

Telia Company Sustainability Reporting Framework

This version 2 of the Framework is applicable to Telia Company's 2020 Annual and Sustainability Report

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1. Framework description

The Telia Company Sustainability Reporting Framework (“the Framework”) is applied to the parts of Telia Company’s Annual and Sustainability Report defined as the sustainability report (“the Report”). It is designed to ensure that Telia Company’s Report meets the requirements set forth in the Swedish Annual Accounts Act (Årsredovisningslagen) regarding non-financial information, and to allow the Report to be subject to limited assurance according to ISAE 3000. The framework is publicly available at www.teliacompany.com/sustainability/reporting and is updated on an annual basis.

The Framework consists of three main sections:

- Chapter 2: Reporting principles
- Chapter 3: Content guidance
- Chapter 4: Definitions and basis for preparation

While reporting principles and content guidance are not expected to materially change between reporting periods, the definitions and basis for preparation are revised annually to ensure that they fully and correctly reflect the reporting processes and content included in the Report.

1.1 Framework alignment and references

To facilitate comparability, reported information draws upon and/or is aligned with disclosure guidance in established frameworks for sustainability reporting. The Report includes references to the following frameworks where relevant:

- [Global Reporting Initiative \(GRI\) Standards](#)
- [UN Global Compact Policy on Communicating Progress](#)
- [European Union \(EU\) Directive 2014/95/EU as regards disclosure of non-financial and diversity information \(EU Non-Financial Reporting Directive\)](#)
- [UN Guiding Principles Reporting Framework](#)
- [Task Force on Climate-related Financial Disclosures \(TCFD\) recommendations](#)

For example, reported information on greenhouse gas emissions is aligned with the basis for preparation and presentation in GRI 305 Emissions. Such references are included in the Sustainability Notes in the Annual and Sustainability Report.

Telia Company continuously follows the development of other reporting frameworks and guidance, with the intention of adding references to such other frameworks if considered sufficiently relevant to do so.

Please note: a Report prepared according to this Framework shall not be considered prepared in strict accordance with any of the above frameworks.

1.2 External consultation

In 2018, during the initial development of the Framework, Telia Company engaged with some key shareholders to ensure that the Framework’s reporting principles and content elements are aligned with stakeholder expectations on reporting. The key issue raised, which has been taken into strong consideration in the design of the Framework, is ensuring comparability of reported information,



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particularly in relation to quantitative GRI disclosures. Telia Company's assurance provider is continuously consulted on the development of the framework.

2. Reporting principles

The following principles, as laid out in a position paper issued by the [Corporate Reporting Dialogue](#)¹, apply to the process of preparing the Report and to reported information:

- Accuracy
- Balance
- Clarity
- Comparability, including consistency
- Completeness
- Materiality
- Reliability

2.1 Definition and application of materiality

The Framework is based on the “double materiality” principle and definition in the EU Non-Financial Reporting Directive:

“[A] company is required to disclose information on environmental, social and employee matters, respect for human rights, and bribery and corruption, to the extent that such information is necessary for an understanding of the company's development, performance, position and impact of its activities”

The principle of materiality is both applied to the processes of materiality determination and to specific information considered material for those material topics. Processes related to materiality determination should be considered ongoing rather than strictly limited to determining Report content.

3. Content guidance for material topics

The Framework provides both topic-specific and general content guidance for material topics:

- Topic-specific guidance is provided for general information about the Report, sustainability governance, stakeholder engagement and materiality determination (3.1-3.3 below)
- General guidance is provided for Responsible business focus areas (3.4 below) and for other material topics (3.5 below)

For each respective material topic, if what is considered material information is omitted or of limited scope and/or reliability, an explanation of what, why and the impact thereof is provided in the Report.

¹ Corporate Reporting Dialogue: [Understanding the value of transparency and accountability](#)



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3.1 General information

Information vital to understanding the Report, including:

- Scope of the Report
- Significant changes since last Report
- Restatements, and the effects of such restatements
- Details on limited assurance
- Contact point for questions or feedback regarding the Report

3.2 Sustainability governance

Information related to Telia Company's sustainability governance, including:

- Strategy and strategic integration
- Policies and other guiding documents
- Management of risks and uncertainties
- Responsibilities and involvement of, and reporting to, senior management and the Board of Directors
- External frameworks to which Telia Company adheres

3.3 Stakeholder engagement and materiality determination

Information related to Telia Company's:

- Processes and key outcomes of internal and external stakeholder engagement for the purpose of understanding its impacts on, and expectations of, key stakeholder groups and the environment
- Approach to determining material topics for management and for reporting

3.4 Sustainability focus areas

Information related to Telia Company's sustainability focus areas², including but not limited to:

- Governance
- Applicable policies and/or other guiding documents
- Ambitions, goals and other relevant performance indicators
- Challenges related to meeting ambitions, goals and other relevant performance indicators
- Work during the reporting period, including achievements and outcome on goals and other relevant performance indicators

² These focus areas are listed on page 49 in the 2020 Annual and Sustainability Report



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- Other information considered material for the specific topic, such as training and stakeholder engagement

3.5 Other material topics

Information related to other topics considered material, including but not limited to:

- Applicable policies and/or other guiding documents
- Ambitions, goals and other relevant performance indicators if such exist
- Relevant work during the reporting period, including achievements and outcome on goals and other relevant performance indicators if such exist
- Other information considered material for the specific topic

4. Definitions and basis for preparation

The information in this chapter is meant to provide the reader detailed information about company-specific terminology and calculation methods that may be necessary to understand or accurately compare the reported information. The information below is applicable to the 2020 Annual and Sustainability Report.

4.1 Definitions

The following definitions have been applied to the process of preparing and presenting information.

General information

- *Continuing operations* includes operations in Denmark, Estonia, Finland, Lithuania, Norway and Sweden as well as Telia Carrier and LMT in Latvia
- *Discontinued operations* includes operations in:
 - 2018: Azercell in Azerbaijan, Geocell in Georgia, Kcell in Kazakhstan, Moldcell in Moldova and Ucell in Uzbekistan
 - 2019: Moldcell in Moldova
 - 2020: No markets included (Moldcell in Moldova was divested in the beginning of 2020)

Environment

- *Subscription equivalent* is defined as a subscription (e.g. mobile, IPTV, PTSN) which has been adjusted to account for the energy intensity of delivering the product. Factors used are 0.5, 1 and 3. Subscription numbers used are based on the operational data published as part of Telia Company's quarterly report and slightly adjusted for some subscription categories that are not specified in those published figures



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Freedom of expression and surveillance privacy

- *Unconventional request* is defined as a request or demand from the government that may potentially have serious impacts on the freedom of expression and surveillance privacy of individuals
- By *Lawful interception* we mean secret real-time wire-tapping and monitoring by the police and secret police, e.g. real-time access to the content of communications or traffic data ("listening in", wire-tapping, checking who is calling who, when and for how long or access to location information or Internet traffic). In some countries lawful interception requests may include requests for historical data. In order to avoid duplicate reporting, these are not reported separately below in 'historical data'
- By *Historical data* we mean historical traffic data, location data on mobile devices and cell-tower dumps. Traffic data relates to the use of telecommunications services including call data records, SMS records, and Internet records. These records include information such as the number of a called party, and the date, time and duration of a call. Internet session information includes the date, time and duration of Internet sessions as well as e-mail logs. This figure also includes manual emergency positioning requests by the emergency centers and police. Emergency positioning is normally automatically initiated after a dial to the local emergency number, i.e. 112
- By *Subscription data* we mean secret numbers and information about supplementary services. Subscription data refers to details that appear on a bill such as the customer's name, address and service number. It can also include other information we may hold, such as a customer's date of birth and previous address as well as the identity of the communication equipment (including IMSI and IMEI). This figure consists of requests that are either handled by authorized personnel or by an automated interface with reference to a criminal case identification number
- *Challenged/rejected requests* contains information on how many requests we have challenged, for example by asking for clarification, the correction of formalities or rejecting the request. All requests from authorities must be legally correct. Telia Company will challenge or reject any request that does not conform to the established form and process, for example, when a form has not been signed or has not been sent by an appropriate sender

Diversity, equal opportunity and non-discrimination

- The Extended Leadership Team consists of Group Executive Management members and other senior executives, approximately 130 persons
- A *minor* disciplinary action is a disciplinary action with the purpose of clarifying to the employee that if no change in behavior is shown, the employment may be terminated

Health and well-being

- *Sickness absence* is defined as reported absence from work due to sickness. Maternity leave is not considered sickness absence
- *Lost-time injury* is defined as an injury occurring at work that results in one or several full consecutive days of absence. Injuries occurring to or from work are not considered lost-time injuries
- *Headcount* includes full-time permanent and temporary employees but excludes hourly paid employees
- *Supplier minor injury* is defined as an injury which does not have serious effects, such as incapacitation or paralysis.



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Responsible sourcing

- *Non-conformity* is defined as a supplier's process or practice, or lack thereof, that does not meet Telia Company's supplier requirements. Non-conformities are categorized as minor, major or critical, indicating the severity or systematic weakness related to the non-conformity

Whistle-blowing cases

- *Closed cases* – cases are considered closed when a final report has been delivered by the case manager or lead investigator such as local ethics and compliance officers or the Special investigations office to appropriate management (determined on a case by case basis).

Mergers and acquisitions

- *Majority transaction* is defined as a transaction where Telia Company owns or will own a controlling stake

4.2. Basis for preparation of information

The following basis for preparation has been applied to the processes of preparing information in the 2020 Report.

Environment

- *GHG emissions scope and category definitions* as defined in the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard have been applied
- The energy intensity goal is based on Group total (excluding Discontinued operations and Telia Carrier) scope 1 and 2 energy consumption and GHG emissions. Telia Carrier is excluded as its operations does not produce equivalent subscription figures
- Regarding Discontinued operations: Azercell in Azerbaijan, Geocell in Georgia, Kcell in Kazakhstan and Ucell in Uzbekistan were divested during 2018. Azercell and Geocell are excluded from 2018 data as they were divested early in the year but are included in historical data. 2017 figures regarding energy consumption and business travel were used for Kcell and Ucell for 2018 since no actual data was available for the full year 2018. 2019 figures only include Moldcell in Moldova. No 2020 data exists as Moldcell was divested at the beginning of the year.
- Waste reporting is limited to electronic waste as it is considered the most material waste category
- Energy reporting consists of:
 - Scope 1: Diesel, gasoline, natural gas and heating oil consumption from company-owned or leased vehicles, back-up generators and offices
 - Scope 2: District heating, district cooling and electricity consumption from networks, offices, shops and other facilities like warehouses
- GHG emissions reporting covers the above scope. In addition, refrigerants are included in reported scope 1 emissions.



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- Reported electricity consumption is adjusted for co-location, meaning customers' network equipment that Telia Company does not own but is located at our premises is not included and electricity consumption from where Telia Company is co-locating its equipment at another operator's site is included
- GHG emissions are as far as possible calculated as CO₂e. Figures are reported as CO₂e as we estimate that the difference between CO₂ and CO₂e are negligible
- Scope 1 GHG emissions from fuels are calculated using the latest available Defra emission factors. Scope 1 emissions from refrigerants are calculated using IPCC AR5 GWP factors
- Scope 2 GHG emissions are reported using both location-based and market-based approaches.
 - Location-based GHG emissions (electricity, district heating and district cooling) are calculated using IEA country-based emission factors for electricity
 - Market-based GHG emissions are calculated using a combined approach. Emissions from electricity consumption in the Nordics and Baltics are calculated using the Nordic residual mix factor, adjusted for the purchase of Guarantees of Origin (GoO) for which the emission factor 0 g/kWh is used. Emissions from electricity consumption outside these countries are calculated using IEA country-based emission factors for electricity. Emissions from district heating and district cooling are always calculated using the IEA country-based emission factors for electricity as relevant national averages do not exist
- Leased assets are generally considered scope 1 and scope 2
- Energy consumption and related GHG emissions from network joint ventures in Denmark, Finland and Sweden are included 50%. LMT in Latvia is included 100% as Telia Company has >50% total ownership.
- Scope 3 GHG emissions have been calculated using a combination of the following methods:
 - Spend based method - combining sourcing spend data from 2018 with emission factors for the products or activities
 - Average data method - combining product and materials quantity data with associated emission factors
- The Corporate Value Chain (Scope 3) Standard was applied to calculate all 15 categories of scope 3 emissions.
- Scope 3 GHG emissions from business travel (category 6) have been calculated based on actual travel data

Freedom of expression and surveillance privacy

- Law enforcement requests are logged by local companies. Local company systems might differ because they are designed to meet the needs for reporting to, or interaction with, local law enforcement authorities. A very limited number of employees have access to the information and there are strict security controls in place. Statistics are reported on a six-monthly basis to the Group focus area owner. A local senior security manager coordinates the collection of local statistics which are approved by the Group focus area owner
- Escalated potentially unconventional requests are recorded manually in a log by the Group focus area owner. The log contains classification of the cases (what type of unconventional request) including the assessments, escalation and applicable approvals on if and how a point of challenge was established, as well as further context. A request is considered closed when it has been



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assessed, escalated and actions to be taken by Telia Company have been approved. Information in the log undergoes periodic internal review by the Head of Enterprise Risk Management for possible guidance and to ensure that not just only the Group focus area owner has access to and understands the information in the log

Health and well-being

- Sickness absence rate (SAR) is calculated as a percentage ratio of days of absence related to sickness per days of total contractual work time. The figure includes both permanent and temporary employees, working full time or hourly paid. For full-time employees, total contractual work time depends on employment country
- Lost-time injury frequency (LTIF) is calculated as the ratio of number of injuries resulting in absence from work per million theoretical work hours. Theoretical work hours per headcount is normalized across countries. The length of absence related to injury is not included in the calculation

