

Owner
CFO Christian Luiga

Approval Date
15-11-2018

No.
T 4676-15 UEN

Version
2

Security
Public

Approved by
Board of Directors

Related
50087278

Group Policy - Source-to-Pay

1 PURPOSE

This policy is to explain how we do business with suppliers to source goods and services in a smart, simplified and responsible way.

2 PRINCIPLES

The following principles apply under this Sourcing Policy:

Our suppliers are essential for serving our customers and making Telia Company successful.

- We choose suppliers who meet our standards for responsible supply and who also require the same standards from their own suppliers.
- We collaborate with suppliers in looking at all possible aspects that makes the delivered value and our total cost of ownership more competitive.
- We manage our supplier relationships to achieve the greatest value and level of innovation.
- We always strive for a professional sourcing approach, using the best and most appropriate ways of sourcing for every sourcing need. This could for example be reducing demand, running a competitive tender or seeking joint advantage.

We build long-term supplier relationships based on trust, transparency and fairness.

- Our employees act in line with the Code of Responsible Business Conduct at all times when dealing with our suppliers.
- In order to ensure segregation of duties, no single employee or function has all the decision rights for any agreement or transaction.

We secure that we have processes for managing the full supplier lifecycle; including processes for qualifying, selecting, onboarding, managing and off-boarding suppliers as well as for the entire source-to-pay process.

We have written agreements with our suppliers to define terms and conditions, help secure our social commitments, compliance and manage risk. Telia Company minimum requirements for supplier agreements (available on Telia Company external webpages) are:

- Telia Company General Terms and Conditions
- Security Directives
- Telia Company Group Supplier Code of Conduct
- Prohibited Substances – The Telia Company Black list
- Substances that are to be avoided – The Telia Company Grey list

We make purchases using purchase orders based on agreements with specified terms and conditions. Our suppliers deliver based on such purchase orders and invoice us with the purchase order or contract reference, for payment.

Group CPO is responsible for managing the company's supplier base and is the executive sponsor for sourcing and supply chain related processes and tools.

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3 ROLES AND RESPONSIBILITIES

This Group Policy applies to Telia Company AB and its Subsidiaries¹ and Joint Operations² as their own binding policy to all directors, members of the boards, officers and employees. In addition, Telia Company works towards promoting and adopting this Policy's principles and objectives in other associated companies where Telia Company does not have control but has significant influence.

Each Group Executive reporting to the CEO of Telia Company is responsible for ensuring that this Group Policy is duly communicated and implemented, and that the employees within his/her area of responsibility are familiar with and follow this Group Policy.

Each country CEO is responsible for ensuring that all relevant entities within the CEO's geographic location has adopted and implemented this Group Policy.

4 BREACHES AGAINST THE POLICY

Any Telia Company employee who suspects violations of the Code of Responsible Business Conduct or this Group Policy must speak up and raise the issue primarily to their line manager, and secondly to the Human Resources department, to the Ethics and Compliance Office, or through the Speak-Up Line. The Speak-Up Line is available on Telia Company's internal and external webpages.

Telia Company expressly forbids any form of retaliation for people who speak up. For specific requirements, please see our Group Instruction on Internal Reporting and Non-Retaliation.

Violations against this Group Policy can lead to disciplinary action, up to and including termination.

5 TARGET GROUP

All Telia Company and its subsidiaries' employees and external stakeholders.

6 EXEMPTIONS

A Subsidiary-specific corresponding policy shall be compliant with this Group Policy while adapting to the concerned business activities, local laws, local circumstances and language. If a deviation or exemption from this Group Policy is deemed necessary, the Country CEO shall escalate the matter to the Group General Counsel.

7 GROUP GOVERNANCE FRAMEWORK

This Group Policy applies to Telia Company AB and its Subsidiaries as their own binding instruction. In addition, Telia Company works towards adopting the principles and objectives set out in this Group Policy in all operations in which Telia Company has ownership interest.

This Group Policy is part of the Group Governance Framework, which includes without limitation:

- a) Code of Responsible Business Conduct, Purpose and Values, Strategy, Group Policies, and Instructions for the CEO as approved by the Board of Directors;

¹ All entities over which Telia Company AB has majority control.

² The joint operations over which Telia Company AB has joint control and management responsibility.

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- b) Decisions made by the CEO, the Delegation of Obligations and Authority as approved by the CEO, Group Instructions as approved by the CEO or by the responsible Head of Group Function; and
- c) Guidelines, best practices, process descriptions, templates or working routines developed within the area of responsibility of Head of Group Function.

8 TERMS AND ABBREVIATIONS

Terms and abbreviations	Description
Employees	Includes consultants and everyone working on behalf of Telia Company and its subsidiaries.
Prohibited Substances – The Telia Company Black list	In addition to legal bans of certain chemicals and materials, the list of substances which must not be found in products and services to Telia Company, nor must they be found in contracting or the manufacturing processes of these products and services.
Security Directives	Describe the security requirements applicable to Suppliers and other identified business partners to the Telia Company group. Additional security requirements may apply in particular cases if agreed by involved parties.
Substances that are to be avoided – The Telia Company Grey list	List of substances under evaluation and should be avoided in all products and services, neither included in contracting nor manufacturing processes of products and services to Telia Company.
Suppliers	Includes all external parties in the supply chain including consultant firms, landlords, law firms, banks and financial institutes.
Supply Chain	The network between Telia Company and its suppliers to distribute our products and services.
Telia Company Group Supplier Code of Conduct	Defines the conduct expected from our Suppliers in order to protect human rights as well as respect and promote safe and fair working conditions, the responsible management of environmental issues and high ethical standards along the supply chain.
Telia Company Standard Terms and Conditions	Telia Company Standard Terms and Conditions apply to all purchase orders unless otherwise agreed in writing in a signed agreement.