Google

European Union NFRD Report

2019

Contents

Reporting principles

We are issuing this report pursuant to the European Union (EU) Non-Financial Reporting Directive (NFRD) 2014/95/EU. This report covers the global operations of Google LLC and all its subsidiaries. Google LLC itself is a wholly owned subsidiary of Alphabet Inc. In 2019, Google Sweden AB—a Swedish limited liability company— is the only entity required to report under Directive 2014/95/EU, according to the Swedish Annual Accounts Act (1995:1554) (Sw. Årsredovisningslagen). Therefore, we have also included select information and examples specific to Sweden to complement global information.

   This report includes summary information on Google's environmental initiatives, employee matters, social impact, respect of human rights, and anti-corruption and bribery matters. When available, such as for diversity and inclusion data, data covers our 2018 fiscal year (January 1 to December 31, 2018). When 2018 data is not yet available, such as for most of our environmental data, data covers our 2017 fiscal year (January 1 to December 31, 2017).

   For more detailed information on any of these topics, see Google's Commitments page, which highlights our work across five areas: Protecting Users, Expanding Opportunity, Including all Voices, Responding to Crises, and Advancing Sustainability. Our reports database contains all of our public reports pertaining to each of these five areas. Additional information about our commitment to corporate responsibility can be found on Alphabet's Investor Relations page.

Google's business model

Google's mission is to organize the world's information and make it universally accessible and useful. Google's business includes our main products such as Ads, Android, Chrome, Google Cloud, Google Maps, Google Play, Hardware (including Nest), Search, and YouTube. Our technical infrastructure is also included in Google. Google generates revenues primarily from advertising; sales of apps, in-app purchases, digital content products, and hardware; and licensing and service fees, including fees received for Google Cloud offerings.

For more information on Google's business model, see Alphabet's annual report.

Environmental initiatives

Climate change is one of the most significant global challenges of our time, and we've long been committed to improving our energy consumption. Operating Google's business in an environmentally sustainable way has been a core value since our founding. We're focused on tackling our energy consumption through a threefold strategy for carbon neutrality. First, we pursue aggressive energy efficiency initiatives. Second, we are the largest corporate purchaser of renewable energy in the world,[1] and for every kilowatt hour of electricity we consume, we purchase a kilowatt hour of renewable energy from a wind or solar farm that was built specifically for Google. Third, we buy high-quality carbon offsets for any remaining emissions we haven't yet eliminated.

Google has been carbon neutral since 2007 and in 2017, we purchased enough renewable energy to match 100% of the electricity we consumed for our global operations. Since 2010, Google has signed 26 power purchase agreements totaling nearly 3 gigawatts of renewable energy. These deals have enabled almost EUR 4.2 billion investments in renewable energy projects across the globe.

Google's data centers are the heart of our company, powering products like Search, Gmail, and YouTube for billions of people around the world, 24/7. For more than a decade, we've worked to make Google data centers more efficient and have striven to improve their environmental performance even as demand for our products has dramatically risen. All Googlers who work in our data centers are subject to our Data Center Energy Management Policy, which, among other things, calls upon Google to "strive for continual improvement of data center energy performance" and to "lead the industry in the design, operation, and maintenance of economical, energy-efficient data centers."

In fact, Google data centers use 50% less energy than typical data centers. In 2018, the average annual power usage effectiveness (PUE) for our global fleet of data centers was 1.11, compared with the industry average of 1.58 —

meaning that Google data centers use about five times less overhead energy. In 2018, we maintained ISO 50001 (energy management) certification for 12 of our 14 Google-owned and -operated data centers globally.

In addition to our operating data centers in Finland, the Netherlands, Belgium, and Ireland, Google also has acquired a 109-hectare property in Horndal, Avesta Municipality in Sweden. We currently have no plans to develop this site, but we bought the land to ensure that we have options to expand our data center presence in Europe if our business demands it.

At Google, just as we focus on users in designing our products, we focus on our employees in creating healthy workplaces, from our San Francisco Bay Area headquarters to Google offices at diverse sites in more than 160 cities around the world. At the end of 2017, over 1 million square meters (11.1 million square feet) of Google office facilities had achieved Leadership in Energy and Environmental Design (LEED) certification.

We also put Google technology to work helping others study and respond to environmental challenges. We're working with numerous research and nonprofit organizations to map the world's forests, oceans, watersheds, and air quality, then helping to get that information into the hands of decision-makers. We do this by working with partners to build tools like Global Forest Watch, Global Fishing Watch, Project Sunroof, Project Air View, Global Surface Water Explorer, PowerExplorer, and the DiSARM platform for malaria risk mapping.

For more information about our environmental sustainability initiatives, risk assessments, and key performance indicators, see our 2018 Environmental Report and our 2018 CDP Climate Change response. Alphabet has earned a position on CDP's Climate Change A List, which recognizes leadership on climate action and transparency, for four consecutive years.

Employee matters

We recognize that our employees are our best assets and critical to our continued success. We invest heavily in hiring talented individuals, and we seek to hire people with diverse backgrounds and perspectives.

Google's Code of Conduct provides a guide as to how our employees are expected to live Google's values as they pursue the company's mission. This includes respect for one another, and for our users. Employees are expected to create and preserve a workplace culture that is free of harassment, intimidation, bias, and unlawful discrimination. Code of Conduct training is provided to all Google employees at all levels of the organization, and we offer "unconscious bias" training both online and in-person.

In an effort to accelerate our commitments to be a representative, equitable, and respectful workplace, we are increasing transparency in

relation to our Code of Conduct. We are working to provide transparency around Googlers' concerns and how we handle them and increased support for people who raise concerns. In 2019, we will share our policy on Harassment, Discrimination, Retaliation, Standards of Conduct, and Workplace Concerns, as well as our processes, and channels for raising and investigating concerns.

When we say we want to build for everyone, we mean everyone. To do that well, we need a workforce that's more representative of the users we serve. That's why diversity, equity, and inclusion are business imperatives for Google. They improve outcomes for our employees, our products, and our users. As we shared in our 2019 Diversity Report, Google's leaders share responsibility for a company-wide goal to foster a representative and inclusive workplace for everyone.

We continue to focus on developing, progressing, and retaining women and employees from underrepresented communities at all stages of their careers. In 2018, we launched new initiatives, including a sponsorship program that pairs high-potential women directors with VPs who provide coaching and advocacy to advance their careers.

We are also proud to support the Employee Resource Groups (ERGs) that provide additional support and community for underrepresented employees and their allies. Collectively, more than 25,000 employees actively participate as members of our 16 Employee Resource Groups. These Googler-initiated networks are passionate about promoting diversity, equity, and inclusion at Google.

For more information on our Diversity efforts, see Google's 2019 Diversity Report.

When someone joins Google, we seek to provide resources to help them achieve their personal and professional success and well-being, and Google's efforts in these areas are widely known. In fact, in Universum's 2018 ranking of Europe's Most Attractive Employers, Google was ranked number one for both Business and Engineering/IT.

We aim to empower employees to act on great ideas regardless of their role or function within the company, and provide training that helps them develop the skills to do so. We have an e-learning curriculum, and conduct "Googler-to-Googler" training sessions, where people learn new skills from their colleagues. Google subsidizes outside studies related to an employee's job responsibilities, and — because we believe that fostering curiosity is key to success — Google also provides allowances for employees to engage in external training unrelated to their function.

In terms of physical resources, we build our offices with a view to providing our employees with a first-rate work environment, and we engage in a process of continuous re-evaluation with respect to design and functionality to meet the needs of our people.

Employee health is extremely important; we want our employees to live happy and healthy lives, both in and out of work. Our benefits programs are designed to give employees control over their health and well-being, and to make it easy for them to take care of themselves and their families.

Globally, new parents, regardless of gender, receive a minimum of 12 weeks fully paid leave to bond with their child (birth mothers receive an additional 10-12 weeks of pregnancy recovery time). In Sweden, we adhere to longer statutory parental leave requirements of up to 480 days of leave. Google also provides enhanced pay (up to 90% of full salary) for a maximum of 390 days.

In addition, all new parents globally benefit from a 2-week gradual return policy (ramping back to work part-time at full-time salary). Google also supports all employees (including parents) in availing of flexible working options such as part-time working and job-sharing. We also provide baby bonding benefits, which is a sum of money given to Googlers who are new parents to help pay for services that support them during the first period of being a parent (e.g., house cleaning, healthy take-out food, etc.) to allow them to maximize the time and energy they can spend with their new family member.

Social impact

We know that diversity and inclusion are values critical to our success and future innovation. We also know challenging bias–inside and outside our organization–is the right thing to do. That's why we continue to support efforts that fuel our commitments to progress. These commitments require us to look at bias through a wider lens: at Google, in the industry, and in society. And while progress takes time, our actions today will determine who we are in the future.

Around the world, Google engineers, designers, and marketers are working to understand the needs of communities who have been underrepresented in tech. From Google's Pixel Camera, to embracing equity in Google's global support services, we are making sustained efforts to drive inclusion by design, to enable inclusive products such as the Google Assistant. Launched in 2016, it's now available on more than one billion devices in nearly 30 languages and 80 countries. In 2018, Swedish was added to the list of languages. Before launch, the product team worked with Employee Resource Groups to avoid stereotypes, historical biases, offensive language, and hate speech.

We also work with external partners to improve our products for everyone. For example, our Digital Coaches host workshops as part of the Grow with Google program, working with minority- and women-owned businesses that are part of Google's Supplier Diversity program.

Digitalakademin (Sweden's Grow with Google program) was founded by Google Sweden during the autumn of 2015, in collaboration with the government (including Arbetsförmedlingen) and partner Almi. The aim of Digitalakademin is to help ensure that everyone is able to participate in the digital economy. Our training programs range from basic online skills, like how websites work and how to reach customers with email, to more advanced topics, like tracking results with analytics and international marketing. Through 100,000+ training hours, we have educated 32,000+ people in digital skills since launching the program.

On International Women's Day, 120 Women@Google global chapters from 52 countries engaged tens of thousands of employees to discuss career development and programs to improve our culture. Events also included giving back to local communities. For example, we hosted computer science workshops for high school girls and digital skills training for women entrepreneurs.

We also partner with Women in Computer Science chapters across 100+ universities to host 200+ events annually. These events provide women opportunities to develop their technical skills, celebrate their achievements through #IamRemarkable workshops, and offer exposure to the tech industry. We hosted 19 global Women Techmakers summits and supported more than 300 community-led meet-ups to empower 25,000 women in the tech industry.

We also aim to inspire interest in engineering among young future talent by working with local schools and camps, and hosting events such as Introduce a Girl to Engineering Day, an annual initiative we support by hosting a group of 12- to 19-year-old girls at Google Sweden to give them the opportunity to learn about careers in engineering.

Respect of human rights

We are committed to respecting the human rights set forth in the Universal Declaration of Human Rights and its implementing treaties, as well as in the United Nations Guiding Principles on Business and Human Rights and the Global Network Initiative Principles.

At our foundation, Google's Code of Conduct sets forth our expectations for employees regarding privacy, security, freedom of expression, discrimination, harassment, corruption, and compliance with all laws, including anti-modern slavery legislation. The Code encourages employees to raise questions or concerns about the Code and to report suspected violations. Employees failing to follow the Code can be subject to disciplinary action, including termination of employment. Failure of a Google contractor, consultant, or other covered service provider to follow the Code in connection with their services to Google can result in termination of

their relationship with Google. Our Code of Conduct training reinforces the expectation that employees, temporary workers, and contractors (collectively, "our workers") follow applicable laws and report concerns of illegal or unethical activity.

Our commitment extends beyond our own employment practices to those of our suppliers. We developed a Supplier Code of Conduct (the "Supplier Code"), which is based on the Responsible Business Alliance (formerly the Electronic Industry Citizenship Coalition) Code of Conduct; international standards, such as the United Nations Guiding Principles on Business and Human Rights and the Universal Declaration of Human Rights; and our own values. The Supplier Code sets standards designed to protect the health, safety, and treatment of workers; minimize their environmental impact; combat corruption; respect freedom of association and collective bargaining; comply with minimum wage laws; and prohibit any form of forced, bonded (including debt bondage), or indentured labor, involuntary prison labor, sex trafficking, and slavery or trafficking of people.

We expect our suppliers to source only from conflict-free smelters, such as those that are compliant with Conflict-Free Smelter Program (CFSP) assessment protocols, and work with suppliers to achieve conflict-free sourcing. Our Conflict Minerals Policy directs suppliers to perform due diligence on the source and chain of custody of minerals used to manufacture products for Google.

We strive to protect our users' privacy, free expression, and secure access to the web when they use Google products. We outline how we safeguard privacy and security on our safety site, give users control over their information through Google Account, and detail our efforts toward protecting online expression and access to information in our statements on freedom of expression. We're also committed to complying with Europe's new General Data Protection Regulation. In 2018, we updated and improved our Privacy Policy, making it easier to understand, adding informative videos that explain our practices, and embedding key privacy controls directly in the text. We also updated the privacy and security settings in the Google Account, which ensures users can easily see their data and set their preferences for how Google should store and use their information, including pausing or deleting Search or YouTube history or disabling personalized ads. We continue to develop and improve these and other tools to make them more robust and intuitive.

In June 2018, we announced the Google AI Principles: seven principles to guide our Artificial Intelligence work going forward. In addition to these seven principles, we have identified AI applications we will not pursue, including designing or deploying AI in technologies whose purpose contravenes widely accepted principles of international law and human rights. These are concrete standards that govern our research and product development and impact our

business decisions. We established a formal review structure to assess new projects, products, and deals against the principles. This group includes our human rights team, alongside our user researchers, social scientists, ethicists, and policy, legal, and privacy advisors.

We are founding members of the Global Network Initiative (GNI), a multi-stakeholder non-governmental organization working to advance free expression and privacy. The GNI Principles are informed by the UN Guiding Principles on Business and Human Rights, and they concretize ICT companies' responsibility to respect and promote the freedom of expression and privacy rights of their users. As part of GNI, we work to protect, promote, and support human rights, including through improved responsible decision-making, shared learning, and multi-stakeholder collaboration.

We believe restrictions on the freedom of expression should be consistent with international human rights laws or standards, the rule of law, and be necessary and proportionate for the relevant purpose. We also believe that laws around government surveillance of user information should be narrowly tailored, transparent, and subject to oversight. We publish the Transparency Report, which sheds light on how laws and policies affect internet users and the flow of information online.

Our Chief Ethics and Compliance Officer oversees a team focused on combating modern slavery in the company's supply chains and business operations. The Chief Ethics and Compliance Officer provides quarterly updates on the status of our Anti-Modern Slavery Program to our Compliance Steering Committee, composed of senior executives from across our business. In addition, our Chief Ethics and Compliance Officer provides regular updates on our anti-modern slavery efforts to the Audit Committee of Alphabet's Board of Directors. Regular updates on the status of the Responsible Supply Chain Program — which includes addressing human rights risk, among many other areas — are provided to our Responsible Supply Chains Steering Committee, composed of our Chief Ethics and Compliance Officer and leaders from Google's direct and indirect supply chains.

Our Policy Against Modern Slavery prohibits knowingly engaging in or supporting human trafficking and child labor practices in our business operations. Any violation of our standards by a Google employee can result in disciplinary action, including termination of employment. Any violation by a supplier can result in contract termination. Recently, we published our third annual Modern Slavery Statement, which provides more detail on our efforts to ensure that modern slavery is not taking place in our supply chains and business operations.

We perform periodic independent third-party audits at hardware and non-hardware suppliers' facilities. The audits include in-depth factory tours, meetings with management, on-site worker interviews, document reviews, and assessments of related areas, such as dormitories, cafeterias, wastewater

treatment facilities, and warehouses. The audit protocol is designed to assess suppliers' performance in the areas covered by our Supplier Code, including human rights risk. We work with our suppliers to determine root causes and develop corrective action plans for any issues identified during the audit. While our audits are announced, our supplier managers are trained to report any concerns they might observe on an ongoing basis. In 2018, we published our second annual Responsible Supply Chain Report. This report provides more detailed information about our above-mentioned audit and supplier engagement efforts.

As part of our efforts to mitigate human rights risks in our supply chain, we also conduct due diligence on our direct suppliers and vendors identified as having higher risk through our risk assessments. As part of the due diligence process, suppliers complete a self-assessment questionnaire about their working conditions and management systems. The due diligence process also includes background checks, examination of labor-related red flags that appear in publicly available databases and media sources, and a review of higher risk suppliers' names against human trafficking watch lists. In 2018, after completing a risk assessment of our contingent workforce suppliers, we focused additional due diligence efforts on an identified higher-risk population of contingent workforce suppliers.

If we discover red flags, we remediate these issues and document them. In certain cases, we may decide to no longer pursue a relationship or to terminate our current relationship with a supplier. Our workers who manage relationships with higher risk suppliers identified in our risk assessment receive supplemental in-person training. In addition, we have an online training course that covers all of the aspects of our Supplier Code for our workers in roles related to hardware supplier management. This training helps our workers identify human rights red flags, shares best practices, and instructs our workers to report human rights concerns.

Certain areas of our business, such as our hardware production, present human rights risks we have been working to eradicate; however, we appreciate that there are risks present in many aspects of our business that we must continue to work to understand and address. Working to mitigate human rights risk is an ongoing process, and we continually strive to assess this risk in all facets of our business.

Finally, we seek to apply technological innovation to advance social good in the diverse communities and contexts in which we operate. Thus, we support technology-focused social impact projects and provide resources to help nonprofits tackle challenges such as human trafficking, education, and economic development through Google's AI for Social Good Program and Social Impact Challenge.

Anti-corruption and bribery matters

Google recognizes that corruption adversely impacts economic growth and disproportionately harms the most vulnerable people and communities around the world.

As with our modern slavery efforts, Google's Chief Ethics and Compliance Officer oversees a legal team dedicated to preventing corruption in the company's business operations and supply chain. The Chief Ethics and Compliance Officer provides quarterly updates on the status of our anti-corruption compliance program to the Compliance Steering Committee, as well as the Audit Committee of Alphabet's Board of Directors.

Google's Code of Conduct requires compliance with anti-bribery laws, such as the US Foreign Corrupt Practices Act and the UK Bribery Act 2010. We also have an Anti-Bribery and Government Ethics Policy, which prohibits bribery and facilitation payments in our business operations and requires legal pre-approvals for certain types of government-related expenses. A Google employee, contractor, service provider, supplier, or vendor who directly or indirectly gives, offers, or promises anything of value to anyone, including government officials, with the corrupt intent to obtain or retain any improper advantage will be disciplined up to and including termination of employment or business relationship.

We continually strive to assess corruption risk in all facets of our business. As with other companies in our industry, bribery and corruption risks posed by working with third parties and intermediaries remain a significant corruption risk to Google.

We undertake a number of efforts to mitigate the risk of bribery and corruption both in our company's operations, as well as in our supply chain. Below are a few key examples:

- We maintain an anti-bribery third party due diligence program, where we conduct documented, risk-based due diligence pertaining to the engagement of third parties and channel partners.

- We routinely inform business partners of Google's commitment to abide by anti-bribery laws and seek a reciprocal commitment from them by including anti-corruption compliance language in our contracts.

- We strive to provide risk-based anti-bribery training for employees in relevant functions at all levels of the company. Our Code of Conduct training, which is administered to all employees, contains an anti-bribery module. Furthermore, we have a separate training course fully dedicated to the topic of anti-bribery and anti-corruption, which we administer to certain employees whose roles and responsibilities involve higher risk in this

area. Finally, we also periodically supplement our online trainings with live instruction. In 2018, Google had a Code of Conduct training completion rate of 99.38% and an anti-corruption training completion rate of 99.50%.

• We conduct periodic reviews of the anti-bribery compliance program, taking into account relevant developments in the business and field, as well as evolving international and industry standards.

• We conduct periodic and documented testing of relevant controls and sampling of high-risk transactions.

• We implement appropriate processes and due diligence procedures to analyze potential bribery risks associated with proposed mergers and acquisitions, joint ventures, investments, and consortia.

• Finally, as previously mentioned, we maintain multiple reporting channels whereby employees can raise questions or concerns about the Code of Conduct or our anti-bribery policy and to report suspected violations.

Conclusion

In their first letter to shareholders, our founders highlighted Google's goal to "develop services that significantly improve the lives of as many people as possible." This vision continues to guide all of us at Google. We believe in technology's power and potential to have a profoundly positive impact across the world. There is much work that remains to be done, and we will continually strive to achieve this objective.

Endnote

1. Bloomberg New Energy Finance database for wind and solar energy PPAs, as of December 31, 2017.