Elisa Environmental Management System

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1 PURPOSE

The overall purpose of the *Elisa Environmental Management System* (hereinafter *EMS*) is to support Elisa's mission of *A Sustainable Future Through Digitalisation*, which from an environmental management perspective means defining objectives, management processes, measurement, and development. Environmental responsibility work of Elisa is based on the *ISO 14001:2015* standard.

The Elisa Environmental Management System describes our operational context and the scope, objectives, and ways of managing our resource efficiency and environmental sustainability overall.

1.1 Related documents

The *Elisa Code of Conduct* sets the foundation for our own ethical business behaviour, while the *Elisa Code of Ethical Purchasing* describes the ethical and legal duties and responsibilities of our suppliers.

The *Elisa Environmental Policy* describes the compliance with legislation and regulations in our operations and how we commit to reduce environmental impact in our business and other operations.

The non-public *Elisa Energy Policy* describes optimisation of the *net energy balance* within all Elisa operations, which requires continuous development to stay at an optimal degree of *energy efficiency*.

The *Elisa Energy and GHG Emission Disclosure* is a supplement to our annual responsibility report.

2 CONTEXT

According to the IPCC report, human-induced climate change is a scientific fact. In addition to limiting emissions, it is important that the impact of climate change is widely recognised, and that action is taken. According to the Paris Agreement (2015), signed by nearly all countries in the world, emissions will be reduced globally. The objective is to limit the increase in the average global temperature to clearly below the limit of 2°C and to take action to limit global warming to below 1.5°C. In addition to reduced emissions, the Paris Agreement sets a long-term objective for adaptation to climate change.

Elisa is a provider of telecommunications and digital services. We serve approximately 2.8 million consumers, corporations and public organisations, and our comprehensive network consists of more than 6.2 million subscriptions. In addition to our main market areas Finland and Estonia, we also offer digital services in international markets. Elisa was the first Nordic operator to become carbon neutral.

The ICT industry is a key player in moving operating methods in a more environmentally friendly direction and thereby mitigating climate change. According to the *SMARTer 2030* report of the *Global e-Sustainability Initiative* (*GeSI*), the industry's products and services have potential to maintain global carbon dioxide emissions at the 2015 level. To reduce the CO_2 emissions of also other industries, the ICT industry must first take care of its own environmental impact. The *GSMA Enablement Report* states that the telecom industry holds potential to create a tenfold handprint compared to its footprint.

Elisa participated in the preparation of the *Climate and Environmental Strategy* for the ICT Sector through a working group in 2020, convened by the *Finnish Ministry of Transport and Communications*.

The strategy recommends measures for an environmentally friendly ICT infrastructure and economy. This collaboration between industry, research, other organisations, and authorities is set to continue.

It is seen that ICT has positive impacts (handprint) such as carbon emission reduction in other sectors, environmental protection, and solutions for climate change adaption. Also, negative impacts (footprint) are highlighted, that is, emissions from energy consumption or otherwise, and usage of raw materials.

In the European Union and Finland, various obligations and laws have been laid down to control climate change. Many of the national regulations related to climate change mitigation are based on the obligations arising from the *UN Climate Convention* and EU regulation. The most important of these for Elisa are related to improving energy efficiency or limiting carbon dioxide emissions. In addition to climate change, the industry must also take other global environmental challenges into consideration.

Elisa has for over a decade done much work in energy efficiency and reducing carbon emissions, and is now increasing focus on usage of materials, which increases the significance of the circular economy even further. Laws and standards steer proper planning and the sensible use of natural resources by securing environmentally friendly production methods and waste management systems.

In addition to material efficiency, human rights and material procurement are key issues, especially when it comes to the *3TGs* (tin, tantalum, tungsten, and gold ore). These are also governed by laws and guidelines. The EU's *Registration, Evaluation, Authorisation and Restriction of Chemicals* (*REACH*) regulation guides manufacturing of ICT devices. It serves to protect human health and the environment from risks posed by chemicals and to improve competitiveness of the EU chemical industry. The use of certain metals, plastic softeners and fire retardants in ICT devices is restricted.

Biodiversity and water supply are examples of other important themes in environmental sustainability.

3 SCOPE

Elisa's operations are significantly affected by its operating environment. Based on our materiality assessment, we have identified that Elisa's business operations have both positive and negative impacts on our environment. Most Elisa's environmental impact results from the use of energy needed to provide our services. Other environmental impacts come from the recycling of devices and our operations. Additionally, our supply chain has an indirect impact. We are committed to continuously improving environmental impact of our operations and to promoting environmentally friendly business.

We want to be part of building a carbon-neutral society through transparent long-term activities. The reduction of carbon dioxide emissions has been part of our strategy since 2009. We issue half-yearly internal reports on our performance through our CO_2 emission reduction scorecard, and quarterly and annually in the context of our mandatory public financial and non-financial reporting and disclosures.

Concepts of environmental responsibility are mainly described in the ISO 14001:2015 standard and otherwise in this document or related documents (listed in section 1.1 above) or our public web pages.

4 MANAGEMENT OF ENVIRONMENTAL RESPONSIBILITY

Elisa's mission is A Sustainable Future Through Digitalisation, and responsibility is one of Elisa's values. Our commitment to sustainability and environmental responsibility, means that every Elisa employee keeps in mind the wellbeing of the environment and chooses environmentally friendly options. As part of responsible operations, we comply with laws and regulations in everything we do.

4.1 Principles and policy of environmental responsibility

The Elisa Code of Conduct forms the basis of our ethical operations. The Elisa Environmental Management System, with its objectives and practical processes to lead and measure responsible operations, is based on the Elisa Environmental Policy. This policy applies to all employees of Elisa and its subsidiaries, and also Elisa's subcontractors, suppliers and partners, as well as the members of Elisa's Board of Directors. Elisa is bound by an obligation to comply with applicable laws in all the countries in which we are engaged in business operations. The *Elisa Corporate Responsibility Management Board* (hereinafter *CRMB*) consisting of directors from business and support units of Elisa. The CRMB prepares guidelines and decisions related to environmental responsibility, as part of overall corporate responsibility. The *Elisa Corporate Executive Board* also has a representative in the CRMB. The Elisa Environmental Policy is approved by the *Elisa Corporate Executive Board*.

4.2 Governance, roles, responsibilities, and obligations

Elisa's environmental responsibility is part of Elisa's sustainability and governance. Key environmental objectives and metrics concerning Elisa's business operations are included in corporate responsibility.

The director of corporate responsibility oversees environmental responsibility as part of the overall area responsibility. Corporate responsibility managers handle development and operational support.

The CRMB (Elisa Corporate Responsibility Management Board) prepares guidelines and decisions regarding environmental responsibility as part of Elisa's corporate responsibility. In addition to the director and managers of corporate responsibility, the CRMB includes a representative of Elisa's Corporate Executive Board and directors from each of Elisa's business units and support operations.

The task of the *Elisa Environment and Energy Working Group* (hereinafter *EEWG*) is to audit energy efficiency throughout the group, set objectives for Elisa's energy efficiency, and prepare matters regarding energy efficiency and the carbon footprint. The EEWG also handles other areas of environmental responsibility, including carbon compensation, in a similar way. Matters prepared by the EEWG are discussed within the CRMB and, if required, by Elisa's Corporate Executive Board.

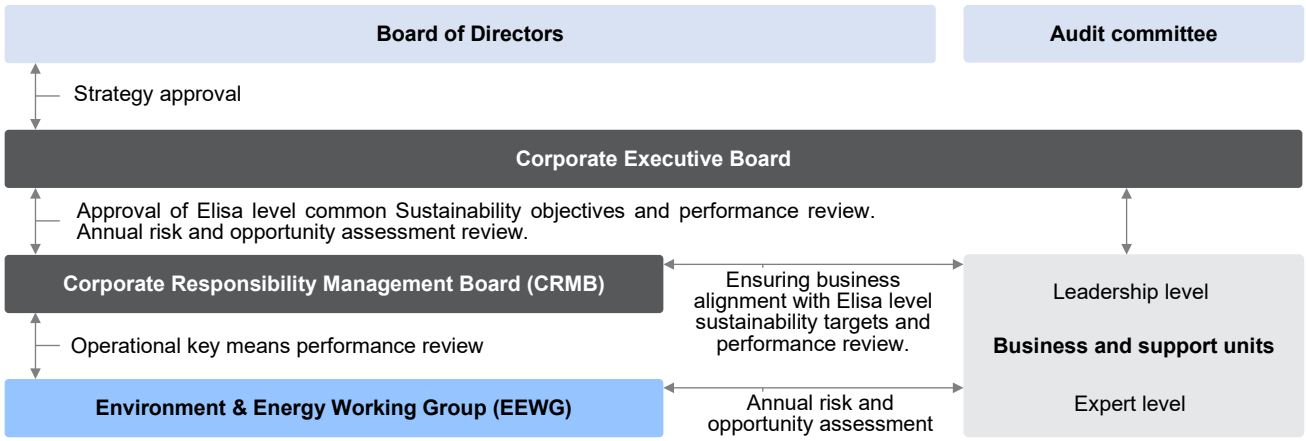

Figure 1 Environmental sustainability management structure

4.3 Environmental commitments

Elisa is a signatory to the UN Global Compact initiative. We are committed in our operations to adapting, supporting and implementing the basic principles of the UN, on human rights, employment principles, environment and anti-corruption, as well as to reporting our operations on a regular basis.

Elisa has joined Finland's *Energy Efficiency Agreement* (*Energiatehokkuussopimus*) and set energy efficiency objectives in accordance with that, meaning that energy efficiency improvement targets are 4% by 2020 and 7.5% by 2025 compared to the reference year 2016. We report our progress yearly.

Elisa was one of the first Finnish companies to determine its climate targets in compliance with the 1.5-degree requirements of the *Science Based Targets initiative* (*SBTi*). This means that we by 2025 plan to reduce emissions from our operations (Scope 1 and Scope 2) by 50 per cent from the 2016 level, as well as to reduce our emissions linked to travel and waste and emissions from our supply chain (Scope 3) by 12 per cent. Our Science Based targets are subject to review every five years.

Elisa has been a carbon neutral company since 2020, thanks to consistently implementing energy-saving actions in our business since 2009. We did not start carbon offsetting until after this, in 2020.

Elisa's code of conduct covers the entire Elisa Corporation, meaning that it applies to all operations, employees, and partners of ours. Elisa's procurement is governed by the Code of Ethical Purchasing.

Elisa actively takes part also in selected local communities and is for example a member of climate partners networks of the City of Helsinki and the Tampere region in Finland. These networks set up partnerships to reduce the negative climate impact and improve the competitiveness of companies.

5 ENVIRONMENTAL RESPONSIBILITY PLANNING

The audit of Elisa's environmental responsibility includes the annual review of environmental issues that are important in terms of business operations and their updating, if necessary. We plan our strategic targets and use metrics that monitor the progress of actions taken in line with our objectives.

5.1 Objectives of environmental responsibility

The objectives of Elisa's environmental responsibility are based on Elisa's environmental policy and a definition of significant aspects. Our objective is to reduce our own, as well our customers' carbon footprint, which is monitored every six months using our internal CO_2 emission reduction scorecard.

Elisa is committed to the climate targets of the Paris Agreement and became carbon neutral in 2020. Elisa has furthermore through *The Climate Pledge* committed to reaching a *Net Zero* target by 2040.

6 ENVIRONMENTAL RESPONSIBILITY METRICS AND THEIR CALCULATION

6.1 Environmental commitments

Elisa's internal CO_2 emissions reduction scorecard is calculated semi-annually. Objectives are mainly set for business units six months at a time. Performance status, latest business target estimates (LE), and any changes of responsible persons are identified. Calculation results are returned to controllers.

The CO_2 emissions reductions scorecard consists of metrics for both carbon footprint and handprint.

6.2 Carbon footprint

Elisa's carbon footprint is calculated according to the *Greenhouse Gas Protocol* developed by the *World Resources Institute and the World Business Council for Sustainable Development* (*WBCSD*).

Elisa's carbon footprint is calculated and assured annually. The results are reported in the *Elisa Responsibility Report*, released in conjunction with Elisa's annual report. We thoroughly report our climate actions in the *CDP* (*Carbon Disclosure Project*) report, which includes the carbon footprint of Elisa's value chain, a description of management and the risks and opportunities of climate change.

7 ACTIONS

Elisa's energy consumption is interlinked with our business growth, arriving mostly from our communications networks in Finland and Estonia. That is why actions to reduce carbon footprint are foremost directed at the energy consumption from the production of Elisa's services. Procurement of renewable and emission-free energy helps us to reduce the carbon footprint of energy consumption.

7.1 Use of renewable energy

All electricity consumed by Elisa in Finland and Estonia is origin-labelled renewable or emission-free energy. The production form is determined when acquiring certificates of origin. In Finland Elisa uses renewable district cooling, and we also investigate opportunities for other forms of renewable energy.

7.2 Energy efficiency actions

Development of energy-efficient technology for radio networks and data centres reduces carbon emissions. In Elisa's mobile networks, significant energy efficiency actions are network redesign and modernisation, as well as various energy-saving features. In our data centres, optimised cooling is the most significant energy efficiency action. Solution based on waste energy from data centres make it possible to fully utilise the heat energy generated by the servers for district heating in the region.

7.3 New flexible working methods

Elisa's flexible working methods and user-based optimisation of facilities support remote working and virtual conferencing. Savings come from less travel and more effective office space per employee.

7.4 Material efficiency

A significant part of environmental impacts of the ICT sector come from manufacturing of devices that we sell to customers. We can reduce negative impacts of such devices by further integrating circular economy into our operations, for example through device repair and refurbishing services of *Fonum*.

Elisa has collection receptacles at its shops for waste, which is taken for reprocessing to become raw material for new electronic devices. Devices are recycled to recover reusable metals and to reduce environmental impact of the manufacturing stage. Elisa delivers functional mobile phones for reuse. We have also enhanced repackaging and checking methods for devices returned during the permitted return period for distance selling, so that functional devices can be efficiently delivered for reuse.

7.5 Water and effluents

Industrial processes of many companies have significant impact on clean water, for them making it a vital area of corporate environmental responsibility. Elisa does not have such manufacturing operations. The biggest direct water-related aspects come from offices, underlined by the fact that 97 per cent of our employees are office workers. Our operations are furthermore mostly located in the Nordics and Baltics, which do not have similar water scarcity problems as many other regions globally. Elisa discloses water usage on a level of granularity relevant for the operations. We acknowledge that the biggest impacts and risks related to water come from our supply chain, as that includes manufacturing, which might be in regions with a higher degree of water stress. By investing these areas of activities, we can identify water-related goals with our partners. Also, with an increasing number of international offices, we will in the continuation revisit our policies and actions on water.

7.6 Biodiversity

Reduced biodiversity and its negative impact on ecosystem services, such as natural resources and regulation mechanisms, is an area that poses risks for any kind of business. Elisa can best protect biodiversity and clean water availability by combating climate change by the means at our disposal.

7.7 Changes in the operating methods of our customers

By using Elisa's products and services, our customers can ideally improve the efficiency of their operating methods and save not only money, but at the same time reduce their own carbon footprint.

Our customers obtain the most significant carbon emissions reductions from using virtual interaction solutions. They replace the need for travel, which reduces both carbon dioxide and other traffic-related emissions. As less office space is needed, savings are possible in energy consumption of facilities.

8 RESPONSIBILITIES AND OBLIGATIONS OF ACTIONS

Our environmental responsibility actions are allocated to persons responsible for respective functions.

8.1 Statutory matters

At Elisa, we believe it is important that we operate in compliance with laws and regulations. The construction of new networks follows the *Land Use and Building Act* and the *Land Use and Building Decree*. Environmental laws obligate us to identify the environmental risks of our operations and to prevent and limit any environmental contamination.

The *EU Energy Efficiency Directive* obligates us to conduct an energy audit every four years and report the audit results.

The *Waste Act* sets a general awareness and disclosure obligation. We report the volume of waste generated annually to the waste reporting system of the *Helsinki Region Environmental Services Authority* (*HSY*). Elisa reports its entire waste volume to HSY's *Petra* system. The producer responsibility defined in the Waste Act applies to us regarding the devices we import for sales or for our production network.

With regards to ICT hardware that Elisa offers (routers, switches, servers, videoconferencing equipment, mobile phones, etc.), we are governed by the *Act on Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment* and the *Ministry of the Environment's Decree on Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment*, as well as the *Ecodesign Act*. Elisa has verified that these laws and regulations are fulfilled through subcontracting agreements or by contacting the hardware manufacturers.

Regarding devices that we import and those sold under our own brand, we are a member of the *ICT Producer Cooperative* (*Elker Oy*). We pay recycling fees on a quarterly basis according to reports.

We have separate collection receptacles for devices returned by consumers in our shops, and we have a separate nationwide collection system, as required in the legislation, through the producer cooperative. Similarly, Elker Oy fulfils the obligation of recycling and reuse.

Regarding packaging waste, we fulfil our obligations by being a member of the *Rinki* service company, which is responsible for the collection, recycling, and reuse of packaging waste. We report our packaging waste volume annually to Rinki, which forwards the information to the *Pirkanmaa Regional Environment Centre*. We pay an annual fee to Rinki, plus a fee for a report of packaging waste by waste fraction.

We have separate receptacles for batteries and accumulators in our shops. We are a member of *Recser Oy*, which arranges the collection, recycling, and reuse of battery waste. We are obligated to report and pay waste processing fees to Recser regarding the batteries and accumulators of the laptops we import. In practice, we pay producer community and recycling fees once a year regarding reported batteries and accumulators.

We also import accumulators to supply emergency power to the radio network. These accumulators are recycled and disposed of via Kuusakoski. We report these annually to the *Pirkanmaa Centre for Economic Development, Transport, and the Environment*.

Elisa follows the standards of the local water supply networks.

8.2 Risk management, emergency preparedness and response

The *Environment and Energy Working Group* (*EEWG*) reviews Elisa's environmental risks through climate scenarios that are important to Elisa. The most significant of these are climate risks that have a particular impact on the reliability of services as extreme weather conditions increase. We apply the guidelines of the *Financial Stability Board Taskforce* on *Climate-related Financial Disclosures* (*TCFD*) to the assessment of financial risks. We assess the probability of risks, the actions required and associated costs annually.

9 DOCUMENTATION

Elisa uses a corporate sustainability management system to collect and calculate the key indicators and metrics of environmental responsibility.

10 COMMUNICATION AND TRAINING

Once a year, Elisa releases a responsibility report that also includes key figures for environmental responsibility and key events of the year. The responsibility report is prepared in accordance with the accounting guidelines of the *Global Reporting Initiative* (*GRI*) Core requirements, *SASB*, and TCFD.

Elisa furthermore reports its carbon dioxide emissions to CDP. Elisa releases the results of its carbon emission reduction metrics and calculation principles of its limitations and assumptions at its website.

Internally, Elisa's corporate responsibility is communicated in the intranet, on media boards and in a SharePoint site, which includes detailed instructions on different areas of environmental responsibility.

10.1 Feedback on environmental responsibility and the whistleblowing channel

Elisa employees, Elisa's partners and other stakeholders can anonymously report suspected activities not in line with the Code of Conduct using Elisa's whistleblowing channel in addition to the company's other channels. Feedback on environmental responsibility can also be given directly to Elisa's director and managers of corporate responsibility.

10.2 Training

Environmental training and communication are carried out as part of corporate responsibility. We improve the know-how of our employees through in-house activities and by utilising external training events and seminars provided by different partners (e.g., the *FIBS* corporate responsibility network). Through the intranet and media boards, we offer communication and training material and present facts about current themes.

If required, environmental themes are discussed within the management teams of different business units and in specific working groups, such as the energy team and procurement team.

11 REFERENCES

Elisa Code of Conduct

Elisa Code of Ethical Purchasing

Elisa Environmental Policy

Elisa Energy and GHG Emission Disclosure