

## *Chairman of the Board Message:*

### *On the journey for a more sustainable business*

Relacom's internal operations have long involved a strong focus on sustainability in all parts of our business. In concrete terms, this means that we have developed a holistic view that includes not only environmental and social responsibility, but also corporate governance, working conditions and ethics. Moreover, we also want to be transparent about the work we do by reporting on our efforts. With that in mind, this year's sustainability report is the eighth such report to be published by Relacom. We published our first report back in 2011.

One of our priority areas is health and safety. In fact, we have decided that health and safety should be a standing item on the agenda at all board and management meetings. It should also be one of the key metrics for monitoring our activities in all of the countries in which we operate. Our goal is to increase awareness of health and safety issues throughout the organization and to minimize both sick leave and the risk of occupational injuries.

Relacom also has a number of initiatives in place in connection with environmental sustainability. For example, we are currently very active in the charging station segment offering our services to both the enterprise and private market. Relacom is also currently evaluating entering in to the solar panel niche to further strengthening our portfolio for a more sustainable environment.

We see an exciting future ahead of us with a potential of creating a more sustainable business!



*Knut Øversjøen*  
*Chairman of the Board*

# About Relacom

Relacom is a leading technology services provider offering strategic solutions to the telecommunications, power and IoT markets. Over the years, Relacom has become the preferred partner of leading global telecommunications and power companies as well as of national retail and logistics enterprises.

Within the telecom business area, Relacom's main objective in planning, building and maintaining wired and wireless networks and delivering state-of-the-art fibre rollouts is to provide high-quality and cost-efficient networks that operate with minimal interruption. Our customers can feel confident in their ability to meet their own customers' needs when they use Relacom's solutions. Relacom has considerable experience in providing end-customer interaction that increases customer satisfaction and strengthens loyalty to their operator.

The power business area's fast-growing market necessitates major investments in power and energy infrastructure. As an alternative to establishing in-house resources, several power companies and network owners utilize service providers to manage non-core business and processes. Thanks to Relacom's strong construction operations and renowned production management and efficiency models, power companies can feel confident that our deliveries will strengthen their businesses.

The IoT market and related services are expected to expand considerably as a result of increasing digitalization. We define IoT as a network of physical objects and solutions with embedded technology for communicating and sensing, or interacting with, their internal states or the external environment. They offer smart and efficient solutions for consumers, businesses, society and Relacom alike.

Relacom can create value for system and application providers and users by providing the following services: professional rollout, installation, maintenance, break & fix, upgrade, operation, on-site support and end-of-life and recycling support. We also aim to develop business models based on managing data on IoT platforms.

Relacom's target customers in IoT are application vendors, operators, developers, importers and application users with a suitable size/volume. We also focus on cases where technology, application, business environment, or usecase knowledge and understanding comprise competitive advantages for Relacom. Our growing customer base is clear evidence of our ability to package our experience into competitive, transnational services that offer commercial value to our customers.

## Organization

Relacom is active in four business areas and supplies the following products and services:

- › **Telecom** – Working together with our customers, we ensure that the Nordic countries are connected to fibre and copper, 3G, 4G and the future 5G networks, both indoors and outdoors.
- › **IoT** – We take part in network design, construction, maintenance and fault repair for both today's and tomorrow's needs. This includes smart metering, meter value management and smart grid solutions.
- › **Power** – We are a part of today's and tomorrow's network design, construction, maintenance and fault repair. Smart metering, meter value management and smart grid solutions.
- › **Technical Consultancy Services** – We offer specialized technical consulting for site acquisition, network planning, implementation, operation and integration, as well as procurement process consulting.

## Corporate Governance

Relacom Management AB is Relacom Group's parent company and is owned by Nordea Bank and DNB Bank. The company's shareholder meeting is the Group's primary legal decision-making body. Decisions made by the shareholders are converted into directions, frameworks and targets by the board of directors and communicated to the Group's management team.

The Group's management team is responsible for guiding the company to meet the targets set by the board of directors according to the directions given and within the set frameworks. Below this executive level, the Group is managed by management committees and along solid reporting lines. To ensure responsible decision-making, Relacom has developed what is known as our Group Authorization Matrix. This document defines levels of authority for key positions regarding the right of attestation and the right to make decisions on behalf of the company.

## Sustainability Management

Relacom has a code of conduct and anti-corruption policy that applies in each country where we operate. We have integrated sustainability goals with our business goals. We follow up on and evaluate our progress in connection with these goals on a monthly basis. Where our goals have not been achieved, an action plan is presented to get us back on track.

These reviews aim to promote the joint development of our sustainability efforts for

the countries involved. We have performed a SWOT analysis on our material issues and have identified which of these we need to follow up on and prioritize during 2018.

Relacom also requires that effective systems for managing quality, environmental issues and the working environment are in place in every country where we operate.

## Sustainability Goals & indicators 2018:

### That our customers are satisfied

- CES (Customer Effort Score)

### That we develop the competence of our project leaders

- Certified project leaders

### That our employees are engaged and motivated

- Shorter periods of sick leave

### That we have a safe working environment

- Accidents resulting in sick leave

- Accidents not resulting in sick leave

- Number of incidents

We are achieving our goals related to shorter periods of sick leave. We continued to develop our employee satisfaction system during 2018 and carry out a employee survey during the year. In addition, we undertake activities to improve incident-reporting.

In summary, our code of conduct means that Relacom is committed to working in harmony with the UN's ten basic principles for responsible enterprise. Each year, we prepare a report entitled Communication on Progress that summarizes how Relacom is supporting and working in harmony with Global Compact and its principles.

### A brief Summary of our Code of Conduct:

Relacom strives to create sustainable advantages for its customers, employees, suppliers, the environment and the community.

Relacom most often represents its business-to-business customers when meeting end-customers. As such, our conduct is critical to our customers' success.

- *Relacom obeys the laws and regulations of each country in our business activities.*
- *Relacom respects human rights and our growth is based on a sustainable and*

*responsible approach in which our employees play a key role. Relacom aims to be the benchmark in our industry and to offer an attractive working environment that draws new employees.*

- *Relacom strives to employ a long-term environmental strategy that minimizes our negative environmental impact and to follow the precautionary principle.*
- *Relacom strives to establish long-term relationships with suppliers and to achieve sustainable advantages through cooperation.*
- *We are committed to preventing corruption in all its forms and do not tolerate it in our own operations, nor in those with whom we do business.*

### Compliance

In 2018, no instances of non-compliance and no significant findings were noted regarding laws and regulations. Neither were any grievances reported regarding the environment, social matters, or our products and services.

### Anti-corruption

Relacom's management group has drawn up a policy that applies to all employees. In turn, country representatives are responsible for informing organization staff about the content of the policy and for ensuring that it is followed. We inform and help employees understand how they are expected to act in all manner of situations when interacting with our customers. Whenever a new staff member is employed, they are informed about this policy and our whistle-blower function.

In 2018, several of our customers performed external CSR audits and evaluated our performance. No cases of

non-compliance regarding anti-corruption were found and we will continue to educate and inform our employees about our code of conduct and whistle-blower function.

### **Supply Chain**

Relacom engages a number of suppliers. To ensure that each of them lives up to both our values and those of our customers, we have chosen to work with a handful of large distributors based in the Nordic region. We

have consciously chosen companies that are based in the countries in which we operate.

Relacom's contractors are screened through a qualification process that imposes requirements on their environmental and health and safety work and on their business ethics. Our code of conduct is part of each country office's supplier policy.

## **Materiality Analysis**

### **Our Stakeholders**

Holding an active dialogue with our stakeholders is an important part of our sustainability efforts and is necessary to understanding their needs and expectations. This approach supports development and forms the basis for this report. Since Relacom's operations affect, and are affected by, a large number of different stakeholders, good and open dialogue is important for developing and strengthening long-term relationships. Our employees meet stakeholders daily in various forums and the majority of our stakeholder relations are established through our meeting and communications channels. We meet with customers and contractors on a daily basis. Customer surveys, employee satisfaction surveys, annual general meetings, proxy meetings, supplier meetings, trade fairs, industry meetings and meetings with employer organizations are conducted throughout the year. Collaborative projects conducted with public employment services and upper secondary schools

are further examples of instances when we meet and communicate with our stakeholders.

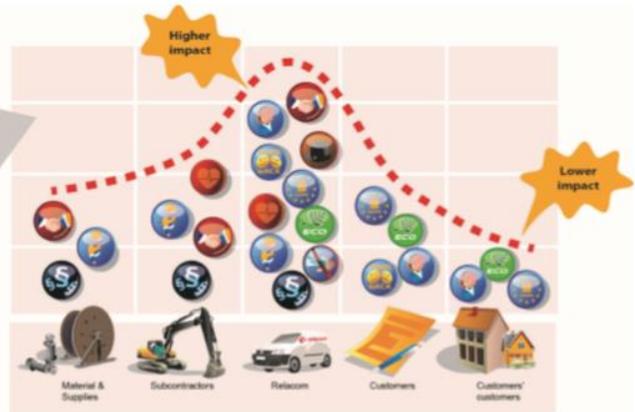
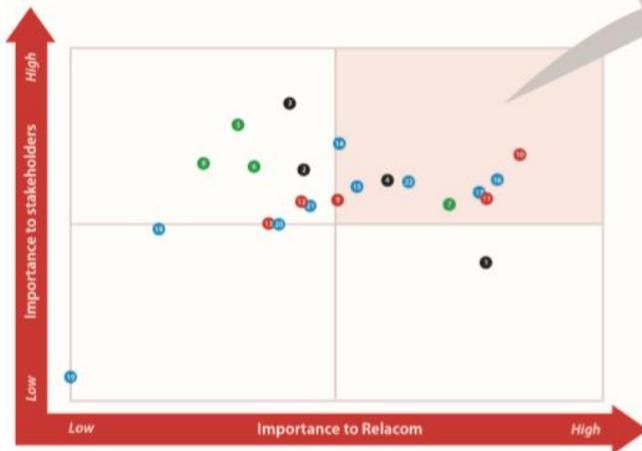
### **Materiality Analysis**

Relacom conducted a materiality analysis in 2017 in accordance with the guidelines found in GRI G4 to identify which issues our internal and external stakeholders consider important. Stakeholders such as customers and employees contributed to this analysis. Both stakeholders and Relacom management answered a survey regarding which issues they consider relevant

On the next page (left) is a summary of the result of the survey, summarising how important the stakeholders and the Relacom management believes that the different aspects are.

Also on next page (right) is a diagram showing how much Relacom can impact the various actors in the value chain regarding the most important aspects.

## Materiality Analysis



- 1 Control of the development of earnings, liquidity and balance sheet
- 2 Measures to minimize the risk of corruption.
- 3 Anti-cartel and other anti-competitive activities.
- 4 Knowledge of – and compliance with – current and future legislation related to the industry.
- 5 Sustainable choice and sustainable use of materials.
- 6 Sustainable choice and sustainable use of chemicals.
- 7 Energy efficiency and use of renewable energy in the activities of the services provided.
- 8 Consideration of the habitat for animals and plants.

- 9 Employment conditions, such as salaries and other forms of remuneration and benefits.
- 10 Promotion of physical and mental health at work and prevention of occupational injuries.
- 11 Competence development and personal development at work.
- 12 Work to promote diversity and equal treatment, and reduce discrimination.
- 13 Respect for freedom of association and collective negotiations.
- 14 Contractor / supplier control regarding environment, work environment and human rights.
- 15 Process for dealing with suspected irregularities.
- 16 Process for handling customer complaints and complaints.
- 17 Follow-up and measures to increase customer satisfaction.
- 18 Local community involvement – environmentality and socially.
- 19 Responsible and transparent political engagement and support.
- 20 Certification of services for communicating sustainability performance.
- 21 Correct, factual, relevant, impartial and comprehensible information about the activities.
- 22 Protection of personal data and integrity.

## The Relacom Way

Everything we do starts with people, whether we consult, plan, build or maintain networks and equipment. The impression Relacom leaves on the community is influenced by how we run our operations. This includes how efficient our processes are and how we manage our production and create tools to meet our customers' and stakeholders' requirements and expectations.

Relacom's **vision** is to be the preferred service partner within technical infrastructure in the Nordic region.

Our **mission** is to offer flawless operation and commercial value in our customers' networks.

Realizing our vision and mission requires talented people who are service-minded and who have the

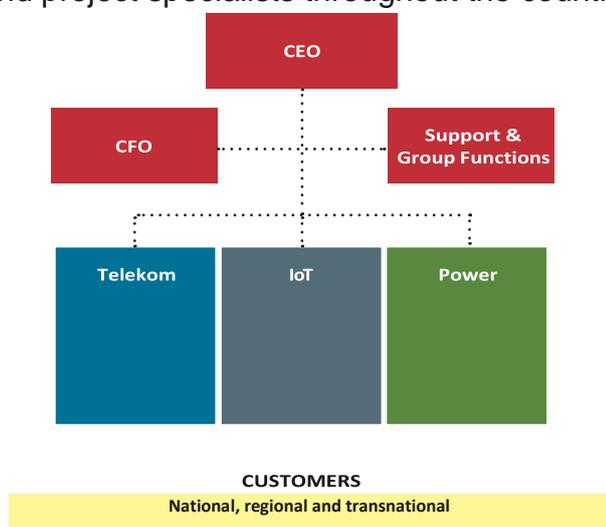
ability to work cross-border and with a flexible and non-bureaucratic mind-set.

### **Core Values – Reliable & Competent**

Relacom is a **reliable** partner. Every day, we must make sure that our customers experience high quality in the services we provide. Becoming and remaining reliable is an on-going process.

Relacom employs **competent** people. We have both technical expertise and years of experience working with a variety of systems. These qualities help us take a proactive approach and fulfil our commitments. We are present both on a personal level and in a geographical sense.

Relacom is a nationwide technology services provider. We provide services to Sweden's telecommunications (fibre and mobile solutions), power and IoT markets. The company employs around 400 technicians and project specialists throughout the country.



Relacom keeps pace with current legislation concerning the natural and work environments. Relacom employees can access copies of relevant documents via a web-based compliance tool provided by Ramboll AB. We follow up our activities annually through written self-evaluations that compare our work with the register of laws in effect. Compliance is also monitored for recurring internal audits.

Relacom aims to maintain the highest standards of quality, honesty, transparency and accountability at all times. We therefore support and protect employees who report suspicions about wrongdoing. A whistle-blower function is available to all employees via Relacom's intranet.

An employee who suspects unlawful activity or bribery and who feels unable to talk to their manager about their suspicions, or feels unsure of whether a case is being handled properly, can use the whistle-blower function. The function provides a risk-free way for employees to report suspicions of irregularities, misconduct, or crime. Information provided by employees via the

whistle-blower function will be treated as confidential. You do not need to identify yourself, although, obviously, it makes things easier for us if we can contact you to provide help and feedback.

### Work Environment

Relacom is a member of the employers' associations *Almega* and *Energiföretagens Arbetsgivarförbundet*. Our terms of employment are governed primarily by the collective bargaining agreements Central Telecom Agreement for civil servants and the Power Contract for workers. Local agreements specific to Relacom AB are regulated through supplementary collective agreements.

Relacom has a standing agreement with a healthcare provider. Statistics on absence due to illness are monitored on a regular basis and compiled for review at a group meeting each month. The figures are discussed by Relacom's various management and collaboration groups, at the executive and management level and in the Central Protection Committee.

The aim of this monitoring is to reduce absences due to illness and to minimize employees' risk of suffering ill health or accidents. The Central Protection Committee follows up reported incidents in order to enact preventive measures. Protection rounds to monitor the physical and psychosocial work environments as well as the quality of personal protective equipment are also conducted on an on-going basis.

### Systematic Efforts to Improve Our Work Environment

A sound working environment aids business development, encourages physical and psychological well-being, helps motivate employees and encourages their personal development. Relacom systematically improves its work environment through regular surveys, improvement measures and by following up

the status of our operations. This helps us prevent illness and accidents in the workplace and creates a better working environment for everyone.

Work environment considerations include the physical, technical and psychosocial conditions that are important for creating a sound working environment. Managers and executives work with employees, safety officers, our occupational health strategist and others to achieve effective and satisfactory solutions. Not only are we required to comply with Swedish work environment legislation, but our customer agreements also contain clear health and safety rules for us to follow. We did not note any deviations from these commitments during 2018.

Relacom received one routine visits from the Swedish Work Environment Authority during 2018, which did not result in any injunctions regarding measures. In addition, one of our customers, Ellevio AB, conducted a CSR review that found only two discrepancies in total in the areas of occupational health and safety, and supply chain compliance. We also implemented the international standard OHSAS 18001 during the year.

**A Preventive Work Environment**

Relacom aims to be top of its class when it comes to employee safety and commitment. A safe and pleasant work environment allows our employees to develop and to deliver high quality service to our customers. Relacom always prioritizes our employees’ and customers’ health and safety. We strive to achieve our vision of zero accidents. The foundation for achieving this goal is following legislation and rules.

Health and safety considerations are included in all collective bargaining agreements and supplementary contracts are agreed upon with various labour organizations on an on-going basis. Relacom’s Central Protection Committee meets to discuss work

environment-related issues such as accidents, incidents and changes within the organization every three months. These meetings focus on measures for reducing sick leave and injuries based on the available statistics in three main reporting categories: accidents that result in sick leave, accidents that do not result in sick leave, and incidents (near misses). We compile these data in a database based on reports filed by managers.

ACCIDENTS AND SICK LEAVE STATISTICS  
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	2018	2017	2016
Injuries*	6	6	4
Work-related accidents resulting in death	0	0	0
Days lost due to work-related accidents	8	10	11
Sick leave as a percentage of total work time**	2.9	2.7	3.2

\*Injuries include work-related accidents that led to sick leave  
\*\*Average for the entire year

**Professional Development**

We identify needs within the organization and create training opportunities that meet them. In part, the range of training offered is determined by Relacom’s overarching strategies as stated in our business plan, requirements imposed by our customers and input from managers based on professional development interviews held with staff. By taking this approach, we give our employees better opportunities to develop and also strengthen Relacom’s collective expertise at the same time.

The same opportunities for professional development must be available to all staff, regardless of whether they are technicians, managers, or administrative staff. Relacom also offers professional development programmes to our employees.

**Competence**

The annual professional development interviews that managers hold with their employees are the primary tool in the

company's competence development process. The overall purpose of the process is always to ensure employee development, high-quality service for our customers and Relacom's preparedness for future challenges. It is also important to give employees and managers an opportunity to review workplace well-being and to note whether anything needs to be changed or reinforced.

The professional development interview also serves an important function in connection with Relacom's efforts to maintain a healthy work environment. It allows managers to ensure that employees have the skills needed in the work environment on a running basis and that there are no problems in employees' day-to-day working life.

### Environmental Work

Our environmental work aims to find solutions that are both good for the environment and that benefit our customers and employees. Energy, climate, work in sensitive areas, chemicals and waste are focus areas within our environmental work. We haven't had any injunctions for fines or sanctions for environmental crimes in 2018.

### Climate

Our environmental work aims to find solutions that are both good for the environment and that benefit our customers and employees. Energy, climate, work in sensitive areas, chemicals and waste are all focus areas. Relacom did not receive any injunctions, fines, or sanction fees for environmental misdemeanours in 2018.

### Energy Efficient Services

Energy use in the form of electricity, heating and cooling is one of our most critical environmental issues. It is still difficult to pinpoint the exact amount of energy used at our smaller, rented offices, where electricity and heating are included in the leasing fee. Our real estate division is responsible for

establishing procedures for reporting on and following up energy use together with our property owners.

Relacom is working to develop energy-efficient products and services. As a starting point, we have installed a number of systems with electric charging posts for vehicles. This is a business area that has grown considerably in 2018. We can also install solar panels and intelligent indoor solutions for connected devices that positively affect power consumption.

### Waste

Both waste minimization and responsible waste management are vital for reducing our environmental impact and ensuring sustainable development. Waste management procedures are an integrated part of our operations. Through our agreement with a waste contractor, we can both reuse and recycle waste generated by our operations. The same requirements and procedures for handling waste also apply to our subcontractors.



Our ambition is to ensure that all waste from our own operations is recycled as quickly as possible. All our places of business have collection stations for waste. We have also implemented procedures for proper waste handling and transportation for locations where we carry out assignments other than our offices.

**Waste Minimization Well-established in Our Company** Our IT help desk manages the company's hardware, telephone entry

system, alarms and IT technology aids. Our goal is to minimize electronic waste by recycling everything that can be reused. For example, our technical department has a repair unit that fixes products and replaces parts so that devices can continue to be used. Our waste management programme follows the waste hierarchy, with a focus on minimizing waste to an increasing extent through purchasing controls and the reuse of purchased products.

### **Cooperation with Suppliers**

Carefully considered purchases allow Relacom both to reduce environmental impact and to lower actual purchase costs. Relations with our suppliers are characterized by high-level business ethics, objectivity and professionalism. Relacom's purchasing policy requires that all our suppliers comply with our code of conduct. We only work with suppliers who meet our stated requirements concerning quality, environmental impact and ethical guidelines.

Relacom's qualification process for contractors also includes accepting a code of conduct. The code is based on international agreements regarding human rights, employment relationships, corruption, the external environment and sustainable development. All Relacom suppliers must likewise comply with these same requirements, so that they are aware of our expectations.

### **Customers Relations**

To create and maintain a world-class business, a company must understand and satisfy its customers' needs and expectations. Relacom focuses on establishing a close dialogue with its customers and suppliers through recurring meetings in which needs and expectations are identified. Our customers expect Relacom to actively pursue quality assurance and sustainability, including reducing our environmental impact, ensuring a safe workplace and being socially

responsible. Our customers also expect the same of our suppliers and contractors, and we monitor our collaborators' compliance with their requirements. Supplier follow-ups by our customers increased in 2018, both in the form of field visits to our project sites and document audits. We welcome this and appreciate that customers verify and confirm our sustainability efforts.

Relacom has not identified any instances of non-compliance with laws or regulations concerning the provision and use of our products and services.

Relacom is very well aware of the importance of our customers' secrecy. We have therefore implemented procedures to ensure that customer data is handled safely. Our efforts resulted in no reports of lost customer data in 2017.

### **Process for Handling Customer Complaints**

Customer complaints registered within a predefined period are analyzed and monitored in accordance with the agreements signed with our customers. Follow-up takes place at recurring progress meetings for each customer agreement. In addition to this, a few spontaneous complaints are handled by our Relacom Customer Center, with measures and feedback being provided to the customer via area managers in our production unit.

### **Follow-up & Measures for Increasing Customer Satisfaction**

We believe that dialogue with our customers is the cornerstone for developing our business.

One example that supports our approach is a project in which we developed the concept of "robust fibre" together with operators, contractors and Sweden's National Post and Telecom Agency (PTS). The project included the following aims:

- Increase knowledge about fibre plants and how to build them.
- Describe and claim an acceptable level of space for a robust fibre plant.
- Ensure that industry stakeholders apply the results.
- Define industry-wide concepts and terminology.
- Lay the foundation for certification procedures where competence will be ensured by contractors and their staff.

Relacom holds the no. 4 business certification under the robust fibre initiative and is also certified in inspection, training and fibre technology.

Another successful example of leveraging dialogue is found in our cooperation with our largest customer, in which we use Net Promoter Score (NPS) as a tool to monitor how they rate their suppliers. Our customer provides feedback to our suppliers on how they networked and how the end-customers rated the collaboration regarding the construction and deployment of public mobile networks, indoor coverage and no-place communications platforms. Relacom AB holds a top ranking in all of these areas, providing proof that our processes work and that both our attitude and expertise meet their expectations. At our peak, we achieved a score of 71 on the NPS scale for one of the product segments.

### **Safeguarding Personal Data & Integrity**

Safe and reliable information is vital to Relacom's success in achieving its business goals. Our customers, suppliers and employees depend on receiving the right information at the right time. Information security refers to the protection of information and information systems. Efforts to ensure information security should be preventive and, as far as possible, lead to the elimination of shortcomings in privacy accuracy, accessibility and traceability.

