

# SUSTAINABILITY

## DIGITAL IMPACT

Digitalization is fundamentally changing most facets of life and is a key factor in positive societal development and sustainable economic growth. But there are risks and legitimate concerns related to the negative impacts of digitalization.

“Digital impact” is our stakeholder-driven approach to applying the UN Sustainable Development Goals (SDGs), enabling us to understand, manage and proactively communicate our positive and negative environmental and social impact. We strive to be fully transparent and accountable, highlighting our successes but also when we are not meeting expectations. Read more in Corporate Governance Statement, section Statement of materiality and significant audiences. For more information about sustainability governance including risk management, stakeholder engagement and materiality determination, see Notes S2 and S3 to the Sustainability Notes.

*Digital impact relies on three critical success factors:*

- Board and management commitment to creating long-term sustainable value for all key stakeholder groups and actively engaging in steering our sustainability work
- Employee engagement by enabling all employees to engage in how they can contribute to positive digital impact
- Ethics and compliance as the foundation for ensuring responsible business practices

## Shared value creation

Shared value creation is about addressing societal and environmental challenges while creating business value. It is integrated in the business strategy and processes such as innovation. Considering our Nordic and Baltic footprint and core business, technological development and changing societal and customer needs and expectations, we believe our biggest positive impact and direct strategic fit is within:

- **SDG 9: Industry, innovation and infrastructure**

Our core markets make up the most connected region in the world which brings opportunities for businesses and public sector anywhere to innovate and go digital using cloud services or connected devices.

- **SDG 11: Sustainable cities and communities**

Sustainable urbanization requires careful concern for environmental impact and social equity. Proliferation of smart sensors and crowd analytics enables pin-point planning of everything from playgrounds to real-time traffic planning.

- **SDG 12: Responsible production and consumption**

Digitalization is key to disconnecting environmental impact from economic growth by enabling new approaches and circular business models to address unsustainable consumption patterns and resource use.

- **SDG 17: Partnerships for the goals**

Development and application of both broad-scale and cutting-edge networks and digital solutions require close collaboration and partnerships between companies, public sector and academia.

## OUR APPROACH TO SUSTAINABILITY



## Responsible business

Responsible business focuses on managing risk, minimizing negative impact and acting ethically and responsibly. Beyond our own operations, we have a global supply chain footprint to which these responsibilities extend. Key risks and impacts to manage are within:

### • SDG 5: Gender equality

Ensuring fair and equal treatment of all employees and zero tolerance for discrimination, including in recruitment and other key processes.

### • SDG 8: Decent work and economic growth

From “do less bad” to “do more good” by moving from strict due diligence to proactively engaging with and training suppliers on the most pressing labor issues.

### • SDG 12: Responsible production and consumption

There is increasing pressure from all stakeholder groups to offer more sustainable, environmentally friendly products such as mobile phones. Consumers and business customers care about, and are increasingly willing to base purchasing decisions on, how products are produced, packaged and delivered.

### • SDG 13: Climate action

We operate vast communications networks, large data centers and a global carrier network. Every day, thousands of employees travel to offices or stores, or connect remotely. All this creates a climate impact. Addressing our and our customers' climate impact is of fundamental importance since the outcome is likely to decide the world we will live in.

### • SDG 16: Peace, justice and strong institutions

The telecommunications industry faces high corruption risk, and we see increasing challenges in respecting the rights of privacy and freedom of expression. Many users of our services are children which require particular care to how we develop, market and provide our products.

Responsible business is organized into seven focus areas:

- Anti-bribery and corruption
- Children's rights
- Customer privacy
- Environmental responsibility
- Freedom of expression and surveillance privacy
- Health and well-being
- Responsible sourcing

Read more about our Responsible business work in the following pages. Data such as greenhouse gas emissions, tax payments and sickness absence as well as information on other material topics can be found in the Sustainability Notes.

## SIGNIFICANT EVENTS

### Nordic CEO coalition for sustainability

In October, a group of Nordic-based CEOs announced a joint initiative to speed up the realization of the UN SDGs. Representatives from the group presented their shared ambitions to Norwegian Prime Minister Erna Solberg, co-chair of the UN's Global SDG Advocate group, during the 70th Nordic Council session in Oslo.

At launch, the group consisted of the CEOs of Equinor, Hydro, GSMA, Íslandsbanki, Nokia, SAS, Swedbank, Telenor Group, Telia Company, Vestas and Yara. The CEOs have committed to aligning their business strategies with the SDGs and to exploring opportunities for collaboration. The arena will facilitate experience exchange, shared learning and explore how the companies can best measure effects and maximize impact of their efforts. The initiative also creates a platform for the Nordic Prime Ministers to engage directly with the CEOs of leading Nordic companies on how to best drive the common agenda and strengthen the leadership of Nordic countries in sustainability.



The Nordic region is not just where we do business, it is our home. Coming together as CEOs and working across sectors to achieve the SDGs and build a more sustainable future is essential for citizens, employees and customers. I am proud that Telia Company is leading from the front and this is just the beginning. Further collaboration with our Nordic governments is essential in achieving more.

Johan Dannelind, President and CEO of Telia Company

### Divestment of assets in region Eurasia

In 2015, Telia Company announced its ambition to, over time, leave region Eurasia. Considering the challenges related to human rights and corruption in the region, much effort has been put into ensuring a responsible exit. This has been done through:

- Establishing and over time strengthening the companies' own ethics and compliance programs, to make them well equipped and ready for divestment
- Gathering information and insights to be able to identify and choose responsible buyers willing to pay a fair price for the assets

During the year, four of the five remaining companies in region Eurasia were divested. Prior to the signing of the transaction agreements, we carried out extensive due diligence of the buyers covering the areas laid out in Note S18 to the Sustainability Notes. Both internal and external due diligence expertise were used.

Risks related to corruption and human rights violations were considered high in all transactions. The following key mitigating actions were taken to reduce these risks:

- Inclusion of an ethics and compliance clause in the share purchase agreement (SPA), stating that the buyer commits to a handover of the compliance program
- Required inclusion of a human rights clause in the SPA, clarifying the expectation on the buyer to respect human rights
- Identifying the flow of transaction funds
- Agreeing to a hand-over meeting with the buyer, to go through our expectations and processes regarding responsible business

Read more about the general process and requirements in due diligence in M&A, as well as other significant transactions during the year, in Note S18 to the Sustainability Notes.

## HIGHLIGHT

### “GO DIGITAL” - BRIDGING SWEDEN'S DIGITAL GAP

Out of Sweden's ten million inhabitants, around 500,000, most of them elderly and in rural areas, live their lives completely offline. The digital exclusion of seniors is a big hurdle for Sweden's municipalities in their digitalization efforts to increase the availability and efficiency of delivering public services.

Seeing the challenge and seizing the opportunity, Telia Sweden created the “Go Digital” (Mer digital) concept to partner up with municipalities in bringing the digital world closer and make it understandable for seniors who lack knowledge and trust in digital services.

In “Go Digital”, young community members at age 14–15 act as coaches in the basics of digital usage with the digitally inexperienced seniors. Each three-hour event has 100 seniors, supported by one young person per two seniors. The seniors are taught how to use search engines, e-mailing, online bank services, mobile payment solutions, buying tickets online and more. Representatives from a local bank office and from Telia participate on site, helping seniors to quickly get started with new services.

Since its launch in January 2018, five out of Sweden's 290 municipalities conducted almost 30 events. Feedback was overwhelmingly positive, and interest grew rapidly. So far, 25 more municipalities have signed up for events in 2019 and more are expected to join, with several hundred workshops in the planning. Interest has also spread abroad, as many Norwegian municipalities

face the same challenges and have shown interest in carrying out events.

Beyond the obvious positive effects for the municipalities, the events have created many positive ripple effects. Seniors who have participated are more confident in using digital services such as public e-services, in turn facilitating the necessary digitalization of Sweden's public sector. The participating young people have gained vital work experience and many municipalities are looking to hire them for summer or extra work. This is particularly important in rural municipalities where jobs are increasingly moving to urban areas. Peter Eriksson, the Swedish Minister for Digitalization in 2018, says:

“Digitalization is rapidly changing our society. Those with the know-how, will to learn and confidence in using digital services face a new world of opportunities, but those left behind have much more limited possibilities. Companies and government agencies have a great responsibility to invite and to teach everyone about the opportunities. Telia's “Go Digital” concept is a good example of how the private and public sector can cooperate to bridge the digital divide.”

Further proof of the success of “Go Digital” came on November 19th, when Telia won the the European Commission's European Broadband Awards category “Cost reduction and co-investment in a future-proof infrastructure.”

Positive business effects for Telia are increased local sales of fiber access, modern switchboard solutions and personal Telia technicians. This makes “Go Digital” a great example of shared value creation – business innovation to solve a societal challenge.

### **New long-term ambitions and goals**

To better align the sustainability work with the overall strategy which was revised during the year, new long-term ambitions and goals were developed for all Responsible business focus areas. These ambitions and both quantitative and qualitative goals stretch until 2022 and can be found in this report. The previous ambitions and goals which stretched from 2015 to 2018 have, where relevant, been incorporated in the new ambitions and goals.

Going forward we will continuously develop and improve on ways of measuring and reporting on the goals, as well as revise them when needed to match the company's strategy, operational changes and stakeholder expectations.

### **Changes to sustainability reporting**

We see continuously growing requirements and expectations mainly from institutional investors on sustainability reporting. We also see new standards and guidelines such as the UN Guiding Principles Reporting Framework and the Task Force on Climate-Related Financial Disclosures (TCFD) Principles gather momentum. We believe that applying the requirements of new and already established ESG reporting frameworks pose a challenge in terms of reporting on the most material topics using a format most suitable to stakeholders with whom we engage on ESG topics.

For these reasons, we decided to move away from reporting according to the GRI standards and instead adopt a company-specific sustainability reporting framework. During the process of developing the framework we consulted with some of our largest shareholders and the most critical issue raised was ensuring comparability with established frameworks. The reporting framework and Sustainability Notes therefore contain references to several other reporting frameworks.

### **Code of Responsible Business Conduct**

The Code of Responsible Business Conduct defines the expectations and requirements how to conduct business responsibly and clarifies the importance of, and channels for, speaking up regarding actual or suspected unethical behavior or violation of laws or the company's guiding documents. Read more in Corporate Governance, section Group-wide governance framework.

The Code was launched in 2016 together with a mandatory e-learning course for all employees and subsequent new employees. The e-learning course focuses on the purpose of the Code, what is expected of employees and those working for Telia Company, as well as speaking up.

In late 2018, a new e-learning course was launched in four core markets, with roll-out planned for the remaining core markets in early 2019. The new course provides in-depth practical guidance on how to apply the requirements of the various areas of the Code through set of realistic scenarios, with guidance on how to resolve them. At year-end, around 8,000 employees had taken the course.

## ANTI-BRIBERY AND CORRUPTION

### Ambitions:

- Business conduct based on zero tolerance of corruption
- Employees and partners understand and enforce our anti-bribery and corruption (ABC) requirements and are confident in raising concerns



2018 PROGRESS	2022 GOALS	2019 PLANNED ACTIVITIES
<ul style="list-style-type: none"> <li>• Adopted new internal guidelines for ethics and compliance integration of acquired companies</li> <li>• Integrated annual planning of sponsorships and donations in business approval process in region Eurasia</li> <li>• Conducted ABC risk assessments in Telia Carrier, Kcell and Moldcell</li> <li>• Around 2,000 employees completed ABC in-class and e-learning courses</li> </ul>	<ul style="list-style-type: none"> <li>• An ABC program designed to effectively detect and prevent corruption and violations of anti-corruption laws</li> <li>• Demonstrate compliance with ABC requirements, and assurance of sufficient risk mitigation of corruption risks</li> <li>• Robust framework for effective reporting, investigation and remediation of misconduct and corrupt practices</li> <li>• Regular ABC training for employees and third parties in roles with a high corruption risk exposure</li> </ul>	<ul style="list-style-type: none"> <li>• Test design, implementation and effectiveness of the ABC program</li> <li>• Revise methodology for ABC risk assessments</li> <li>• Train local ethics and compliance officers to strengthen risk assessment capacity</li> <li>• Carry out ABC risk assessments in core markets and develop action plans</li> </ul>

### Our approach

For more information about the global settlement with US and Dutch authorities regarding historical transactions in Uzbekistan, see Board of Directors' Report, section Risks and uncertainties and Note C34 to the Consolidated financial statements.

This focus area is governed by the *Group policy – Anti-bribery and corruption* and related instructions on *internal reporting and non-retaliation, sponsorships and donations* and *interaction with authorities, administrations and other governing bodies*.

### The ABC program

The anti-bribery and corruption (ABC) program provides a systematic way of implementing the ABC policy and related instructions. It allows us to understand and improve control of risks and contextual challenges primarily connected to some of our markets and to the industry itself, which is subject to high corruption risk. Program implementation is done through ensuring awareness of ABC risks, implementing control mechanisms, improving third-party engagement and other processes, and carrying out extensive training. The program is based on the assurance framework and includes key elements of an effective compliance program and adequate procedures. The ABC

program is supported by the group-wide whistle-blowing process and Speak-Up Line.

The program is implemented using a risk-based approach, with focus during 2018 on region Eurasia and Telia Carrier. Core markets follow the same implementation framework but with appropriate adjustments for the level of risk.

### Ethics and compliance network

The ABC program is managed by the group ethics and compliance office, which is responsible for program design and annual planning. The chief ethics and compliance officer oversees the progress and governance related to implementation of the program. Progress is regularly reported to Governance, Risk, Ethics and Compliance (GREC) meetings and to the Audit and Responsible Business Committee.

Local companies and group functions are responsible for implementing the program, supported by the ethics and compliance network. This network includes group and regional ethics and compliance officers as well as dedicated officers or coordinators in each local company who act as focal points for compliance activities including GREC meetings, and due diligence experts in high-risk markets.

The group special investigations office handles internal investigations related to potential corruption or fraud.

### **Work during the year**

#### ***ABC risk assessments***

Moldcell in Moldova conducted an ABC risk self-assessment and in Kcell in Kazakhstan, a corruption exposure assessment was carried out by an external advisor. Ucell in Uzbekistan continued to work on mitigating identified ABC risks. Progress of the work within the ABC program is monitored quarterly and reported to the regional GREC meetings.

Local companies in core markets except Telia Sweden carried out risk assessments during the fourth quarter of 2017 and followed up on related action plans during 2018. Progress on the action plans is reported in local GREC meetings. More training for local ethics and compliance officers in core markets is planned for 2019 to strengthen risk assessment capacity.

Telia Carrier carried out an ABC risk assessment which indicated some risks related to governance and resources. To mitigate these risks, an action plan was developed covering e.g. strengthened ABC controls and alignment with group-common due diligence processes.

#### ***Sponsorships and donations***

Sponsorships and donations have been identified as a high corruption risk area in region Eurasia. Risk assessment of high-risk third parties was strengthened in region Eurasia by integrating annual planning and approval of sponsorships and donations in the regional business review. Local annual sponsorship and donation plans prepared at the beginning of the year included a risk assessment and results of documented due diligence. The annual plans were reviewed and approved by the Head of region Eurasia and the regional ethics and compliance officer.

#### ***Revised guidelines***

The ABC policy was revised to include a new principle on extortion and solicitation. Additionally, new internal guidelines for ethics and compliance integration of acquired companies were adopted. Read more in Note S18 to the Sustainability Notes.

#### ***Certification and training***

Country ethics and compliance officers are required to complete external anti-bribery or compliance certification. By year-end, five group and two country ethics and compliance officers were certified. Around 2,000 employees in defined target groups completed ABC-specific in-class and e-learning courses.

#### ***Third-party due diligence***

Local companies in region Eurasia established compliance forums that serve as an advisory body to the local CEO. The forum reviews identified red flags such as legal compliance and corruption risks and advises the CEO on risk mitigation activities.

Moldcell in Moldova carried out a retrospective due diligence project for existing suppliers and third-party engagements. The aim has been to understand and mitigate ABC risks in our supply chain and other high-risk third-party engagements entered into prior to implementing adequate ABC due care processes. The project resulted in contract termination of nine suppliers. Kcell in Kazakhstan and Ucell in Uzbekistan completed their projects in 2017.

Retrospective due diligence for site rentals and sales partners was carried out in all companies in region Eurasia and is now integrated in decision-making for new contracts.

## FREEDOM OF EXPRESSION AND SURVEILLANCE PRIVACY



### Ambitions:

- Know our impacts and enable, respect and support freedom of expression and privacy in the context of surveillance
- Promote transparency related to surveillance legislation as well as conventional and unconventional requests

2018 PROGRESS	2022 GOALS	2019 PLANNED ACTIVITIES
<ul style="list-style-type: none"> <li>• Published law enforcement disclosure report covering seven markets in March, and updated statistics in October</li> <li>• Published information covering all main markets regarding local legislation on direct access and mandatory data retention for law enforcement</li> <li>• Four countries covered with regard to information on local surveillance legislation</li> <li>• Challenged more than half of the almost ten closed unconventional requests by being transparent and asking for clarifications</li> <li>• Performed self-assessment of implementation of the Global Network Initiative (GNI) principles</li> <li>• Actively contributed to the work of the GNI, including in Board and committees</li> </ul>	<ul style="list-style-type: none"> <li>• Law enforcement disclosure reporting with regard to number of conventional authority requests, information on local surveillance legislation on direct access and on data retention</li> <li>• Implemented processes to assess impact on and promote, to the extent possible, freedom of expression and privacy in the context of surveillance in potentially unconventional requests</li> <li>• Good faith efforts, including continuous improvement over time, to implement the GNI principles</li> <li>• Actively contribute to the work of the GNI</li> </ul>	<ul style="list-style-type: none"> <li>• Add statistics on blocking requests to law enforcement disclosure reporting</li> <li>• Continue contributing to shared learning on subject matter, standardization and value of reporting and assessments within GNI</li> <li>• Continue implementing the GNI principles, improving over time. GNI Board to determine level of commitment based on assessor's assessment</li> <li>• Establish a "freedom of expression and surveillance privacy" issue type in the Speak-Up Line whistleblowing tool</li> <li>• Assess freedom of expression and surveillance privacy risks and opportunities in TV and entertainment as well as in artificial intelligence (AI)</li> </ul>

### Our approach

This focus area is governed by *the Group policy – Freedom of expression and surveillance privacy*.

The right to customer privacy is widely understood as fundamental to the right to freedom of expression. This means we have commitments both to surveillance privacy (when authorities mandate access to user data) and customer privacy (processing customer data for our own needs). Read more about our customer privacy work in the Board of Directors' Report, section Sustainability, *Customer privacy*.

Telecommunication enables access to information and the exchange of ideas in a way that supports openness and transparency. However, issues related to freedom of expression and surveillance privacy pose a high risk to users of telecom services globally. There is ongoing debate and diverging external pressure as policymakers seek to introduce additional surveillance measures to fight crime, terrorism, hate speech and more.

Our responsibility and commitment is to respect freedom of expression and privacy in the context of surveillance as outlined in the UN Guiding Principles for Business and Human Rights. Our objective is to limit potential harm to in-

dividuals by seeking active measures to support the rights of individuals where we believe these are at risk. Our work is guided by *the Global Network Initiative "Principles on freedom of expression and surveillance privacy."*

### Assessment and escalation of unconventional requests

Our Group instruction sets out practical steps regarding assessments and escalation to be carried out whenever a local company receives a request or demand that may have potentially serious impacts on the freedom of expression and privacy in the context of surveillance of individuals ("unconventional request").

Guidance is provided in a form for assessments and escalation, a tool that we have shared publicly and that is included in the GSMA's Policy Handbook. Unconventional requests are to be assessed by the local company and escalated within Telia Company for informed decision-making. This includes considerations from outside the often-complex and stressed specific local context on if, and if so how, to perform a "point of challenge". This means adhering to local legislation while at the same time seeking to carry out measures to respect and support the

rights of individuals. We aim to publicly share as much information as possible about requests.

Through legislation and decisions by authorities, states define the scope of surveillance of communications and limitations to the free flow of information. This means that while our point of challenge process is intended to identify and mitigate potential violations to individuals' freedom of expression and privacy in the context of surveillance, the actual outcome depends heavily on local legislation and the safety and capabilities of local employees.

### Work during the year

#### **Global Network Initiative**

We are an active member of *the Global Network Initiative* (GNI). This multi-stakeholder organization brings together ICT companies, human rights and freedom of press groups, academics and investors to protect and advance global free expression and privacy in the ICT industry. Shared learnings and joint leverage are at the core of its work. Telia Company serves on the Board and participates in various committees. In 2018, the GNI increased its membership and became more global. Substantial progress was made in defining GNI positions for joint leverage in areas such as intermediary liability, surveillance and network disruptions.

Companies signing up to the GNI principles are assessed for a GNI Board determination on whether the company is implementing the GNI principles in good faith, improving over time. Using a GNI-specific assessment tool, we performed a self-assessment that was provided to a GNI-accredited assessor for its assessment report to the GNI Board. During the second quarter of 2019, the GNI Board will determine whether Telia Company is making good faith efforts improving over time to implement the GNI principles.

#### **Law enforcement disclosure reporting**

We believe that transparency on surveillance activities contributes to stronger enforcement of freedom of expression and surveillance privacy. For this reason, we publish Law Enforcement Disclosure Reports (LEDR).

The most recent report, released alongside this Annual and Sustainability Report, includes statistics on conventional ("day-to-day") requests in seven countries. Statistics of the number of authority requests as well as the number of unconventional government requests are included in the limited assurance of this Annual and Sustainability Report. See Note S8 to the Sustainability Notes for the statistics and information on the scope and limitations.

The LEDR also includes links to national laws that provide governments with direct access to information about our customers and their communication without having to request information from Telia Company. Regarding governments' direct access, i.e. signals intelligence (intelligence gathering through analysis and processing of communication signals) and real-time access without requests (technical systems for more extensive monitoring of telecommunications), Telia Company has no insight into the extent (when, who and what) of such surveillance and cannot provide any statistics beyond those provided in the LEDR.

As a step towards broadening our scope of transparency, links to national laws on mandatory data retention for law enforcement were added, starting with the March 2018 LEDR.

Our reporting on countries' local laws on freedom of expression and surveillance privacy in telecommunications is carried out through contributions to *the GNI database on country legal frameworks*.

#### **Unconventional requests**

In addition to reporting statistics on conventional requests, we aim to publish information on unconventional requests or demands from governments. During 2018, we closed around ten such requests or demands across our operations, including region Eurasia. Requests included, for example, the application of laws on direct access and nation-wide blocking of websites. To ensure consistency, group-level experts facilitated local assessments and escalations. Points of challenge were established in more than half of the cases, most often by being transparent and publishing information on Telia Company's newsroom or requesting clarification from the requesting authority. The points of challenge were defined jointly by local companies and representatives of Group Executive Management.

There are several challenges related to transparency on unconventional requests. Local laws that sometimes lack full clarity determine what can be published. There may be confidentiality provisions and/or constraints based on our duty to protect the safety of our employees. Issues regarding direct access are closely related to national security and are therefore complex and challenging to communicate. Counting the number of unconventional requests can be difficult and subjective as they range from demands to block one or several websites or shutting down a network locally, to requests regarding direct access.

## CUSTOMER PRIVACY

Ambitions:

- Respect and protect our customers' privacy
- We are regarded as the most trusted actor among our peers when it comes to handling personal data on the customer's terms



2018 PROGRESS	2022 GOALS	2019 PLANNED ACTIVITIES
<ul style="list-style-type: none"> <li>• Launched processes for handling GDPR end-user requests such as "right of access" in core markets, thereby providing sufficient information about how personal data is being processed</li> <li>• Updated and developed new common GDPR legal interpretations</li> <li>• Improved "privacy by design" approach to facilitate that new processes and changes in processes that include processing of personal data are covered by data privacy impact assessments</li> </ul>	<ul style="list-style-type: none"> <li>• Have a well-functioning governance model in place to monitor, measure and audit that GDPR compliance work remains at a level acceptable for Telia Company</li> <li>• Ensure that awareness of GDPR is embedded in daily activities and business for all relevant employees</li> </ul>	<ul style="list-style-type: none"> <li>• Improve customers' overview of how their data is used based on new external requirements</li> <li>• Evaluate training of employees in key functions and update as needed</li> </ul>

### Our approach

This focus area is governed by the *Group policy – Privacy and data protection*. The policy was revised during the year to align with GDPR requirements. Changes included the addition of information about processing employees' personal data.

Information security is a prerequisite for upholding customer privacy. Read more about our work on information security in *the Board of Directors' Report, section Information security*.

### Group-wide GDPR program

Work during the year focused on meeting the requirements of the EU General Data Protection Regulation (GDPR) that came into effect on May 25, 2018. After May, work focused on further enhancing our GDPR solutions and processes based on practical experience and new guidelines and information from various European authorities.

Most of the GDPR-related work was done under the umbrella of the group-wide GDPR program that was chaired by a Group Executive Management member. Group functions and local companies in core markets ran organization-specific GDPR projects reporting to the group-wide GDPR program. The program uses group-common legal interpretations of GDPR requirements and internal best practice on how to fulfill GDPR requirements. There is one defined list of common purposes for processing personal

data in both core markets and on group level. Among other things, this approach enables sufficient handling of personal data processed by common systems.

A Group Data Protection Officer (DPO) office consisting of DPO's from core markets and group functions handles GDPR governance work. The objective of the office is to monitor GDPR compliance and carry out reviews and controls of GDPR fulfillment in core markets. The Group DPO office will regularly report on GDPR compliance to Group Executive Management and the Board.

The work in region Eurasia is focused on ensuring legal compliance.

### Work during the year

In 2017, a law firm performed two in-depth audits of the local companies in core markets and group functions on their readiness to comply with GDPR by May 2018. Based on these audits, a number of compliance gaps were identified. Detailed plans were made by all GDPR projects in the group to address how to close the gaps and follow up with clear milestones. During 2018, a number of milestones were reached by revising both processes and IT solutions. The group-wide GDPR program steering committee followed the progress of closing gaps in all projects on a monthly basis.

As a telecom operator and as a result of the EU e-privacy directive, we are obliged to report personal data

breaches to the national telecom regulator. During the year, we implemented a common process and common tool to manage personal data breaches within core markets, improving tracking and follow-up. The new process also allows us to meet the new GDPR personal data breach reporting obligations. Additionally, we increased awareness of personal data breaches and losses of customer data by training key employees.

498 personal data breaches were reported to authorities in core markets, a significant increase compared to 105 cases in 2017. We believe that the large increase is attributable mainly to increased awareness and capability of identifying cases as well as reporting cases that would earlier have gone unreported. This is in large thanks to both general awareness raising and the adoption of the common tool for managing personal data breaches. Most cases related to human errors or failures that resulted in customer data being made available to other customers or sent to the wrong customer. In all reported cases, local

companies cooperated with national supervisory authorities to correct inaccuracies.

After GDPR came into effect, we saw increased interest in how we process personal data. Both employees and customers exercised their rights under the GDPR. By improving transparency in accordance with Article 29: Guidelines on consent and through improved processes such as new privacy notices for handling processing of personal data, we provided data subjects with a better understanding of what we do with their personal data and gave them better control over it. Customers' rights are generally managed through customer portals where they can get information on how we process data as well as exercise their rights.

Supporting our "privacy by design" approach, we revised our data protection impact assessment (DPIA) template and clarified the process for using it. Changes included putting clearer tollgates in place to ensure that the DPIA is used and raising awareness among those who have obligations to carry out DPIA.

## CHILDREN'S RIGHTS



### Ambitions:

- Know our impacts and respect children's rights in relevant business activities
- Support children's rights through employee engagement, advocacy and partnerships

2018 PROGRESS	2022 GOALS	2019 PLANNED ACTIVITIES
<ul style="list-style-type: none"> <li>• Children's Advisory Panels on privacy and a healthy life online</li> <li>• Children visited and shared perspectives with the Board</li> <li>• Published cases on how we work with children's rights</li> <li>• Trained 700 employees in Telia Sweden on children's safety online</li> <li>• Continued to detect and block child sexual abuse material (CSAM)</li> <li>• Pledged to advance children's rights in our business</li> <li>• Announced Swedish telecom coalition against sexual exploitation of children online</li> </ul>	<ul style="list-style-type: none"> <li>• Continuously assess impacts on children's rights in relevant business activities</li> <li>• Block websites containing CSAM</li> <li>• Detect and report CSAM in own IT systems</li> <li>• Regularly engage with children through Children's Advisory Panel</li> <li>• Provide tools for customers and employees to support children's rights</li> <li>• Actively contribute to relevant initiatives related to supporting children's rights</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct impact assessment of our marketing and communication</li> <li>• Develop our approach to fighting CSAM</li> <li>• Spread information about children's advice on a healthy life online</li> <li>• Engage with children through Children's Advisory Panel and Younite school workshops</li> <li>• Participate in Global Child Forum's pledge follow-up pilot program and GSMA mPower Youth initiative</li> </ul>

### Our approach

This focus area is governed by the *Group policy – Human rights*. Requirements related to suppliers are governed by the Supplier code of conduct. Read more about our work to abolish child labor in Note S17 to the Sustainability Notes.

Telia Company's commitment is to recognize, respect and support children's rights with focus on participation, protection and well-being. Our biggest challenges relate to understanding and managing impacts and stakeholder expectations regarding balance between protection and empowerment of children online. In this work, we have adopted the Children's Rights and Business Principles (CRBP) framework. Most of the practical implementation of our commitments is carried out in local companies, with group-level oversight and coordination as well as regular updates to Group Executive Management and the Board.

### Self-regulatory industry initiatives

We are a signatory of several self-regulatory industry initiatives covering areas including child safeguarding services, child sexual abuse content, education and awareness. This includes the "Alliance to better protect minors online," a self-regulatory initiative of the European Commission. In spring 2018, we also pledged to advance children's rights

in our business, initiated and managed by the Global Child Forum.

### Work during the year

#### *Increasing internal awareness*

To increase internal awareness of children's rights, during the year, training was offered to employees in relevant functions as well as anyone wanting to learn more. For example, 700 employees in Telia Sweden attended the #Netsmart training course on how to promote children's safety online.

#### *Promoting children's rights in business*

Throughout the year, we shared experiences from working with children's rights and child participation with various Swedish and international businesses and organizations in sustainability conferences and round-table events. Telia Company's CEO Johan Dannelind also attended the Global Child Forum to promote the business value of working with children's rights.

#### *Fighting child sexual abuse material (CSAM)*

We actively participate in the fight against CSAM online. We continued blocking websites in core markets defined by law enforcement as illegal for hosting CSAM. Since we

stand for and promote an open internet, this is the only area where we have taken an active stand for voluntary blocking.

In our core markets, we apply a technical solution that provides alerts if CSAM is detected anywhere in Telia Company's own IT systems. If such is detected, a police report is filed and a criminal investigation is carried out. A number of detections and subsequent police reports were filed during the year, some of which resulted in criminal investigations.

We cooperate with industry peers, law enforcement and NGOs such as ECPAT and Childhood to further develop the work against child sexual abuse. During the year, a Swedish coalition between telecom operators and ECPAT against sexual exploitation of children online was announced.

**Children's voices**

We launched a workshop concept for school classes to work on awareness around children's privacy. The concept was developed with input from the Children's Advisory Panel (CAP) where together with children's rights organizations and in collaboration with schools we ask young internet users about their lives online.

During the fall, CAP collected advice from children on how to live a healthy life online. The advice will be communicated to young people and adults alike to promote a better online lifestyle.

**HIGHLIGHT**

**CHILDREN'S ADVICE FOR A HEALTHY LIFE ONLINE**

On the UN Universal Children's Day on November 20, Telia Company published children's own advice for a healthy life online that we had collected through our Children's Advisory Panel. Advice for younger children on five themes was collected from more than 770 12-year-olds through animated films created during CAP workshops in the Nordic and Baltic countries.

Children have a largely positive view of the internet and the possibilities it offers, especially when it comes to friendship. More than half of the children agreed that the internet has helped them make new friends. Their main advice to younger children is to use the internet to make new social connections and to include others and act kindly online.

**CHILDREN'S ADVICE FOR A HEALTHY LIFE ONLINE**

FRIENDSHIP	TRUST ONLINE	SCHOOLWORK	WELL-BEING	FAMILY
<ul style="list-style-type: none"> <li>• If you're lonely, don't give up – you can always find friends online</li> <li>• Be nice to other people online</li> <li>• It's easy to include others online – so just do it</li> </ul>	<ul style="list-style-type: none"> <li>• Don't believe everything you read, hear and see online</li> <li>• Talk to a parent before you meet an online contact offline or click on an insecure link</li> <li>• Don't spread false rumors or entice others to click on untrusted or harmful links</li> </ul>	<ul style="list-style-type: none"> <li>• Don't forget that schoolwork is more important than having fun on the internet</li> <li>• Turn your phone off or leave it in another room while you are doing your homework</li> </ul>	<ul style="list-style-type: none"> <li>• Enjoy your online gaming and don't make it too competitive</li> <li>• Control your anger when losing a game and don't take it out on others</li> <li>• Internet makes you happy as long as you use it moderately</li> </ul>	<ul style="list-style-type: none"> <li>• Take a break from technology and hang out with your family</li> <li>• Involve your parents in your online life and experience</li> </ul>

To gain more direct insight into children's perspectives as well as to ensure that children participate in decision-making processes on matters that affect them, the Board was joined for a strategy session by children at age between 14 and 17.

***Child safeguarding services***

In our core markets, we offer child safeguarding services that enable caregivers to set time restrictions for browsing and block websites and TV programs with inappropriate content.

***Online safety training and information***

In many of our markets, we educated children and parents on how to deal with online safety including respectful behavior through information in our stores and educational activities in schools. During the year, we interacted with an estimated 22,000 children about online safety.

***Child helplines***

In our core markets, we continued to support national helplines with anonymous, free-of-charge phone services for children.

***Partnerships***

Telia Company is a co-founder of the World Childhood Foundation. The focus of the partnership is to keep children safe and in control online. We have also formed country-level partnerships with NGOs regarding child safety issues.

Through our partnership with Save the Children Finland, we launched a website with a proposal to other companies on how to integrate children's rights in their business by describing our own approach through cases and stories.

## RESPONSIBLE SOURCING

### Ambitions:

- Responsible sourcing as a mindset and behavior
- Proactive approach to managing sourcing risks
- Value-adding industry and supplier collaboration



2018 PROGRESS	2022 GOALS	2019 PLANNED ACTIVITIES
<ul style="list-style-type: none"> <li>• Updated Supplier code by revising and adding requirements on e.g. conflict minerals</li> <li>• Expanded scope of the group-wide mandatory due care process</li> <li>• Strengthened region Eurasia local due care capacity, updated local sourcing handbooks</li> <li>• Around 3,900 sustainability due diligence assessments carried out</li> <li>• 85 on-site audits carried out, and an additional 116 audits carried out by Joint Audit Cooperation (JAC)</li> </ul>	<ul style="list-style-type: none"> <li>• Sourcing sustainability processes fully aligned with a sourcing supplier life cycle process</li> <li>• Implemented processes for risk-based audit planning</li> <li>• 75 percent of critical and major audit non-conformities followed up or closed within twelve months</li> </ul>	<ul style="list-style-type: none"> <li>• Revise due care process to further facilitate risk-based supplier management including audit planning</li> <li>• Roll out Supplier code e-learning course to sourcing managers and suppliers</li> <li>• Close 70 percent of audit non-conformities registered at year-end 2018</li> </ul>

### Our approach

This focus area is governed by the *Supplier Code of Conduct* and *Group policy – Source-to-pay*. In addition, “black and grey lists” which define substances that are *prohibited* or *should be avoided* and *Security directives* that specify IT security requirements for suppliers handling customer data are used for certain products and services.

### Responsible sourcing model

To meet the focus area ambitions and goals, we use a responsible sourcing model to guide our work. The model consists of three pillars:

#### People

Aim: Responsible sourcing as a mindset and behavior.  
How: By raising awareness and building knowledge among key employees and suppliers.

#### Processes

Aim: Proactive approach to managing sourcing risks.  
How: A common due care process and requirements on suppliers to implement a structured management approach for material risks and impacts.

#### Partnering

Aim: Value-adding industry and supplier collaboration.  
How: Cooperating in the industry, for example, through the industry collaboration Joint Audit Cooperation (JAC) and close dialog with suppliers.

Work is coordinated by group sourcing which is responsible for developing guiding documents and tools, training group and local sourcing teams in core markets, and coordinating and conducting supplier due diligence and audits. Critical audit findings and deviations from the Supplier code are reported weekly for decision-making on mitigating activities via the Sourcing initiative board to group sourcing management, and in exceptional cases to the Group Executive Management.

### Due care process

The due care process is our risk-based approach to supplier sustainability management. Sourcing managers are responsible for initiating due diligence and on-site audits as well as following up on supplier performance if necessary. Exceptions to the Supplier code requirements can be approved by the Sourcing initiative board if a supplier has demonstrated that corresponding or stricter requirements are already in place.

Suppliers are categorized based on, for example, the region where the company is registered, the type of product or service provided or how critical the supplier is to our operations and if previous deviations from our Supplier code have been identified through audits or due diligence. Categorization facilitates designing appropriate risk mitigation activities, such as further due diligence steps, before contracting as well as when conducting on-site audits to evaluate a supplier's sustainability performance.

In October, the due care process was made mandatory for suppliers group-wide including region Eurasia. It is also available for third-party agreements such as sponsorships and roaming/interconnect agreements which are not handled by the sourcing organization and where associated risks are unknown.

In addition, we use an “ethical compass” that is applied in due diligence and on-site audits. The compass helps in ensuring that suppliers are evaluated in a consistent manner and in assessing the severity of identified risks, including how to mitigate or avoid identified risks.

**Work during the year**

**Due diligence and on-site audits**

Around 3,900 sustainability due diligence assessments were carried out. The results showed that the assessed suppliers' main challenge remains to understand and interpret the requirements of the Supplier code.

Around 110 of assessed suppliers were not recommended for contracting due to the high risk involved for Telia Company, mainly as a result of non-conformities with the Supplier code, refusal to provide ownership information or ownership by a high-ranking local public official. A small number of suppliers with non-conformities were given conditional approval.

85 on-site audits were carried out, of which 34 were IT security audits. These were complemented by 116 audits and 18 worker surveys carried out within Joint Audit Cooperation (JAC). In total, 55 audit non-conformities were closed and 200 new were registered. Major areas of the non-conformities were health and safety, environment and working hours.

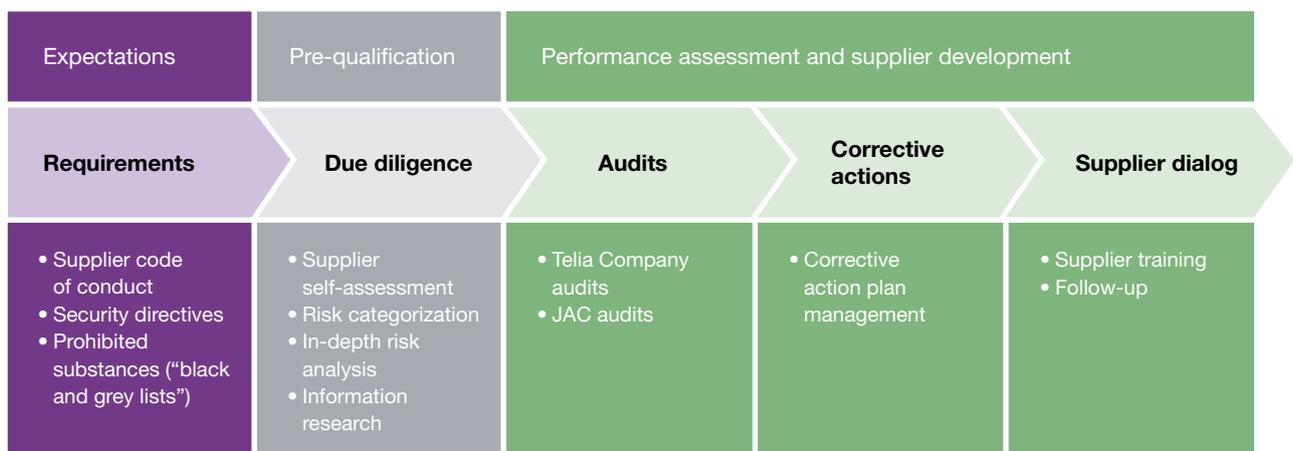
**Strengthened region Eurasia capacity**

We continued working to improve and increase due care capacity in region Eurasia by training and hiring additional local due diligence officers. To establish local auditing capacity for Supplier code audits, training of local auditors was conducted, and local sourcing handbooks were updated to provide harmonized guidance on sourcing practices.

**Updated Supplier code**

An updated Supplier code was rolled out throughout the group. Changes include more stringent requirements in areas such as human rights and responsible sourcing of minerals. An e-learning course based on the Supplier code will be rolled out to suppliers and sourcing managers in 2019.

**DUE CARE PROCESS**



## ENVIRONMENTAL RESPONSIBILITY



### Ambitions:

- A structured and science-based approach to assessing and managing the negative environmental impacts of our operations
- Proactively communicate the positive environmental impacts of our products and services

2018 PROGRESS	2022 GOALS	2019 PLANNED ACTIVITIES
<ul style="list-style-type: none"> <li>• ISO 14001 certification of Telia in Estonia, Finland, Lithuania and Sweden. Local certification of Telia in Norway</li> <li>• Buy-back programs in all core markets, 122,000 devices collected</li> <li>• 42 tons network equipment reused and resold</li> <li>• 29.0 (29.9) kWh per subscription equivalent</li> <li>• 1.0 (1.6) kg CO<sub>2</sub>e emissions per subscription equivalent</li> <li>• Used 931 (822) GWh renewable electricity, 93 (87) percent of electricity consumption in core markets</li> <li>• Commitment to develop science-based targets</li> </ul>	<ul style="list-style-type: none"> <li>• Local companies ready for ISO 14001 management system certification</li> <li>• 5 percent lower energy consumption per subscription equivalent</li> <li>• 5 percent lower CO<sub>2</sub>e emissions per subscription equivalent</li> <li>• Implemented processes for buy-back of mobile devices and reuse or resale of network equipment</li> <li>• Actively participate in research, public policy and debate on the positive environmental impacts of digitalization</li> </ul>	<ul style="list-style-type: none"> <li>• Establish emissions base line for the supply chain as part of commitment to science-based targets</li> <li>• Develop a group-wide energy strategy</li> <li>• Train employees on sustainable travel (e.g. replacing traveling with virtual tools)</li> </ul>

### Our approach

This focus area is governed by the *Group policy – Environment*. Environmental requirements on suppliers are outlined primarily in the Supplier code of conduct.

Energy, greenhouse gas (GHG) emissions and waste, particularly electronic waste, are the key environmental impacts we need to manage in our own operations. Most of our energy and waste footprint is connected to running, expanding and maintaining mobile networks and data centers. Our customers and stakeholders expect us to act responsibly by minimizing our negative footprint, and are increasingly interested in understanding how digital services like connected transportation and remote meetings, can help reduce their own impacts.

To ensure continuous improvement, core markets are required to implement the ISO 14001 environmental management system (EMS) or equivalent. Local companies are responsible for EMS implementation, with coordination by the group environmental manager who is responsible for overall goal setting, planning and reporting to Group Executive Management and the Board. Training, either specific or as part of the Code of responsible business conduct training, is carried out locally to meet EMS requirements.

### Work during the year

#### *Commitment to science-based targets*

To better account for the GHG emissions generated in our value chain, we committed to developing science-based targets. In 2019 we aim to get a better understanding of scope 3 emissions other than business travel on which we already report.

#### *The environmental case for connectivity*

The latest findings from a long-term research project by Ericsson and Telia Company, based on a data set collection from the global ICT and entertainment and media sectors including telecom operators covering 40 percent of mobile subscribers and 15 percent of fixed subscribers, were published. The research shows that increasing data volumes are not a catalyst for the sectors' energy consumption and operational GHG emissions. Instead, footprint has flattened out and started to decrease despite the continuous increase in data volumes.

### Exponential Climate Action Roadmap

Following the Telia Company/Ericsson study, we were part of compiling "The Exponential Climate Action Roadmap" published at the Global Climate Action Summit in San Francisco in September. The roadmap outlines the global economic transformation required by 2030 to meet the Paris Agreement on climate and highlights the role of digitalization in the transition to a low-carbon economy.

### ISO 14001 certification

Parts of or all operations in Estonia, Finland, Lithuania and Sweden are ISO 14001 certified. Additionally, Telia in Norway is certified according to the national standard "Miljöfyrtårn" (Eco-lighthouse). During the year, Telia Carrier and Telia Estonia began implementing the ISO 50001 energy management system.

### Renewable electricity

To reduce scope 2 GHG emissions, local companies in core markets use renewable electricity through Guarantees of Origin (GoO). In contracts where we are the tenant or co-host, we strive to influence the electricity contract owner to use renewable electricity. In 2018, we used a total of 931 (822) GWh of renewable electricity which accounted for 93 (87) percent of total electricity consumption in core markets. This represents an abatement of 327 (289) ktons scope 2 CO<sub>2e</sub> emissions.

### Reducing e-waste

We approach e-waste management from the principle of reuse-reduce-recycle and consider recycling only when equipment can no longer be used.

Buy-back programs, which are also known as take-back or upgrade programs, extend the life of product usage of consumer mobile devices that are often in good working condition. All core markets have buy-back programs in place and during the year, 93,000 (68,000) mobile devices were bought back. Through leasing agreements, Telia Finance took back another 29,000 (31,000) mobile devices, computers and other hardware. The devices are sold to local partners who either wipe the data and resell them or send them to recycling. Recycling partners in all core markets are ISO 14001 certified.

In the second quarter we launched a network equipment reuse/resell program that not only helps reduce cost and e-waste but also generates revenue. Through a partner, surplus mobile network equipment is shipped to a central warehouse, thus reducing local warehouse cost. At the partner's warehouse it is recycled or data wiped and refurbished for further use, either re-allocated to another core market's network or sold to another company. In total, around 42 tons of equipment was reused internally or resold.

*Telia Company in Sweden does not conduct any operations subject to environmental permits from authorities according to the Swedish Environmental Code, Chapter 9.*

## HIGHLIGHT

### CROWD INSIGHTS ENABLE SUSTAINABLE COMMUTING

The neighboring cities of Helsinki and Espoo are closely connected, with considerable car commuting between the workplaces in Helsinki and residential areas in Espoo. To improve the traffic situation and support future growth of both cities, the Helsinki Regional Transport Authority (HRT) invested close to EUR 1.2 billion mainly to extend the subway network to Espoo.

Ahead of the launch of the subway line in November 2017, HRT together with Telia Finland Crowd Insights screened millions of trips to identify hot spots for deploying "feeder" bus lines to the subway in Espoo. Already from the start a significant share of commuters from more remote parts of Espoo chose to use the feeder buses and subway instead of cars. Partly as a result of this smart planning, car traffic between Espoo and Helsinki was reduced by 8 percent in the period November 2017 to January 2018.

More cities in Finland are looking at taking a data-driven approach to public transportation planning. This makes Crowd Insights and other data analytics tools key components of sustainable commuting and urbanization in Finland, supporting in particular UN Sustainable Development Goals 11: Sustainable cities and communities and 13: Climate action.



Online technologies influence the decisions of three billion people daily through e-commerce, search and social media and are at the heart of business and investor decisions. These existing technologies and the companies behind them have the potential to influence whether we live on a +1.5–2°C or +3°C planet.

The Exponential Climate Roadmap

## HEALTH AND WELL-BEING



### Ambitions:

- Provide a workplace and ways of working that are physically and psycho-socially safe
- Provide the tools and resources needed to meet personal goals and create engagement

2018 PROGRESS	2022 GOALS	2019 PLANNED ACTIVITIES
<ul style="list-style-type: none"> <li>• Sickness absence rate: 2.5 percent</li> <li>• Lost-time injury frequency: 0.14 (0.37)</li> <li>• No fatal accidents (0)</li> <li>• Local companies in Denmark, Estonia, Finland, Lithuania, Moldova and Norway OHSAS 18001 certified</li> <li>• OHSAS 18001 implemented in Telia Sweden</li> <li>• Health and well-being index: 77 percent</li> </ul>	<ul style="list-style-type: none"> <li>• Local companies ready for ISO 45001 management system certification</li> <li>• All employees covered by regular performance management approach</li> <li>• Sickness absence rate lower than national industry average</li> <li>• 80 percent "Health and well-being index" score in employee engagement survey</li> <li>• Implemented processes for supplier reporting on occupational health and safety performance and related corrective actions</li> </ul>	<ul style="list-style-type: none"> <li>• Transition first companies to ISO 45001</li> <li>• Roll-out a group-level supplier incident reporting process</li> <li>• Develop the health and well-being index and take action on the 2018 survey results</li> </ul>

### Our approach

This focus area is governed by the *Group policy – People*. Requirements on suppliers are outlined in the Supplier code of conduct.

We believe that a healthy and active work environment helps create employee engagement. Our group-wide approach to health and well-being focuses on:

- Promoting good health and safe work conditions
- Preventing occupational risks and ill health
- Rapidly reacting to injuries and unsafe conditions

Our employees generally work in offices and retail environments where health risks relate mainly to psycho-social well-being and ergonomics. The major health and safety risks such as working at heights or doing electrical work relate to network construction and maintenance, which are generally carried out by contractors.

To lower these risks, we include the Supplier code of conduct in all construction, installation and maintenance agreements, promote open communication and reporting from suppliers and carry out on-site audits. We currently

have local channels for suppliers to report incidents and accidents while working for us and we are working to implement a common tool for group-wide incident reporting.

Local companies use a common health and well-being model that aims to create a safe workplace and promote work-life balance. Among other things, the model includes:

- A continuous and data-driven improvement approach to occupational health and safety through the use of OHSAS 18001 or ISO 45001 management systems
- Preventive actions such as risk assessments and employee surveys
- Health and well-being as part of regular check-ins in YouFirst, the group-common approach to employee performance and development

Work is coordinated by the group health and well-being manager who reports progress to Group Executive Management and the Board. All local companies have one or several health and well-being coordinators who report to the local management team and the group manager.

## **Work during the year**

### ***Policy revision***

During the year, the Group policy – Occupational Health and Safety was merged with the Group policy – People, to govern all requirements and expectations on employees and on Telia Company as an employer in one policy. The policy and related instructions include safety measures and requirements for our employees, contractors and sub-contractors regardless of work environment.

### ***OHSAS 18001 certification***

During the year, Telia Sweden implemented OHSAS 18001. At year-end, local companies (except Telia Sweden) in core markets as well as Moldcell in Moldova were certified according to OHSAS 18001. In the coming years, we will transition to the new ISO 45001 management system.

### ***Measuring health and well-being***

In 2018, a new health and well-being index was created in the employee engagement survey, Purple Voice. The additional questions focus on work conditions and recovery, work demands and work environment. The index score was 77 percent, which served as baseline for setting the 2022 goal of 80 percent. The scores were positive overall, with most areas scoring around ten percentage points better than the comparable external benchmark. Local health and well-being coordinators will support team leaders to identify and implement improvement actions, particularly related to recovery between periods of high workload.

### ***Focus on sickness absence***

We continued to see the consistently highest sickness absence rates in customer support functions including call centers. Local health and well-being coordinators continued to work with these teams by supporting the team leaders with better visibility on data and focusing on the physical work environment. In early 2018, we implemented a new employee management system that provide team leaders with instant updated statistics for tracking sickness absence.

## HUMAN RIGHTS

### Our responsibility and approach

Telia Company recognizes its responsibility and is committed to respecting and supporting human rights throughout its operations.

#### Our approach is to know, show and act

**Know:** By being aware of our human rights impacts, risks and opportunities, applying due diligence and using human rights impact assessments.

**Show:** By making assessments and other information public in corporate reporting and through other means such as transparency regarding government requests.

**Act:** By using insights to prevent and address adverse human rights impacts.

### Grievance and remedy

We strive to promote and ensure channels for transparent and open communication where all internal and external stakeholders can raise concerns without fear of retaliation or reprisal and to provide fair investigation and grievance mechanisms. We will seek to provide for or cooperate in human rights remedy. Telia Company's grievance mechanism Speak-Up Line is available to both employees and external stakeholders and includes human rights issue types. For more information on the Speak-Up Line and cases during 2018, see Corporate Governance, section Group-wide governance framework and Note S13 to the Sustainability Notes.

### Policy commitments

Our Statement of materiality references a number of international guidelines on human rights and establishes our intention to engage with stakeholders in a way that ensures the highest degree of ethical business practices and behavior. Read more in Corporate Governance Statement, section Statement of materiality and significant audiences.

Our human rights approach is summarized and governed by the *Group policy – Human rights*, adopted by the Board in May. The policy clarifies our human rights commitments by referencing commitments in other group policies governing our Responsible business focus areas. It also added commitments to e.g. grievance mechanism and remedy to explicitly include human rights as well as conducting regular human rights due diligence, training on human rights issues, upholding human rights in the value chain and recognizing, respecting and supporting children's rights.

Commitments related to human rights as part of the Responsible business focus areas are further outlined in the Code of responsible business conduct. All employees are required to be familiar with the contents of the Code and are planned to undergo training. Human rights requirements for suppliers are covered in the Supplier code of conduct which is mandatory in all contracts.

These policy commitments apply to Telia Company, its subsidiaries and joint operations as their own binding commitments. Telia Company strives to fully adopt the

## HIGHLIGHT

### HUMAN RIGHTS AS PART OF ETHICAL APPROACH TO AI

To contribute to artificial intelligence (AI) as a tool to extend and complement human abilities, rather than lessen or restrict them, Telia Company has published Guiding Principles on Trusted AI Ethics. The principles provide guidance to Telia Company's operations and employees in design, implementation, testing and follow-up of AI solutions.

#### OUR GUIDING PRINCIPLES ON TRUSTED AI ETHICS

Responsible and Value Centric	Human Centric	Rights Respecting
Control	Accountable	Safe and Secure
Transparent and Explainable	Fair and Equal	Continuous Review and Dialogue

A basic inclusion in these principles is the link to our commitment to respect human rights. The third principle – Rights respecting – states that:

“We aim to know and show how we respect human rights. We seek to identify, prevent, mitigate and account for how we address our impacts on human rights and how we manage human rights risks and opportunities, such as privacy, children's rights and anti-discrimination. Aggregation and use of data shall always be clear and serve a useful purpose towards our customers and employees.”

Our human rights due diligence processes cover both adverse human rights impacts that we may cause or contribute to through our activities, or which we may be directly linked to. We will need to ascertain that assessments of actual and potential human rights impacts are part of our processes for development and deployment of AI.

policy commitments in all operations over which we have management control.

In developing the policy, we engaged with external stakeholders and received feedback which was partially incorporated in the policy.

**SDGs and human rights**

The UN Sustainable Development Goals (SDGs) provide a lens for us to put our human rights risks, opportunities and work into context. Risks and opportunities include:

RISKS	OPPORTUNITIES
<p><b>SDG 8:</b> Decent work and economic growth – poor working conditions in the supply chain</p> <p><b>SDG 12:</b> Responsible production and consumption – the social and environmental life cycle impact of consumer electronics, particularly in production and waste management</p> <p><b>SDG 16:</b> Peace, justice and strong institutions – violation of the right to privacy and freedom of expression through surveillance</p>	<p><b>SDG 5:</b> Gender equality – our work to create gender balance and eliminate unconscious bias against girls and women as technology professionals</p> <p><b>SDG 13:</b> Climate action – mitigating climate change by reducing our climate impact and helping customers reduce theirs</p> <p><b>SDG 16:</b> Peace, justice and strong institutions – enabling basic internet access</p> <p><b>SDG 17:</b> Partnerships for the goals – communicating on our work, and encouraging industry peers and other companies, to support and promote children's rights</p>

Both risks and opportunities are generally managed through the work within the Responsible business focus areas. For more information on how we manage risks related to salient human rights issues, see Board of Directors' Report, section Risks and uncertainties.

**Organization**

Overall responsibility of human rights, including policy commitments, lies with the Board. On the group level, work is coordinated by a cross-functional working group that facilitates policy coordination, shared learning, analysis of human rights initiatives and developments, business integration and alignment of efforts and outreach to decision-makers and other stakeholders, among other things.

Human rights matters are reported regularly either specifically or as part of risk reporting to the group Governance, Risk, Ethics and Compliance (GREC) forum, or as part of reporting on the Responsible business focus areas to Group Executive Management and the Board.

Local companies with support from group functions are responsible for communicating, implementing and ensuring compliance with human rights-related policies. They are also responsible for ensuring that employees and relevant contractors, third parties and suppliers have sufficient training to adhere to the commitments and are aware of whistle-blowing mechanisms in place for reporting actual or suspected human rights violations.

**Human rights impact assessments**

We undertake human rights due diligence and more in-depth human rights impact assessments (HRIAs) as appropriate to better understand local and group-level impacts, risks and opportunities.

In 2015, Telia Company commissioned the independent non-profit organization BSR to carry out HRIAs of the companies in region Eurasia as part of ensuring local human rights due diligence and a responsible divestment process in the region. BSR undertook these HRIAs between October 2015 and May 2016 using a methodology based on the UN Guiding Principles on Business and Human Rights. We further commissioned BSR to carry out HRIAs for operations in Lithuania and Sweden, which were finalized in 2016. Based on the HRIA reports, action plans for local companies were developed. More information on the BSR HRIAs, including findings and recommendations, is available in the Annual and Sustainability Report 2016 and at [www.teliacompany.com/en/sustainability/responsible-business/human-rights/](http://www.teliacompany.com/en/sustainability/responsible-business/human-rights/)

During the year we made progress on BSR's recommendations for Telia Sweden, including advancing our work with children's rights. Actions taken by local companies in region Eurasia included the launch of parent control services, supporting internet safety awareness campaigns and carrying out equal pay reviews.

## Salient issues

Telia Company has formalized most of its work on salient issues in the Responsible business focus areas. While each focus area has a human rights element, some have larger impacts or risks. Below is a summary of the key human rights topics, the most salient issues and our response and stakeholder engagements within these focus areas.

The topics, issues, responses and stakeholder collaboration did not change significantly during the year. Other or new human rights issues discussed and escalated to senior management and the Board during the year not specifically covered by the Responsible business focus areas included diversity and inclusion, non-discrimination and artificial intelligence (AI).

All focus areas are considered relevant for each of Telia Company's markets. The external context accentuates certain issues in certain regions, e.g. anti-corruption and surveillance issues in markets where public indices show a high degree of corruption and a low degree of freedom of expression.

Key topics and salient issues need to be managed also in relevant stages of the acquisition or divestment of companies. For more information on human rights due diligence in acquisitions and divestments, see Note S18 to the Sustainability Notes.

AREA	KEY TOPICS AND MOST SALIENT ISSUES	OUR RESPONSE AND STAKEHOLDER ENGAGEMENT
<p><b>Anti-bribery and corruption</b></p>	<ul style="list-style-type: none"> <li>• Risk mitigation and remediation of corruption and unethical business practices</li> <li>• Corruption risks related to land rights and site acquisitions</li> <li>• Most salient issue: Correlation between corruption and risks to human rights</li> </ul>	<ul style="list-style-type: none"> <li>• Robust anti-bribery and corruption program</li> <li>• Continuous review of standards and controls</li> <li>• Corruption risk assessments of acquiring mobile network sites</li> </ul>
<p><b>Children's rights</b></p>	<ul style="list-style-type: none"> <li>• Understanding how children's rights are impacted by our operations</li> <li>• Fighting child sexual abuse material (CSAM) online</li> <li>• Most salient issue: Availability of CSAM on the internet</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of the Children's Rights and Business Principles</li> <li>• Actively blocking CSAM in internal and external networks</li> <li>• World Childhood Foundation</li> <li>• Alliance to better protect minors online</li> </ul>
<p><b>Customer privacy</b></p>	<ul style="list-style-type: none"> <li>• Continue to meet GDPR requirements</li> <li>• Most salient issue: Customer privacy and AI solutions</li> </ul>	<ul style="list-style-type: none"> <li>• All legal customer privacy work managed in one function covering all core markets and group functions</li> <li>• Governance work such as reviewing and assessing privacy processes</li> <li>• Providing proactive privacy advice ensuring compliant and customer friendly solutions for new advanced services</li> </ul>
<p><b>Freedom of expression and surveillance privacy</b></p>	<ul style="list-style-type: none"> <li>• Measures to counter terrorism, hacking and hate speech</li> <li>• Transparency on government surveillance powers and requests including: <ul style="list-style-type: none"> <li>• Lawful interception</li> <li>• Governments' direct access to our networks and systems</li> <li>• Mandatory data retention for law enforcement</li> </ul> </li> <li>• Most salient issue: Government surveillance of individuals through direct access to networks and systems</li> </ul>	<ul style="list-style-type: none"> <li>• Group-common process for escalation and challenging, including transparency of unconventional requests</li> <li>• Law Enforcement Disclosure Reporting as to conventional requests and legislation on direct access and data retention</li> <li>• Global Network Initiative (GNI)</li> </ul>
<p><b>Responsible sourcing</b></p>	<ul style="list-style-type: none"> <li>• How suppliers meet basic requirements, particularly in health and safety</li> <li>• Safe third-party customer data handling</li> <li>• Most salient issue: Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier code of conduct and specific supplier IT and Security directives</li> <li>• On-site audits and supplier training</li> <li>• Joint Audit Cooperation (JAC)</li> <li>• The Global Deal</li> </ul>
<p><b>Employer practices</b></p>	<ul style="list-style-type: none"> <li>• Employee, management and Board diversity</li> <li>• Health and well-being</li> <li>• Awareness and processes enabling non-discrimination and equal opportunity</li> <li>• Most salient issue: Discrimination</li> </ul>	<ul style="list-style-type: none"> <li>• Clear policy statement on desired behavior</li> <li>• Employee engagement surveys with follow-up and action plans based on findings</li> <li>• Employee and manager training in unconscious bias</li> <li>• Cooperation with employee representatives and labor organizations</li> <li>• Membership in local diversity charters</li> </ul>