

# Sector Guidelines: Information and Communication Technologies (ICT)

## Scope and purpose

The overall objective of these sector guidelines is to promote sustainability performance in our business relations with corporate clients, portfolio companies and suppliers in all jurisdictions where Swedbank Group operates. The sector guidelines are applicable to all companies within the sector and in all stages of the value chain.

## Sustainability impact

The ICT sector includes the service industries, wireless and integrated telecommunications, telecommunications carriers, advertising, broadcasting, cable & satellite, films & entertainment and publishing. Familiar services provided by the sector include, electronic commerce, telecom operators, IT security, and digital content & distribution including software.

The key sustainability aspects associated with the ICT sector include high energy usage by information storage & distribution systems and labour management. The sector is also exposed to numerous serious external human rights and social challenges and risks related to privacy & data security, corruption & social instability, access to communications and freedom of speech. Considerable illegal activity such as the sexual exploitation of children and the sex trade are also facilitated by internet and telecom service providers.

## Expectations and recommendations

Swedbank expects clients, portfolio companies and suppliers to operate in accordance with relevant international norms, as well as regional and national laws, regulations and permits. We expect our business partners to manage material sustainability issues in a systematic manner within the field of human rights, labour rights, climate, environment and

business ethics. We also recommend that companies involved in the ICT sector:

- Identify material sustainability aspects and adopt relevant policies, objectives and targets;
- Implement processes for assessing and managing internet security and data privacy, both from a business and a customer perspective;
- Adopt a freedom of expression policy that acknowledges national laws and international norms, human rights, children's rights and address content issues of filtering and self-censorship;
- Adopt policies and implement routines that address fair business practices and anti-corruption;
- Prevent discrimination and improve equal treatment of men and women;
- Report transparently on tax payments at group and country level in line with established global initiatives;
- Conduct due diligence on supplier management of environmental, social and business ethics and integrate sustainability criteria within procurement processes. Verify compliance with company standards on a regular basis;
- Report regularly on material sustainability issues in line with established reporting framework standards, such as GRI.

## Relevant norms, guiding principles & standards

- ✓ The 10 principles of the United Nations Global Compact<sup>i</sup>
- ✓ OECD Guidelines for Multinational Enterprises<sup>ii</sup>
- ✓ UN Guiding principles on Business and Human Rights<sup>iii</sup>
- ✓ Global Network Initiative Principles on Freedom of Expression and Privacy<sup>iv</sup>
- ✓ Children's Rights & Business Principles<sup>v</sup>

- ✓ Guidelines for Industry on Child Online Protection<sup>vi</sup>
- ✓ Toolkit on environmental sustainability for the ICT sector<sup>vii</sup>
- ✓ Open Net Initiative<sup>viii</sup>
- ✓ ISO 2700<sup>ix</sup>

### **Implementation**

Sustainability risk assessment is an integral part of Swedbank Group's risk assessment within corporate lending, investment and procurement. The sector guidelines set the context for risk assessment. In order to comply with our existing sustainability framework Swedbank shall:

- Ensure understanding of existing and potential clients' and portfolio companies' activities and risks. This means that Swedbank may require relevant documentation such as certificates and policies in order to understand sustainability governance and performance;
- Evaluate suppliers' sustainability performance and integrate sustainability requirements as a mandatory part of supplier agreements. This means that Swedbank may terminate supplier relationships in the event of non-compliance with our supplier code of conduct;
- Continuously educate relevant Swedbank staff on general and specific Corporate Sustainability trends, issues and opportunities;
- Monitor our portfolios to mitigate Economic, Social and Governance (ESG) risks;
- Collaborate with third-party professional Corporate Sustainability experts and establish dialogue with counterparties on environmental and social matters;
- Report transparently on sustainability performance.

<sup>i</sup> The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

<https://www.unglobalcompact.org/about>

<sup>ii</sup> OECD Guidelines for Multinational Enterprises.

<http://www.oecd.org/corporate/mne/>

<sup>iii</sup> The United Nations Guiding Principles on Business and Human Rights (UNGPs) are a global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity.

[http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

<sup>iv</sup> Global Network Initiative. The GNI's Principles on Freedom of Expression and Privacy have been developed by companies, investors, civil society organisations and academics. The Principles are based on internationally recognised laws and standards for human rights, including the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

<https://globalnetworkinitiative.org/gni-principles/>

<sup>v</sup> The United Nations Guiding Principles on Business and Human Rights represent a milestone in the business and human rights discussion. However, recognising the need for stronger visibility of children's rights, Save the Children, the United Nations Global Compact and UNICEF joined forces to develop the Children's Rights and Business Principles released in 2012, to give business a clear idea of where and how their business might impact children.

<http://www.unicef.org/csr/12.htm>

<sup>vi</sup> Industry guidelines to protect children online and develop measures were enhanced and published jointly by the International Telecommunication Union (ITU) and UNICEF with the support of The Child Online Protection (COP) members including ECPAT International. These guidelines are supposed to act as a tool and checklist for industry partners to provide a safer online environment for children and make their services safer by design.

[http://www.itu.int/en/cop/Documents/bD\\_Broch\\_INDUSTRY\\_0909.pdf](http://www.itu.int/en/cop/Documents/bD_Broch_INDUSTRY_0909.pdf)

<sup>vii</sup> The Toolkit on Environmental Sustainability for the ICT sector is an ITU-T initiative which provides plenty of detailed support on how ICT companies can build sustainability into the operations and management of their organisations, through the practical application of international standards and guidelines.

<http://www.itu.int/ITU-T/climatechange/ess/index.html>

<sup>viii</sup> Open Net Initiative. Internet censorship and surveillance are growing global phenomena. ONI's mission is to identify and document internet filtering and surveillance, and to promote and inform on wider public dialogues about such practices.

<https://opennet.net/>

<sup>ix</sup> ISO 27000 provides an overview of information security management systems (ISMS), and terms and definitions commonly used in the ISMS family of standards. This International Standard is applicable to all types and sizes of organisation (e.g. commercial enterprises, government agencies, not-for-profit organisations).

<https://www.iso.org/isoiec-27001-information-security.html>