

Corporate Social Responsibility 2019



FØROYATELE

Headed for the future

A digital era with groundbreaking changes lies ahead of us. An era of continually increased connectivity and capacity caused by a new generation of information and communication technology. 5G, the Internet of Things, Big Data and Artificial Intelligence have become the central driving forces of socioeconomic growth, and this new generation is increasingly becoming a pivotal factor of our daily lives.

Technological innovation has become a vital tenet of the global economy, and the Faroe Islands are no exception. At Føroya Tele / Faroese Telecom this technological innovation and invention is of utmost priority.

We are likewise of the conviction that a world connected through smarter information and communication technology will ultimately be beneficial to our own society, as this technological future ahead of us will be fundamental in supporting our transition towards an even greener world.

At Føroya Tele / Faroese Telecom our aim is to be pioneers. We will never allow ourselves to revert to complacency when faced with the task of maintaining and developing the strongest, fastest and most modern communication technology possible, and will always be at the forefront when providing for every individual Faroese client and for the advancement of our society.

Every Faroese citizen should assume effortless communication as their given right. But behind this reasoning lies each individual employee's skills, attention to detail, responsibility, and courage to envision the unabating implementation of strong and appropriate communication technology that can sustain the constantly growing traffic and increasing modern demands while servicing the needs of every individual Faroese user.

Although technology is in constant motion, we must maintain our footing to ensure the calm and steady progression of our vision of continuously remaining a society that showcases the possibilities in international communication technology standards. And our intrinsic social consciousness is our preeminent advantage.

Collective responsibility is a natural principle in all of Føroya Tele's / Faroese Telecom's duties. Environmental protection and societal responsiveness are centralised / centralized / core beliefs in all our endeavours / endeavors and will maintain its privileged positions throughout all our pursuits.

The year 2019 was no exception. It was another eventful year on our behalf, where we again strived to meet our societal duties (as global frontrunners in digital, technological and communication provision).

Jan Ziskasen,
CEO







2019 in numbers

Turnovers:

DKK 385 mil.

Paid in salaries:

DKK 94,8 mil.

Corporation tax:

DKK 7,9 Mkr.

Paid in dividends:

DKK 34 mil.



Our goal is to connect the Faroe Islands and the Faroese people to a brighter future. Persistent sensible running of operations and a good combination of abilities among our staff help ensure our goals.

The Faroese Telecom group's annual result after taxes in 2019 was a profit of DKK 34 million, compared to DKK 48 million in the previous year.

Results of 2019 are satisfying in the sense that the union is facing a transformation period featuring major development projects.

The income and result of 2019 were expected to be short of 2018. The work of establishing new activities along with digitising and modernising the organisational infrastructure have added to the cost.

The net sale of the union grew from DKK 380 million to DKK 385 million. The growth stems largely from increased sales abroad, while sales on the Faroese market have declined, especially because of falling prices.

In 2019, the Faroese Telecom union invested DKK 58 million in tangible fixed assets, and DKK 10 million in intangible fixed assets.

The Faroese Government, who is the sole shareholder, receives a dividend of DKK 34 million for the financial year 2019.

A photograph of the Faroese Telecom building, a modern structure with a glass facade and a dark metal frame. The name 'FAROESK TÆL' is visible on the top of the building. The sky is overcast and grey.

A limited company for 21 years

Since 1998, Faroese Telecom has paid DKK 343 million in dividends to the Faroese Government. In 2019, the Government received DKK 34 million in dividends. Investments were made for DKK 68 million in 2019, and since 1998, Faroese Telecom has invested in tangible and intangible fixed assets for a total of DKK 2,687 million.

Faroese Telecom was formed as a limited company in 1998. Since then, we have continuously made wide ranging investments to advance telecommunication in the Faroe Islands.

One big investment was when we extended the GSM mobile network in 2001-2002 to ensure mobile coverage in nearly all populated areas. During this same period, we invested in ADSL technology which resulted in better internet access by broadband in the Faroe Islands.

In 2002, the final contracts to build the new headquarters in Hoyvík were signed. The new building, which was named Klingran, was specially built for our activities and included a building dedicated to technics and repairs. When Klingran opened for business in 2004, most of the group's activities were assembled under one roof.

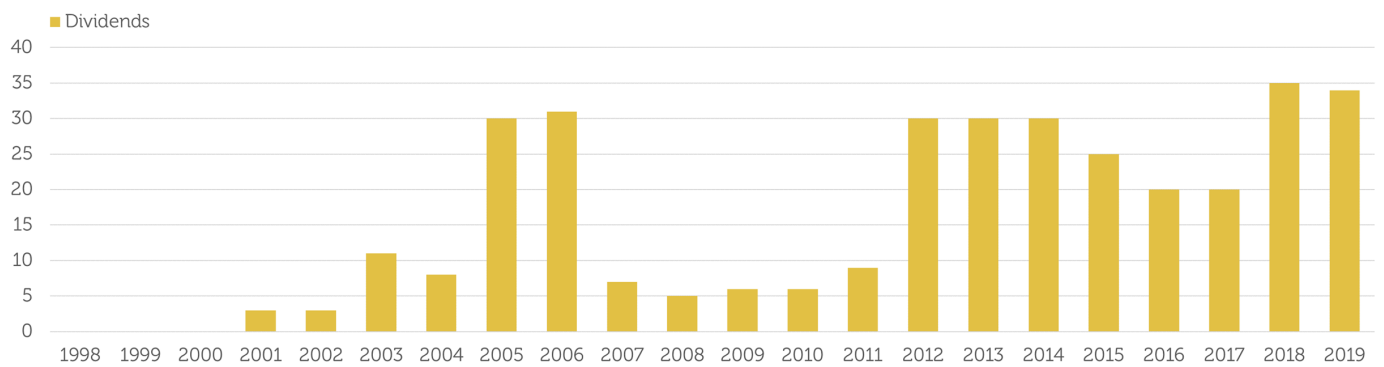
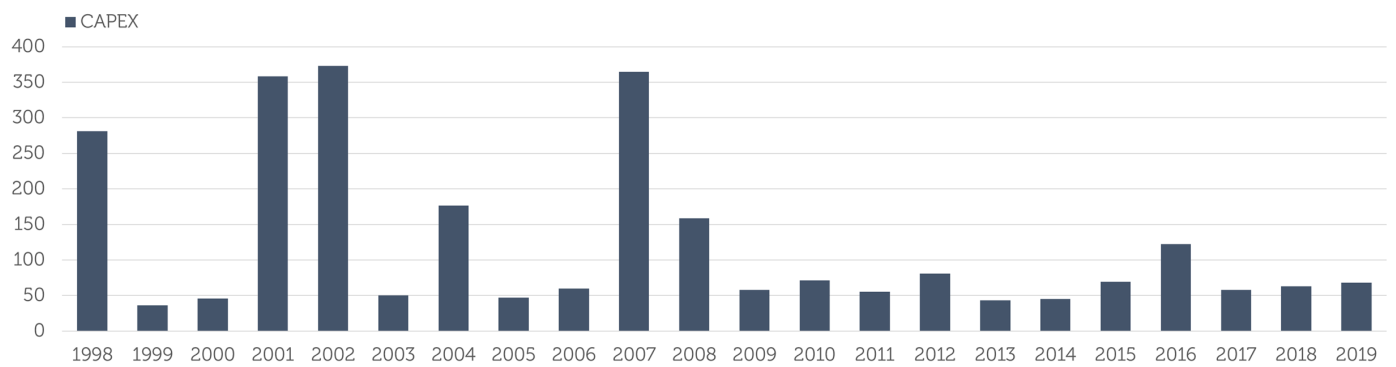
Another big investment was in store in 2007 when the SHEFA-2 submarine cable was laid. The cable went from Hvítanes, along the Scottish Islands to the Scottish mainland where it was connected to a cable to London. The SHEFA-2 cable helped securing communication between the Faroe Islands and the rest of the world.

Since the 2007 investment, SHEFA-2's activities

have expanded. It now also provides the offshore industry west of Shetland with telecommunication, as well as providing internet to the Scottish Islands.

In 2016, the entire mobile network was upgraded to a new and modern technology which also included 4G. This was a large and comprehensive project which gave users access to world class internet with high-speed and the best quality, as well as ensuring distribution on land and sea. Furthermore, the first preparations in the long term plan of distributing fibre optic internet to all companies and households in the Faroes were underway in 2016.

We continue to make large and significant investments in telecommunications, both on land and at sea, as these help us guarantee that every Faroese has access to world class services and 100% mobile coverage. In addition, we are going to focus on developing new areas of work within Internet Of Things and green energy, to name a few.



Among the best mobile networks in the world



Continuous investment in the mobile network, which can be counted among the best in the world, guarantees great communication at all times anywhere on the islands.

Simple communication is essential in today's international community. Our ambitious employees carry out this ambition day and night.

In return, our mobile network is world class and carries growing traffic, meeting today's demands and needs of every Faroese.

To maintain our world class network, we made investments in 2019 to upgrade our mobile network to 4G+ in certain areas with high data usage, among other things. We also improved coverage in

towns and villages all over the country.

Good geographical mobile coverage means safety for both Faroese and tourists visiting our beautiful islands. Apart from covering all tunnels, our wide ranging coverage means that travellers, from the mountains to the fjords, can roam safely.

A new transmission station was set up in 2019 in Víkar on the island of Vágoy. Apart from serving local businesses, the signal from this station reaches as far as the Vestmanna bird cliffs which see many tourists, especially during the summer months.



The first phone call using the new and advanced 5G technology was made in our headquarters in Høyvik in June. Since then, we have worked on preparing the expansion of the new 5G mobile network. Technological examinations and analyses have been made, but a big part of the focus has been on ensuring the foundation of the new 5G net.

The process of selecting a supplier has, among other things, been defined by trade war. 5G is an big societal investment, and therefore it is essential that the safest and best solution is found, not just for today, but for the future.

Statistics 2019

Text messages sent

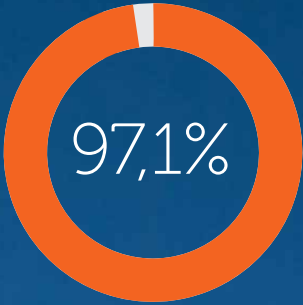
8.954.488

Minutes on a mobile call

63.706.651

GB of data used

1.838.092



● New and updated transmission stations

Heading for 100%

We made significant investments in the mobile network in 2019, as it is crucial to fine-tune and improve the network every year in order to satisfy the needs of our customers and the general advancements in society.

The coverage is the best of its kind in the Faroes; however, nothing but 100% will suffice.

In 2019 we made specific fine-tunings and expansions and the mobile network now covers 97.1% of Faroese territory.

Several new transmission stations were set up to improve coverage in certain areas and existing stations were upgraded with the latest technology to improve, for example, indoor coverage.

- In Tórshavn, the transmission stations á Hálsi and á Vaglinum were fine-tuned and upgraded to 4G+.
- In Tvøroyri, a new transmission station was set up to improve coverage in the centre of town.
- In Klaksvík, a new transmission station was set up at Stangabrúgvín to improve 4G and 4G+ in the town.
- In Víkar on the islands of Vágoy, a transmission station was set up to improve mobile coverage in the area.
- A new station was set up to improve coverage in the Hvannasund tunnel.
- Transmission stations were fine-tuned to improve indoor coverage at Bakkafröst in Strendur, at Varðin Pelagic in Tvøroyri and at Luna in Fútaklettur.
- Transmission station was set up at Eggjarklettur on the island of Nólsoy to improve the network onboard the ferry Smyril in the fjords of Nólsoy and Skopun.
- The transmission stations in the tunnels of Villingardal, Ritudal and Kunoy were upgraded on the 800 MHz frequency.





IT security

We live in an digital world where more and more services operate online. Consequently demands of secure networks, carrying data flows, increase. This reality is central in how we work and continues to shape the way we run our business.

All of our systems, services and procedures follow strict safety requirements and are routinely scrutinised to make sure they comply with current regulations.

Furthermore, we lead strategic collaborations with relevant partners to ensure that customers, institutions and businesses in the Faroe Islands are able to work in a safe digital environment.

Collaboration with the Faroe Islands Police and the Faroese Department of Accounting and Financial Administration (Gjaldstovan)

With information and technological solutions, the purpose of collaborating with the police and Gjaldstovan is to help protect Faroese institutions, businesses and individuals from cyber attacks. This also strengthens cyber security in the Faroes on a general level.

The purpose of collaboration between these three partners is both thoughtful and meaningful. As an institution under the jurisdiction of the Ministry of Finance, Gjaldstovan administers IT security for a large part of the public IT infrastructure, while Faroese Telecom administers important parts of all communication on land. The police are responsible for dealing with potential illegal activities, such as attempts at hacking Faroese IT systems. In this way, all three partners are actively engaging in strengthening Faroese IT security.



Unwanted emails stopped

2.231.459

Virus-containing emails identified and stopped

4.763

Times we have prevented hackers from logging into Faroese email accounts

34.569.101

Critical DDOS* attacks on systems, networks and websites stopped

8

* Distributed Denial of Service

Employee satisfaction

At Faroese Telecom, competent employees are essential as they form the basis for all our activities. For us, it is only natural to place employees at the centre of the stage and prioritise job satisfaction.

Faroese Telecom has served the Faroese people for more than 110 years. During this time the Faroese people have been the heartbeat of the company. However, the pulse of today is an entirely different one, and the Faroese people have different requirements in this ever changing world. It is our responsibility at Faroese Telecom to feel the pulse and make sure that employees are confident with the changing conditions.

Competent employees

Although the Faroe Islands are located in the open sea, we are still an advanced society where boundaries and distances don't matter. The world is easily within our reach.

Our goal is to create an environment where employees know their roles and what is expected of them. Our goal to ensure that our employees are confident, motivated and learning, ties up with our vision to connect the Faroe Islands and the Faroese people to a brighter future.

Every year we conduct a satisfaction survey in-house, and let the results guide our work with the mindset of delivering high quality outcome and job satisfaction.

Education and collaboration

Throughout the working life of each employee, we encourage them to be bold and take responsibility by facilitating personal and professional development. In cases where conditions permit it,

employees can organise their work according to specific needs.

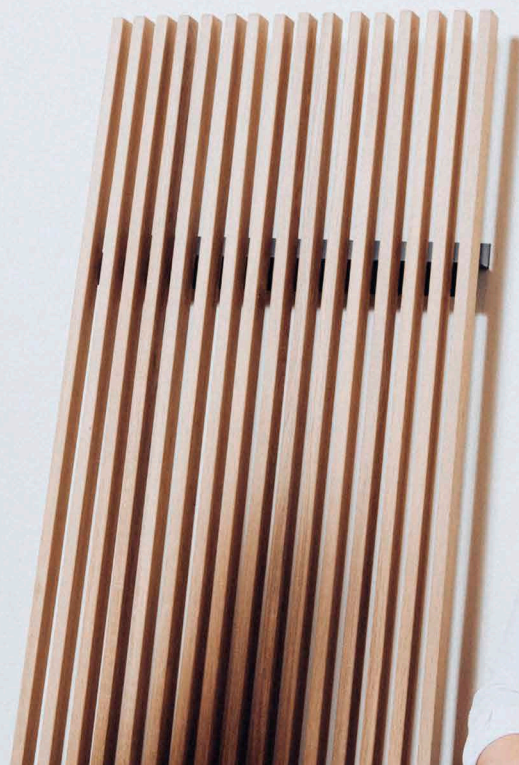
We want to be transparent and encourage interest in our core activities and as result establish contact with future employees. We do this in close collaboration with schools, educational institutions and companies.

We are certain that have studnet interns creates a synergistic effect. Not only do students gain work experience, but we at Faroese Telecom also get insight into new research and theories which can further innovation in our current business.

Our priority is satisfaction

In the annual satisfaction survey, job satisfaction has an index score of 78 and loyalty an index score of 85. This means that job satisfaction and loyalty at Faroese Telecom is considerably higher than the average on the Danish labour market and among the best in the Nordic countries. 97% of our employees responded to the anonymous survey in 2019.

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Job satisfaction

78

Loyalty

85

Employees at year-end 2019

195

Internships

7

Age range in the Faroese Telecom group

16 - 70 ár

Apprentices in the office, shops,
IT and data technology

10

Environment and green solutions

We are all responsible for looking after our environment. For us, this means that we want to make the best possible use of all materials, maintain a sensible use of energy, take good care of our immediate environment and to set an example in general.

Stations across the country

330

Stations include our buildings, technical houses, technical cabinets and masts across the country. We run continuous analyses of all our stations to make sure that energy use is efficient. Furthermore, every year we take action to clean and improve the area inside and outside our buildings.

Batteries across the country

3.000

All of our equipment on mountaintops and in stations across the country run on batteries. The reason for using batteries is that they continue to run, even during power cuts. The batteries are tested on a yearly basis. If they pass the test, the batteries are not exchanged.

Boxes for sorting

11

We take care that all waste is sorted and recycled or disposed of as environmentally friendly as possible. For example, in Klingran we have a waste room containing boxes for sorting, a cardboard press machine and containers outside for large waste.

Total number of kWh of battery banks

60.000

Our batteries differ in weight. The heaviest battery weighs 98 kilograms. When several batteries are added together, it is called a battery bank. There are 198 batteries in our largest battery bank, weighing a total of 11 tonnes. When we add all our battery banks together, we have 60,000 kWh.



Klingran

Our headquarter is front runner when it comes to the environment and green solutions.

Light sensors

Klingran was born with smart light management. There are no switches in the building as the light only works by motion-detecting light sensors. This means that the light in a given room reacts when people are present and adapts to the amount of light in the room. This solution is so effective that we won't change it for the time being. However, when it comes to new buildings or when it otherwise applies, we use LED lights.

Heating control

The heating and natural ventilation in Klingran is controlled by building automation (CTS). Before this, we had a heat supply of 79 degrees Celsius, which today is 54 degrees Celsius. In 2020, we plan to move away from natural ventilation and to a hybrid system which will result in a better indoor climate.

Free cooling

The cooling system in all our buildings has been switched to free cooling, which for the most part runs on energy efficient CE motors.

Free cooling is a method that uses external air to cool rather than compression refrigeration. This saves a lot of energy because it means that less energy is required for cooling. The Faroese climate is very suitable to free cooling as it rarely gets warmer than 20 degrees Celsius.

Originally, the tech rooms in Klingran ran on compression refrigeration, but the switch to free cooling and heat pump systems in 2015 meant that the surplus heat could be used for heating the rest of the building. The switch of 2015 had with it an overall annual saving of 500,000 kWh.

Oljufri í 2020/2021

We break new grounds and exploit new solutions. When we invest in new equipment or new buildings, we look at energy efficiency and sustainability.

Our plan for 2020 is to exchange the heating system in four of our tech houses to a ground heat system. In Klaksvík; however, we want to connect to the local seawater heating system.

Moreover, in a new tech building being built in Miðvági, we want to trial-run a hydrogen and solar power system instead of backup power.

Similarly, we want to move towards an oil-free car fleet at Faroese Telecom. We intend to have six electric vehicles and charging stations by 2020.



The customer in focus

The strongest bond is the human bond.
With good communication, the human
bond can grow even stronger and longer.

Dedicated communication is not a matter of course.

The importance of a fast and secure connection grows every day and it is our job to run and develop the strongest, fastest network possible.

Although the Faroe Islands are located in the middle of the ocean, we are an advanced society. We use advanced technology to create bonds and show others who we are. That we are distinctive, that we are bold, and that we are visionary. That we like to look at ourselves as the centre of the world, and that the world can look to us at learn – not the other way around.

In the end, does everything depend on the network that binds us together? No. The prerequisite for holding everything together is customer service and dedicated communication.

Dedicated communication

As telecommunication supplier, it is important for us to lead the way in customer service and dedicated communication. That others may learn from us. Therefore, we go to great lengths to serve and get to know each customer, as if they were the only person in the universe.

We want to bond with our customers and create good communication. We do this by being dedicated, trusting and by placing the customer in the centre of all our activities.

We want our customer to have as uncomplicated an experience as possible.

Dedicated customer communication means listening and understanding. Thinking about solutions instead of chatting away, ensuring that each customer gets the best service possible. It is essential that our customers have trust in us and feel safe when using our products and services.

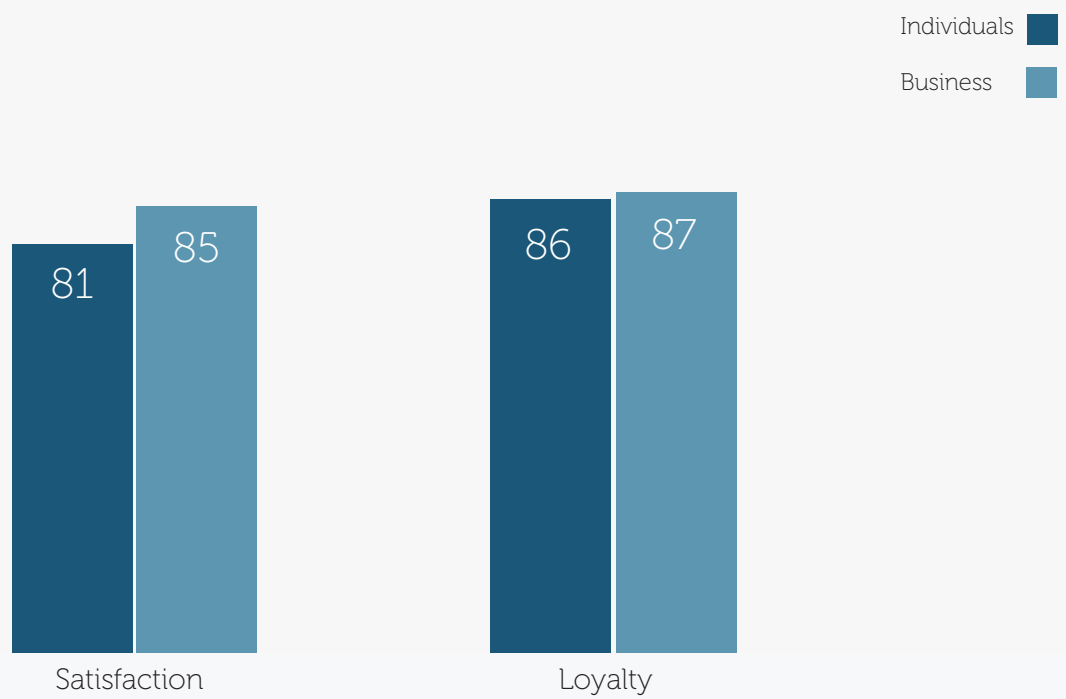
Confidence and development

It is important that our customers have confidence in us. That they feel safe, seen and heard, since this has a positive effect on our abilities. That we create simple solutions that customers take pleasure in. Prerequisite of simplicity is that skilled people make an effort every day, take responsibility and pave the way for the future.

That's why we're here.

Customer satisfaction

Every year we go to great length to maintain and improve customer satisfaction. We conduct an annual customer survey, which provides us with insight into the needs of each customer.



Satisfaction and loyalty are measured according to the EPSI-model (European Performance Satisfaction Index)

The year in highlights...

Telecommunications are important, but social responsibility is so much more. We, humans, are social beings which means that we live in this community alongside others, where we all contribute and engage in matters of significance. These are some of the highlights that were on our agenda in 2019.



Entrepreneurship on the agenda

As the main sponsor of Íverksetarahúsið, we support innovation and the entrepreneurial environment in the Faroe Islands.

The collaboration with Íverksetarahúsið is a good way to support social progress.

We believe that the Faroe Islands needs entrepreneurs and new businesses. We actively collaborate with Íverksetarahúsið on many relevant projects, for instance, in coordinating FT GameJam.

Connectivity at Víkar

There are not many places in the Faroes without mobile coverage. One of these few places has been from the northern side of Vágoy and north towards Saksun.

Apart from serving local businesses, the new transmission station at Víkar also provides coverage at the Vestmanna bird cliffs, which is a known tourist destination.





A new communication platform for the police

The old way of communicating by radio waves has had its day. Soon, the police will get a brand new communication platform.

The system is cutting-edge as it is built on the 4G network, digital and encrypted.

The system will be foundation under the police's emergency management, and over time it has potential to be foundation of all emergency managements.

Pól and the mountains

At this point, every Faroese knows Pól Sundskarð. We follow him and include him in our work to improve mobile network coverage in the Faroese nature.

Pól can help us with this, because just as he wants to lead the way and leave a trail for others to follow, our principal goal is to lead the way for Faroese progress and lay the foundation for easy and sophisticated telecommunication.





Sheep tracking

In 2019, we launched Spora which is a product intended for the farming and livestock industry.

The product was at first given to sheep farmers to keep track of their sheep in an uncomplicated and innovative way on their phones and computers.



Main sponsor of national eTeam

In collaboration with the Faroe Islands Football Association, we kicked off Faroese eFootball.

It followed in the wake of the European Football Association's new football tournament, eEURO2020.

Football history was written, and for the first time, two ePlayers representing the Faroe Islands were found.



Teleshop opens at airport

It is important for us to meet the customers exactly where they need us.

This was the idea when we opened a new Teleshop at the airport. The opening followed after a years of serving in collaboration with Visit Vágar.

The new Teleshop has been well received, and will serve the Faroese people and the many tourists travelling through the airport.



Agreement with Samsung

It is important for us to have access to the "big guys". Samsung is a giant on the telecommunications market, along with Apple and Huawei. In 2019, we signed a strategic agreement with Samsung, just as we already are an Apple Authorised Service Provider.

The Samsung agreement means faster access to their products which gives our customers an even better experience.

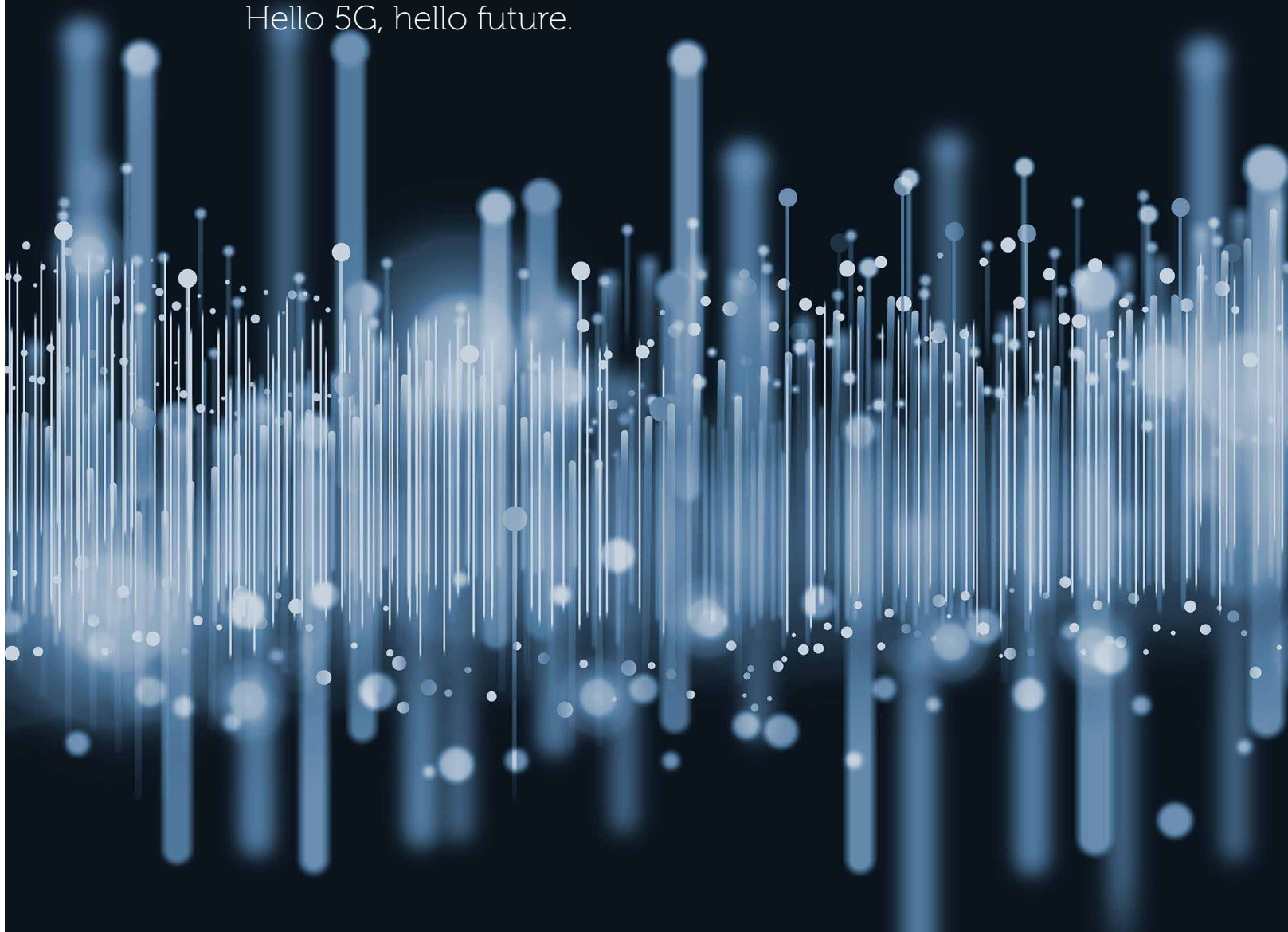
Hello 5G

It is said that 5G forms the basis for the digital society of the future, and in 2019 the preparations for implementing the new 5G technology got underway.

So far, 5G has been tested internally at our headquarters in Hoyvík.

We plan a nationwide rollout of 5G, and many more groundbreaking changes lie ahead.

Hello 5G, hello future.





Children and screen time

Joint event with Kvinna in Klingran

Our lives are invaded by technology, and while it has furthered social progress, it is not without challenges, especially when it comes to children, who, to some degree, grow up in front of a screen.

In a joint event with Kvinna, we put this topic on the agenda and asked: what are we, as parents and as a society, supposed to do? Together, we hosted an evening event in our headquarters and wrote a series of articles on the subject in the magazine Kvinna.

At the evening event, we heard Ann Mari Petersen, educator, explain some of the consequences of too much screen time, Eva Skeel Nolsøe, head of HR and communications, described how she controls her children's screen time down to the last minute, and lastly, Elin Michelsen told us about some child-friendly apps.

Manfred Spitzer on screen time

What are the effects and side-effects of screen time, and how does it affect our health, education and society? World-renowned German neuroscientist, Manfred Spitzer, addressed this question at an event hosted in cooperation with Gitte Klein, the founder of the company Grit – positive psychology.

The lecture with Manfred Spitzer was scientific and provoking and was based on his research on the brain: how humans learn, how music and sports have beneficial effects on the brain, and how digital media affects learning and attention.

After the lecture, there was a panel discussion on the topic. Technology is here to stay, and it is hard to imagine a life without screens. This is what Manfred Spitzer, Gitte Klein, Magni Mohr, Hanna Jensen and Súsanna Olafsdóttir Skaale, debated. Heini í Skorini chaired the debate.

VerSumHeima

in 83 countries and islands

It is a big world, but with VerSumHeima (RoamLikeHome), it feels small. The Faroese are a travelling nation, and to travel should be as simple as possible. Our service, VerSumHeima, is state-of-the-art, and in 2019 it was extended with four additional countries.

Specifically, Australia, Indonesia, South Korea and Thailand.

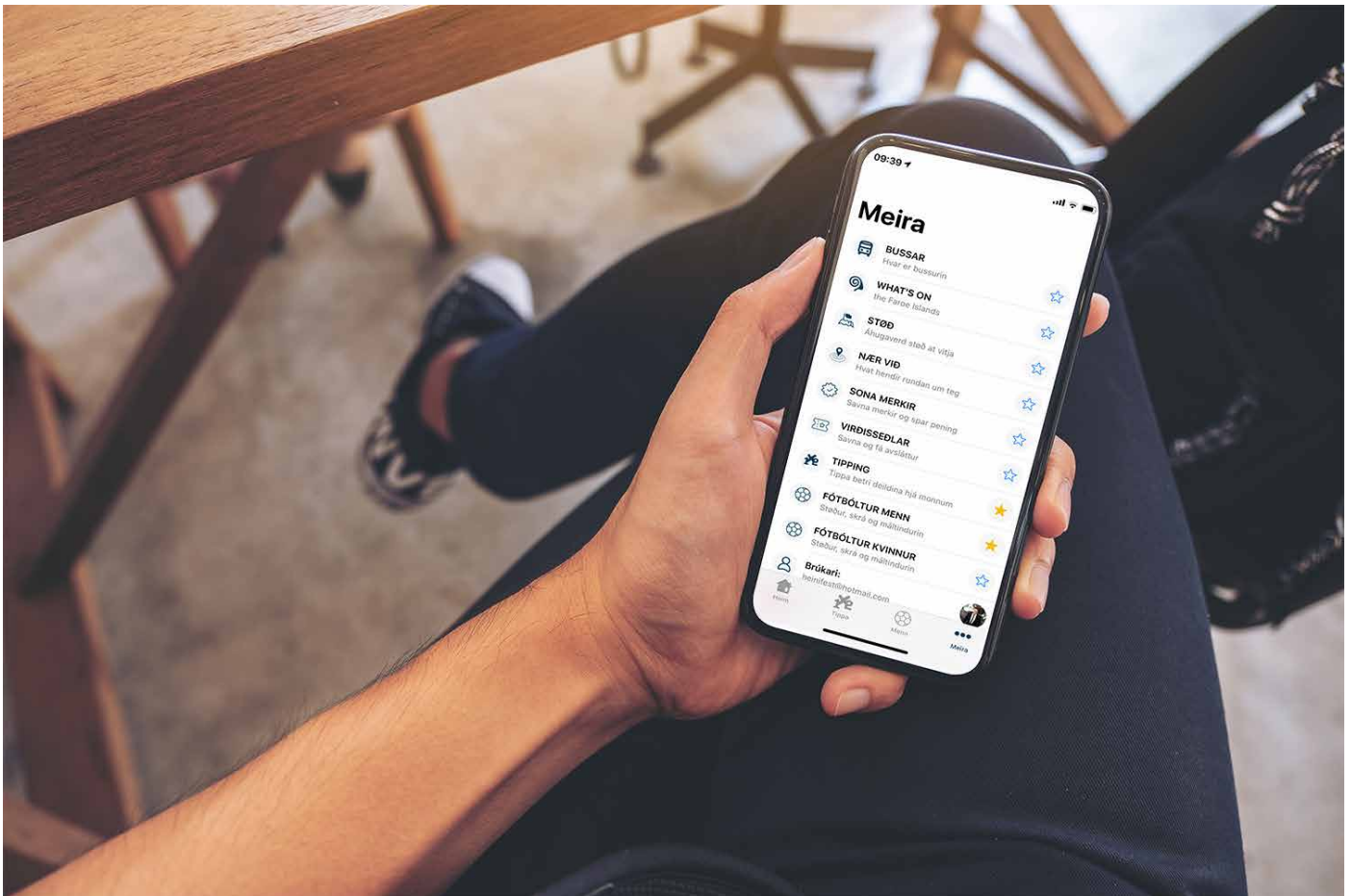
Alaska
Albania
American Virgin Islands
Andorra
Australia
Austria
Azores
Åland Islands
Belarus
Belgium
Bosnia and Herzegovina
Bulgaria
Canada
Canary Islands
Check Republic
China
Crete
Croatia
Cyprus
Denmark
England
Estonia
Finland

France
French Guinea
Germany
Gibraltar
Gotland
Greece
Greenland
Guadeloupe
Guernsey
Hawaii
Holland
Hungary
Ibiza
Indonesia
Isle of Man
Isle of Wight
Italy
Ireland
Israel
Jersey
Kosovo
Latvia
Lichtenstein

Lithuania
Luxembourg
Madeira
Macedonia
Malta
Mallorca
Martinique
Minorca
Moldova
Monaco
Montenegro
Northern Ireland
Norway
Portugal
Poland
Puerto Rico
Rhodes
Romania
Russia
San Marino
Sardinia
Scotland
Serbia

Sicily
Slovakia
Slovenia
Spain
South Korea
Svalbard
Sweden
Switzerland
Thailand
Turkey
Ukraine
USA
Wales





Sona continues to grow

In the spring of 2018, Faroese Telecom transformed the old number lookup and phonebook, Nummar.fo, to the multifaceted service, Sona. The purpose of Sona is not just to provide phone numbers, but to bring together all sorts of useful information in one place. While the Sona website only works as a number service, the Sona app is multifaceted, offering a wide range of services. Both the app and the website were continuously improved throughout 2019. Sona.fo was upgraded with a new look, improved search function and an advanced search option.

The statistics tell us that the Faroese are happy with the service.

At the end of the year, the app had been downloaded 25,000 times, and had processed an average of 19,000 daily search queries.

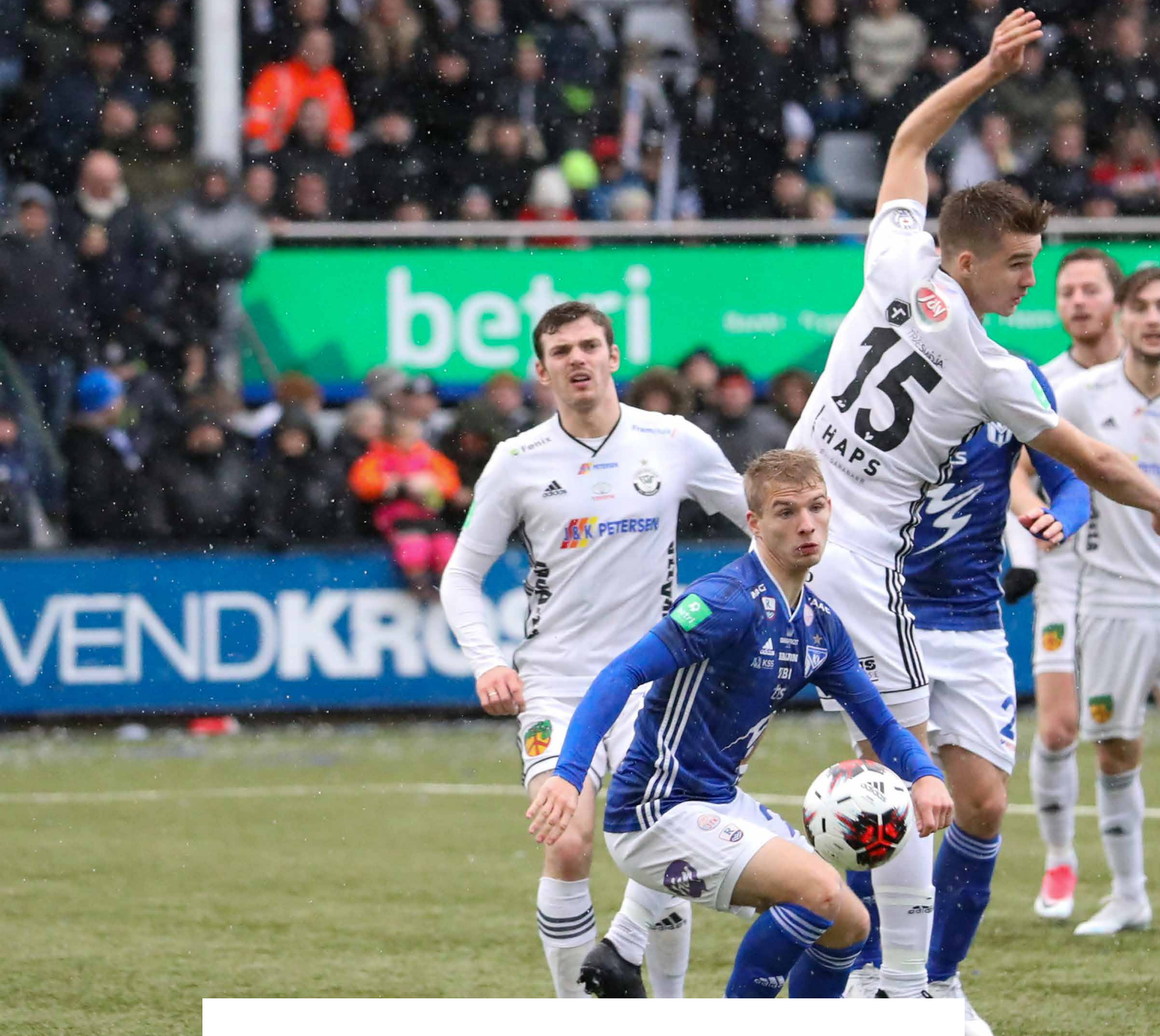
In 2019, the Sona app continued its growth as new and exciting functions were added. In addition to the popular football tournament, Sona also collaborated with What's On, G! Festival, Summar Festival and Magn to offer sustainable and handy services.

Faroese keyboard on Apple

For a long time, we have had our heart set on getting the Faroese language on Apple devices, so that it is just as easy to type Faroese as any other language.

With determined effort and after lengthy dealings with numerous Apple divisions, as well as relevant persons in, for example, the Danish Foreign Ministry, it has finally become a reality.





Betri Deildin live on Televarpið

In 2019, Televarpið and the Faroe Islands Football Association worked together to broadcast the Faroe Islands Premier League (Betri Deildin) live on Televarpið and will continue to do so in 2020. A service which will benefit viewers both near and far.

The football matches aired on Rás1 and across Televarpið's viewing platforms. In this case, Rás1 was expanded with four extra channels which are all available on the app and on Netvarpið (online TV).

R1

R2

R3

R4

R5

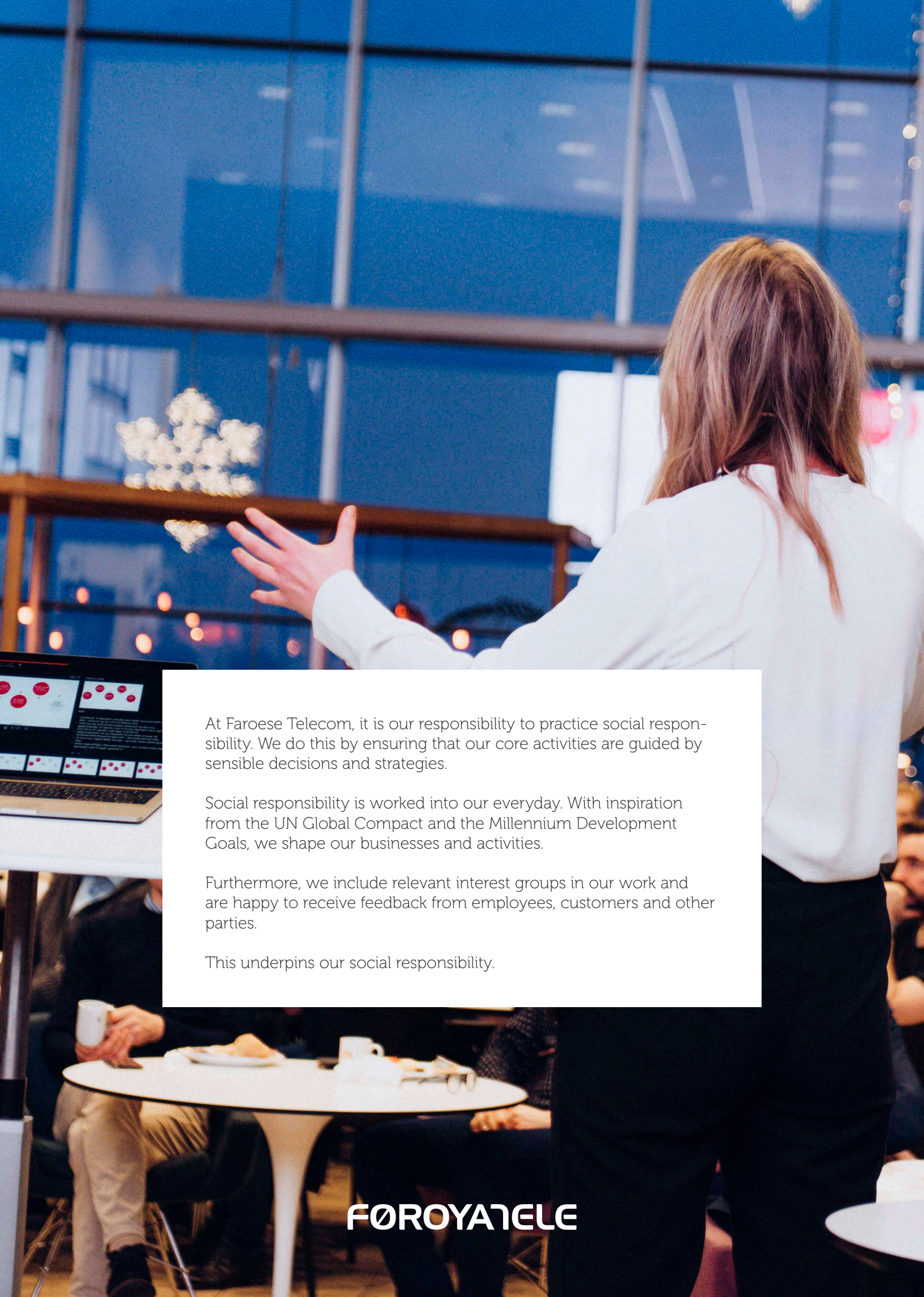


Televarpið and ÍSF

In 2019, Televarpið partnered up with the Faroese Confederation of Sports and Olympic Committee (ÍSF). The purpose of the collaboration, which also extends to 2020, was to broadcast Faroese sports live on Rás1, on the app and Netvarpið (online TV).

In the Faroes, there is a great interest in sports. Therefore it is of great importance that the associated organisations of ÍSF are able to broadcast live from selected sporting events.





At Faroese Telecom, it is our responsibility to practice social responsibility. We do this by ensuring that our core activities are guided by sensible decisions and strategies.

Social responsibility is worked into our everyday. With inspiration from the UN Global Compact and the Millennium Development Goals, we shape our businesses and activities.

Furthermore, we include relevant interest groups in our work and are happy to receive feedback from employees, customers and other parties.

This underpins our social responsibility.

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