project execution is one of the most important core competences in Eltel's Infranet services. We deliver projects in a variety of conditions in numerous countries both in Europe and Africa. The goal of the programme is to support our PMs to succeed in their job whatever their project circumstances may be. It also offers excellent opportunities to network in future with real experts in project management from different countries, and is a great motivator for our employees in their careers".

Health & Safety

Due to the nature of Eltel's business, Health & safety is of extreme importance to our company. Operating at height, working with electricity and lifting heavy items are some of the most common hazards in the workplace. We are continuously developing our

working methods and control measures to eliminate hazardous situations in the field. Absence due to illness is at a stable level at Eltel and represents a good average in our industry.

91%

increase in near-miss incident reports, enabling a proactive approach to future risk mitigation

1

fatality



11

lost time injuries per million working hours, a 3% reduction from 2014

61%

increase in management safety walks performed

Health & safety management at Eltel

Eltel has defined its approach to health and safety target setting, management, communications and training, risk mitigation and reporting through its Health, Safety & Environment (HSE) policy. Eltel's HSE Management System, which contains practical guidance on the enforcement of the HSE policy,

is in line with the OHSAS 18001 international standard. Eltel management is committed to applying and promoting these at all levels of the organisation, including new acquisitions.

Eltel investigates the root cause of all HSE incidents with significant actual or potential consequences, reports them and takes necessary follow up actions. Incident records and KPIs are updated

and reviewed monthly by management from teams to the group or company level. Eltel has also taken a more proactive approach to risk mitigation by increasing safety walks and improving the reporting of near-miss incidents. In 2015 Eltel saw a good trend in reducing the severity of workplace accidents, reporting near misses and taking action accordingly.

Assessment of Eltel facility in Germany

Site audits are needed to ensure that the performance in the field meets Eltel's plans and policies as well as those of our customers. These audits can be initiated by our customers or by the company.

In March 2015 Vodafone Procurement Company and Huawei management representatives visited an Eltel mobile site in the Munich region. Staff safety instructions and training records, tools and protective equipment were among the items that were checked.

According to the summary report, the Eltel team fulfilled to a great extent German health and safety requirements, especially those related to high-risk areas such as the rescue system, climbing harnesses and shock absorbers. In addition, the mobile fault current circuit breaker was found to follow new Vodafone and Huawei requirements. No critical health and safety violations were detected during the leadership visit.

Fatal incident in our field operations

As an international company, Eltel seeks to create a positive impact by promoting high safety standards in all countries where it operates. In 2015, however, one of our technicians in Poland fell from a ladder while detaching a cable from a concrete pole, resulting in fatality.

The technician, who completed safety training as all other employees, did not wear a helmet and did not make use of personal fall protection equipment although it was available. While investigating the root causes of the accident, Eltel found that the employee was under time pressure. The company also discovered that there was a need to improve the level of safety compliance and proactive reporting in Eltel's operations.

In order to prevent similar accidents in future, Eltel took several follow-up actions to improve safety culture. Eltel conducted a thorough risk assessment on work place hazards, and discussed the incident, its root causes and preventive measures with technicians and managers. The company also stressed the proper use of personal protective equipment in its regular HSE training, updated the HSE manual for technicians, trained managers on health and safety, and improved the proactive reporting of near misses, among others. In addition, health and safety was defined as a starting point in all management business review meetings.



Environment

Etel contributes to sustainable development by implementing environmentally friendly solutions. One of Etel's core businesses is to implement smarter grids and smart metering systems. Smarter grids are a fundamental enabler in managing distributed power generation sources and maintaining the balance between supply and demand. With their communications features, smart metering systems are a necessary element in this context.

The company is also engaged in wind power projects and e-traffic solutions such as installing charging stations for electric vehicles. Etel has participated actively in the analysis of the impact of electric vehicles on distribution networks. Etel's power projects in Africa, meanwhile, create a positive impact by reducing the utilisation of fossil fuels, thereby contributing to a lower cost of energy.

4.7%

reduction in average CO₂ emissions of Etel's fleet of cars and vans since 2014*

3.5 million

smart meters installed in the Nordic region since 2006



1.6 million

new smart meter installations booked

29.5 million

litres of fuel consumed, included in Etel's reporting since 2015

*2014 scope Nordic fleet, 2015 scope total European fleet

Environmental management at Etel

In addition to making a positive contribution, Etel also wants to minimise its negative impacts on the environment. Etel business units are certified or compliant with the international ISO 14001 standard, and various policies and instructions as well as local legislation direct Etel's environmental management.

Etel has identified that its most significant carbon footprint results from the sizeable vehicle fleet that it uses to deliver customer orders. Etel continuously works to reduce these CO₂ emissions. Environmental assessments are also conducted in connection with project and site planning and hazardous materials are managed in accordance with related legislation.

Reducing the emissions of our vehicle fleet

The most important area where Eltel can contribute to managing its own carbon footprint involves the sizeable vehicle fleet that the company uses to implement its customer orders. Eltel has a total fleet of 5,392 vehicles, including cars, vans and trucks. The emissions footprint cannot be neglected when considering a more sustainable way to operate.

Eltel has set an annual reduction target of 4% for cars and vans. Heavy vehicles are currently excluded, as the manufacturers of trucks and other heavy vehicles are not systematically providing emissions figures in the same manner as the manufacturers of cars and vans. However, cars and vans make up 93% of Eltel's fleet.

To reduce costs and emissions, Eltel is optimising logistics routes. Over the

years, GPS solutions, route optimisation and mobile workforce management have managed to reduce driving distances by up to 15%. As we update our vehicle fleet, we aim to shift to vehicles with lower emissions levels.

In 2015, Eltel was able to reduce the average CO₂ emissions of its European fleet compared with the Nordic fleet in 2014 by 4.7%. The fuel consumption was increased by the addition of 800 vehicles belonging to the companies Eltel acquired and the growth of business during the year. For the first time our entire European fleet of cars and vans has been included in the CO₂ reporting scope. Comparable figures of the European fleet in 2014 are not available.



ELTEL

www.eltelnetworks.com

Supply chain impact

Eltel's service delivery is dependent on good and competent subcontractors and suppliers, and we realise the importance of responsible supply chain management. Eltel is committed to upholding fair and decent working conditions throughout its value chain. Workplace safety is of utmost importance, and discrimination, human rights abuses and corruption are not tolerated. Eltel's partners must follow the same principles.

Eltel approach to responsible supply chain management

Eltel obliges its subcontractors and suppliers to adhere to the principles expressed in the company's public Code of Conduct. The Code of Conduct informs all external parties about this requirement. It is communicated on Eltel's website and is a standard appendix to Eltel's subcontractor agreements.

Although certain supply chain management procedures are already in place, Eltel has decided to implement a new group-wide system to mitigate risk and include partners within the scope of incident reporting and follow-up. The aim is to take a risk-based approach to ensuring supplier compliance.

Focus on high-risk suppliers

The process begins with the categorization of suppliers based on their risk level. Identified suppliers are required to go through assessments and report on occupational health and safety and UNGC compliance.

Regardless of their size, suppliers and subcontractors who perform services with the highest exposure to hazards are identified as category A partners and are therefore expected to commit to the highest level of audit and reporting requirements. Category A partners must carry out and allow pre-planned and non-scheduled worksite audits, document their performance and report findings back to Eltel. Category B suppliers must go through self-assessments and inform

Eltel of results and follow-up actions. Category C suppliers must sign the Eltel Code of Conduct.

Eltel's Area Business Units (ABUs) are responsible for the systematic introduction of this new practice from the beginning of 2016. In addition, ABUs must include all category A subcontractors and suppliers in their incident reporting systems by the end of 2017. Initial analysis shows that approximately one third of all subcontractors and suppliers belong to category A.

Our role in the value chain



Eltel's impact in Africa

Eltel has over 50 years' experience of working in Africa. The projects executed in some 15 countries have consisted of rural and urban electrification, the construction of power lines and substations, and providing communication solutions for power utilities. Eltel is committed not only to bringing power to the region, but also to contributing to its sustainable development and welfare.

Corporate Responsibility policy guides our work globally

As a sizeable international listed company, Eltel has a well-structured corporate responsibility policy and procedures framework. As a signatory of the United Nations Global Compact, we are committed to respecting human rights, decent working conditions, anti-corruption and fair business practices. The goal of Eltel is to be a good citizen in all its operating areas. Eltel's partners in Africa are expected to comply with our Code of Conduct and related policies. Code of Conduct non-conformances are reviewed in quarterly legal company reviews.

Addressing local risks

Eltel recognises that certain risks, such as those related to corruption and occupational safety, are generally higher in its operations in Africa. In order to manage these risks, active due diligence efforts are needed from Eltel, its partners, subcontractors and suppliers. Eltel and its partners have to constantly communicate that bribes will never be accepted or offered, and workplace safety must be considered at all project stages.

Together with financiers and Nordic government controlled bodies, Eltel screens out countries that can provide feasible conditions for our participation. Eltel also selects its partners very carefully, arranging face-to-face meetings with all potential contacts to review their commercial activities and other data, and

using careful judgement before making the final decision to move forward with the proposed third-party business relationship.

Contribution to local communities

Eltel's business model involves hiring local employees and contractors. The transfer of knowledge and technology is an integrated part of our projects, which contributes positively to the local community and its future development. Many local contractors have been able to grow and take on new contracts with newly acquired knowledge in Eltel projects. Thousands of local workers have received on-the-job safety training and are now in a position to share the best practices in safe work methods.

Eltel aims to use local materials when possible. Attention is paid to local wildlife and work is conducted in an environmentally safe way, especially when handling diesel and other chemicals. Eltel has also participated in several healthcare campaigns, such as sponsoring the fight against HIV in Mozambique and conducting educational HIV campaigns in other sub-Saharan countries.

600 million people lack electricity in sub-Saharan Africa. Through decades of working in Africa, Eltel's projects have brought electricity to millions of people and reduced the need for power generators using fossil fuels, raising the standard of living and safety and contributing to sustainable development.



Governance and risk management

At Eltel, sustainability is integrated into our daily operations and business processes. The ultimate responsibility for all operational management lies with the Board of Directors and the CEO, but all employees must enforce the Eltel Code of Conduct in their work.

Sustainability management

The board of directors of Eltel AB approves all group policies and instructions, including the Human Resource Policy, the Health, Safety and Environment Policy and the Eltel Code of Conduct. All officers, managers, directors and employees at Eltel are informed of their compliance roles and are responsible for adhering to Eltel's ethical principles, guidelines and related procedures.

Ensuring compliance

Eltel's ethical principles are defined in the Eltel Code of Conduct. The company has recently strengthened its awareness and processes on compliance. In 2015 Eltel launched an improved interactive e-learning course on its Code of Conduct and antitrust rules. The number of completed courses and tests has been high, and the size of the target group for training has almost doubled from 2014. The programme has also been launched in newly acquired companies, resulting in increased awareness of compliance requirements throughout the company.

Eltel employees have welcomed the global compliance programme, especially its practical examples on compliance issues.

In 2015 Eltel formed an internal forum on the group level to review the quarterly reports from all Eltel companies, including compliance matters. In February 2015, Eltel's shareholder Swedbank Robur conducted an assessment of Eltel. Action has been taken and targets set based on the findings.

In October 2014 the Finnish Competition and Consumer Authority (FCCA) filed a claim of EUR 35 million against Eltel in the Finnish Market Court. The violation of competition law alleged by the FCCA is related to the Group's power transmission line construction business in Finland during the period 2004-2011. In its response to the claim Eltel considers that it did not violate competition rules and finds no grounds for the proposal of fines, and has contested the FCCA's allegations and fine proposal to the Finnish Market Court, requesting that the case be dismissed. At the time of writing this review, no Market Court decision has been announced.

Risk management

Eltel follows the ISO 31000 standard for risk management and has set a Risk Management Policy to define its approach. The policy includes social and environmental risks and outlines measures for risk identification, assessment, prioritisation, mitigation, monitoring and reporting. Risk assessments, including the evaluation of health, safety and environmental risks, are also a standard part of all projects.

Eltel AB's Board of Directors has the ultimate responsibility for risk management, while the CEO and Heads of Business Units are responsible for ensuring that there is a process for risk management at all levels of the organisation. Business Unit risks are quarterly reviewed by the Group Risk Management Team and reported to the Group Management Team and Board of Directors. Every employee is responsible for the managing of risks and taking preventive actions in their own area of responsibility.

Key figures



| KEY PERFORMANCE INDICATORS | 2015 | 2014 | 2013 |
|--|--------------------------|-----------------------|-----------------------|
| EMPLOYEES | | | |
| Number of employees at year end | 9,568 | 8,647 | 8,459 |
| Of which employees < 30 years | 20% | 20% | 20% |
| Of which employees > 55 years | 20% | 18% | 19% |
| HEALTH AND SAFETY (ELTEL EMPLOYEES) | | | |
| Absence due to illness, including long-term illness | 4.2% | 3.8% | 4.1% |
| Lost time injuries per million working hours | 11 | 11 | 11 |
| Number of fatal accidents | 1 | 0 | 0 |
| ENVIRONMENT | | | |
| Average CO ₂ emission cars and vans, g/km end of year | 186 Total European fleet | 193 Nordic fleet only | 206 Nordic fleet only |
| Total fuel consumption of total fleet, l | 29,516,601 | Comparable figure NA | Comparable figure NA |



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