

# Sustainability Report 2017



Securing the lifelines  
of sustainable society

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# Eltel – sustainable everyday security

At Eltel we build, install and secure the operation of electricity and communication networks. We address important megatrends such as climate change, digitalisation, urbanisation and the growing need for infrastructural security at all levels of the company with the same goal – to build a more sustainable world today and for future generations.

But above all, we are proud professionals who know that our work makes a difference.

A sudden power cut, an intermittent mobile signal, a poor internet connection. These are life essential everyday situations that we prevent. We work to create a more robust society that is based on our services in energy and communications.

**Eltel AB**  
Visiting address:  
Adolfsbergsvägen 13, Bromma  
POB 126 23  
SE-112 92  
Stockholm, Sweden  
Phone: +46 8 585 376 00  
E-mail: info.sweden@eltelnetworks.com

[www.eltelgroup.com](http://www.eltelgroup.com)

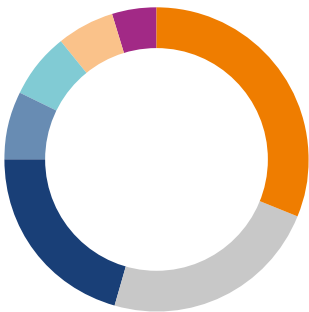


NET SALES BY SEGMENT



- Power 35%
- Communication 55%
- Other 10%

NET SALES BY COUNTRY



- Sweden 31%
- Finland 23%
- Norway 21%
- Poland 7%
- Denmark 7%
- Germany 6%
- Other 5%

# Securing the lifelines of a sustainable society

## ELTEL'S COMMITMENT AND SUSTAINABILITY APPROACH

Being a socially responsible actor is a prerequisite for successful business operations. Alongside financial performance, stakeholders increasingly value social and environmental topics/targets. Sustainable operations also offer great opportunities for Eltel and ensure the availability of natural and human resources long term.

As a pioneer in technical infranet services, Eltel also wants to demonstrate best practices in terms of sustainability and respond to stakeholder needs. Eltel is committed to being a good member in societies where we operate. Our business

approach is long term, as are the interests and investments of our customers.

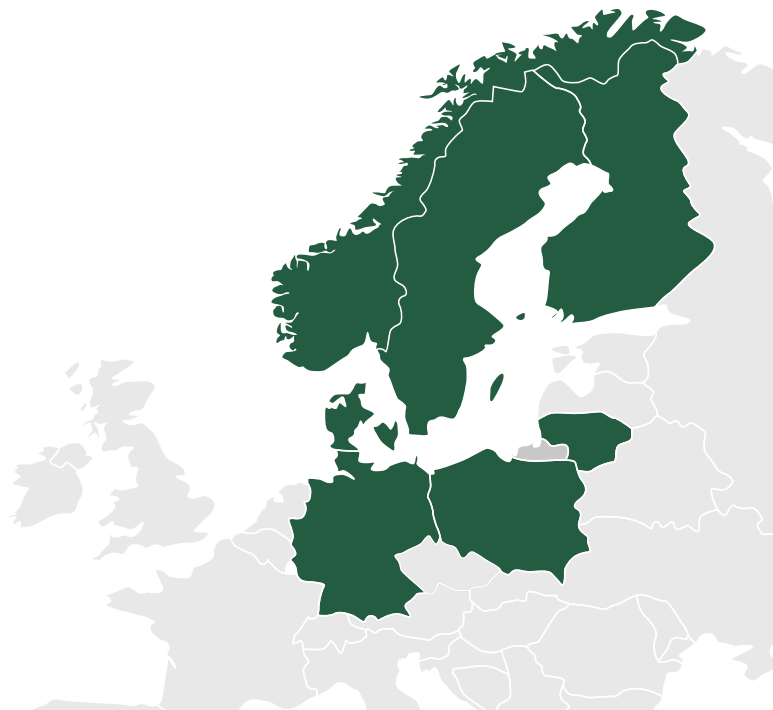
Eltel joined the United Nations Global Compact as a signatory in 2014. We are committed to respecting human rights, aligned with the United Nation's Universal Declaration of Human Rights, and we made our first disclosure to the Carbon Disclosure Project in 2016.

Eltel has set specific sustainability targets in four different areas: Health and Safety, People and Society, Environment, and Supply chain.

**Governance and risk management of sustainability issues is disclosed in Eltel's Annual Report 2017.**

## Eltel's new sustainability plan

Eltel's new sustainability plan 2018–2020 is based on the priorities of previous years - Environment, People and Society, Health and Safety and Supply Chain - but the scope of activities and performance reporting will be more versatile. Eltel is therefore well prepared to deliver the non-financial reporting set out in the new EU directive.



**Health and  
Safety**



**People and  
Society**



**Environment**



**Supply Chain**



# New business focus, same focus on sustainability

Megatrends such as climate change, digitalisation and urbanisation continue to shape our operating business environment. Various stakeholders demand more exacting standards in corporate responsibility and they expect that a company's commitments will go beyond policy statements. Our sustainability plan for 2018–2020 is based on the priorities of earlier years, while the scope of activities and performance reporting will become more versatile. Eltel is by this well prepared to deliver non-financial reporting in line with the new EU Directive.

**M**egatrends are reshaping our societies at an increasing speed. There is a growing demand to hold back climate change by harnessing renewable energy sources, implementing digital solutions and responding to urbanisation. In a connected world, where collaboration with our customers and partners is important, our portfolio is well-positioned. This review will highlight some of our activities and their impact. The transformation that Eltel is undergoing will lead to a more focused business approach. Our Power and Communication businesses are in the technical forefront in making a constructive contribution to our Northern European corner of the planet. Below are some of the changes that will influence the future Eltel.

## GROUP GOVERNANCE UPDATED

Regular operational audits are being implemented to increase the quality of project management and operations and to reduce risks herein. Group policies have been updated including Accounting and Controlling, Eltel Code of Conduct and Whistleblowing, as well as CEO instructions and Work Order for the Audit Committee. The changes and new key principles have been communicated and cascaded throughout the organisation and to administrative bodies. The Human Resources Policy now has a solid definition of diversity and equal opportunity as well as a clear statement on violence and harassment

including a clarification on management responsibilities.

## NEW BUSINESS FOCUS

Our announced new strategy 2017 contains a reduced share of risk-exposed project business including a plan to divest the rail business in the Nordics and a withdrawal from the power business on the African continent. To create more synergies, we have integrated four of our earlier business units into Power and Communication. This change reflects the ongoing technology and customer convergence in these sectors. Within these two businesses segments, we have organised expert solution units serving specific customer needs. In addition, Eltel's contribution in smart grids and platforms for digitalisation service offerings are vital. These are two areas that have an impact on climate and the environment as well as on our revenue streams.

## ENGAGEMENT OF EMPLOYEES AND PARTNERS

Employee engagement is our top priority in developing the Next Eltel workplace. Our employees' feedback is regularly acted upon to further develop Eltel as an attractive place to work. Positive achievements in reducing lost time injuries have continued and our culture has changed into becoming more proactive in terms of preventing injuries. One of the most significant initiatives in Health and Safety (H&S)

has been the inclusion of our subcontractors and suppliers. The most risk-exposed partners are starting to report their H&S performance as part of their compliance with the Eltel Code of Conduct. As a company Eltel is securing the needs of modern society by keeping crucial infranets up and running, but also in influencing the future development of these platforms. To make this happen we work in seamless collaboration throughout the value chain, from our customers to our partners

## ELTEL SUSTAINABILITY PLAN AND VALUE CREATION

Eltel's previous sustainability plan focusing on the areas of Health and Safety, People and Society, Environment and Supply Chain expired in 2017. Our review concluded that these focus areas will remain for 2018–2020 as there is room for further improvement and we have a detailed plan for improvement initiatives in all areas. We will gradually expand the scope of reporting for Environment and make adjustments to comply with the new EU Directive on non-financial reporting. I, as the CEO of Eltel, together with our Board of Directors and Auditor, have signed the compliance statement indicating that Eltel's non-financial reporting will henceforth be in line with the new EU Directive and the Swedish Annual Accounts Act.

Value creation to all stakeholders will drive our development, including being an attractive object for investment. With all

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the activities that took place in 2017, we firmly believe that Eltel is today a better company, one that is well prepared for the next stages in developing sustainable and profitable solutions that secure the lifelines of a modern society.

**Håkan Kirstein,**  
President and CEO Eltel Group



# Health and Safety

Health and Safety is the most important focus area at Eltel. Implementing a systematic approach across several years has significantly improved company performance and Health and Safety culture has gradually changed into proactivity. Work-related injuries have diminished and goal zero continues to be a long-term ambition.

**E**ltel has systematically implemented a Group-wide programme to reduce work-related injuries by promoting a more proactive Health and Safety culture. This has led to a significant reduction in the number of injuries during 2015–2017. Subcontractors are now further integrated into Eltel's H&S plan. Disengaging from a number of countries and businesses during the year has helped to intensify H&S efforts on fewer and more homogenous countries. Eltel is committed to comply with the OHSAS 18001 standard, and most subsidiaries also hold this certificate.

## KEY PERFORMANCE INDICATORS IN THIS AREA ARE THE FOLLOWING:

- Lost time injuries (LTI) per million working hours
- Absence due to illness including long-term illness
- Number of fatal accidents

## BALANCED DEVELOPMENT PLAN AND CONSISTENT IMPLEMENTATION

Eltel has clearly defined the HSE risk profile and risk impact on business. Electrical safety, working at height, rotten poles and safety on the road have been identified to be higher risk-



## Health and Safety

## Key facts 2017

- The Lost Time Injuries Frequency Rate (calculated as the number of lost time injuries per million working hours) declined to 7.0
- The number of near-miss and potential incident reports increased to 4,230, +10% per working hour
- Absence due to illness including long-term illness increased from 4.0% to 4.5%
- The number of fatal accidents was 0
- The percentage of "category A subcontractors and suppliers" joining Eltel's H&S programme amounted to 85%



## Key performance indicators

Health and Safety (Eltel employees)	2015	2016	2017
Absence due to illness, including long-term illness	4.2%	4.0%	4.5%
Lost time injuries per million working hours (LTIFR)	10.5	7.5	7.0
Number of fatal accidents	1	1	0

exposed activities. Clear work instructions and procedures provide guidance on how one should perform services in an optimal way in order to prevent accidents from taking place. Training and providing feasible working conditions and equipment are aimed at ensuring maximum safety at work.

Understanding root causes when investigating accidents and communicating these widely throughout the whole organisation support the learning process. Near-miss and potential incident reporting, as well as safety walks, are other methods to increase risk awareness and improve working methods in the field.

### SUBCONTRACTOR MANAGEMENT NOW A FUNDAMENTAL PART OF H&S WORK

During the year Eltel has rolled out a subcontractor and supplier H&S programme in all its operational countries. As partners to Eltel, these companies must commit themselves to Eltel's Code of Conduct and Health, Safety and Environment Policy. Subcontractor management instructions have been upgraded accordingly, and categorisation by risk exposure and implementation of a scorecard are now in place. Two-way communication plays an important role in accelerating learning. Our experience from the first countries that have reported their subcontractor performance is encouraging and we will continue expanding our reporting in 2018. The overall partner feedback to this initiative is very positive.

## Our policies in this focus area:

- Human Resources Policy
- Health, Safety and Environment Policy
- Eltel Code of Conduct



## Eltel on the road

With a 4,500-strong vehicle fleet driving 100 million kilometres to deliver on customer assignments annually, road safety is a critical factor for Eltel. Being on the road regardless of season or weather conditions requires paying close attention to the condition of the car, van or heavy vehicle as much on the ability of the driver to operate it. Any form of traffic misconduct affects others and/or our own H&S, and such negative behaviour affects our brand as well. Eltel has published an online video on road safety and it has been clicked over 2,000 times. We also educate our employees regularly on road safety by means of monthly safety bulletins on accidents, their causes and how to avoid similar incidents from occurring in future.



# People and Society

Providing an interesting place to work is important for us at Eltel. It allows us to attract the right people, who with their engagement bring value to our customer offer and operations. Being a good corporate citizen is central in contributing to sustainable development and welfare in the areas and societies where we operate.

**T**he ongoing transformation of Eltel has had impact on the engagement level in parts of the company in 2017. Our employee engagement survey plays a vital role in informing us of the gaps and suggesting possible actions that are needed to further develop Eltel's organisational, communication, leadership and management practices. Our Human Resources Policy now contains a more comprehensive coverage of key leadership principles, diversity and equal opportunity for all. We continued to report the progress on the principles of the UN Global Compact.

## KEY PERFORMANCE INDICATORS IN THIS AREA ARE THE FOLLOWING:

- Number of employees
  - at year end
  - under 30 years
  - over 50 years
- Share of women of total employees

## EMPLOYEE ENGAGEMENT SURVEY SETS THE BASELINE

74% of all employees have participated in the employee engagement survey, providing valuable feedback on how our employees experience Eltel. The key findings from the survey, that was launched in late 2016 and compiled in early 2017, show that our employees are very loyal to the company as well as satisfied with their job content. Meanwhile, leadership skills can be strengthened which, in turn, would secure improved communication across the organisation.

In a few parts of the organisation the survey pointed at too high levels of violence and harassment. Strong actions

were immediately taken to address the situation on managerial as well as team level. Management responsibility has been clarified in our amended policy where a new section under the Human Resources Policy "Discrimination, violence and harassment" has been added. The section also refers to our whistleblower reporting system. The findings of the entire survey were thoroughly discussed in all teams

## Our policies in this focus area:

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







## People and Society

### Key facts 2017

- 74% of all employees responded to the Employee Engagement Survey
- Key findings show a high degree of loyalty and satisfaction with the job content as well as some improvement needs within leadership and communication
- Team discussions have taken place and 747 improvement actions have been agreed
- Eltel Human Resources Policy has been updated with stronger statements on diversity, equal treatment and the zero tolerance against harassment and violence
- The share of female employees increased from 12% in 2016 to 14% in 2017
- Eltel paid a total of EUR 353.5 million in wages and salaries in 2017

and 747 actions were altogether identified and implemented.

As the company is going through transformation with reorganisation, divestments and business closures, these activities have naturally had an impact on concerned employees.

#### **ELTEL CONTINUES TO SECURE THE CRITICAL LIFELINES OF A SUSTAINABLE SOCIETY**

Eltel continues to deliver technical infranet services to keep the critical societal networks, like electricity and communication networks, up and running. The importance of this has been growing not least due to the frequent phenomena of extreme weather conditions. The modernisation of the platforms contributes in

meeting the future needs of communities and citizens by means of digitalisation and the implementation of environmentally friendly solutions.

It is essential that all this is accomplished with high ethical standards based on Eltel's Code of Conduct, contributing to the attractiveness of Eltel workplaces with job satisfaction and general welfare. By our size, Northern European market presence and role in the infranet industry, Eltel continues to play a significant part as employer, supplier, partner and investment object. As a result of the transformation process towards Next Eltel, the company continuously strives to position itself even better to meet the expectations of its various stakeholders.

**Providing an interesting place to work is important for us at Eltel. It allows us to attract the right people, who with their engagement bring value to our customer offer and operations.**

## Key performance indicators

Employees	2015	2016	2017
Number of employees at year end	9,568	9,466	7,999
Of which employees < 30 years	20%	18%	20%
Of which employees > 50 years	20%	18%	23%
Share of women employees	11%	12%	14%



## Employee engagement – a cornerstone in our development

Providing a good workplace is important for us at Eltel. Our goal is to be the industry's best workplace with the best employees in the infranet sector. The ongoing transformation of Eltel has had an impact on the level of involvement in parts of the company in 2017. Therefore, our employee survey, where 74% of all employees participated, gave us important feedback. The results of the entire survey were thoroughly discussed in all teams and, in total, 747 measures were taken to further develop Eltel's organisational, communication, leadership and management methods.







# Environment

The way we tackle environmental challenges is vital for all society on an everyday basis and bears consequences on future generations. Energy and traffic constitute a large share of emissions globally. New solutions are constantly being developed and implemented as a response to these challenges. Alongside Eltel's own footprint, our service offering and implementation of environmentally friendly solutions are in focus.

**T**he Nordic countries have been active in modernising their network infrastructures and systems to better respond to environmental challenges. Smart metering is a digital solution that enables efficient energy consumption by connecting usage and supply of electricity. The connectivity of various elements, data collection and effective management of the energy system are becoming critical when power generation is becoming more decentralised and new energy storage solutions are becoming a reality. Eltel is actively participating in the automation of power

systems, building renewable energy wind power plants, rolling out fibre networks and smart metering solutions from A to Z.

#### KEY PERFORMANCE INDICATORS IN THIS AREA ARE THE FOLLOWING:

- Annual reduction of CO<sub>2</sub> emissions of cars and vans
- Environmental incidents (development in reporting by level of severity)

#### CONTINUED FOCUS ON LOWER IMPACT

For a few years Eltel has been reporting its direct emissions in which vehicle fleet emissions play a crucial role. The company



## Environment

### Key facts 2017

- Reduction of CO<sub>2</sub> emissions of own fleet meets the 4% annual reduction target
- Systematic monitoring of environmental incidents in development
- Rollout of 1.6 million smart meters in Norway and Denmark in progress
- Implementation of the latest technology charging stations for electric cars
- Virtual workplace development and digitalised work processes



has been systematically lowering its CO<sub>2</sub> footprint as the fleet has been renewed. This was proven in 2017 when the total consumption of fuel was reduced by 18% from 2016 and the total CO<sub>2</sub> emissions were reduced by 21%. Eltel continues to engineer and build the latest technologies for charging stations aimed at electric vehicles for a number of customers. As a new initiative, Eltel has started to develop a system on how to monitor environmental incidents in a structured way.

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

#### SMART METERING IN THE DIGITALISATION OF THE ENERGY SYSTEM

The deployment of smart meters in the Nordic countries will be completed by 2019 when rollouts in Norway and Denmark come to an end. For more than ten years, Eltel has been a partner to electricity utilities in their rollouts. Early adopters of the new technology have found new ways of offering digital services to consumers as well as means to utilise the massive amount of data available from connected customers for enhanced network management and thus lower emissions. New regulation is being prepared for the next generation systems in the Nordics, while in Germany stakeholders are preparing for the coming deployment. Eltel works

## Our policies in this focus area:

- Health, Safety and Environment Policy

closely with utilities to tap into the latest learning practices and adopt them to new projects. In 2017 Eltel embarked on a joint study with German partners to examine how smart metering investment could be structured in the most optimal way. The findings were actively discussed at customer seminars and with trade media.

## Key performance indicators

Environment	2015	2016	2017
Average CO <sub>2</sub> emission from cars and vans at year end (g/km)	186	178	171
Total fuel consumption of entire fleet (litres)	13,041,650	13,268,185	10,928,350
CO <sub>2</sub> emissions of entire fleet (tonnes)	35,601	36,266	28,573
Total number of vehicles in entire fleet	5,392	5,249	4,509



## Digitalised work processes reduce carbon footprint

Eltel deploys digitalisation not only for customers but in our own processes as well. We have developed work processes based on digital communication extending from our supply chain partners to our customers for more than 10 years. We have introduced GPS positioning in our vehicles to optimise our fleet routing, thus reducing fleet emissions. In 2016 Eltel began implementing a group shared services plan based on standardisation and digitalisation of so-called transactional services. The target is to switch to e-invoicing and documentation, thus minimising paper documentation. With a volume of half a million annual customer invoices, this will reduce our carbon footprint mainly caused by paper use, printing and transportation.

# Supply Chain

Eltel's subcontractors and suppliers are significant allies in our value chain, helping us to ensure reliable delivery and quality of services to our customers. Our partners are motivated and requested to commit themselves to Eltel's Code of Conduct and other key policies and principles.

**E**ltel's high requirements regarding standard of Health, Safety and Environmental controls (HSE) call for business partners to be in compliance with the Eltel Code of Conduct. Our subcontractors and suppliers have been categorised according to their level of risk exposure. Partners rated with the highest risk, category A, will be integrated in Eltel's reporting. Self-assessments and unannounced on-site audits are essential parts of the mutually committed action plans. Online learning courses have been distributed to over 1,000 partners.

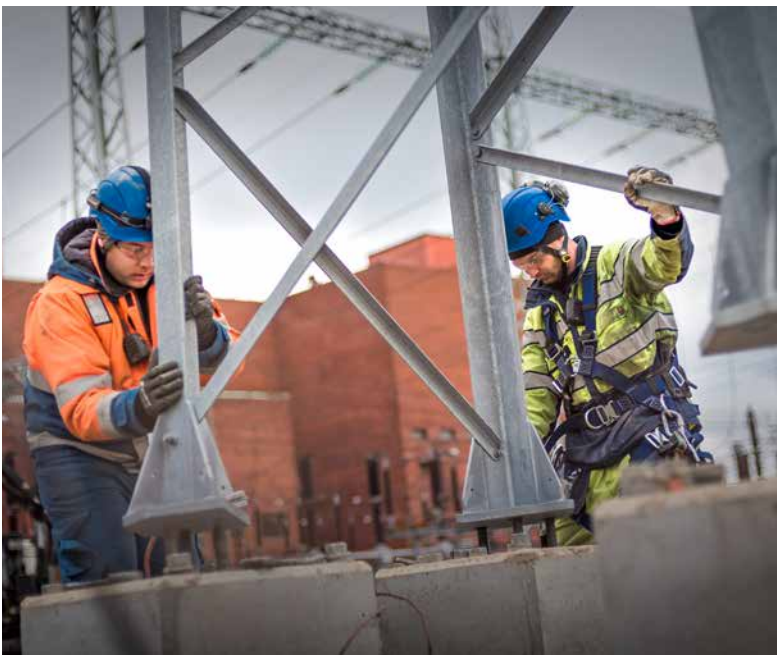
Key performance indicators in this area are to be aligned with those of Eltel's KPIs and reported once the integration of partner reporting has been validated.

#### **COMMITMENT IS THE STARTING POINT**

Understanding expectations on employment conditions, workplace safety, human rights and ethical behavior are some of the key principles set on Eltel's partners. Valid certificates of ISO 9001 (quality), OHSAS 18001/ISO 45001 (H&S) and ISO 14001 (environment) are recommended; if not, partners are required

## **Our policies in this focus area:**

- Eltel Code of Conduct
- Health, Safety and Environment Policy



## **Eltel and its suppliers – a sustainable chain**

Eltel's subcontractors and suppliers are significant allies in our value chain and help us ensure reliable delivery and quality of service to our customers. Eltel's high standards for health, safety and environmental control (HSE) require that the business partner's connection to Eltel's code of conduct also be met. So far, 85% of Eltel's category A partners have committed themselves to following Eltel policy. During the year, online courses have been distributed to over 1,000 partners.



to prove their compliance. A risk-based programme provides the conditions that partners need to fulfill when entering into a contractual relationship with Eltel. The Eltel CEO video has been shared with all partners in all Eltel countries containing information about Eltel principles and HSE practices. Partners are requested to commit themselves in writing to follow Eltel guidance in the stated policies. A new subcontractor management instruction has been launched within Eltel to ensure a full alignment in collaboration. The quality of our supply chain management has risen to a new level with our partners.

#### **LEARNING PROCESS ENHANCES PERFORMANCE**

The rollout of the new supply chain management has been executed according to plan. Online learning courses have been distributed to over 1,000 partners and in the pilot countries, information regarding our partners' health and safety figures has been reported. Committed self-assessments and unannounced on-site audits are taking place. Regular exchange of performance and real-life events support continuous learning and improvement. The new collaborative model enhances a proactive culture and the overall performance in Eltel's entire customer value chain.

**Our partners are motivated and requested to commit themselves to Eltel's Code of Conduct and other key policies and principles.**



## Supply Chain

### Key facts 2017

- 1,006 subcontractors or have been identified as category A partners
- 85% of these have in writing committed to comply with Eltel policy
- Reporting of HSE performance has started in all Eltel countries

# Auditor's report on the statutory sustainability report

To Eltel AB (publ), corporate identity number 556728-6652

#### **RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

The Board of Directors is responsible for the statutory sustainability report, and that it has been prepared in accordance with the Swedish Annual Accounts Act.

#### **RESPONSIBILITIES OF THE AUDITOR**

My examination of the statutory sustainability report has been conducted in accordance with FAR's auditing standard RevR 12 Auditor's report on the statutory sustainability report. This means that my 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. I believe that the examination has provided me with sufficient basis for my opinion.

#### **CONCLUSION**

A statutory sustainability report has been prepared.

Stockholm, 3 April, 2018  
Öhrlings PricewaterhouseCoopers AB

Michael Bengtsson  
Authorised Public Accountant

