

Sustainability Report 2021







Netel contributes to a sustainable society

Netel is a leading specialist in critical infrastructure projects in Northern Europe.

Netel provides access to modern and effective communications services that improve inclusion and cultivate opportunities for sustainable social development.

Netel contributes to greater access to sustainable, renewable energy and better energy efficiency. Netel also actively strives to reduce its own climate impact.

Netel promotes a safe and secure work environment for its employees as well as those of our subcontractors and suppliers.

Netel's service make a more sustainable society.

Principles for our sustainability efforts

At Netel, sustainability is an integrated part of the business strategy and ingrained at the highest management level. Sustainability efforts permeate day-to-day work throughout the organisation. By acting responsibly and sustainably throughout the entire value chain, Netel cultivates trust and builds a strong brand.

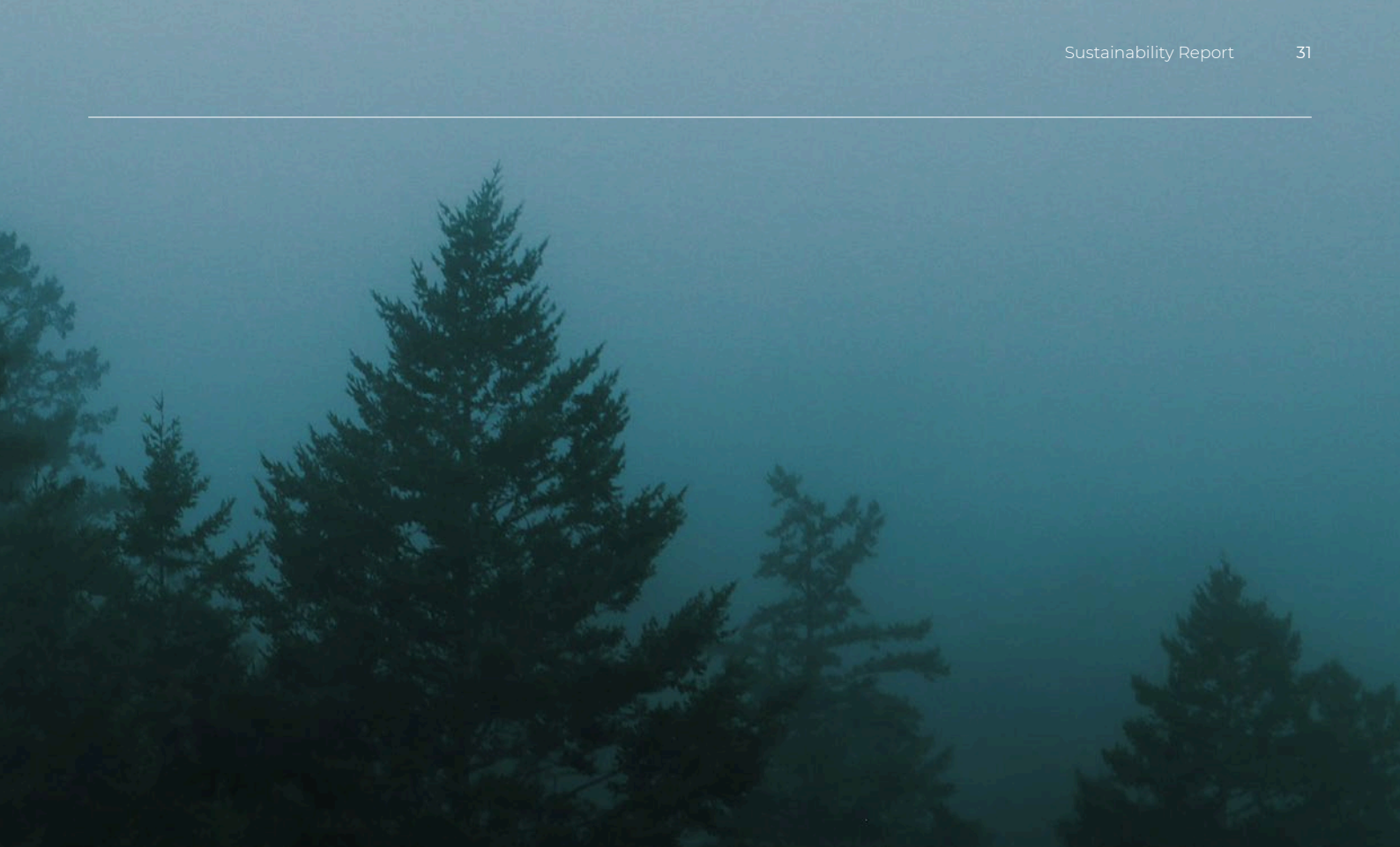
Everything that Netel does is to be done in a responsible and sustainable way, adhering to high ethical standards. We also place extensive demands on our subcontractors and suppliers. Netel has built its long-standing customer relationships and leading position by focusing in particular on sustainability. For us, high ethical standards, good work conditions and environmental responsibility are priority issues that have always distinguished the business.

Netel is a UN Global Compact member and supports to the principles regarding human rights, labour, the environment and corruption. The UN Global Compact's principles and a number of international guidelines form the basis of our Code of Conduct that extends to both employees and recurring major subcontractors and suppliers. These guidelines include, among other things, the UN Universal Declaration of Human Rights, the ILO (International Labour Organisation) Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. The Group also has a strong focus on Agenda 2030, the UN Sustainable Development Goals, the Paris Climate Agreement and our own ability to reduce our carbon footprint.

On 14 July 2021, the European Commission adopted the European Green Deal, which aims to make Europe the first climate-neutral continent by 2050. The goal is to reduce the emission of most greenhouse gases by producing more green energy, smarter transport systems and new jobs, thereby resulting in a cleaner environment and generally improved quality of life. Netel fully supports the EU initiative.

Our core values

Netel's fundamental value is that the Group's success depends on the skills and dedication of each employee. We see favourably upon and encourage employees to take initiative for further development. At Netel, all employees must be able to express themselves, openly and honestly. We also feel that good health is paramount to good results and well-being. By being an attractive workplace, Netel cultivates long-term values for customers and the community.



We employ the principle of freedom with responsibility, and spread intense responsibility throughout the organisation. Netel puts a premium on retaining the characteristics of the “small” company with short decision-making and close dialogues among all employees. Our management is to always maintain an “open door” culture.

Our overall objective is to be a stable
organisation with profitable
growth that offers stimulating and
meaningful employment for our
employees.

We believe in respect for each other as individuals and welcome self-initiative and our employees' efforts to grow together with the company. Netel is a down-to-earth company that values quality.

Netel will always behave and act in such a way that the Group constitutes a respected member of the business community and society. We advocate competition and equal treatment of companies or other players, regardless of size.

Netel's value chain

As a leading player in planning, development and maintenance of infrastructures for telecom and power, Netel creates significant direct and indirect values.

The direct values are created through the Group's approximately 658 employees in four countries. Furthermore, Netel employs about 2,500 individuals at subcontractors who carry out the construction and assembly work in the projects. After more than 20 years in the industry, Netel's sales have grown to over SEK 2.4 billion and the Group has solid experience of infrastructure projects for telecom and power.

Netel's operations and project run by the Group have a considerable positive impact on society. Projects within power contribute to better energy efficiency, greater use of renewable energy and are a requisite for being able to meet society's need for, among other things, more housing. The expansion of telecom advances inclusion and cultivates opportunities for sustainable social development. Additionally, Netel often uses local resources in projects, thereby generating positive economic and environmental gains for society.

Projects run by Netel are technically advanced and demand in-depth knowledge about high-voltage work, running heavy vehicles and ground works. The technical complexity and risks associated with the execution of these tasks demand high safety awareness as well as knowledge and experience among employees, subcontractors and suppliers. Netel's operations are subject to considerable regulations and legislation in terms of the natural environment and work environment, which also demands detailed knowledge.

The Group's operations are characterised by a high level of responsibility for the natural environment and work environment. Netel endeavours to reduce transports, lower the amount of waste, boost material recycling and use green resources. Through strengthening its focus on sustainability issues, Netel has cultivated long customer relationships with the largest telecom and power suppliers in the Nordic region.

Netel's operations rest on the Group's core values which permeate all activities and decisions. Read more about the core values on page 52.

Assets

658 employees
Operations in four countries
Employs 2,500 individuals
More than 20 years of experience
Long-standing customer relationships
Service fleet with approximately 160 vehicles

Operations

Leading player in planning, development and maintenance of infrastructures for telecom and power.

Telecom

Fixed
networks

Electric power

Service and maintenance

Revenue 2021 **2,418** MSEK
Adjusted EBITA in 2021 **177** MSEK

Netel's core values

Proximity. Commitment. Credibility. Efficiency. Long-term perspective.

Value creation 2021

Employees

Salaries, remuneration and pension

MSEK **496**

Subcontractors and suppliers

Purchase of services, material and products

MSEK **1,558**

Society

Social security contributions and tax paid

MSEK **108**

Business

Reinvested profit

MSEK **66**

Value creation

Customers

Netel delivers high-quality services quickly and efficiently. Netel strives to establish close customer collaborations and long-term customer relationships.

Employees

Netel offers a stimulating and safe work environment with short decision-making, high safety awareness and many opportunities for growth and development.

Subcontractors and suppliers

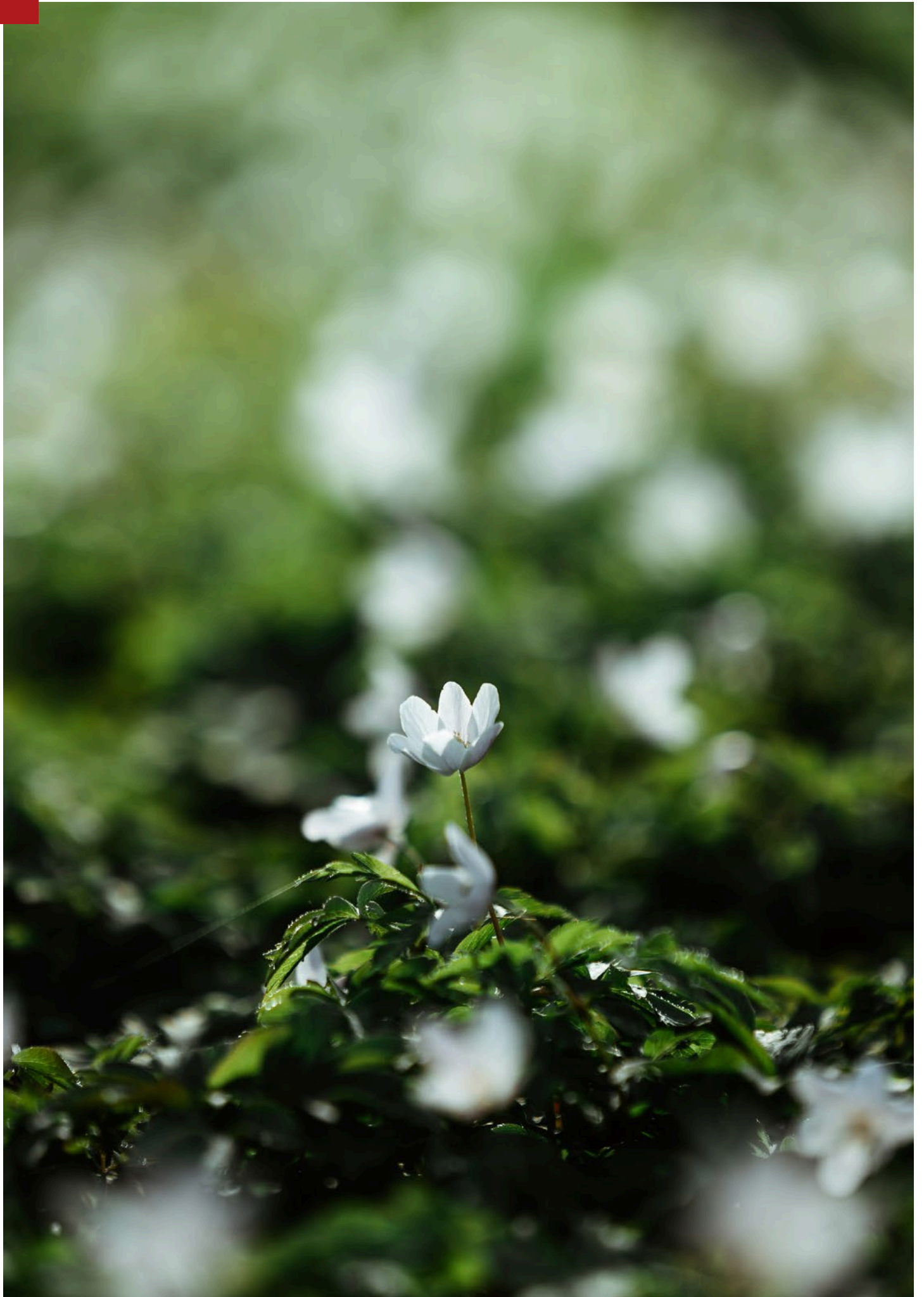
Netel is an attractive partner that seeks out long-term supplier relationships and offers many opportunities for subcontractors and suppliers to deliver high quality and create safe, stimulating work environments.

Society

Netel uses local subcontractors and suppliers which generates jobs in many geographical locations and in places outside the big-city regions. Netel has a high level of safety awareness and offers safe work sites. Netel has a sustainability focus, prioritises renewable resources and strives constantly to minimise the projects' environmental impact. Netel's customer projects typically have a positive environmental impact through more efficient energy use and greater inclusion in society.

Owners

Netel's objective is to create shareholder value through long-term profits and sustainable growth.



Netel's contribution to the UN Sustainable Development Goals

Netel contributes in several ways to the sustainable development goals (SDGs) adopted in September 2015 by the UN General Assembly. Below are the SDGs to which Netel contributes most and for which Netel actively works.

Goal 7. Affordable and clean energy

Goal 7 aims to give everyone access to sustainable, reliable and renewable energy and clean fuels. Netel develops both large and small energy projects that contribute to increasing the share of renewable energy and more energy efficiency. By securing the distribution capacity in the power networks, Netel contributes to sustainable social development. The Group works actively to reduce its own carbon emissions and increase the share of renewable energy.



Goal 8. Decent work and economic growth

Goal 8 aims to promote sustainable, inclusive and substantial economic growth, full and productive employment with decent work for all. Netel promotes a safe and secure work environment for everyone, including its own employees as well as those of subcontractors and suppliers.



Goal 9. Industry, innovation and infrastructure

Goal 9 aims to build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. Netel plans and develops infrastructures for mobile communications, fixed telecom networks and power networks. Netel makes it possible for every to have access through modern and efficient services through its projects.



Goal 11. Sustainable cities and communities

Goal 11 aims to make cities and human settlements inclusive, safe, resilient and sustainable. Netel builds smart, sustainable communities with access to clean energy and reliable infrastructures for telecom and power.



Goal 13. Climate action

Goal 13 aims to take urgent action to combat climate change and its impacts. Netel works to lower carbon emissions in its operations by making transports more efficient and increasing the use of renewable energy.



Goal 16. Peace, justice and strong institutions

Goal 16 aims to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. Netel fosters transparency both internally and among subcontractors and suppliers in order to provide fair conditions and compliance free from tax evasion, social dumping and corruption.



Reduce climate impact

To reach the goals in the Paris Agreement, everyone must contribute by reducing their carbon emissions. Within Netel, decisions are made each day which impact emission levels. Operations are characterised by great awareness of the importance of lowering the Group's energy usage and emission levels.

Indicators and targets

Netel's sustainability indicator Climate Impact covers carbon emissions from our own vehicle fleets in Norway and Sweden. The target is to reduce the amount of carbon emissions per driven kilometre.

**Climate impact
CO₂ emission per driven
kilometre**

2021
113
g/km

Netel is to run its operations using energy and resources as efficiently as possible. We strive to lower carbon emissions by prioritising renewable resources and making transports more efficient.

Netel's largest direct environmental impact occurs at the time of transports to and between sites. Our own vehicles are used when servicing existing sites and when planning new projects. In construction projects, larger vehicles are used, for example, to transport material to sites.

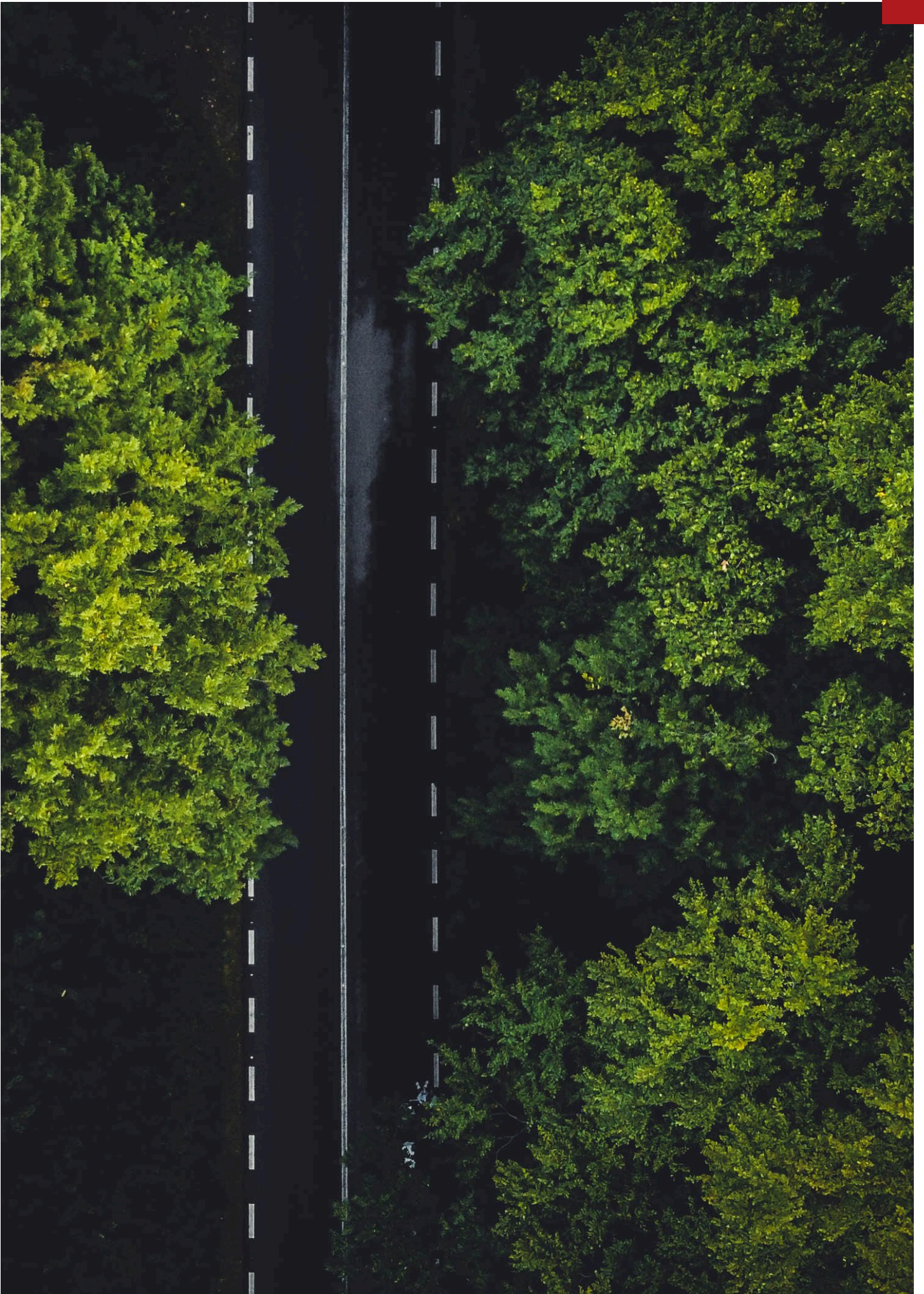
Netel can reduce its climate impact by making environmentally friendly vehicle choices and by ensuring efficient logistics throughout the value chain. We regularly review the vehicle fleet and want modern, high-performance vehicles that have less environmental impact. Since the sites which Netel maintain often require long journeys, electric cars are not yet an alternative for the entire vehicle fleet. Electric cars are prioritised in situations where they can meet the operation's prerequisites.

2020
189
g/km

Smart transport logistics is paramount to reduce environmental impact and ensure high efficiency. Netel strives to reduce the number of transports to the sites by, for example, bundling its material deliveries together to as few as possible and coordinating transports between sites. Efficient transport logistics also requires good cooperation with subcontractors, suppliers and customers.

2019
198
g/km

We have green energy agreements for our own offices and premises. The Code of Conduct for subcontractors and suppliers stipulates that we require our partners to have an energy plan in place to lower their energy consumption and climate impact.





Focus on the environment

In order to have the least possible negative environmental impact, Netel's entire organisation takes a preventive approach. This means that we continuously identify, analyse and update material environmental aspects of our operations in order to prevent, prioritise and minimise risks. We always adopt the precautionary principle to environmental issues.

For us, environmental consideration extends beyond compliance with laws, regulations and government requirements. We want employees throughout the organisation to take the environment into consideration in every decision. We prioritise the use of recyclable materials and opt to use chemical products that are least hazardous to health and the environment. Netel always avoids substances harmful to the environment. We want to stay up-to-date regarding the latest technology so that we can choose the best green alternatives when completing our assignments. Our objective is to reduce the amount of waste and sort at source whenever possible.

Living up to our high environmental standards demands that our employees are educated and dedicate, and that they work to make steady improvements in environmental issues. Furthermore, it is vital that we have excellent emergency preparedness in case of accidents or release of hazardous substances. In an emergency, Netel is to take swift action and immediately prepare a complete action plan.

Netel is to reduce the amount of waste and sort at source whenever possible.

Providing services that take the greatest environmental consideration also demands a close, structured collaboration with customers, subcontractors and suppliers. In our Code of Conduct for subcontractors and suppliers, we specify detailed requirements related to the environment. Obviously, we require that subcontractors and suppliers act in accordance with relevant local and internationally recognised environmental standards. Similarly, they are to comply with local and national regulations on wastewater management, and they may not exceed the legal emission limits for air pollutants. They shall ensure that hazardous substances are safely handled and stored, and that they have an emergency plan to deal with unintentional release of hazardous materials. They shall also guarantee that their employees have the necessary training.

Our Code of Conduct for subcontractors and suppliers also requires that they have environment management systems to prevent or alleviate the company's environmental impact. Similarly, they are to comply with the Restriction of Hazardous Substances Directive (RoHS Directive) adopted by the EU concerning electrical and electronic equipment as well as material recycling from electronic waste. Further, we require compliance with the EU's Registration, Evaluation, Authorisation and Restriction of Chemicals Regulation (REACH Regulation).

Strong focus on the environment produces satisfied customers

Power installation company Nett-Tjenester AS has long taken a structured approach to environmental issues and in 2020 it received the Norwegian certificate Miljøfyrtårn (Eco-Lighthouse). Through Miljøfyrtårn, customers gain access to an easily accessible follow-up system.

Nett-Tjenester is a Norwegian company that has been a part of the Netel Group since 2017. The company plans, develops and leads power projects. The business, staffed by just over 100 employees, operates primarily in Eastern Norway.

In 2019, management together with Lars Håkan Langgård, HMS and Quality Manager at Nett-Tjenester, initiated the process of applying for environmental certification. The initiative was foremost driven by customers who demanded more detailed information about waste management and carbon emissions.

"It took longer than we expected to prepare for certification," says Lars Håkan Langgård. "Enormous dedication and effort was required from many people in the company to review all the risks and to gather and compile all the statistics."

In December 2020, Nett-Tjenester was awarded the attractive Miljøfyrtårn certificate. The Norwegian environmental management system Miljøfyrtårn is the first EU-approved national system in Europe.

All employees in the company are aware of and engaged in Nett-Tjenester's environmental targets. Management follows-up on the targets twice a year and the results and action points are announced to the entire company. One of the latest measures taken is Nett-Tjenester's investment in its own hazardous waste containers that make sorting more effective and safer.

The environmental certificate has also made customer contacts smoother and more efficient. Customers who want data on carbon emissions and waste management, for instance, can access Miljøfyrtårn themselves to find the data.

"Certification came at the right time," notes Lars Håkan Langgård. "Because of the certification, we have won new customers with strict environmental demands, and the audits our existing customers make at our sites go considerably smoother since we already have many of the answers compiled in Miljøfyrtårn."



Safe workplaces

Our goal is for no one to be injured while carrying out assignments for Netel. Our operations are associated with work environment risks and Netel works proactively to prevent and avoid such risks.

Indicators and targets

Netel's sustainability indicator Occupational Health and Safety refers to reported accidents involving company employees that resulted in hospitalisation or sick leave. The indicator covers all companies. The target is zero work-related accidents.

Occupational Health and Safety Number of accidents



An important prerequisite to risk mitigation is that operations are planned so that safety, health and protection are prioritised. Obviously, all laws, regulations and government requirements are to be met, and employees are to have relevant training and experience to carry out their tasks.

Employees, unions, safety committees and corporate healthcare are included in our ongoing efforts to continuously improve our health and safety agenda. A basic assumption is that the employees take responsibility for their own and others' safety and do not put anyone at risk. Employees who discover risky situations or behaviours are to report this to their nearest supervisor.

To prevent work-related accidents, we impose detailed requirements on our employees, subcontractors and suppliers. Everyone must always use appropriate safety gear, for example, safety harnesses and fall protection equipment when working on high heights. Work on electric equipment, circuits and tools must always be carried out in accordance with regulations and no one may carry out electrical work without appropriate qualifications.

Netel has a zero tolerance policy towards alcohol and drugs. Traffic safety is highly prioritised and drivers operating a vehicle may not use mobile phones for calls, text messages or email. Likewise, drivers and passengers are required to use seatbelts. Drivers must always operate the vehicle at a speed and in a safe way that takes into account road conditions, surface and type of vehicle.

The Code of Conduct for subcontractors and suppliers stipulates the same requirements that we impose on our employees. Furthermore, we require that subcontractors and suppliers carry out and maintain extensive risk assessments and have methodical reporting systems in place to minimise risks.

According to the Code of Conduct, subcontractors and suppliers must have an occupational health and safety plan that includes fire safety which must be reviewed and updated every year. They are also to ensure that their personnel have the right training in terms of first-aid procedures and equipment. In addition, we require that they have a representative in the management team who is responsible for occupational health and safety for all personnel and that they carry out their work in accordance with internationally recognised standards.



Motivated employees

Netel preserves a respectful environment for all employees where employees trust each other and the company. An important part of good health for employees is to feel motivated in their work.

Indicators and targets

Netel's sustainability indicator Employee Loyalty refers to the Employee Net Promoter Score (eNPS), which measures how loyal employees are and is based on the question "How likely is it that you would recommend your employer to a friend or acquaintance?"

The indicator covers all companies. The target is to improve employee loyalty.

Employee Loyalty eNPS



Netel believes that motivation is created by every employee recognising and understanding the operation's vision and goal, as well as the role and importance of their own work. It is also important that the employees can influence their own work situation and have necessary authorisations to do so. Motivation is also created by all parties being given the possibility for skills development.

An important tool to create motivation and trust are the employee appraisals that are carried out at least once a year. Netel also emphasises its "open door" policy meaning that employees are close to management and that Netel continues to act as a "small" company. New employees are to be taken care of respectfully and swiftly introduced to the operations.

Netel builds important communication networks and sees the benefits they bring to society, individuals and companies. We are also aware of the stress and negative health effects digital technology can cause when employees always are available. Therefore, we have clear guidelines at Netel for which times digital communication may take place and how it should be structured to be handled efficiently.

Netel wants salaries to stimulate engagement, workplace satisfaction and motivation so that the Group's results are impacted in a positive way. Justified and competitive salaries are important to attract, recruit, develop and retain employees. Salaries are harmonised according to current collective bargaining agreements, and other parts of the salary policy are to be well anchored and communicated to coworkers and managers. For all salaries, the "grandfather principle" is applied and salary adjustments are made according to current collective bargaining agreements and when changing role. Netel does not accept unjustified salary differences.

Good leadership is of highest importance to Netel, which means that managers are responsible for both daily operations and every employee's well-being and development. Leadership assumes proactively working in a solutionoriented way together with the employees in the organisation and external parties. Effective and respectful leadership also includes clear communication to each employee about what is expected of them on an individual basis and how these expectations harmonise with Netel's vision and goals.

Employee data	2021	2020	2019
Number of employees	658	414	437
Share women/men	7%/93%	12%/88%	13%/87%
Employee turnover	1.2%	3.1%	5.2%
Sick leave, average	4.2%	3.4%	3.1%

Age and gender distribution	2021	2020	2019
age 15–35, share women/men	3%/38%	5%/37%	6%/38%
age 36–50, share women/men	3%/30%	4%/31%	4%/31%
age 51–, share women/men	1%/25%	3%/20%	3%/18%

Dedicated leaders generate motivation

eNPS – which measures employee loyalty – is 100% at the engineering consultancy firm ICT. The key to the superior results is dedication and closeness, according to Anders Blom, CEO ICT.

ICT is an engineering consultancy firm that is part of the Netel Group. The company plans and leads both fibre and power projects. The business, staffed by some 20 employees, operates from offices in Hudiksvall, Stockholm, Västerås and Östersund.

Anders Blom, CEO ICT, has worked in the industry almost 40 years and has extensive insight into the area, which he happily shares. For many years, he has arranged training courses on request from customers and shared his experience of excavation and laying of cables. He still feels being out in the field is the best and does not hesitate to jump in wherever needed.

"I'm usually out in the field and I take the time to listen," says Anders Blom. "It's basically about tuning in to how the employees are doing. While it can take a few hours to talk with someone, the payback makes it worthwhile since I have motivated employees."

With 100% loyal employees, Anders Blom demonstrates the efficiency of Netel's open door culture of dedicated leaders who take responsibility for the well-being and development of every employee.

"I'm also particular about finding the right job for each employee," continues Anders Blom. "I don't want to force people to do a job they don't enjoy. For example, a project manager can get stuck with way too much administrative duties when he or she is better suited to being out in the field. I try to stay on top of those things so the right person is in the right job."

Customers also appreciate the excellent employee loyalty, effective leadership and short decision-making at ICT.

"The customers trust us, which is one of our most important success factors," says Anders Blom. "The best evidence of their confidence in us is the fact that we don't have to chase assignments. The customers choose to come to us."



Equal and fair work conditions

Every employee at Netel is to be treated equally and fairly. We place the same demand on equal and fair conditions in our Code of Conduct for subcontractors and suppliers.

Netel has zero tolerance for harassment and discrimination. Every employee is to have equal opportunities, regardless of ethnicity, faith, gender identity or expression, age, nationality, language, political beliefs, marital status, sexual orientation, disability or labour union membership.

On a regular basis, we follow-up and study attitudes within the Group to avoid and prevent discrimination and differences of treatment. We do so by paying attention to norms, structures and communication with the operations. Employee appraisals are another important tool in following up and studying norms and attitudes.

It is important that the managers have the time and opportunity to reflect on and analyse their own situation and that of their employees in order to identify potential risk patterns and prepare action plans to avoid incidents. After implementing an action plan or measure, the result is evaluated in order to ensure that the desired result has been achieved. Any incidents and suspected cases of discrimination and differences of treatment are to be reported to the immediate supervisor or to the whistleblower service.

The main areas prioritised in regard to follow-up, analysis and action are promotion and recruitment, skills development, employment conditions and salary, parenthood and general work conditions.

Netel strives to achieve an even gender distribution in various positions and jobs within the entire organisation. Netel sees good opportunities for development and works continuously for an even gender distribution throughout the business. Ideally, the workplaces should be made up of both men and women, and all parents should be able to combine work and parenthood.

Obviously, we respect the right to freedom of association, opinion and speech, as well as the right to collective bargaining. Netel does not accept any form of forced labour or child



labour.

We also require in the Code of Conduct for subcontractors and suppliers that they guarantee fair, non-discriminatory work conditions and that they respect human rights such as freedom of association, opinion and speech, as well as the right to collective bargaining.

Further, we have in detail regulated their employee contracts in the Code of Conduct for subcontractors and suppliers. Among other terms, we require that they have written, signed employment agreements in a language that the workers understand. The agreement is to include a guaranteed wage, regulate overtime remuneration, payment and the frequency of payments as well as the period of notice. Employees are also to be free to resign after a reasonable period of notice and are not obliged to pay a deposit in order to keep their job. Nor may suppliers apply wage deductions as a form of disciplinary sanction.

If workhours are not defined by local law, subcontractors and suppliers are to apply the eight-hour-workday principle or 48 hours workweek. No more than two hours of overtime per week is permitted and workers are to be given one day off after every six consecutive workdays. They must also ensure that the facilities, such as workers accommodations, are

Netel offers everyone equal opportunities.

hygienic and safe. Employees are to have good access to clean toilets, drinking water and hygienic storage and eating of food.

Suppliers are to have a clear policy for all conflict minerals and guarantee traceability in terms of origin for tin, tungsten, tantalum and gold.

How Netel monitors compliance with the Code of Conduct for subcontractors and suppliers is described in more detail on pages 54-56.

High business ethics

Netel has zero tolerance for bribery, corruption and fraud. We comply with all applicable international and national standards and laws pertaining to gifts, bribery and corruption. We act to combat undeclared work, money laundering, other financial crime and the influence of illegal activities.

Our employees or partners may not offer or arrange travel, give illegal or improper gifts, other services or benefits that cannot be reviewed and reported openly and in accordance with Netel's Code of Conduct. We do not accept gifts from suppliers unless the value can be deemed minor. Regardless of value, employees are always prohibited from accepting cash or the equivalent, such as sponsorship and personal discounts. When visiting suppliers, participating in conferences, exhibitions and so on, Netel pays all travel and accommodation expenses.

We do not accept anticompetitive practices. Netel stands for fair competition in tenders, procurement and purchasing. Likewise, we stand against undue influence, bribery, price fixing, cartels, abuse of market dominance and other types of manipulating tenders aimed to distort competition or that are in breach of current competition law.

At Netel, we have clear guidelines for how we will act in the event of conflicts of interest. If we are aware of a conflict of interest that can be assumed to constitute partiality, we are to voluntarily make it known and report it to the immediate supervisor. We are partial if the case concerns us or our spouse/partner, parent, child, sibling or any other immediate family or if the outcome of the case can be expected to provide particular gain or loss for ourselves or someone close. Partiality can also arise if there is otherwise a special circumstance that discredits confidence in our impartiality in the matter. The individual who is partial is not to take part in the decision.

Netel has zero tolerance for bribery, corruption and fraud.

Netel Group AB and all subsidiaries are politically neutral. Company funds may not be used to provide funding to political parties, organisations, candidates or holders of public office. Subsidiaries may make contributions to industry organisations after approval by Netel Group's Board of Directors. We may not offer or give undue advantage, benefit or incentive to a public official, international organisation or any other third party. This applies regardless of whether it takes place directly or through an intermediary.

Our work on monitoring and ensuring compliance with our policies is described in more detail on pages 54-56.



High quality in everything we do

Netel is to deliver products and services of consistent high value, quality and reliability. High quality and efficiency generate value and customer satisfaction.

Share of repeat
customers
2021

94%

Netel regularly measures customer satisfaction, which remains at a high, stable level. The share of return customers is also high at 94 per cent in 2021. To maintain good, longstanding customer relationships, Netel works to maintain close and frequent customer dialogues and to be a reliable and efficient supplier.

Share of repeat
customers
2020

97%

For all projects, Netel drafts a project plan involving quality, environmental aspects and work environment. The aim of the plan is to prevent errors in service or product, minimise harmful environmental impact and ensure that safety, health and protection are prioritised. Product safety is of the highest importance to Netel. According to us, quality is about controlling and continuously improving our processes and working towards quality targets.

High data security and customer integrity

We have a high consciousness and stringent routines regarding data security, confidential information and handling of suppliers' and customers' intellectual property rights. We are to always make sure that branding, goodwill, technology and knowledge are handled and transferred in a way that protects both our own and our partners' intellectual property rights.

Stakeholder dialogues

Netel's operations are of concern to a vast number of stakeholders. As part of our sustainability efforts, Netel has dialogues with key stakeholders, and their opinions form the basis for our priorities and focus areas in regard to sustainability.

Netel communicates regularly with stakeholder groups in various ways. For example, when planning day-to-day operations, and in discussions about sustainability during business meetings with customers and subcontractors. During customers' supplier audits, Netel gains deep insights into the customers' sustainability demands in both the short and long term. These insights are valuable for Netel's internal priorities and during the Group's dialogues with subcontractors and suppliers.

Netel is a member of the Swedish Construction Federation.

Stakeholder	Dialogues	Main topics for dialogue	Priority sustainability areas
Employees	Employee surveys, employee appraisals, workplace meetings, labour union collaboration, manager and employee training.	Work environment, safety, skills development. Attitudes, norms.	Motivated employees. Safe workplaces. Equal and fair work conditions.
Customers	Customer satisfaction surveys, business meetings, customers' supplier audits.	Occupational health and safety. Work conditions. Climate impact. Environmental risks and risks management.	Safe workplaces. Equal and fair work conditions. Reduce climate impact. Focus on the environment. Compliance with Code of Conduct for subcontractors and suppliers.
Owners and investors	Financial reporting, annual general meeting, investor meetings, press releases and news on the website.	Climate impact. Environmental risks and risks management. Governance and follow-up.	Reduce climate impact. Focus on the environment.
Subcontractors and suppliers	Business meetings, assessments, follow-ups and controls. Monitoring of compliance with the Code of Conduct.	Work environment, safety. Work conditions. Climate impact. Environmental risks and risks management. Compliance with the Code of Conduct.	Focus on the environment. Compliance with Code of Conduct for subcontractors and suppliers.
Other stakeholders – the industry, authorities, potential employees	Industry organisations, tradeshow, dialogues with municipalities and local authorities, vocational schools and university.	Work environment, safety. Work conditions. Environmental risks and risks management.	Safe workplaces. Equal and fair work conditions. Focus on the environment.

Materiality analysis

Netel has compiled its most important issues from a sustainability perspective in a materiality analysis. The materiality analysis includes the sustainability issues that are most important to the stakeholders and the sustainability issues that Netel has the greatest potential to influence.

As a part of the materiality analysis, the most important stakeholders completed an online survey in the spring of 2021. The survey was addressed to employees, customers, subcontractors and owners/investors. The stakeholders answered questions about which sustainability issues they feel Netel should prioritise in the coming years. The questions covered the areas environment, employees, human rights and society.

The materiality analysis is based on the stakeholder survey from the spring of 2021, other stakeholder dialogues and the Group's business intelligence and strategic priorities.

Issues ranked the highest in the materiality analysis where Netel weighed the Group's priorities and the stakeholders' priorities are:

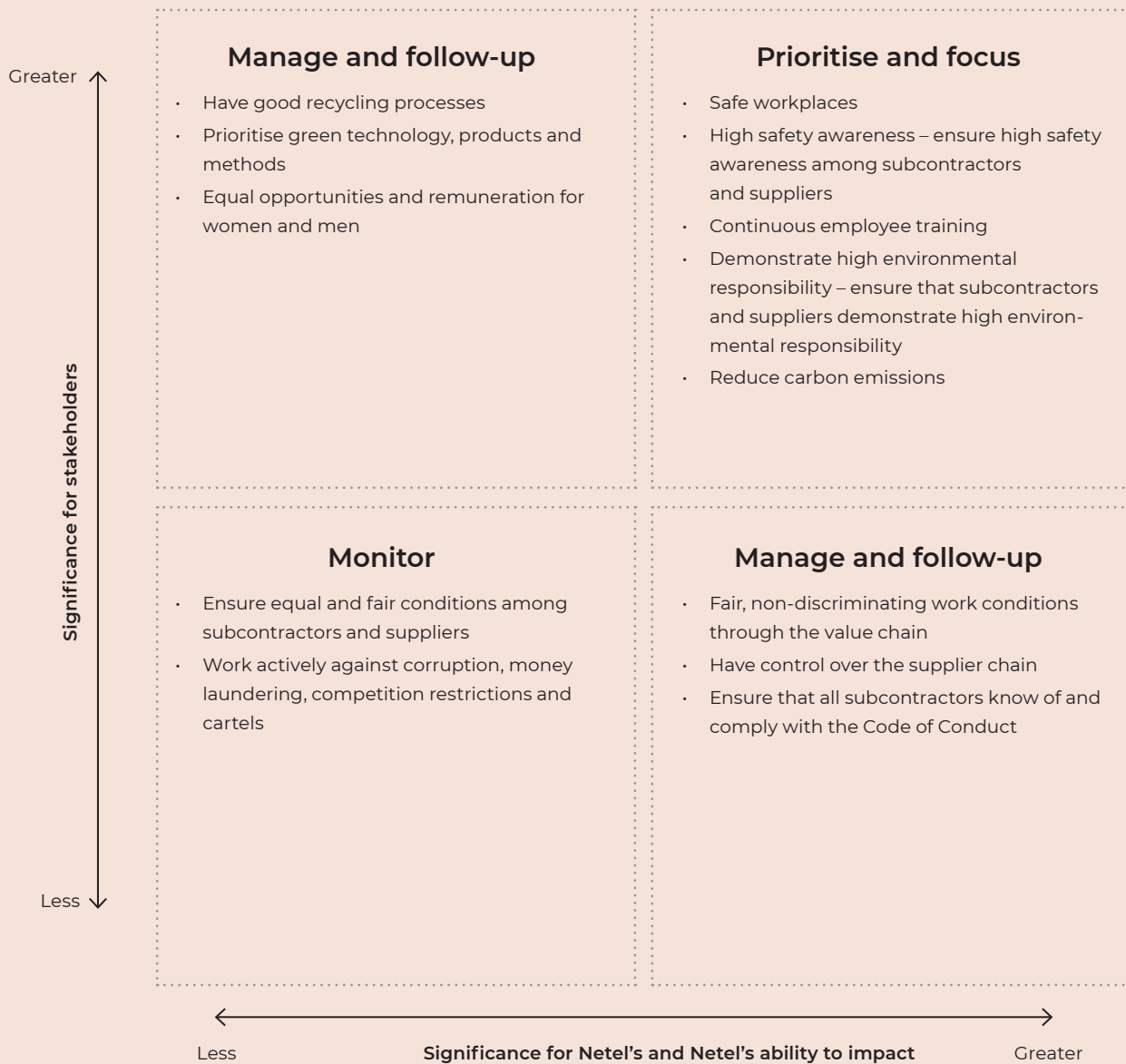
- Safe workplaces
- High safety awareness – ensure high safety awareness among subcontractors and suppliers
- Continuous employee training
- Demonstrate high environmental responsibility – ensure that subcontractors and suppliers demonstrate high environmental responsibility
- Reduce carbon emissions

The issues that the stakeholders in general ascribed less importance to were "Prioritise collaborations with local subcontractors and suppliers" and "Involvement in charity projects".

Netel's priority areas for sustainability

Reduce climate impact
Focus on the environment

Safe workplaces
Motivated employees



Netel's value words

Proximity

We shall work long-term and close to our customers, employees and suppliers. Before we undertake an assignment, we must know that we have access to the resources required to do a good job. We must be known for a close approach with short decision-making and be responsive to customer interests.

Efficiency

We must constantly strive for the highest possible quality in an efficient way. By being efficient, we create added value for our customers.

Credibility

We must create credibility both internally and externally by working with knowledge and professionalism. Our customers must feel secure when they engage us. We must always behave with good business ethics, competence and professional skills. We must have good planning, do the right thing from the beginning, eliminate risks and deliver the promised quality and time. We must comply with laws and requirements, choose the best possible technology, prioritise renewable resources and avoid environmentally harmful substances.

Commitment

We must get involved in our customers, suppliers and in each other. We must be a personal and committed company. With our knowledge, experience and commitment, we must always give our customers that little bit extra.

Long-term perspective

We will strive for long-term relationships, both internally and externally. We will work to ensure that the business we conduct is long-term sustainable from an environmental perspective. Through an honest and open dialogue with our customers and suppliers, we will create and maintain long-term and good relationships. We will work to ensure that our work tasks can be reconciled with family and leisure interests.



Governance and organisation

Sustainability is an integrated part of the business process and sustainability issues are discussed regularly among the Board of Directors and Group management. The Group's CEO is ultimately responsible for the sustainability agenda. Managers in the subsidiaries are responsible for implementation of Group policies. Subsidiaries also have their own sustainability policies and guidelines, which have been adjusted to specific requirements and prerequisites within each operation. Group-wide policies are resolved yearly by the Board of Directors and adjusted as needed.

All employees, subcontractors and suppliers are to sign and pledge to follow the Code of Conduct. New employees are to be informed immediately about the Code of Conduct by their immediate supervisor and sign the Code. The Code of Conduct for subcontractors and suppliers is a part of the business agreements.

As subscriber to the UN Global Compact, Netel is committed to annually reporting on its efforts (Communication on Progress).

Monthly reporting

**Number of Code of
Conduct violations
2021**

0

Subsidiaries report central sustainability indicators pertaining to the work environment and ethics to the Board of Directors and Group management every month. An environmental impact assessment is done every year. Every subsidiary has a QHSE manager (quality, environment, and occupational health and safety manager).

**Number of Code of
Conduct violations
2020**

0

Subsidiaries make independent decisions regarding certifications and other quality seals. Decisions are based on, for example, industry best practise, customer requests and business value.

All violations against the Code of Conduct are reported to Group management and severe deviations are reported to the Board of Directors. Measures taken following Code violations are decided by Group management and, in the case of serious violations, the Board of Directors decides on potential sanctions. Deviations may lead to disciplinary measures and termination of employment. No Code of Conduct violations were reported in 2021.

Anyone who suspects a deviation from the Code of Conduct must immediately report it to their immediate supervisor or use the Group's whistleblower service. Reports made through the whistleblower service are handled anonymously by an independent external party. See page 56 for more information about the whistleblower service.

Code of conduct for subcontractors and suppliers

Recurring partners with annual revenues exceeding SEK 500,000 are required to sign Netel's Code of Conduct for subcontractors and suppliers. Netel conducts field audits and controls of these subcontractors and suppliers to ensure compliance with the Code of Conduct. The heads of the subsidiaries are responsible for these audits and controls, as well as assessments and potential measures. The audits are reported and followed-up by Group management. No field audits at subcontractors were carried out in 2021 due to the pandemic. It is Netel's ambition to resume its field audits at subcontractors and suppliers as soon as possible.

Violations of the Code of Conduct with subcontractors and suppliers are to be reported immediately to Netel and can lead to termination of the partnership. Existing orders and assignments can also be terminated.

Customers provide essential insight

The customers' supplier audits are significant for Netel's sustainability efforts since they provide insight into what customers expect in areas such as sustainability. Outcomes and experience from customer audits is shared among the Group management and Board of Directors.

Governance

UN Global Compact.

Group-wide policies resolved by the Board of Directors:

- Code of Conduct
- Code of Conduct for subcontractors and suppliers¹
- Environment Policy
- Health and Safety Policy
- HR Policy

Control and follow-up

Customer audits and customer meetings.

Audits of subcontractors and suppliers as well as meetings with subcontractors and suppliers.

Monthly and quarterly reports to the Board of Directors and Group management.

Certification processes.

Project meetings.

Employee surveys and employee appraisals.

Customer satisfaction surveys.

Anonymous independent whistleblower service

¹ Code of Conduct for subcontractors and suppliers is resolved by Group management. Other policies are resolved by the Board of Directors.

Number of reported incidents to the whistleblower service

2021

0

Netel has a whistleblower service that is administered by an external, independent party. Anyone who suspects misconduct and violations of Netel's Code of Conduct can file an anonymous complaint via the whistleblower service. The whistleblower service can be reached at <https://netelgroup.whistleblower-eu.com/Report/Create#root>

2020

0

No cases were reported to the whistleblower service in 2021.

Certifications

Netel's subsidiaries make independent decisions regarding certifications and other quality seals. Decisions are based on, for example, industry best practise, customer requests and business value. The Group has the following certifications:

Brogrund Mark AB

Quality, environmental management and occupational health and safety certification in accordance with ISO standards 9001:2015, 14001:2015 and 45001:2015.

Brogrund Entreprenad AB

Quality, environmental management and occupational health and safety certification in accordance with ISO standards 9001:2015, 14001:2015 and 45001:2015.

Oppunda Kraftkonsult AB

Quality, environmental management and occupational health and safety certification in accordance with ISO standards 9001:2015, 14001:2015 and 45001:2015.

Netel AS

Certified in accordance with the environmental management system Miljøfyrtårn.

Nett-Tjenester AS

Certified in accordance with the environmental management system Miljøfyrtårn.

Sustainability risks and risk management

To a great extent, Netel's sustainability risks are related to daily operations and are often controllable, which is why they are generally regulated through policies, guidelines and instructions. Managing these risks is part of Netel's day-to-day business process.

Risk	Description	Management
Violation of environmental laws and deficient environmental protection.	Netel's projects are covered often by environmental protection laws and guidelines, such as recycling and emissions and noise levels. There is a risk that individual employees or subcontractors break environmental laws and guidelines.	Clear project plans and project responsibility that involve laws and guidelines within, among other areas, the environment. Continuous employee training about environmental laws and guidelines. Code of Conduct for employees and for subcontractors and suppliers. Repeat audits of subcontractors and suppliers. Potential termination of relationship in the event of severe violations.
Operating equipment and vehicles that are unsafe and/or do not meet current environmental and occupational safety standards.	Netel and its subcontractors use an enormous amount of equipment and vehicles in their day-to-day operations, which are covered by environmental and occupational safety standards. There is a risk that equipment and vehicles are operated that do not meet environmental standards or are not used in accordance with occupational safety standards.	Clear responsibility for equipment and vehicles. Regular training of personnel who are responsible for equipment and vehicles.
Violation of work environment and occupational safety laws and regulations.	Netel's projects are often carried out in environments covered by particular occupational health and safety rules, such as high-voltage work. There is a risk that individual employees or subcontractors breach occupational health and safety laws and regulations.	Clear project plans and project responsibility that involve laws and guidelines within, among other areas, the environment. Continuous employee training about occupational health and safety-related laws and guidelines. Code of Conduct for subcontractors and suppliers. Repeat audits of subcontractors and suppliers. Potential termination of relationship in the event of severe violations.
Subcontractors and suppliers fail to follow laws and regulations related to labour laws and/or fail to pay taxes and employer's contributions for employees.	There is a risk that subcontractors and suppliers use temporary workforce and circumvent laws and regulations pertaining to labour law.	Code of Conduct for subcontractors and suppliers. Repeat audits of subcontractors and suppliers. Potential termination of relationship in the event of severe violations.
Audits of subcontractors have been delayed due to the pandemic.	Netel has been prevented from conducting audits in the field due to the pandemic.	Netel cannot assess the potential scope of the pandemic and its impact on society, but maintains a high level of readiness in terms of continued or new restrictions. Netel complements audits in the field with follow-ups of documentation and digital meetings.
Subcontractors and suppliers participate in forming cartels.	There is a risk that subcontractors form cartels in order to win tenders with Netel.	Netel works to maintain close, long-standing relationships with its subcontractors and suppliers. Code of Conduct for subcontractors and suppliers.

Sustainability report in accordance with the Swedish Annual Accounts Act

In accordance with the Swedish Annual Accounts Act, a sustainability report is to include the business model, policies, results of policies, material risks, management of risks and performance indicators. The table indicates where in this document the various areas can be found.

Area	Disclosure requirement	Environment
Business model	The Sustainability Report is to describe the company's business model.	
Policies	The Sustainability Report is to describe the policy that the company applies in the issues, including the review processes that have been conducted.	Environment Policy
Results of policies	The Sustainability Report is to describe the results of the policies.	Reduce environmental impact, pages 30-31 and 36. Focus on the environment, pages 30-31 and 38-39.
Material risks	The Sustainability Report is to describe the material risks pertaining to the issues and related to the company's operations including, when relevant, the company's business connections, products or services that probably have negative consequences.	
Management of risks	The Sustainability Report is to describe how the company manages the risks.	Reduce environmental impact, pages 30-31 and 36. Focus on the environment, pages 38-39. Sustainability risks and management, page 57. Governance and organisation, pages 54-56.
Performance indicators	The Sustainability Report is to describe central performance indicators that are relevant to the operations.	Climate impact CO ₂ emissions per driven kilometre, page 36.

Employees and social conditions	Human rights	Anti-corruption
Netel's value chain and business model are described on pages 32-33.		
HR Policy	Code of Conduct	Code of Conduct
Health and Safety Policy	Code of Conduct for subcontractors and suppliers	Code of Conduct for subcontractors and suppliers
Code of Conduct		
Code of Conduct for subcontractors and suppliers		
Safe workplaces, pages 30-31 and 40-41.	Equal and fair work conditions, pages 30-31 and 44-45.	High business ethics, pages 30-31 and 46.
Motivated employees, pages 30-31 and 42-43.		
Equal and fair work conditions, pages 30-31 and 44-45.		
Netel's sustainability risks and management of the risks are described on page 31.		
Safe workplaces, pages 30-31 and 40-41.	Equal and fair work conditions, pages 30-31 and 44-45.	High business ethics, pages 30-31 and 46.
Motivated employees, pages 30-31 and 42-43.	Sustainability risks and management, page 57.	Sustainability risks and management, page 57.
Equal and fair work conditions, pages 30-31 and 44-45.	Governance and organisation, pages 54-56.	Governance and organisation, pages 54-56.
Sustainability risks and management, page 57.		
Governance and organisation, pages 54-56.		
Work environment: Number of accidents, page 40.	Reported Code of Conduct violations, page 54.	Reported Code of Conduct violations, page 54.
Employee loyalty, page 42.	Number of incidents reported to the whistleblower service, page 56.	Number of incidents reported to the whistleblower service, page 56.

EU taxonomy

To achieve the 2030 climate and energy targets as well as the European Green Deal, the EU has drafted the EU taxonomy. The purpose is to provide a tool to direct investments towards sustainable projects and activities. The taxonomy is a classification system for what the EU considers sustainable economic activities. Netel is subject to the taxonomy since it is a listed company with more than 500 employees.

The taxonomy also approves activities in selected sectors that significantly contribute to at least one of the EU's environmental objectives or climate targets, while also doing no significant harm to the other objectives and meeting social objectives under the taxonomy.

Netel has analysed its operations to determine which activities are taxonomy-eligible based on the descriptions of the EU delegated acts and the underlying code information from NACE. The prudence principle was applied to the analysis and activities that are not clearly defined in the taxonomy are not included.

Netel has made the assessment that activities in the Power business area are eligible under activity 4.9 Transmission and distribution of electricity. According to the taxonomy, this includes the construction and operation of transmission systems that transport the

electricity on the extra high-voltage and high-voltage interconnected system, as well as construction and operation of distribution systems that transport electricity on high-voltage, medium-voltage and low-voltage distribution systems. In its analysis, Netel has assumed that national backbone, metropolitan area networks and local networks are part of the inter-connected European network.

Netel has also made assessments based on project level. If the primary activity of a project is eligible under activity 4.9 Transmission and distribution of electricity, the entire project is classified as an economic activity. The Group also has activities that comprise a smaller part of the total activities that could be taxonomy-eligible, such as construction of infrastructure networks for general transportation and district heating. However, Netel believes that these parts are not significant in scope and thus have been excluded based on a materiality perspective. Furthermore, Netel expects to report on more activities as the taxonomy is developed.

Netel has not identified any CapEx or OpEx purchased from suppliers with taxonomy-eligible turnover and for which activities result in a lower carbon footprint.

Group	MSEK	Proportion of taxonomy-eligible economic activities, %	Proportion of taxonomy non-eligible economic activities, %
Turnover	632	26	74
CapEx	0	0	100
OpEx	-511	23	77

Accounting policies

Turnover is the Group's consolidated net sales reported in the income statement and described in more detail in Notes 1–3. Turnover was taken from internal systems and the total turnover for projects in the Power business area that fall under activity 4.9 Transmission and distribution of electricity is used to calculate the proportion of taxonomy-eligible turnover.

Capital expenditure (CapEx) comprises investments for the year in tangible and intangible assets, which are defined in Notes 11–14. CapEx was taken from internal systems and the following allocation key was used to calculate the proportion of taxonomy-eligible CapEx:

total turnover for projects in the Power business area that fall under activity 4.9 Transmission and distribution of electricity as a share of the Group's total turnover.

OpEx includes short-term leases and is taken from internal systems. The following allocation key was used to calculate the proportion of taxonomy-eligible OpEx: total turnover for projects in the Power business area that fall under activity 4.9 Transmission and distribution of electricity as a share of the Group's total turnover.

In its analysis, Netel used information available on 28 February 2022.