

# Sustainability update January-December 2019

## Our approach

Telia Company's sustainability approach is based on two strategic pillars:

- Shared value creation - addressing societal and environmental challenges while creating business value
- Responsible business - managing risk, minimizing negative impact and acting ethically and responsibly. These responsibilities extend through the value chain

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## OUR APPROACH TO SUSTAINABILITY



Supporting the approach are three critical success factors:

- Board and management commitment – actively steering our sustainability agenda in order to create long-term sustainable stakeholder value
- Employee engagement – enabling all employees to contribute to positive digital impact
- Ethics and compliance – the foundation for ensuring responsible business practices

Read more about Telia Company's sustainability approach including strategy integration and contribution to the UN Sustainable Development Goals (SDGs) on [www.teliacompany.com/sustainability](http://www.teliacompany.com/sustainability). The [Annual and Sustainability Report](#) contains information about sustainability goals for 2022 as well as key metrics such as energy consumption and CO<sub>2</sub> emissions. It also includes the company's Statement of Materiality, where the Board expresses why sustainability is integrated into everything we do.

Below are highlights of Telia Company's sustainability work in 2019.

## Highlights during the year

- At the capital markets day on March 26<sup>th</sup>, Telia Company launched new ambitious environmental goals with the intention of becoming the world's greenest telco by 2030: zero CO<sub>2</sub> and zero waste through 100% employee action. The goals strongly reflect Telia Company's commitment to making an impactful contribution to the SDGs and to the Paris Agreement ambition of limiting global heating to 1.5°.

Reaching the goals requires a broad agenda of actions. Some are already in place, such as using over 90% renewable electricity in the Nordics and Baltics. Regarding minimizing customers' impact, Telia Company has significant potential to impact the environment in a positive way through digital solutions. IoT solutions, for example, help customers reduce costs while reducing CO<sub>2</sub> emissions and increasing resource efficiency.

New environmental goals for 2022, meant to concretize the work, will be presented in the forthcoming 2019 Annual and Sustainability report. Another major step will be to develop and adopt science-based targets for 2025 and 2030, to ensure that our emissions reductions are aligned with the Paris Agreement.

Doing business with Telia Company will also come with even stricter environmental requirements and expectations. [A letter signed by the CEO and CPO](#) was sent to over 200 suppliers, clarifying these expectations. By 2022, suppliers should have a plan in place for reaching zero CO<sub>2</sub> throughout their supply chains by 2030.

Read more about our work in 2019 in Environment below.

- Telia Company's [Guiding Principles on Trusted AI Ethics](#) were published. The nine principles include, inter alia, a commitment to respect human rights

by considering and evaluating the risks and impacts of AI on human rights.

- A new Code of Responsible Business Conduct e-learning was rolled out in all markets. The new e-learning course provides employees and third parties hands-on guidance in how to apply the requirements of the Code and other policies.
- In August, the [Nordic CEOs for a Sustainable Future coalition](#) met with the Nordic prime ministers to discuss a collaborative approach to addressing sustainability challenges. It was agreed that [climate action, supporting SDG 13, and diversity in the workplace, supporting SDG 5, would be in focus going forward](#).
- The ["More Digital" concept aimed at engaging seniors in digitalization was launched in Norway](#). It has so far been a huge success in Sweden, and [received an award at the 2018 European Broadband Awards](#).
- A revised version of the whistle-blowing tool [Speak-Up Line](#) was launched. Extended in scope, the Speak-Up Line now also includes for example reporting on personal injuries, environmental incidents and incidents related to freedom of expression and surveillance privacy.
- As part of the work to over time implement the Task Force for Climate-related Financial Disclosures (TCFD) recommendations, a first risk assessment was carried out using 2025 as the timeframe. Overall, we estimate financial impacts from both transition and physical risks as small. The largest company-specific risks are market-related (the risk of not meeting customer or investor requirements) and reputation-related (wide-spread incorrect information regarding the energy and GHG emissions footprint of ICT companies). More information about the assessment will be available in the forthcoming 2019 Annual and Sustainability Report.

### **Anti-bribery and corruption (ABC)**

- A Group-level ABC maturity assessment was finalized. Work continued in implementing the ABC action plan for Telia Carrier.
- Telia Sweden supported by the Group ethics and compliance office carried out a review of sales incentives. The findings will be used in upcoming reviews in the other markets.

### **Children's rights**

- A Children's Rights and Business Principles impact assessment was carried out in Telia Sweden, focusing on marketing, communications and brand. Based on the results, a position on respecting children's rights in marketing will be developed.
- The results of the 2019 [Children's Advisory Panel \(CAP\)](#) on the theme of responsible gaming were published. The results show that children mostly see gaming as having a positive impact on their lives, but they are also aware of the downsides. Gaming is a source of entertainment, a way to cheer up, an outlet for creativity, and a way to make new friends. Gaming also has important long-term benefits, with 64% of children finding that gaming allows them to learn other skills, such as English. Alongside the results were released a set of [Responsible gaming guidelines](#) and [a guide for parents](#).
- Telia Company was rated as a Leader in the Global Child Forum corporate assessment on how companies implement the Children's Rights and Business Principles. Read more in the highlight below.

### **Environment**

- As a step in the work of adopting science-based targets, Telia Finland carried out a full scope 3 assessment. The results indicate that, as expected, the majority of Telia Company's CO<sub>2</sub> emissions can be attributed to the value chain, in particular upstream. The methodology will be applied to

more markets, to get the full Group scope 3 baseline.

- At the end of the year, the first steps towards integrating CO<sub>2</sub> to supplier selection criteria were taken by adding questions on suppliers' carbon performance to the supplier sustainability self-assessment.
- In October, Telia Company launched a [green bond framework](#). The framework is part of the work to implement a sustainable finance strategy and is closely tied to the new environmental goals. The framework is prepared in accordance with the Green Bond Principles and has received a [second party opinion from Sustainalytics](#).
- Telia Company provided research for the [Exponential Roadmap 1.5° reports](#) launched at the UN Climate Action Summit. The reports highlight the role of digital solutions as a catalyst.
- At year end, operations in Estonia, Finland, Lithuania and Sweden were certified according to ISO 14001.

### **Freedom of expression and surveillance privacy**

- In June, the independent assessment of Telia Company's implementation of the GNI principles was presented to the GNI Board. The Board concluded that Telia Company is doing good faith efforts to implement the GNI principles with improvement over time. Key findings and recommendations included:
  - Good transparency towards the assessor
  - High level of attention from Group management
  - Gaps in training of relevant employees and senior local and Group management
  - Strengthen approach to product area due diligence and human rights impact assessments (HRIA)

## Health and well-being

- Local companies in Finland and Norway revised their OHSAS 18001 management systems to ensure alignment with the newer ISO 45001 standard and subsequently received ISO 45001 certification. Local companies in Estonia and Lithuania maintained their OHSAS 18001 certifications. All local companies have implemented OHSAS 18001 and are revising their processes to comply with the new standard by 2022.
- The Speak-Up Line was expanded to include health and safety reporting. The reporting tool is available for employees and third parties such as contingent workers and contractors. It

enables standardized reporting on health and safety incidents including accidents and near misses across all markets.

## Responsible sourcing

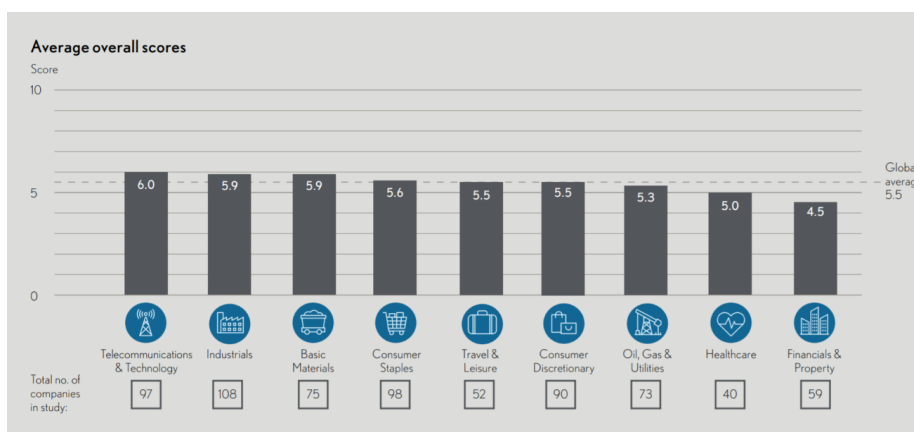
- A mandatory Supplier code of conduct e-learning course for all sourcing managers was launched. In the third quarter, all new employees in the Sourcing organization were trained.
- A [Supplier code of conduct film](#) was launched on Telia Company's website. The purpose is to provide an easy-to-understand summary of the Supplier code requirements, as understanding of the Supplier code has been identified as a key issue related to supplier compliance gaps.

## Highlight: Telia Company ranked as leader for its work on children's rights

Telia Company was once again ranked as a Leader' in the Global Child Forum and Boston Consulting Group's latest report, in which close to 700 of the world's largest companies are assessed on to their work in safeguarding children's rights. The report, "[Global Child Forum and Boston Consulting Group Benchmark: 2019 Corporate sector and children's rights](#)", was published on November 14<sup>th</sup>.

"Children are our future", says Head of People & Brand Cecilia Lundin, "They are the joint responsibility of our communities – to protect them but also to carefully listen to them. At Telia Company we do both. We are committed to protecting children's rights online but also to include them, through our Children's Advisory Panel, when we make decisions. In the digital era, it is increasingly important to empower the young generation to make sure that they get the most out of their lives online."

Companies are ranked in three areas: Workplace, Marketplace and Community & Environment. Telecommunications was the highest scoring industry.



Source: Global Child Forum and Boston Consulting Group Benchmark: 2019 Corporate sector and children's rights

