



THE 1ST YEAR OF TELIA LIETUVA



**2017
SUSTAINABILITY REPORT**

TECHNOLOGIES FOR PEOPLE - IT IS US, TELIA

Last year we merged not only companies, different communication technologies or services, we also combined possibilities for people to communicate more easily with each other, gain new knowledge, access information and quality entertainment, as well as work and earn more.

We have done a lot to enable more people use digital technology. Gigabit society, 5G, and the Internet of Things are approaching us much faster than we imagined.

The boundaries between real and virtual lives are vanishing rapidly. An entire digital community of people, business, and entertainment is being created online which is an easily accessible, massive knowledge source. Therefore, it is important today to move further and encourage people to develop innovative ideas and solutions and provide them with the necessary tools and skills that will ensure promising jobs in the future.

However, new opportunities always bring new responsibilities. We assume responsibility for technologies that create opportunities rather than widen the gap between different age groups, genders, levels of education, nationalities or income groups in society. We should also not forget that real risks, which we must learn to recognise and protect ourselves from, and threats to the most vulnerable members of our community are an inevitable part of our virtual life.

Therefore, we continuously pay equal attention not only to the development of high-quality and safe services, but also to our responsibility to the society in which we will live tomorrow.



Theoretical and practical training at the Telia IT Academy helps young IT professionals pursue their careers, not only in Vilnius but also in Šiauliai. With the programme 'Women Go Tech' involving hundreds of women, we are breaking the stereotypes about gender skills when working with technologies. Our programme 'Augu Internetė' teaches children, parents and teachers about safe behaviour online. Telia volunteering initiatives help Lithuanian seniors become more skilled and move to a new level of digital communication. And that is just a part of the work that we assume responsibility for.

We are the leaders of the Lithuanian telecommunications market and want more people in our society to take advantage of the opportunities offered by the digital world. This is because we believe that technologies must help all people lead more comfortable, healthier and longer lives.

KĘSTUTIS ŠLIUŽAS,
CEO of Telia Lietuva

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PEOPLE OF TELIA

FOLLOWING THE MERGER OF THE COMPANIES IN 2017, WE, TELIA LIETUVA, WERE BORN. DURING THESE YEARS, WE MANAGED TO IMPLEMENT MANY MAJOR CHANGES, OFFER MORE POSSIBILITIES TO OUR CLIENTS, AND UPDATE SERVICES AND TECHNOLOGIES.

However, technology is just a tool in the hands of Telia's people. It is the people of Telia and their implemented projects that should be spoken about when presenting this report. Meet the People of Telia.



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*This is more
than the end of
the integration of
different companies.
This is the beginning of
technology convergence that
is necessary to create services
and ideas of the future.*

Kęstutis Šliužas,
CEO of Telia Lietuva

WE BECAME TELIA LIETUVA

On 1 February 2017, following a year of integration, three companies - Teo, Omnitel and Baltic Data Centre – became one company, Telia Lietuva.

It was not only the largest transaction of this kind in the history of Lithuanian business, it was also the biggest challenge. We combined different organisational cultures, merged various business models into one, and, above all, we learned how to work and communicate together in order to create greater value for our customers. This happened by connecting people with ideas, mobile lines with landlines, IT business solutions with mobile networks, and smart TVs with smartphones.

WE BECAME a big family.

3,027 EMPLOYEES WORK AT TELIA LIETUVA GROUP.

**3/4 OF LITHUANIA'S RESIDENTS USE AT LEAST ONE SERVICE OF
TELIA LIETUVA.**

**WE PROVIDE THE LARGEST NUMBER OF TELECOMMUNICATIONS
AND IT SERVICES IN LITHUANIA.**

Our conversion was mostly appreciated by those who respond to change in the fastest and most sensitive way – our customers. According to Brand Tracker research, which is being carried out by Telia Company, over the past months number of those, who love Telia brand, increased from 3.6 till 10.2 per cent. Customers see and believe that:

WE STRIVE to be the leader in integrated technology solutions and one, all-inclusive network which combines different technologies that create even more value to society and business.

UNIQUENESS: Telia Lietuva is one of the few integrated telecommunications companies operating in the world that provides mobile and fixed-line, IT, and TV service from a single source.

THE AWARDS RECEIVED AFTER THE BIRTH OF TELIA LIETUVA:



ENVIRONMENTAL ENTERPRISE OF THE YEAR

National Responsible Business Award



THE MOST ATTRACTIVE EMPLOYER

Award of Business Daily Verslo Žinios



THE MOST TRANSPARENT COMPANY

Transparency International Award



THE COMPANY OF EQUAL OPPORTUNITIES

Women's Information Centre Award

100

COMPANY OF THE CENTURY

Investors' Forum Award



We hit the top ten because we had evaluated what was most important to customers and made no exceptions. Each customer could have taken what is due with Telia ONE.

Aurimas Balsiukas,
Manager of Customer Value Team
at Telia Lietuva

MORE ADDED VALUE TO LOYAL CUSTOMERS



Telia Lietuva is the most popular provider of telecommunication and TV services in Lithuania – three quarters of the Lithuanian population use at least one of the company's converged technologies.

WE SEEK, that our customers personally and directly feel the benefits of the merger of the companies and discover the value of getting all major telecommunication and content services from one source.

WE PRESENTED a market innovation 'Telia One', that offers three times more mobile data, three times faster fibre-optic Internet and three free TV channel sets at no additional cost.

UNIQUENESS: 'Telia One' offer, that includes all communication technologies and entertainment services has been the first of such in the Baltic States.

TEAM: Aurimas Balsiukas, Jūratė Kazlauskaitė, Alma Cikanė, Ignas Butkus, Andrius Samuolis, Eglė Viskaitienė, Milda Šapokienė, Vaidotas Juknys, Agnė Urbonaitė.

MORE THAN 10,000 CUSTOMERS HAVE ALREADY USED 'TELIA ONE' .



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Innovative services are not only a new and unique technology. Success is often a result of a unique application, proper time and marketing company goals, which are achieved with the help of both mature (VDSL) and little-known technologies (the hybrid internet).

Antanas Vindašius,
Head of Communication Services
at Products and Services Unit of Telia Lietuva



FAST INTERNET EVERYWHERE AND FOR EVERYONE

Lithuania is ranked No. 15 in terms of the fixed broadband Internet speed and No. 1 in terms of Wi-Fi speed in the world.

WE HAVE a vision – a gigabit society in Lithuania with 1 Gbps of Internet everywhere and for everyone – which we want to turn into reality.

WE INVEST in Internet technology innovations:

- We offer a unique hybrid-type Internet service that combines broadband and 4G Internet technologies with up to 100 Mbps speed where there is no fibre-optic connection;
- We implement Super VDSL (S-VDSL) technology that provides the possibility to use the Internet of up to 250 Mbps speed over the copper lines.

UNIQUENESS: Lithuania is the third country in the world, after Germany and Belgium, that has commercially launched hybrid-type Internet and is one of the few countries that is installing S-VDSL technology.

TEAM: Antanas Vindašius, Ramūnas Milčius, Mindaugas Minkevičius, Donatas Pirštelis, Vytas Palubinskas, Šarūnas Venckus, and Šarūnas Rakauskas.

Communications Services Team of Products and Services Unit, colleagues of the Network, OSS, ITS, Infrastructure and Customer Service Unit teams.

”

During our training sessions, real, everyday cyber-attacks are experienced, and the CyberGym Arena is the only place to learn how to safely discover, analyse, control and investigate them.

Giedrius Meškauskas,
Head of Special Services at Telia Lietuva



ULTIMATE SECURITY FOR BUSINESS - CYBERGYM POWERED BY TELIA LIETUVA

In 2017, the damage caused by cybercrime worldwide amounted to a 600 billion US dollars and it is by one-third more than in 2014 (McAfee data).

WE SEEK to deepen the knowledge and strengthen the skills of Lithuanian companies in cyber defence at all organisational levels, thus improving business resilience to e-crime.

WE INITIATED the partnership with a private Israel cyber defence solution company and opened the first remote cybersecurity training centre CyberGym in Vilnius, Lithuania, and in Northern Europe.

UNIQUENESS: During the CyberGym training, real-life cyber-attacks that simulate potential threats are staged.

TEAM: Giedrius Meškauskas, Head of Special Services, Vytautas Bučinskis, Head of Operational Excellence.



”

Although I am a lawyer according to my education, I have decided to learn how to work with business management system (SAP) technology. This academy is unique since the material is taught in an interesting and understandable way. I believe it will let me turn a new career page.

Žadvilė Jučė,
Senior Legal Advisor at Telia Lietuva,
Participant of Telia IT Academy

ROAD TO NEW OPPORTUNITIES - TELIA IT ACADEMY

It is estimated that in the EU in 2020, there will be a shortage of 500,000 to 900,000 skilled information and communication technology (ICT) specialists.

WE SEEK to train young IT specialists by giving them knowledge, skills and experience of the Telia team, and provide the best ones with jobs.

WE CREATED a special training programme for young professionals who see their future with IT service management or business applications.

UNIQUENESS: The Telia IT Academy offers two training directions – IT service management and SAP, and junior IT specialist jobs for the best students.

THE TEAM: The training programme was initiated and developed by Vladislav Grablevskij, Head of the Main Business System Unit, Lina Strelkauskienė, Head of the Unix Service Management Unit, Diana Špakauskaitė, HR Business Partner, Justas Brazauskas, Head of SAP Competency Development, Goda Bernadišiūtė, Talent Management Team Specialist.

1ST GROUP OF GRADUATES IN VILNIUS - 40 PARTICIPANTS.

2ND GROUP OF GRADUATES - IN VILNIUS AND ŠIAULIAI.

PROGRAMME LENGTH: 6 MONTHS, INCLUDING A PAID INTERNSHIP.



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Currently, in Lithuania about 70% of companies manage their IT activities themselves and about 30% of them outsource it to professionals. We want to swap these proportions.

Darius Drakšas,
Head of Business Customer Pricing
Team at Telia Lietuva

COMBINED SOLUTIONS FOR BUSINESS DEVELOPMENT. ALL IN ONE

The tendency for businesses to focus on their core competencies and and outsource their maintenance to external partners has developed during the 21st century. IT solutions are simply made to free up enterprise energy by focusing on its main activities.

WE SEEK to provide solutions that will help a customer's business grow: from a basic version for a small office to a 1 GB Internet package for a large company.

WE PRESENTED a set of services for business that includes all the services that a business might need: Internet for the office, mobile Internet, Wi-Fi solutions, mobile voice, backup storage, office equipment maintenance, etc.

UNIQUENESS: The client receives all the services needed for themselves and their business in one package that can be customised to their individual needs.

TEAM: Darius Drakšas, Head of Business Customer Pricing Team, Vaida Rudienė, Head of Commerce Services.



Updating data centre networks is like changing blood vessels to new ones without disturbing all vital functions of the infrastructure. This is ten times more complicated than building a new data centre.

Darius Teišerskis,
Head of Data Centre Network Team
at Telia Lietuva

THE INFRASTRUCTURE IMPROVED. DATA CENTRE NETWORKS UPGRADED

It is estimated that in 2018, 547 exabytes of data will be stored in data centres around the world.

WE AIM to consolidate the existing infrastructure after the merger of the companies and lay the foundations for future automation and modern services development.

WE UPGRADED Telia Lietuva data centre networks and developed a unified, standardised, and efficiently managed infrastructure.

UNIQUENESS: A new generation data transfer network based on Software Defined Networking was designed for a fully automated communication provision.

TEAM: Darius Teišerskis and his Data Centre Network Team.



”

When doing things for the first time you feel the rush of adrenaline. But neither the adrenaline, nor the fact that we had just two short nights to change the frequency hindered us from reaching our goal.

Valdas Užusenis,
Head of Radio Network Planning and
Optimisation Group at Telia Lietuva



REDISTRIBUTED FREQUENCIES – A BETTER SERVICE FOR CUSTOMERS

Until the middle of 2017, 900 and 1,800 MHz radio frequencies provided to operators in Lithuania were dispersed. Therefore, we were obliged to use security zones in order not to disturb each other.

WE WANT to maximize the use of newly-allocated integral radio frequencies and thus further improve the quality of services for customers.

WE SUCCESSFULLY CHANGED the frequencies at 1,200 Telia Lietuva base stations in a very short time, and with no disturbances.

UNIQUENESS: The redistribution of frequencies that are used to provide mobile communication services among operators in Lithuania was performed for the first time.

TEAM: Valdas Užusenis, Andrius Lapienis, Dainius Utkā, Mindaugas Jadenkus, Danielius Kirka, Eduardas Marma, Marius Matijošius, Aleksandr Partnerko, Anupras Pažemeckas, Tomas Pilitauskas, Aurimas Raišuotis, Artūras Rynkevičius, Marius Tamulevičius, Antanas Vainauskas, Andrius Virvičius, Kęstutis Viršilas, Sergej Čepurin, Kęstutis Servutas.



Now Telia's customers will have a single feeling, no matter what they are interested in - mobile or fixed services, self-service, assistance tips or selection of the equipment. And we have induced this feeling after reviewing and applying the best global practices.

Aušra Gustaitienė,
Telia Business Transformation
Programme Manager

BETTER CUSTOMER EXPERIENCE WITH NEW SELF-SERVICE

Following the merger of the companies to form Telia Lietuva, employees used several different systems to serve customers. It was inconvenient for both the customers and the company.

WE SEEK to create a centralised SAP system that will provide customers with a more userfriendly experience, both when ordering from the simplified services and products portfolio and customising them to their individual needs.

WE INTRODUCED a gradual transition to online services and operations that allows employees to devote less time to the processes that are already automated, but rather to focus on customer needs and preferences.

UNIQUENESS: A unified e-channel solution that includes consumer self-service, an e-shop, a customer relationship management (CRM) system, fees and invoices, and business intelligence tools.

TEAM: Aušra Gustaitienė, Renaldas Radvila, Robertas Žudys, Gintarė Stundytė, Jurgita Karalienė, Vladislav Grablevskij, Tomas Beniušis, Diana Gold, Ginta Bartkuvienė, Asta Česnulevičienė, Juras Juršėnas, Vytas Palubinskas.



”

Each time I experience priceless emotions when students thank me for the shared experience, when they are deeply thoughtful after discussing an issue they are concerned about, and when they invite us again and again.

Rimvydas Jurkuvėnas,
Competence and Quality Assurance
Coordinator at Telia Lietuva, Lecturer of
'Augu internete' (Growing up on the Internet)

WE ARE TEACHING HOW TO GROW ON THE INTERNET

Recent studies show that 88% of the overwhelming majority of minors in Lithuania surf the internet without adult supervision (SIC survey data).

WE AIM to make the Internet safer for children so that they can obtain knowledge, socialise, be entertained, and protect themselves while there.

WE LAUNCHED a long-term initiative to educate society on safety online. Our partners are the Children's Line and UNICEF.

UNIQUENESS: With 'Augu internete' (Growing up on the Internet), safe behaviour skills are formed by combining school lessons, video broadcasts, parent workshops, etc.

TEAM: Project Coordinator Ilma Cikanaitė, External Communication Manager, and more than forty colleagues who are the lecturers of 'Augu internete'.

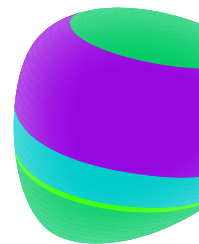
IN 2017, 36,000 CHILDREN PARTICIPATED IN AUGU INTERNETE LESSONS.



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TV adjusting to everyone's life, leisure, daily rhythm and family needs is already a reality. And a high quality, enriching, and high resolution content is a king.

Tomas Tamulevičius,
Telia TV Content Manager



BEST TV QUALITY WITH HD RESOLUTION

It is estimated that on average Lithuanians spend more than three hours a day watching TV (Kantar TNS survey data).

WE WANT our clients not only to watch programmes and movies in a smart way, but also to offer them a great selection of high-quality content for everybody's taste.

WE OFFER over forty national and international TV channels in high-resolution.

UNIQUENESS: All Telia Smart TV viewers watch TV channels in high-resolution without any additional conditions.

TEAM: Tomas Tamulevičius, Content Manager.

MORE THAN 240,000 CLIENTS WATCH TELIA SMART TV.



”

We win public procurement tenders because we offer the best ratio of quality, and service packages to fit the customer's needs and budget. Using the appropriate IT solutions and telecommunications services, state institutions will be able to fully meet their needs, as well as increase efficiency and often save money.

Jonas Sadauskas,
Head of Large Corporates and
Public Sector Unit at Telia Lietuva

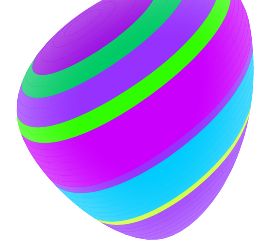
EARNED PUBLIC SECTOR TRUST

According to the Central Procurement Organisation (CPO), in 2016, the state saved EUR 243 million on the procurement of services and products in the e-system.

WE ALWAYS AIM to offer the best price and quality ratio, and we highly appreciate the public procurement transparency introduced by the CPO system which allows buyers to save money and use it for their immediate purposes.

In 2017, **WE BECAME** the company that won the largest number of tenders in telecommunication and IT, and we continue our success - in Q1 2018, over a hundred procurement processes took place in the CPO system of which Telia Lietuva won three quarters.

TEAM: All Telia Lietuva employees.



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We are excited and appreciate this award. At the same time we realise that this is just the beginning of our work. Although we have done much to increase women's engagement and integration into the world of technology, their leadership in their organisation and generally in society, much remains to be done. We have ambitious goals and this award confirms that efforts are visible and valued.

Giedrė Kaminskaitė-Salters,
Head of Legal and Corporate Affairs
at Telia Lietuva

TELIA LIETUVA - THE COMPANY OF EQUAL OPPORTUNITIES

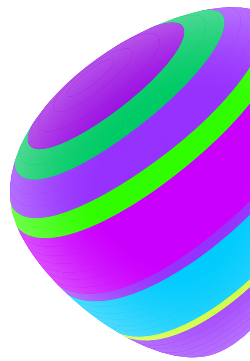
In 2017, the Women's Information Centre recognised Telia Lietuva as being the company that best offers equal opportunities for men and women to work, improve, and take a rest, during for the 10th time organised election of the Company of Equal Opportunities.

WE SEEK practical implementation of the UN Agenda for Sustainable Development in our day-to-day work which has comprehensive gender equality as one of its priorities. As technology leaders, we see a huge potential for women to fulfil their career expectations, particularly in technology, and this is encouraged both by 'Women Go Tech' and the organisation leader.

WE PRESENTED an updated policy that includes the process of integrating mothers after maternity leave, integrating them back into organisational activities and the remuneration system. We are the main partner of the 1st mentoring programme in Lithuania intended for female students and women who have started their careers, as well as those who are interested in a career in the technology sector.

UNIQUENESS: A children's day centre will open at the new Telia Lietuva head-office which we are moving to in 2019.

TEAM: All Telia Lietuva employees.



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The number of parties interested in the ‘Women Go Tech’ programme inspires. No matter what you’ve graduated, or how old you are, it’s important not to be afraid of developing and pursuing your dream profession.

Ilma Cikanaitė,
Head of External Communication at Telia Lietuva

WE ENCOURAGE WOMEN TO DISCOVER A TECHNOLOGY PROFESSION

According to the European Commission, women currently account for only about 30% of all European technology sector employees.

WE WANT to fight the stereotypes and help women get to know the world of technology better and tie their careers with it.

WE BECAME the main partner of the project, sponsored by Dalia Grybauskaitė, President of the Republic of Lithuania, and contribute our knowledge, mentoring and ideas to its successful implementation.

UNIQUENESS: ‘Women Go Tech’ is the first mentoring programme in Lithuania for women interested in a career in the technology sector.

OUR TEAM: Project Coordinator Ilma Cikanaitė, Head of External Communication, mentors: Irmantas Bražiūnas, Head of the IT System Unit, Lina Stielkauskienė, Head of the UNIX Service Management Unit, Giedrius Staškūnas, Head of the IT Service Management Unit, Maija Aniskovič, Head of the Project Management Unit.

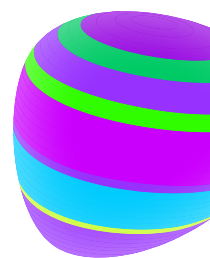
45 PARTICIPANTS AND 32 MENTORS HAVE ALREADY PARTICIPATED IN THE PROGRAMME.



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We are glad to meet the high requirements of operational management, and we are heading in the right direction regarding process development. Internationally recognised and certified management systems give our customers greater confidence in the company's high quality activities and help to achieve business goals.

Aurelija Žėkienė,
Change Manager at Telia Lietuva



WE WORK ACCORDING TO THE HIGHEST STANDARDS

In total, there are over 20,000 international management system standards (ISO) worldwide.

WE SEEK to fully ensure the high quality of our services and apply the best practice standards in the company.

WE ARE certified according to quality management (ISO 9001), environmental management (ISO 14001), occupational health and safety management (OHSAS 18001), IT management (ISO 20000) and information security management (ISO 27001) standards.

UNIQUENESS: Telia Lietuva is probably the most ISO-certified telecommunications and IT company in Lithuania.

TEAM: Aurelija Žėkienė, Change Manager.

SUSTAINABLE AND RESPONSIBLE ACTIVITIES

IT has recently become a normal and important part of human life without which we cannot imagine the development of business, society or the economy. We are an IT and telecommunications company. Therefore, we know it very well. We feel uniquely responsible for its proper use and customisation. Nowadays, financial achievements are just one of the many things that determine success - we also care that society benefits from it. We do this by reducing digital and social exclusion, helping people share knowledge and information more easily, as well as promoting innovation.

Responsible business is consistent, includes both business culture and its practice in both the company and the environment, and is carried out by taking into account economic, social and environmental issues, assuming responsibility for short-term and long-term consequences resulting from its activities.

HENCE, ACTING RESPONSIBLY MEANS:

- **DO MORE THAN REQUIRED BY LAW OR OTHER LEGISLATION.**
- **ACT ETHICALLY, FAIRLY AND TRANSPARENTLY IN RELATION TO THE MARKET, THE ENVIRONMENT, SOCIETY AND EMPLOYEES IN ORDER TO CREATE LONG-TERM VALUE FOR THEM.**
- **SHARE EXPERIENCES AND CONSTANTLY IMPROVE.**

HOW DO WE ENSURE A RESPONSIBLE BUSINESS?

OUR MAJOR PRINCIPLES OF SUSTAINABLE ACTIVITIES:

1. Transparency and anti-corruption.
2. Freedom of self-expression.
3. Personal privacy.
4. Employees: safety, health and education.
5. Responsibility in the market.
6. Environmental protection.
7. Child safety on the internet.

OUR BUSINESS STRATEGY HAS ALSO INTEGRATED TELIA COMPANY ALL IN APPROACH. IT FEATURES FOUR MAJOR DIRECTIONS:

1. Connecting the unconnected.
2. A healthy and safe society.
3. Digital entrepreneurship and innovation.
4. Education for all.

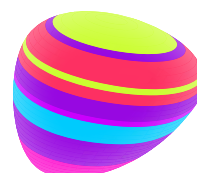
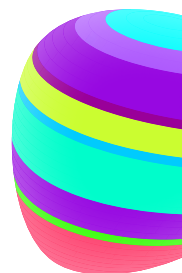
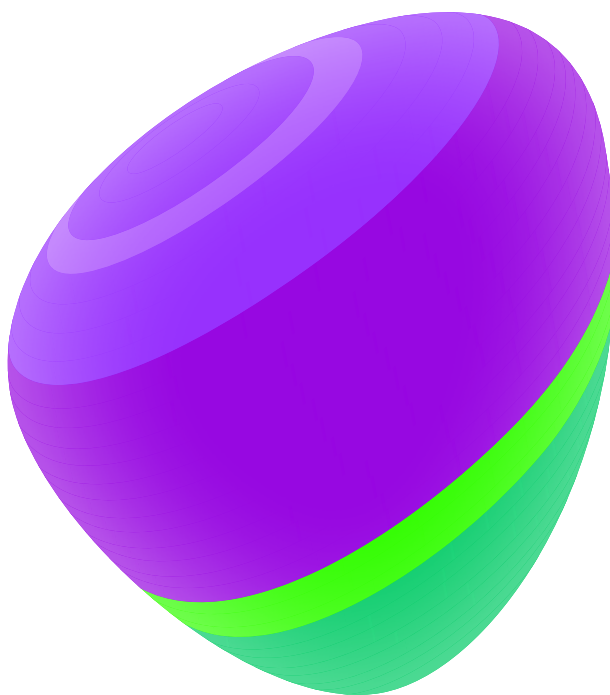
ALL THESE PRINCIPLES ARE DEFINED IN THE FOLLOWING DOCUMENTS:

1. Code of responsible business conduct.
2. Anti-corruption policy.
3. Policy of self-expression freedom in telecommunications.
4. Privacy notice.
5. Occupational safety and health policy.
6. Supplier's code of ethics.
7. Environmental policy.

**ALL EMPLOYEES OF THE COMPANY FOLLOW THE
CODE OF RESPONSIBLE BUSINESS CONDUCT APPROVED
BY TELIA COMPANY IN SEPTEMBER 2016.**

**THIS DOCUMENT IS A GUIDELINE ON OUR ETHICAL CONDUCT.
IT PROVIDES A NUMBER OF SITUATIONS IN WHICH WE CAN
FIND OURSELVES AND RECOMMENDATIONS ON HOW TO
DEAL WITH THEM.**

We are members of the UN Global Compact, and the Association of Responsible Businesses of Lithuania (LAVA) who have committed, in writing, to respect the principles of responsible and ethical business.



1. TRANSPARENCY AND ANTI-CORRUPTION

WHILE IMPLEMENTING THE ANTI-CORRUPTION POLICY, THE GROUP OF COMPANIES HAS CONFIRMED THE PROCEDURE FOR SPEAK-UP LINE USE.

In 2017 we organised annual electronic anti-corruption training in which all employees of the company participated. During the on-line training we presented our company's anti-corruption policy and rules, and provided our colleagues with real-life examples that would allow us to identify high-risk situations and offer advice on how to deal with them.

This training was complemented with the responsible business conduct e-training The Responsible Journey. Employees tested and developed their theoretical knowledge in practical simulations and games.

We want our partners to apply the same principles as we do so that together we create a socially responsible business. Therefore, we are using a new and innovative Due Diligence Platform which was introduced a few years ago to help us not only evaluate, but also maintain transparent relationships with our business partners.

BEST PRACTICE

We share our experience of transparent conduct in all forums and campaigns, and in 2017 we presented it at the annual meeting of members of the initiative White Wave, Business Ethics Breakfast, Exhibition-Conference 'Christmas 2 Business' and the annual civic campaign 'No Room for Shadow in This Country'.

WHITE WAVE

BUSINESS ETHICS BREAKFAST

CHRISTMAS 2 BUSINESS

NO ROOM FOR SHADOW IN THIS COUNTRY

FOR THESE EFFORTS IN 2017 TELIA LIETUVA WAS AWARDED THE RESPONSIBLE ENTERPRISE AWARD BY THE INVESTORS' FORUM, THE MOST ACTIVE INVESTOR'S ASSOCIATION IN LITHUANIA.

2. FREEDOM OF SELF-EXPRESSION

WITHOUT THE FREEDOM OF SELF-EXPRESSION IT IS IMPOSSIBLE TO IMAGINE NEITHER A MODERN PERSON'S IDENTITY, NOR A SUCCESSFUL BUSINESS BASED ON INNOVATION AND CREATIVITY.

By observing the standards set forth in international law, we protect and defend the freedom of our customers' self-expression. For this purpose, we have approved



THE POLICY OF FREEDOM OF SELF-EXPRESSION IN TELECOMMUNICATIONS

which clearly defines the action we would take if the authorities and law enforcement institutions restricted human freedom of self-expression, e.g. they would require monitoring of customer communication or limit access to communication.

Even in cases where the directives or obligations of the state authorities related to limitations are usually based on legal requirements, e.g. in order to protect particular human rights, we will always carefully observe whether while defending some rights other human rights and freedoms are also respected.

The best means to achieve this are precise and detailed procedures under which relevant information is provided to controlling entities only if there is an appropriate legal basis, e.g. according to a reasoned judgment (sanction).

3. PERSONAL PRIVACY

As digitization is taking place in all possible aspects of life, personal data protection is becoming more and more relevant. Therefore, we respect and protect the privacy of each data entity.

**OUR CUSTOMERS ENTRUST US THEIR PERSONAL
DATA. HENCE, WE DO OUR BEST TO JUSTIFY
THEIR TRUST.**



Each of our employees is continuously trained in both general and specific aspects of personal data protection and security.

Since the application of the General Data Protection Regulation, GDPR, is already in place as of May 2018, we started preparations for the changes in spring 2016, and we pass on our lessons learned to others, e.g. at the conference 'Personal Data - Strictly Compulsory Protection vs. Opening' arranged by the association Infobalt and law firm TGS Baltic.

4. EMPLOYEES: SAFETY, HEALTH AND EDUCATION

SAFETY AND HEALTH

The fewer accidents at work, the better. We make every effort to ensure this, and it brings results: in 2017, there were only three small accidents (minor injuries) suffered by Telia Lietuva employees. Two of them were traffic accidents caused by people other than company employees.

DSS POLICY

In 2017, Telia Lietuva received the Occupational Health and Safety certificate (OHSAS 18001). We promote the best occupational safety and health practices, combine them with social and economic needs, and have a management system for it.

Employee morbidity statistics show that there are very few people who get sick in the Telia Lietuva Group –

IN 2017, THE RATE OF PEOPLE WHO WERE INCAPABLE OF WORKING DUE TO ILLNESS AMOUNTED TO ONLY 2.3%.

HEALTHY LIFESTYLE

Telia is in favour of an active and healthy lifestyle. Our staff's involvements in marathons, bike races, kayak festivals, and football or volleyball workouts sponsored by our company have already become a tradition.

Colleagues who want to do sports without leaving the office can do so twice a week at the Vilnius headquarters in Lvovo str. where exercise is organised by the Healthy Backbone School coaches.

Everybody willing to get a vaccination against flu, and, for those working in the field, from tickborne encephalitis, can do so at the expense of the company.

In 2017, employees of the Group received the following vaccinations:



242
Against flu

288

Against tick-borne encephalitis

ADDITIONAL HEALTH INSURANCE

Employees highly appreciate an additional health insurance, that applies to all employees of Telia Lietuva following their probation period and to employees of Telia Customer Service LT who work for at least a year.

IN 2017, 2,454 EMPLOYEES OF OF TELIA LIETUVA GROUP BENEFITED FROM THE HEALTH INSURANCE.

As previously, employees can insure their family members as well.

PENSION ACCUMULATION PROGRAMME FOR THE FUTURE

We have been offering our employees a pension saving programme for the third year so far. According to this programme, the funds for the employees' pension are accumulated in one of the employee-selected SEB Investments Management 3rd tier pension funds where the company transfers €8 per month.

The employees can also contribute to the pension savings by transferring an additional 1% or 2% of their salary to this fund. Then the company additionally provides the same sum. Nearly 90% of employees involved in the programme have decided to contribute to the pension accumulation with their own funds.

It is interesting that, according to the results of market survey by Korn Ferry Hay Group in 2017, only 11% of the companies involved in the survey have offered such programmes to their employees so far.

STUDENTS AND PRACTICES

In addition to the usual career days at universities, which we regularly participate in and invite students to get acquainted with the prospects of working for our company, in 2017, we also prepared a completely new platform aimed at attracting and developing new and gifted IT specialists.

In 2017, the Telia IT Academy was launched. This is a training programme for young professionals who see their future with IT service management or business applications. Last year the first thirty students were enrolled in the programme and they will acquire both practical and theoretical knowledge. After three months, the most successful programme participants will start a three-month internship in Telia Lietuva: this internship was offered to fourteen SAP students and four IT service management (ITSM) students. The most successful graduates of the Academy will be invited to join our team and work for Telia.

The first Telia IT Academy programme ends in May 2018. However, according to its popularity, we have already begun the enrolment of the second student group, not only in Vilnius but also in Šiauliai.



CAREER

We want Telia employees not only to feel good about our company but also to constantly improve and pursue their career goals. Therefore, each year we encourage employees to set clear personalised work goals and adjust them depending on the changing situation and their needs. At the end of the year, not only the achievement of these goals is evaluated but we also consider the overall results of the year. Employee benefits - they are evaluated for everything they have done, even if it was not included in their goals. We take into account employee conduct when evaluating their performance - whether the tools used to achieve goals meet the organisational values. The performance and conduct in the formula for calculating the annual bonus has the same weight. We encourage cooperation, development and ethical conduct.

IN 2017, TELIA LIETUVA WON THE TITLE OF THE MOST DESIRABLE EMPLOYER WHICH IS ANNUALLY PUBLISHED BY THE NATIONAL BUSINESS DAILY VERSLO ŽINIOS.



REMUNERATION SYSTEM

In determining the salaries of the Group, the following criteria are assessed: the competencies required for the particular position, responsibility, complexity of work and contribution to company activities, personal achievements and the level of remuneration of the same positions in the market.

We apply the concept of a total remuneration. It consists of the following:

Fixed base pay (set individually and differentiated within the remuneration structure range).

Variable pay (a variable part of the remuneration paid on the basis of performance).

Long-term incentives (programmes that promote long-term financial goals).

Benefits (programmes that create social welfare, promote loyalty and complement the fixed and variable remuneration).

All employees' remuneration are reviewed once a year. In March 2017, following the review of the Group remuneration, the average salary increased by 3.1%. In 2017, salaries were reviewed and increased to half - 51% of employees (in 2016 - about 55%).



3.1%
higher salaries

51%
of employees



Information on the salaries (as of 31 December 2017):

Telia Lietuva	Number of employees	Average monthly salaries (in EUR)
Managers	50	5,082
Middle level managers	187	2,752
Specialists	1,992	1,358
	2,229	1,559

ANNUAL BONUSES

In 2017, our employees received annual bonuses. The amount of the bonus was approximately one month's salary.

COLLECTIVE AGREEMENT

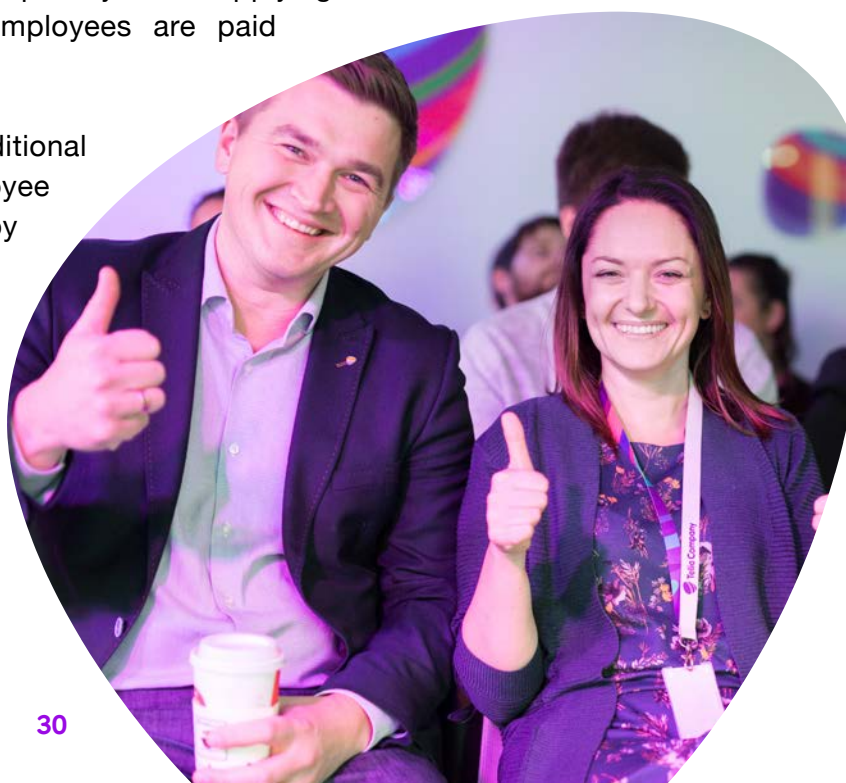
Telia Lietuva has a Collective Agreement which is represented by a joint trade union on behalf of employees (due to the existence of regional trade unions in the company).

If the provisions of the Collective Agreement are more favourable than those of the individual contract of employment, or of the new legislation adopted during the term of the employment contract, employees are subject to the provisions of the Collective Agreement.

Telia ensures that current employees have priority when applying for vacancies. To promote and motivate, employees are paid bonuses.

The Collective Agreement defines additional social guarantees, e.g. when an employee gets sick, the first two days are covered by the employer with 90% of the employee's average salary.

Due to family circumstances, medical treatment in the sanatorium, or other important reasons, if business conditions are favourable, a free leave of up to thirty calendar days may be granted.



SOCIAL NEEDS FUND

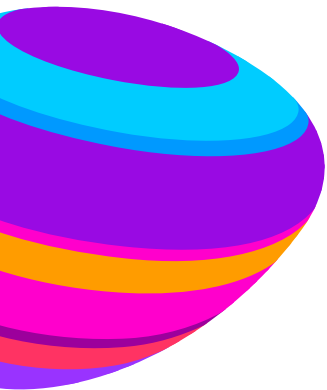
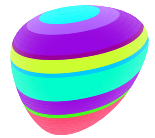
We have established Social Needs Fund, which is managed together with representative of the trade union. In 2017, this fund has allocated a total of €77,500 for the well being of employees.



€77,500

The fund is intended to provide help for the employee's family that has suffered material damage, lost a family member, or in such sad cases as when an employee dies. The fund is also used to pay bonuses to long-term employees with uninterrupted work experience of 20, 30 and 40 years, for Christmas gifts to employees' children under the age of 10.

And, of course, one of the most important activities of the fund is the promotion of employees' health and healthy lifestyles: sport and cultural events are organised and employee sports groups participating in city competitions are supported.



5. RESPONSIBILITY IN THE MARKET

RESPONSIBLE INFORMING

We routinely ensure that our communication is fair and that consumers are never misled. Since 2006, we have been working with the Advertising Self-Regulatory Association Advertising Bureau and adhere to the Code of Ethics for Advertising.

When communicating with investors and capital market participants, opinion leaders, the media, analysts, authorities, politicians, existing and potential clients, employees and partners, we strictly follow the communications rules approved by the Group.

**IN 2017, THE COMPANY DID NOT RECEIVE ANY FINES OR WARNINGS
FOR INFRINGEMENT OF THE PROMOTION OR COMPETITION.**

THE COMPETITIVE ENVIRONMENT

The Communications Regulatory Authority (CRA) has recognised our company and related legal entities as an

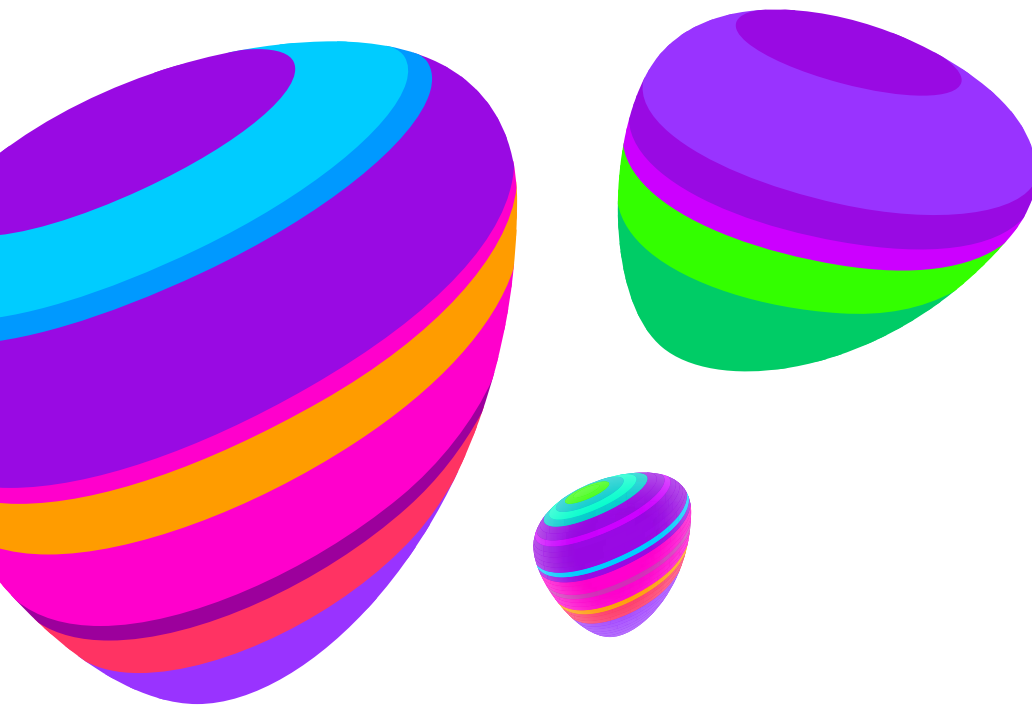
**OPERATOR WITH SIGNIFICANT MARKET POWER ON THE
FOLLOWING MARKETS OF:**

- voice call termination on the mobile network;
- access to the public telephone network at a fixed location for residential customers;
- access to the public telephone network at a fixed location for non-residential customers;
- wholesale calls termination on individual public telephone networks provided at a fixed location;
- wholesale local access provided at a fixed location;
- wholesale central access for mass market products;
- wholesale high quality data transmission services via terminating segment;
- digital terrestrial television broadcasting transmission services provided by the Company in the territory of the Republic of Lithuania.

IN 2017, THE CRA, WHICH IS CONSTANTLY MONITORING AND EVALUATING OUR ACTIVITIES, DID NOT FIND ANY INFRINGEMENT ON WHICH TO IMPOSE FINES.

REQUIREMENTS FOR SUPPLIERS

We always strive to work with suppliers and partners whose attitude towards a sustainable and responsible business is in line with our views and values. We are concerned about ethical conduct, human rights, occupational safety and health, environmental protection and corruption prevention requirements, and have a zero tolerance of corruption. As a result, we demand the same from our suppliers. Therefore, when concluding agreements, we invite all partners to sign the Supplier Code of Conduct.



6. ENVIRONMENTAL PROTECTION

CARBON DIOXIDE EMISSIONS

The use of renewable energy has been, and will be, at the heart of our general environmental policy. We use electricity from renewable energy sources – the Kaunas Hydroelectric Power Plant.

By expanding and modernising our infrastructure, such as the LTE base station network, in 2017, we implemented it with less energy-consuming equipment and systems.

During the sharing economy times, a large transport fleet is no longer a necessity. Hence, we encourage employees in Vilnius and Kaunas to use CityBee city cars for short trips which do not incur a parking fee, and many of them are electric. Following the assessment of the condition of the existing fleet, we renewed it in the middle of 2017 (we purchased sixty Škoda Octavia and Škoda Superb cars), and, in 2018, it is planned to purchase electric cars as well.

TOWARDS THE PAPERLESS

In November 2017, a common mobile and fixed services self-service platform was launched. It was a great opportunity to remind customers of e-invoicing and thus further reduce paper usage.

We also gradually reduced the number of paper invoices sent which dropped by 36,000 pcs. during the year, to 154,000 pcs. Unfortunately, we cannot completely discard them since we also have senior clients who do not use Internet.

We have set a goal – to get ride of paper in offices in the long run, and meanwhile we are trying to use recycled paper. We also have an internal programme called 'Towards the Paperless' which helps us improve the company's document management process.



**ELECTRONIC
SELF-SERVICE**



36,000 PCS.
fewer paper invoices



GET RIDE OF
paper

EQUIPMENT PROCESSING

It is estimated that every mobile phone contains not only precious metals but also toxic chemicals such as mercury, arsenic, and lead. At least twenty-two environmental and health-hazardous elements are in the batteries alone. Having evaluated this, we encourage customers not to dispose the old equipment but to take it to Telia Lietuva retail outlets. In exchange for any old equipment returned, we apply a discount on any new equipment that the customer wants to purchase, and the old one is delivered to the used equipment warehouse where it is sorted out and prepared to transport for recycling.

IN 2017, TELIA LIETUVA HANDED FOR RECYCLING ALMOST 100,000 PIECES OF VARIOUS EQUIPMENT:

TV set-top box.

Modems.

Mobile phones.

Old TV sets, etc.

We protect nature by reusing a part of the equipment after renewing it physically and updating its program.



DURING THE YEAR WE RE-USE ALMOST 30,000 PRICES OF VARIOUS ELECTRONIC EQUIPMENT.

UNUSED TELEPHONE BOOTHS

In 2017, we gave two unused telephone booths to interesting community projects. One of them was used by the Vilnius Waldorf's Green School for open Wi-Fi access, while another was installed by the Balsiai community in Vilnius as a book swap point placed in the Balsiai Mythological Park.

AWARDS

Our efforts last year were noticed and evaluated – during the National Responsible Business Awards, Telia Lietuva was recognised in the category of multinational companies as

ENVIRONMENTAL ENTERPRISE OF THE YEAR



In addition, according to Transparency International, our company ranked second in terms of business openness, integrity and transparency among the largest Lithuanian companies.

7. CHILD SAFETY ON THE INTERNET

We are the largest internet provider in Lithuania. Therefore, the most important initiative of the year 'Augu Internetė' (Growing Up on the Internet) is used to educate society about safety online and warn about its dangers. We want to make the Internet safer for children so that they can get as much knowledge as possible online, be entertained and protected from harm, as well as learning to identify and avoid the dangers of the Internet.

Our most recent survey shows that most parents agree that the Internet may have a negative impact on their children, but the absolute majority, 88%, say that minors use the internet without adult care. We have conducted another survey with the Child Advice Group and had seminars for teenagers together with other Telia Company countries. In Lithuania, they took place in two schools in Vilnius and Jonava. Eighty-five students from grades 6 to 9 had to work together to find solutions to the reality and the Internet-related challenges. In total, the study involved more than 700 children.

THE FINDINGS OF THE STUDIES AND SURVEYS URGED US NOT JUST TO EDUCATE CHILDREN BUT ALSO TO BECOME A COMPREHENSIVE ADVISOR ON ONLINE SAFETY ISSUES FOR BOTH PARENTS AND TEACHERS.

In order to teach about safety online, our employees attend schools, summer camps, have live interactive video tutorials, invite students to their workplaces and share special materials. In 2017, we talked at least once with 36,000 Lithuanian children.



During Safe Internet Week, that took place in February 2017, we launched the online platform www.auguinternetė.lt which contains articles, practical tips, and video content for children. Parents, teachers and everyone who „lives“ in the Internet can find useful information there.

‘Augu Internetė’ (Growing Up on the Internet) works closely with the Children’s Line, UNICEF, and 15min.lt. The initiative also joined the National Social Security Campaign ‘For a Secure Lithuania’ initiated by Dalia Grybauskaitė, President of the Republic of Lithuania, and is a partner of the campaign.

SMART WATCH FOR LITTLE ONES

Increasing parental concerns about the safety of children when they are away from home encouraged us to offer a smart watch, Gudrutis R10, for little ones.

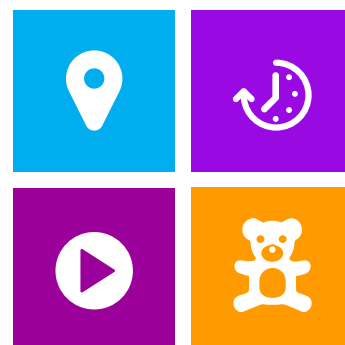
This playful device makes sure that adults always know where their offspring are. It has a GPS receiver which continuously sends its data to parents, and, if necessary, they can make a virtual „fence“. If a child goes beyond their limits, parents will know instantly.



A watch, Gudrutis R10, which works with Telia mobile plans, can also receive calls and allow a child to call pre-entered numbers. By clicking on a physical help button, a watch automatically dials three pre-entered numbers in a row.

SERVICE ‘ANTIVIRUS PLUS’

Special programmes and apps can help parents monitor and control children using telephones and computers. Telia’s earlier offered service ‘Antivirus Plus’ was updated in 2017. Now it not only protects family devices from cyber treats, and ensures secure banking transactions and online shopping, but also shows the location of the devices. This is particularly important for parents whose children have smart phones: adults could know the location of children, set up browsing time online, and protect children from inappropriate content or games that are not suitable for their age group.



TELIA TV SERVICE CHILDREN’S CORNER



Children’s Corner is a safe environment for children on Telia TV and features content filtering, time limitation, as well as entertaining and exclusive educational content. This specially designed environment for children includes content for children, cognitive programmes, sound tales, children’s radio and songs. Children’s corner was created for children and their parents. The service started in 2016, and in 2017 it was supplemented with relevant content.

INVESTMENT IN SOCIETY

All In approach is a part of our business strategy. As a technology market leader in Lithuania, we want to create the success of our business while ensuring the overall digital progress of the country and reducing technological exclusion. For this purpose, we have both competencies and resources. Hence, we are developing this area by:

- 1. CONNECTING THE UNCONNECTED.**
- 2. A HEALTHY AND SAFE SOCIETY.**
- 3. DIGITAL ENTREPRENEURSHIP AND INNOVATION.**
- 4. EDUCATION FOR ALL.**

1. ACCESS TO EVERYBODY

CONNECTING THE UNCONNECTED

Our vision is a 1 GB connection for each person. We are heading towards this by expanding the largest and fastest Telia 4G/LTE network in the country. In 2017, Telia Lietuva' investments into fiber-optic and 4G network development, and business support IT systems and processes, amounted to EUR 63.8 million and has increased by a tenth over a year.

464

new base stations in 2017

20 000 NEW HOUSEHOLDS

passed with fibre-optic Internet access

€63.8 MILLION

capital investment



Since October 2017, Telia Lietuva mobile service customers using Android smartphones

**STARTED TO USE VOLTE (VOICE OVER LTE)
TECHNOLOGY FIRST IN THE COUNTRY.**

It ensures faster call connection, better call quality and allows talking and surfing internet at the same time. As of mid-2018 VoLTE will also be available to iOS users.

ASSISTANCE FOR THE BLIND AND PARTIALLY SIGHTED

**TINKA IR
NEREGIAMAS**

PATVIRTINTA

LIETUVOS AKLŲJŲ IR
SILPNAREGIŲ SĄJUNGA



To ensure that all the members of society, including partially sighted, can use the latest technology, we have started working with the Lithuanian Association of the Blind and Partially Sighted (LASS). Telia Lietuva specialist together with association representatives, have tested and selected smartphones which are best suited to people with special vision needs. Selected models are marked with special signs. After installing special software, all the information displayed on the telephone screen can be voiced so that the blind can know the exact time, read received messages, surf the Internet or know who is calling.

THIS YEAR, ABOUT TEN SMARTPHONES THAT HAVE BEEN RATED BY LASS AS FIT FOR PARTIALLY SIGHTED PEOPLE ARE AVAILABLE AT TELIA LIETUVA RETAIL OUTLETS.

FREE WI-FI ON TRAINS

The largest passenger flow by rail is between Kaunas and Vilnius. Therefore, Lietuvos Geležinkeliai (Lithuanian Rail) trains running on this route have Telia's highest-quality Wi-Fi connection which ensures 4G Internet access without limiting the speed and amount of the data downloaded.



2. HEALTHY AND SAFE SOCIETY

COOPERATION WITH THE POLICE

Telia Lietuva has helped the Lithuanian police investigate cybercrime for several years.

In 2017, the Police Commissioner handed over a formal Certificate of Appreciation to Vytautas Bučinskas, Head of Risk Management, and Giedrius Meškauskis, Head of Special Services at Telia Lietuva of the same unit, for support to the police in disclosing serious and notorious crimes.



HEALTH MESSAGES



1,700,000
SMS

WE ARE CONCERNED ABOUT THE HEALTH OF OUR SOCIETY AND CUSTOMERS. THEREFORE, WE HAVE CONTRIBUTED TO THE CAMPAIGN 'LET'S FIGHT CANCER'.

We sent 1,700,000 SMS, along with other operators in the country, to remind our customers of the importance of taking care of themselves and checking their health. The messages reached half of Lithuania.

3. SOCIETY EDUCATION. FOCUS ON POPULATION

MENTORING PROGRAMME WOMEN GO TECH

At the beginning of 2017, the first women's mentoring programme 'Women Go Tech' started and ended in the summer. The programme was supported by Dalia Grybauskaitė, President of the Republic of Lithuania. Organisers: World Economic Forum Youth Network Global Shapers, the Association INFOBALT and Telia Lietuva, the main partner of the project.

OVER 200 WOMEN IN OUR COMPANY WORK WITH TECHNOLOGIES

By expanding our successful experience, we want to help women explore the field of technology and take root there. Stereotypes about professions, gender roles or personal abilities in society cannot be fought overnight. This also applies to information and communication technology business where the proportion of women employed has been low so far. We seek to make the changes that are promoted by the mentoring programme 'Women Go Tech'.

Before launching, the organisers received 251 applications from women who wanted to participate in the project; which shows their high interest and desire to enter the technology field, apply their skills in a new environment, and explore and exploit the opportunities that are opening up.

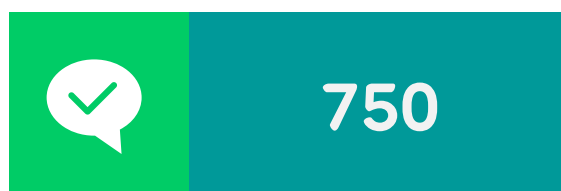
Human Resource specialist from Telia Lietuva helped to select forty-five participants. Technology was a totally new world for a part of the programme participants, while others were already familiar with the area they had the opportunity to work in. Women directly saw and tested how they could better realise themselves in the technology sphere and gained new knowledge and skills. The programme was attended by over thirty most prominent specialists from Lithuanian technology companies (including four Telia Lietuva employees).

The 'WomenGoTech' project and its successful practice were presented to other Telia Company countries. Similar projects for women were implemented in Denmark and Estonia, and at the end of 2017 the second 'Women Go Tech' season was launched in Lithuania.

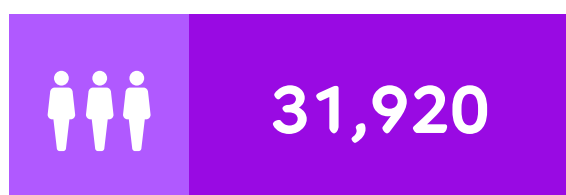


THE MATEMATIKA.LT PROJECT

In today's society, learning has to become attractive, fun and entertaining. It is very important to use technologies for this purpose. In 2017, the Matematika.lt project for graduates was launched in Lithuania. Its goal is to help students better understand mathematics and prepare for upcoming state-level examinations. Telia contributed to this initiative and thus the opportunity to post all relevant information on a special website appeared: in total, students can view over ninety lessons with over 750 different tasks free of charge in attractive video formats.



PASIRUOŠTI MATEMATIKOS
EGZAMINUI PADEDA



During the period between 1 April 2017 and 21 June 2017, visitors viewed the lessons presented here over 67,000 times. This is over 10,000 hours. Students could watch video lessons for free in Telia TV video on demand rent as well.

TECHNOLOGY FOR SENIORS

Technology helps to reduce not only social, but also generational exclusion, which is becoming increasingly important in the context of an aging population. In 2017, Telia Lietuva voluntarily paid attention to elderly people: employees arranged meetings with elderly residents in the Vilnius central library for two months and taught them about the mobile Internet, its possibilities, and helped them carry out practical tasks. Interest in the project was so high that it is planned to continue it in other regions of the country.



3. SOCIETY EDUCATION. FOCUS ON THE BUSINESS COMMUNITY

Telia Lietuva invited a number of executives to the Telia Business Summit that took place at the Leading Technology and Innovation Festival Login in May 2017.

**WE GATHERED OVER 400 HEADS OF
COMPANIES AND IT UNITS FROM
ALL OVER LITHUANIA.**

During the event, five exclusive speakers presented their insights on how digitization changes user experience and becomes the focus of business. A lot of attention was paid to cyber security issues as well. During the event, the official partnership between Telia Lietuva and Israel cyber security training company Cyber Gym was launched when establishing in Vilnius the first remote cyber security training centre in Lithuania and Northern Europe.



TECHNOPELNAS 2017

PARTNER

Telia Lietuva has become the main partner of the Technopelnas 2017 conference organised by the national business newspaper Verslo Žinios that took place in October 2017. This is an event for technology users where 150 small and medium-sized companies participated last year. At the event, Telia Lietuva's expert made a presentation on cyber threats to Lithuanian businesses and provided useful advice on how to protect against them.

4. PROMOTING DIGITAL INNOVATIONS

MODERN TRAINING/LEARNING ENVIRONMENT CLASSROOMS

Modern training/learning environment (MTLE) classrooms have wireless Internet access and smart tools, such as interactive whiteboards, tablets and teacher computers, special software, electronic exercises, electronic gradebooks and a virtual system for exam preparation, all of which contribute to efficient and exciting learning. In 2017, Lithuanian schools added

22 NEW MTLE CLASSROOMS

19 in Kaunas

3 in Radviliškis

During the entire programme period, such classrooms were installed in forty-one schools in Lithuania.

The most powerful and advanced companies in their field, such as Telia Lietuva, Microsoft, TAMO, HP and BMK, participated in the creation of MTLE. When installing (MTLE) at schools, they receive a full package of services including the necessary equipment, software, and teacher training.



MENTORING PROGRAMME FOR START-UPS

In mid-2017, Telia Lietuva introduced a new mentoring programme, Telia HUB.

The initiative is dedicated to people who link their future to the technology business and have particular business ideas. Telia Lietuva provides programme participants with the necessary IT infrastructure for idea development and a range of consultations. The mentoring programme involves twenty Telia Lietuva' experts in the areas of technology, business development, finance, law, human resources, or communications. They provide programme participants with live and remote consultations. Tens of start-ups have already benefited from Telia Hub capabilities and consultations so far.

To promote program awareness, we organised a creativity workshop – Telia HUB: Internet of Things.

During the event, technology enthusiasts developed innovative products for the Internet of Things. Fifty-seven participants, not only from Lithuania but also from Belarus and India, competed in the event. The winning team, Spot4You, created a virtual office assistant within two days and won a cash prize of 1,000 euros and the opportunity to continue developing the project with Telia Lietuva specialists.



PARTNERSHIP WITH VILNIUS TECH PARK

The largest technology start-up park in the Baltic States and the Scandinavia, Vilnius Tech Park, has been working for two years, and we have been one of the major partners of this park since its inception.

The park offers not only fully equipped offices but also a wide range of business development infrastructure, rooms for events, and Telia HUB collaborative space. The whole park benefits from our extremely fast and reliable communications infrastructure: 1 GB local and 1 GB international high-speed broadband and dual fibre-optic Internet access through Wi-Fi for both park guests and tenants. Internet connection security is ensured by a firewall, an antivirus programme and a hacking control system.



TELIA NON-MUSEUM

In May 2017, a virtual museum which has no analogues, opened in Vilnius. It recounts a 700-year history of the capital of Lithuania with the help of multilayer computer graphics, lasers and projections.

Implementers of the Telia Vilnius History Non-Museum project are Telia Lietuva, well-known national TV producers Edmundas Jakilaitis and Laurynas Šeškus, and the author of the virtual tour scenario, Professor Alfredas Bumblauskas.

In the fifteen-minute virtual tour, having applied technological innovation and the possibilities of the digital world, the history of Vilnius was recounted and residents of the city, and its guests, now can experience the unexplored city and look at it in a completely different way. This creates new impressions and valuable experiences. This is another project that shows how high-speed Internet and technology synergy opens up a lot more opportunities for learning about the world, studying and development.

THIS PROJECT WON THE NOMINATION OF THE YEAR DISCOVERY 2017 DURING THE VILNIUS HOSPITALITY AWARDS.

5. OTHER ACTIVITIES

VOLUNTEERING

We are a large company with a lot of active and enthusiastic people willing to make positive changes. One of our internal programmes, YOUNITE, is designed to promote volunteering. The goal is that all members of the Telia Lietuva team, from executives to customer service specialists, will contribute to their social activities by volunteering. We aim that all volunteering activities be related to digital technology and here the possibilities are very wide: it includes familiarisation with equipment and use, technology use in education, safe use of technology, etc. Any employee willing to volunteer may spend eight hours per year on it during work time.



If employees do not get an interesting volunteering activity, they are encouraged to offer a new area themselves. This initiated Telia Lietuva employee visits to old people's homes, virtual mentoring students and many other new ideas.

In 2017, nearly a fifth of our employees joined the voluntary initiatives. The most popular volunteering initiatives fostered by Telia Lietuva are:

- Safe internet lessons for kids with the initiative '**Augu Internete**' (Growing Up on the Internet)
- Assistance to old people in 'making friends' with technology
- Educational programmes for young businesses with the **Telia HUB**
- Mentoring programme for women with **Women Go Tech**
- Developing new talents with the **Telia IT Academy**



In 2017, employees also joined external initiatives. For example, nearly a hundred colleagues contributed to the environmental clean-up campaign 'Darom' (Let's Do It). The employees collected garbage in public Telia Wi-Fi zones.



GOODWILL PROJECTS

In 2017, in response to the terrorist events that took place in foreign countries and understanding the shock and the uncertainty of the people in the face of such events, for a few days during the critical period we compensated our clients with a refund of the expenses incurred for mobile and fixed-line calls and SMS from Lithuania to the countries where the events occurred, as well as from there to Lithuania. Last year this goodwill campaign was carried out following attacks in the United Kingdom, Sweden, Turkey, Spain, and Germany.

We continued our cooperation with the Kupiškis region toll-free line of emotional support for elderly people, operated by the consultation and initiative centre Tavo Laikas. We believe that emotional help provided by telephone allows elderly people to feel less lonely and cope with problems.

In 2017, twenty-four organisations got short numbers and three of them received 100% support for support projects:

FULFILMENT CAMPAIGN 2017

SAVE THE CHILDREN – FOR LITHUANIAN CHILDREN

UNICEF – FOR CHILDREN

PARTNERSHIPS

In 2017, we signed twenty-seven support agreements. Social investments of Telia Lietuva Group amounted to almost €114,000 (this amount does not include the support for telecommunication services discounts).

In 2017, Telia Lietuva provided financial support to the following entities:

Association Infobalt, American Chamber of Commerce, Association Investors forum, Lithuanian Informatics, Communications and Electronics Association, Lithuanian Cable Television Association, Lithuanian Union of Communications Workers, Lithuanian Tennis Union, Panevėžys Open Youth Center, UAB ACC Distribution, VšĮ Robotikos Akademija, VšĮ Žmogaus Teisių Stebėjimo Institutas, VšĮ Geros Valios Projektai, VšĮ Global Lithuanian Leaders, VšĮ Ponia Matematika, VšĮ Kaunas Clinical Hospital.

OUR RESULTS

VALUE CREATED BY TELIA LIETUVA

Revenue

EUR 370 MILLION

EBITDA, excluding non-recurring expenses

EUR 125 MILLION

Free cash flow

EUR 53.9 MILLION

Investments

EUR 63.8 MILLION



Such investments would be enough to build a 250 km asphalt road.

Investments in fibre-optic Internet

EUR 23 MILLION



If only fibre-optic cable was purchased for this money, it would be enough to surround the entire globe.

Dividends for 2017 amounted to

EUR 40.8 MILLION

Telia Lietuva share price has increased

3,3 %

Taxes

EUR 64.6 MILLION

taxes paid to the State Tax Inspectorate and State Social Insurance Fund

Telia Lietuva pays the most taxes among technology and telecommunications company in Lithuania.

Services



Mobile service users
1,352 THOUSAND



Broadband Internet accesses
412 THOUSAND



TV service users
242 THOUSAND



99%
of inhabited area are covered by the Telia Lietuva 4G network



890 THOUSAND
(or 73% of households) are passed by Telia's fiber-optic network

Number of employees

3,027

Employee-related costs

EUR 57.8 MILLION



ABOUT THE REPORT

This report presents the activity of Telia Lietuva, AB and Telia Customer Service LT, UAB (hereinafter referred to as the Group) in 2017. A sustainability report is produced once a year and published along with the annual performance results.

In this report, the Group provides non-financial information on responsible business to its stakeholders: clients, shareholders, investors, employees, suppliers, business and social partners and the general public.

Preparation of this report has been inspired by the Guidelines G4 of the Global Reporting Initiative (hereinafter - the GRI) of the United Nations, as well as the requirements applicable to telecommunications companies. G4 Guidelines are recommended internationally as one of the most advanced methodologies for non-financial reporting intended to measure and provide information to both internal and external stakeholders.

Also, in preparing the report, recommendations of the Association of Responsible Businesses of Lithuania (LAVA) have been taken into consideration regarding information that should be provided by the responsible business.

The report is publicly available on the corporate website and is therefore accessible to all groups concerned. Information about publication of this report was also provided to investors in notices disseminated by the stock exchange.

The report is not audited. The annual report is not printed. Only this e-version is available in Lithuanian and English on the website www.telia.lt and the website of stock exchange Nasdaq Vilnius along with the annual financial statement.

Stakeholders are always welcome to submit their comments, feedback and questions. Please submit them by email: ilma.cikanaite@telia.lt. No comments have been received on the report 2016.