UNLEASH THE POWER! COM HEM’S EFFORT TO STRENGTHEN THE DIGITAL WELLBEING

The wave of digitalisation that is now sweeping over all of us will gradually cause fundamental change to society – everything from consumption and travel to how we shape our political opinions and relate to the world around us. About half of all Swedish households are now able to connect to Com Hem’s network, making us a significant driver of digital Sweden.

We exist in order to unleash the power of our infrastructure, products and services to improve everyday life and give more people and small businesses access to powerful digital services. This comes with a great responsibility to ensure that digitalisation in Sweden is done in a sustainable way from a social, political, and environmental perspective. Sweden's continued position on the cutting edge of technology is important for economic growth as well as the environment.

Com Hem’s sustainability efforts are based on two focus areas – democracy and safety. It is in these areas that we see the biggest challenges. When it comes to democracy, the focus is on avoiding digital class divides in society. It is important that as many people as possible get access to new tools under the right conditions while obtaining the knowledge needed to be able to use these tools in a proper way. As for safety, a major hurdle toward positive digital development is the issue that people often do not feel safe online. This relates to everything from identity theft to internet bullying. Com Hem has a responsibility to ensure that people can feel safe in a digital environment and we strive to strengthen the digital quality of life in all of Sweden. Part of this work is about increasing knowledge and proper usage of digital services so that we, our customers, and other affected parties can better face challenges related to digitalisation, such as integrity, information security, and other forms of exposure on the internet.

Com Hem’s index for digital wellbeing

Com Hem has together with TNS Sifo developed an index for digital wellbeing (scale 0-100) based on three pillars; access to internet, knowledge about and safety on internet and attitude towards internet’s role in development of society.

Through increased understanding of the digital wellbeing of Sweden, we and other interested parties in society can better deal with the pit falls that prevent Sweden as a society from fully utilising the opportunities that come with digitalisation. Thanks to our large customer base and number of connected households all over the country, we have unique insights into Sweden’s digital wellbeing. It is important that we share these insights. That is why we launched Com Hem-kollen, a report that measures and describes the digital wellbeing in Sweden. The insights are presented in Com Hem’s index for digital wellbeing which tracks access, knowledge, and attitude toward the internet. With Com Hem-kollen we aim
to initiate a discussion with the telecom industry, politicians, and interest groups so that together we can contribute to the best digital development possible.

The result of the 2016 index was 82.3 out of 100. This is a high score, which is positive and in-line with Sweden being one of the most digitally developed countries in the world. Since this is the first year of the index, we cannot compare the result to previous years. We intend to track this index annually going forward.

One interesting conclusion from Com Hem-kollen is that a fast and reliable broadband is the most important factor when choosing a new home—even more important than proximity to parks and transportation. The results are relatively similar across demographics, but we notice that women and people over the age of 60 have a slightly lower score than others. In regard to security and safety, we see that parents of teenagers score lower, indicating they feel less safe on the internet compared to other demographics.

The fight against digital class divides

Digitalisation affects basically every aspect of society. It creates economic growth and opens up new opportunities for individuals and society as a whole. As an increasing number of services in society become digital and replace services that used to be physically accessible, everyone needs to be given the opportunity to get connected. Otherwise, parts of the population are at risk of becoming digital outsiders. However, securing access to the internet is not the only important factor. We also need to make sure that people have the right knowledge and awareness to be able to use the Internet and digital services in a proper way. Unfortunately, we also see that in some groups there is a widespread lack of knowledge and concern about increasing digitalisation and Internet use. That is why we engage in efforts to combat digital class divides by providing large parts of Sweden with a fast and stable broadband and actively collaborating with organisations that seek to increasing digital literacy. Active participation in the debate on digitalisation in Sweden is also an important part of our work.

Of course, our biggest impact on the digital society is our ability to give people access to the best digital services in the market by investing in infrastructure and services. In recent years we have invested billions in our infrastructure to increase access, speed, and stability. Through Bredbands-skolan at comhem.se we help our customers use our services as efficiently as possible.
The pursuit of a safe and secure Internet

Internet access among Swedes in recent years has been stable at just over 90 percent, and 82 percent use the Internet daily. A high degree of Internet usage comes with challenges. In particular, children and young people’s vulnerability on the Internet is a problem that is likely to increase with further digitalisation. Com Hem realises that we cannot solve these problems on our own. That is why Com Hem has partnered with Surfa Lugnt where we work with other companies in our sector, NGOs, and government bodies. Com Hem shares Surfa Lugnt’s vision to make the most of all of the positive aspects of young people’s Internet usage while providing adults with the knowledge and inspiration needed to be able to talk to their children about their lives on the Internet. As part of this partnership, during 2016, Com Hem has started volunteer classes for personnel, and will in 2017 go into schools to inform students as well as parents and teachers about how young people can stay safe on the Internet.

The product Trygg Surf offers our customers comprehensive protection for all devices used in a family, including computers, mobile phones, and tablets.

Information security is central to our operations, and beyond the laws, we also adhere to the ethical standards of our industry. During 2016 we experienced five minor incidents concerning breaches of customer privacy. All incidents have been handled and are closed. Our privacy and customer policies describe how we process customer data with the goal of being as informative and intuitive as possible. A natural part of our ongoing efforts to ensure compliance with information security requirements is our risk management work. This work proceeds from our Information Security Management System (ISMS), based on the ISO 27001 standard. The system is a framework of policies, procedures, and activities for systematically analysing, designing, and improving information security practices in our operations over time. Com Hem also has a personal data representative who reviews and ensures that we abide by all laws, regulations, and internal policies in this area. Com Hem is a member of IT&Telekomföretagen, SIG Security and MSB – Swedish Civil Contingencies Agency, and is actively driving various integrity and information security issues in order to strengthen trust in the market.

Joint initiatives and collaborations

In spite of the numerous career options and good salaries in the IT industry, it is challenging to attract young people toward IT-related university programmes. The largest challenge is to get young women interested and our goal is to increase gender equality within the IT sector. That is why Com Hem sponsors IT&Telekomföretagen’s Next up project with the goal of educating and inspiring people to work within the IT and telecom sector. Com Hem also cooperates with Tekniksprånget, whose goal is to inspire young people to seek higher technical education by providing a clearer vision of what awaits after graduation.

In 2016, iTux (Com Hem’s communications operator) started a partnership with a programme called Relationsförvaltning, through Stena Fastigheter, which aims to provide employment and education for unemployed people between 18-25 years of age with an interest in IT and communication.

EXAMPLES OF COM HEM’S PARTNERSHIPS

- El-Kretsen
- IT&Telekomföretagen
- Kontakta
- Kuusakoski
- MSB – Swedish Civil Contingencies Agency
- Next Up
- Relationsförvaltningen
- SIG Security
- Surfa Lugnt
- Tekniksprånget
- The Swedish Broadband Forum
- The Swedish Telecom Advisors
- Womentor
Com Hem is playing an active role in the Yalla Rinkeby project, which was started by Byggvesta, a property-owning customer of Com Hem. The project is run by the Blå Vägen organisation, which works supporting and helping the unemployed, newly arrived migrants and people on long-term sick leave to find employment. A meeting place will open in 2017 for women that will offer training courses, including cooking and entrepreneurship, in premises leased from the municipal housing company Familjebostäder. Com Hem’s role in the project will initially be to provide internet access and television services to the premises. In 2017, our ambition is to deepen the cooperation by offering courses in, for example, internet literacy together with Surfa Lugnt. There are also plans to expand activities to other groups.

**Efforts to raise awareness**

In the future, a large part of the services within Com Hem’s network will be related to different social needs and communication between citizens and the public sector. This places greater demands on the interaction between the market and the public sector. Com Hem is active in public debate and engages in various political forums in order to highlight issues that we think are important to create a roadmap for sustainable digitalisation in Sweden. Among other things, Com Hem is part of the government’s forum on Broadband which is led by the minister of digitalisation.

As part of our efforts to raise awareness, Com Hem publishes the newsletter Insikt which is primarily aimed toward politicians and decision makers and aims to provide knowledge about broadband issues, the development of cable networks, and the importance of infrastructure competition. Com Hem has also developed the report *Vägval för bredband* which is meant to increase knowledge about these issues among parties involved in broadband development. *Vägval för bredband* and the newsletter *Insikt* also constitute the base for the website bredbandsfakta.se which was launched in 2016 and will continue to be developed by Com Hem during 2017.

In December, 2016, the Swedish government presented its new broadband strategy with the goal of giving all of Sweden access to a fast broadband connection by 2025. Com Hem welcomes this ambitious goal and sees it as particularly positive that the government specifically emphasises cable and fiber networks as the technologies that can deliver fast and future-proof broadband. In the broadband strategy, the government clearly confirms that competition in the broadband market and the goal of the new strategy could be negatively affected if landlords prevent the use of parallel broadband networks. This is an issue that Com Hem has pushed for in the last few years. The strategy recommends that public landlords should avoid pushing away parallel infrastructures such as networks for cable-TV. In light of this new strategy, it is a positive development that the public real estate companies in Stockholm have chosen to continue allowing full competition between both cable networks and open fibre networks. The big winners in all of this are the households who will continue to be able to choose which infrastructure and operator to buy their broadband and TV services from.
EMPLOYEES

Being able to attract and keep the best and most engaged employees is key to Com Hem’s future. We strive to retain and recruit the right employees, who share our values of being reliable, personal and proactive. We want all employees to understand and feel that they have an important and clear role to play in the company in order to create a positive customer experience. Every employee at Com Hem is offered the opportunity to make a difference in shaping the digital future of Sweden. During 2016, Com Hem developed a new model for our annual employee dialogue. The new survey measures four main aspects: Work Environment; Organization; Leadership; Vision & Goals. The results of these four areas are recorded in an employee index. The results of the 2016 survey were very positive and marked a dramatic increase compared to 2015 in all areas and particularly leadership and engagement and scores in all dimensions were well over the industry benchmark. Based on the 2016 results, Com Hem will focus on the following development areas:

- We will build bridges within the organisation to strengthen the ties between employees and across departments. A work group has been created in order to explore activities that will reinforce and support this initiative.
- A group on-boarding process will be created in 2017 to further support our corporate values, vision and mission.

Professional development
Our efforts to offer employees individual development plans continues through regular performance reviews. A new web-based platform for the annual performance reviews was introduced in the spring of 2016 and has been well received. This new platform is built on our values, corporate purpose & mission as well as competences we have identified crucial for Com Hem to meet our business goals. During 2016 all of our employees participated in a performance review. One of the objectives of the individual development plans is to offer our employees concrete support and clear goals in order to grow within their existing roles as well as other attractive roles within the company.

We have further developed and extended our internal leadership programmes in 2016 to encompass modules for talents; specialists; junior leaders as well as senior leaders. The programmes are based on our values, corporate purpose and mission as well as the company’s business goals. These programmes run from a few months up to a year, and are designed to develop and strengthen leadership skills at Com Hem.

Talent program
In 2015, Com Hem initiated an IT talent programme with an external partner in order to identify and recruit young talents within the IT sector. The talent program has during 2016 continued to help recruiting young developers at Com Hem. The programme participants work in a development team and have the opportunity to gain exposure to other departments as well. The participants are also enrolled in special courses and are coached by experienced employees in order to gain the best possible introduction to their new career. The programme has been highly successful and will be introduced in other departments in coming years.

In 2016, Com Hem received an award from Universum Awards as the newcomer of the year within employer branding.
We put great emphasis on all aspects of health and safety within our work environment. Com Hem has been committed to employee wellbeing for many years and encourages employees to take part in healthy activities. By providing occupational health services we ensure that our employees receive prompt and qualified care and rehabilitation when required. During 2016 we started a project to analyse all aspects of the work environment which will continue in 2017.

Com Hem values a diverse workplace, and our recruitment base extends far beyond Swedish borders. We believe that Com Hem has become a more innovative and dynamic company by employing people of all ages, with various backgrounds and experiences. Com Hem always strive to offer the same opportunities, rights and responsibilities to all employees.

Com Hem strongly supports equal pay for equal work with no wage-setting discrimination. In April 2016, a salary survey was finalised at Com Hem in order to determine whether any structural salary disparities existed between men and women. The result of this salary survey showed that there are no such disparities and the result was included in the company’s 2016 gender equality plan.

Com Hem participates in Womentor which is a mentor programme to promote gender equality. Womentor is a tool to support companies in the IT and telecom sector to systematically work to increase the portion of female managers. As part of this programme, Com Hem has appointed a female manager to become an adept, and identified two candidates for the mentor programme who will participate during one year. Com Hem has a goal for 2017 to increase the portion of female managers from 27% to at least 30%.

We also want to increase the portion of female candidates in our recruiting process for positions that are traditionally male dominated, such as IT. The goal is to have at least one woman in the interview process for these positions and that half of the list of final candidates should be female.

The employee turnover is in line with our industry and its customer service operations. The average age of our employees are 28-29 years. Many younger employees work within customer service for a few years before moving on to other work or studies.

Future employees
Com Hem is involved in the Next up-project with the goal of educating and inspiring people to work within the IT and telecom sector. Com Hem also cooperates with Tekniksprånget, whose goal is to inspire young people to seek higher technical education by providing a clearer vision of what awaits after graduation. In 2016, Com Hem received an award from Universum Awards as the newcomer of the year within employer branding. Universum is a global employee branding organisation that ranks companies based on students and young people’s view of a company as an attractive employer. Karriärföretagen named Com Hem one of Sweden’s top 100 most exciting employers in 2016. The award is given out annually to companies that actively focus on employee development, increased commitment and workplace improvement.

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RESPONSIBLE BUSINESS

Com Hem has clear ethical standards and policies for all aspects of our operations. In our Code of Conduct there is a set of rules that guide our conduct.

Responsible marketing
To ensure a positive customer experience and correct marketing, Com Hem complies with the regulations and recommendations of the Swedish Consumer Agency, the EU, the PTS, the Swedish Telecom Advisors and the National Board for Consumer Disputes (ARN). We support and are actively involved in various organizations, such as the Swedish Telecom Advisors, the Swedish Advertising Ombudsman and Kontakta. The Swedish Telecom Advisors provides free and impartial assistance to consumers, while Kontakta strives to create a healthy climate between customers, the community and businesses that engage with customers. This is among other things is secured with principles and guidelines to be followed by the members of the Swedish Telecom Advisors and Kontakta.

During 2016 Com Hem had no incidents of non-compliance with marketing regulations that led to fines or warnings. In 2016, the number of cases of non-compliance with voluntary codes was four, compared with seven in the preceding year. These cases usually relate to situations in which the reporting party has mistakenly been called, despite being registered with NIX (a no-call list to stop unsolicited calls for marketing, sales and fundraising purposes). To further reduce the number of these incidents, Com Hem has established internal systems whereby phone numbers are cross checked against the registry.

Anti-corruption
Our Anti-corruption Policy, which was introduced in May 2015, sets out the principles that are applied in Com Hem to prevent corruption in our business operations. All employees at Com Hem have been informed about the company’s Code of Conduct and our efforts to combat corruption. Our managers in the extended group management have received ethics and anti-bribery training during 2016. We provide continuous training to reduce the risk of unintentional mistakes. During 2016 Com Hem have had no confirmed incidents of corruption.

Our Gifts, Hospitality and Entertainment Guidelines provide more detailed information about how everyone at Com Hem should act in regards to external hospitality, and our approach to giving and receiving gifts or other benefits. If our employees feel uncertain about how they should act, or the rules that apply to a given situation, they are encouraged to contact their supervisor or consult with the company’s Group General Counsel.

<table>
<thead>
<tr>
<th>Marketing communication (number of incidents)</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incidents of non-compliance with voluntary codes concerning marketing communications</td>
<td>4</td>
<td>7</td>
<td>9</td>
</tr>
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</table>

Most cases concern unsolicited telemarketing, no cases resulted in a fine, penalty or warning.
Whistle-blower system
Corn Hem launched a new system to encourage employees to report suspicion of serious misconduct committed, sanctioned or deliberately ignored by an employee in a management or key position. The system allows for anonymous reporting, and the information received is kept completely confidential to safeguard the integrity of the whistle-blower. The whistle-blower system is considered a complement to Corn Hem’s normal communication channels. According to the policy serious misconduct can be reported via email to an email account that can only be accessed by company’s Group General Counsel. Alternatively reports can be filed through ordinary mail to the chairman of the Audit Committee who is one of the company’s independent board members in Com Hem Holding AB. The report is handled by the company’s Group General Counsel, management (CEO) or the Audit Committee depending on the severity of the issue, toward whom suspicions are raised, and to avoid conflicts of interest. If needed, the investigation could also be handed over to an external, independent legal firm.

Purchasing procedures
Corn Hem’s suppliers are evaluated and selected based on the ability to deliver on business terms and the ability to live up to Corn Hem’s Code of Conduct. We treat our suppliers in a fair and balanced manner and strive to have long-term conditions and relationships with our suppliers.

Most of our suppliers are local. These include contractors, consultants, logistics partners, etc. The hardware that we buy for our network and also our customer equipment however, will typically come from international suppliers.

In Corn Hem’s purchasing policy we require all major suppliers to adhere to the ten principles of the UN Global Compact. Given the profile of our major international suppliers, we have assessed the risk of non-compliance with these requirements as low, but we have still decided to further examine both new suppliers and a selection of our largest existing suppliers.

During the year we evaluated all vendors who have undergone our sourcing process, related to the environment and working conditions through a questionnaire submitted in connection with procurement. We also examined a sample of our existing suppliers related to the environment and working conditions through a similar survey. The existing suppliers selected for examination are those that we believe have the greatest potential risks related to the environment and working conditions. For existing suppliers we conducted a workshop with the goal of identifying potential risks and discern how to work with suppliers where we could potentially identify risks. No significant risks relating to the environment and working conditions were found. During 2017, we will also review new and existing suppliers related to human rights. We will also initiate a detailed dialogue with our suppliers regarding the environment, labor conditions and human rights in 2017.

<table>
<thead>
<tr>
<th>Percentage that has received information of anti-corruption policy and procedures (%)</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board of Directors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage that our anti-corruption policy has been communicated to</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Percentage that received training in anti-corruption</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage that our anti-corruption policy has been communicated to</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Percentage who received training on anti-corruption</td>
<td>75%</td>
<td>0%</td>
</tr>
</tbody>
</table>

All employees have been informed about the anti-corruption policy. Guidelines on gifts, entertainment and hospitality have been communicated in-depth throughout the organisation.
ENVIRONMENT

The ongoing digitalisation of our society represents a great opportunity to reduce impact on the climate and the environment and Com Hem strives to support this transformation.

Energy efficiency in focus
A part of our ongoing business is to actively work with reduction of environmental impact regarding energy consumption. The energy consumption was 16,200 MWh during 2016 and the usage mainly consists of operation of our headends, data centers, hubs and server centers around the country and our office premises.

100% Green electricity
The goal for Com Hem is to source 100 percent of our electricity needs from renewable sources. During the year, 90 percent of all energy purchased by Com Hem was renewable. Com Hem will through agreements with Telge Energi have 100 percent renewable electricity in 2017.

<table>
<thead>
<tr>
<th>ENERGY CONSUMPTION (MWh)</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity inside the organization</td>
<td>7,810</td>
<td>7,500</td>
</tr>
<tr>
<td>District heating</td>
<td>810</td>
<td>840</td>
</tr>
<tr>
<td>District cooling</td>
<td>2,820</td>
<td>2,740</td>
</tr>
<tr>
<td>Electricity for outsourced data centers</td>
<td>630</td>
<td>550</td>
</tr>
<tr>
<td>Electricity for IT infrastructure</td>
<td>4,130</td>
<td>3,750</td>
</tr>
<tr>
<td>Total</td>
<td>16,200</td>
<td>15,380</td>
</tr>
<tr>
<td>Share renewables</td>
<td>90%</td>
<td>66%</td>
</tr>
</tbody>
</table>

The table shows the electricity, district heating and cooling from Com Hem’s offices and data centres as well as the energy consumption from outsourced data centres and IT infrastructure.

The opportunities of digitalisation
During the year, the number of customers with access to Com Hem Play have increased. This transformation from hardware-based TV distribution to application-based TV services stimulates dematerialisation of society with a long term positive environmental effect as a result.

Large staff meetings that were traditionally arranged in separate locations are now held as one coordinated event, broadcasted live on web TV. This reduces the need for speakers to travel between offices and also contributes to an increased sense of community. Internal work meetings with staff at different offices are conducted through phone and video solutions to a larger extent than before, which also reduces needs for business travel.

Recycling and e-waste
Com Hem is committed to ensure that used network materials, routers and set-top boxes are collected and recycled in a proper manner. For this purpose, we have established a partnership with Kuusakoski for the recycling of e-waste and are affiliated with El-Krets for the recycling of obsolete consumer electronics.

90% Of Com Hem’s energy consumption is from renewable sources.