Google

European Union NFRD Report
2020

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 2020, 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).

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 2019 fiscal year (January 1 to December 31, 2019). When 2019 data is not yet available, such as for most of our environmental data, data covers our 2018 fiscal year (January 1 to December 31, 2018).

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, hardware, Google Cloud, Google Maps, Google Play, Search, and YouTube. Our technical infrastructure is also included in Google. Google generates revenues primarily by delivering both performance advertising and brand advertising. We continue to look to the future and are making long-term investments that will grow revenues beyond advertising, including Google Cloud, Google Play, hardware, and YouTube. We are also investing in research efforts in AI and quantum computing to foster innovation across our businesses and create new opportunities.

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 work to reduce our total energy consumption by pursuing aggressive energy efficiency initiatives. Second, we match 100% of the electricity consumption of our operations with purchases of renewable energy; we're the largest corporate purchaser of renewable energy in the world.[1] 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 2019, we purchased enough renewable energy to match 100% of the electricity we consumed for our global operations for the third consecutive year. Since 2010, Google has signed more than 50 power purchase agreements totaling more than 5 gigawatts of renewable energy. These deals have enabled almost $7 billion in 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. On average, a Google data center is twice as energy efficient as a typical enterprise data center. In 2019, the average annual power usage effectiveness (PUE) for our global fleet of data centers was 1.10, compared with the industry average of 1.67[2]—meaning that Google data centers use about six times less overhead energy for every unit of IT equipment energy.

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 150 cities around the world. At the end of 2018, over 1.2 million square meters (13 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, and the DiSARM platform for malaria risk mapping.

For more information about our environmental sustainability initiatives, risk assessments, and key performance indicators, see our 2019 Environmental Report and our 2019 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 five 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 put Google's values into practice 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 around Googlers' concerns and how we handle them, as well as increasing support for people who raise concerns. In 2019, we updated our Internal Investigations Report to include a new section providing detail about internal sexual harassment investigations as well as expanded sexual harassment scenarios that reflect examples of the types of conduct that may result in termination of employment. Last year we also publicly shared 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. Google's leaders share responsibility for a company-wide goal to foster a representative, accessible, 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. For example, in 2019, Google hosted five Women of Color summits with a combined total attendance of nearly 1,500 women of color from over 20 countries. These summits provided an opportunity for employees to learn more about diversity strategy, connect with their communities, and directly engage with senior leadership.

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 35,000 employees across 52 countries actively participate as members of our 16 ERGs. These Googler-initiated networks are passionate about promoting diversity, equity, and inclusion at Google.

Underrepresented communities within Google have grown significantly faster than Google as a whole. For example, since we began reporting in 2014, representation of women in tech roles at Google has grown from 16.6% to 23.6% of our global tech workforce, and representation of Black+ Googlers in the U.S. has grown from 2.4% to 3.7%. For the second year in a row, representation of women in leadership roles globally at Google grew 0.6%, reaching 26.7%. Given Google's growth rate, this progress represents thousands of new underrepresented employees joining our ranks in the last six years.

For more information on our diversity efforts, see Google's 2020 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 2019 ranking of the World's Most Attractive Employers, Google was ranked the number one employer for the 10th consecutive year, as well as number one for Engineering/IT.

We aim to empower employees to act on great ideas regardless of their role or function within the company, and we 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—also for employees to engage in external training unrelated to their function.

In terms of physical resources, we build our offices with the goal of 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 of fully paid leave to bond with their child (birth mothers receive an additional 10–12 weeks of pregnancy recovery time).

In addition, all new parents globally benefit from a two-week gradual return policy (ramping back to work part-time at full-time salary). Google also supports all employees (including parents) in availing themselves 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) 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 that 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.

Google has set company-wide goals to ensure that each of our products is highly accessible and to continue our emphasis on disability inclusion in our workforce. In 2019, we held our first ever Global Disability Alliance ERG summit. This gathering was an opportunity for employees from around the world to come together to collaborate and discuss strategies for disability inclusion at work and for improving accessibility in our products and workplace.

In 2019, we participated in the Disability Equality Index, which serves as a comprehensive benchmarking tool for disability inclusion. We were proud to earn a top score on this index and are committed to making every Googler feel welcome and included. Measuring inclusion is nuanced, and these are just a few of the tools that allow us to do our work.

Around the world, Google engineers, designers, and marketers are working to understand the needs of communities who have been underrepresented in tech. Because we're building for billions of users who may not look or act

or think like the teams building them, we need to make sure we're bringing different perspectives to the table at key points in the process. 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 in 42 languages and more than 90 countries, helping more than 500 million people every month. Before launch, the product team worked with our product inclusion team and ERGs to avoid stereotypes, historical biases, offensive language, and hate speech.

We also work with external partners to provide digital skills training for everyone, aimed at helping people find jobs or grow their business and career. For example, our Grow with Google in-person coaching workshops provide help for women-owned businesses that are part of Google's Supplier Diversity program. The aim of Grow with Google 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.

On International Women's Day in 2019, 120 Women@Google global chapters from 52 countries engaged tens of thousands of employees to discuss career development and programs to improve our culture. As part of this day, Grow with Google in Europe, Middle East, and Africa partnered with Inspiring Girls International to launch a video hub of filmed talks by diverse female role models as a go-to motivational resource for young girls.

We partnered with women's student organizations across more than 235 universities in the United States and Europe to host nearly 950 events in 2019. We also hosted 19 global Women Techmakers summits and supported more than 300 community-led meet-ups across 87 countries to empower more than 35,000 women in the tech industry. These events provide women opportunities to develop their technical skills, celebrate their achievements through #IamRemarkable workshops, and continue to build networks in the tech industry.

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 have 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 UN 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 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 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 the ethical development of our Artificial Intelligence work. 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 for alignment with the principles. This diverse and inclusive group of Googlers includes senior executives, user researchers, social scientists, ethicists, human rights specialists, policy and privacy advisors, legal experts, and senior experts from a variety of other disciplines.

We are founding members of the Global Network Initiative (GNI), a multi-stakeholder nongovernmental 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 Information and Communication Technology 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. Senior management oversees the implementation of the human rights and GNI Principles at Google and provides quarterly updates on relevant issues to the members of our Board of Directors.

We believe restrictions on the freedom of expression should be consistent with international human rights laws or standards and 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 Transparency Reports, which shed light on how laws and policies affect internet users and the flow of information online.

Recent examples of Google's work on human rights issues include developments in content quality policies and facial recognition applications. On content quality, one of the most complex and constantly evolving areas we deal with is hate speech. In 2019, YouTube took a close look at its approach towards hateful content in consultation with dozens of experts in subjects like violent extremism, supremacism, civil rights, and free speech. Based on those learnings, YouTube made several updates to its hate speech policy including removing more hateful and supremacist content, reducing borderline content and raising up authoritative voices, and continuing to reward trusted creators and enforce monetization policies. Similarly, our ongoing work on information integrity led to the release of a white paper in 2019 detailing our work to tackle the intentional spread of disinformation across Google Search, Google News, YouTube, and its advertising systems.

In 2019, in collaboration with independent experts using the UN's Guiding Principles on Business and Human Rights as a framework, Google commissioned a formal human rights impact assessment (HRIA) of the

Celebrity Recognition tool and technology's potential impact on human rights. The HRIA played an essential role in shaping the application program interface's capabilities and the policies established around them, and we publicly released a summary of the HRIA.

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 fourth 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 2019, we published our third 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, which include both product and service suppliers, 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.

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 U.S. 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 2019, Google had a Code of Conduct training compliance rate of 99.47% and an anti-corruption training compliance rate of 98.85%.

- 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 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.

Endnotes

1. Bloomberg New Energy Finance database for wind and solar energy power purchase agreements, as of December 31, 2019.
2. According to the Uptime Institute's 2019 Data Center Industry Survey, the global average PUE of respondents' largest data centers was around 1.67.