

Owner
Michaela Ahlberg**Approval Date**
2015-06-16**No.**
T 9132-14 UEN**Version**
3**Security**
Public**Approved by**
Johan Dannelind**Related**
50086201

GROUP INSTRUCTION - ANTI-BRIBERY AND CORRUPTION

1 Background and Description

This Group Anti-Bribery and Corruption Instruction (“Group Instruction”) is related to, and aligned with, the Group Anti-Corruption Policy. The instruction presents mandatory principles and describes how the Group Policy is applied in detail.

The Group Instruction is a binding document for Telia Company AB and its Subsidiaries (“Telia Company”) and their employees.

2 Purpose

The purpose of this Group Instruction is to present principles to ensure that all business acquired and retained by Telia Company is conducted in compliance with the company’s zero tolerance towards any form of corruption, bribery, financing of corruption or facilitation payments.

3 Objectives and Requirements

The objective of this Group Instruction is to clarify the procedures followed by Telia Company to prevent, detect and deter bribery and corruption as well as any other form of corrupt or non-compliant conduct.



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3.1 General principles

Objective

Define what is meant by corruption and bribery, and present related, unacceptable acts.

- *Corruption* is any form of abuse of entrusted power for private gain. Corruption can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs.
 - o Grand corruption consists of acts committed at a high level of government that distort policies or the central functioning of the state, enabling leaders to benefit at the expense of the public good.
 - o Petty corruption refers to everyday abuse of entrusted power by low- and mid-level public officials in their interactions with ordinary citizens, who often are trying to access basic goods or services in places like hospitals, schools, police departments and other agencies.
 - o Political corruption is a manipulation of policies, institutions and rules of procedure in the allocation of resources and financing by political decision makers, who abuse their position to sustain their power, status and wealth.
- *Bribery* encompasses offering, providing, authorising, requesting, accepting or receiving of a financial or another advantage if the purpose of the consideration is to encourage improper performance or misuse of a person's position. Offering/giving or demanding/receiving something of value to influence a transaction or decision.
- *Financing of corruption* is a payment made to a third party, for example to agents, partners, vendors and consultants, who then uses the payment or part of it in a corrupt activity.
- *Facilitation payments* are offered or made to a public official with the intention to secure or expedite a routine, necessary government or official action.
- *Conflict of Interest* occurs when financial or other personal considerations may – or may appear to – affect an employee's loyalties, professional judgement, and the performance of their duties.

Requirement 1

Employees are not allowed to offer, provide, authorise, request, accept or receive a bribe either directly or indirectly, including through any third party.



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50086201***Requirement 2***

Employees or third parties acting on behalf of Telia Company are prohibited from making or accepting facilitation payments. Refusing to pay facilitation payments may lead to added time and trouble to get the entitled service– make provisions for this and proactively involve management.

Requirement 3

Employees must act with the highest sense of integrity and in a manner that protects and enhances Telia Company reputation.

Requirement 4

All managers must react immediately by taking corrective actions, escalating and reporting any concerns, according to Internal Reporting and Non Retaliation Instruction, when becoming aware of suspected or actual corruption or bribery.

3.2 Risk Assessment***Objective***

Risk assessments are performed to identify and assess the risk for corruption and bribery, and to ensure that necessary mitigating activities are designed.

Requirement 1

Country and function management needs to ensure that risk assessments, with regards to corruption and bribery risk, are performed at least on an annual basis.

Requirement 2

A due diligence process must be implemented to ensure a risk-based approach when selecting and working with third parties e.g. suppliers, contractors and subcontractors, agents, consultants and business partners.

Requirement 3

The risk assessments and due diligence must be documented and detailed enough to enable identification of emerging, inherent and third party corruption and bribery risks.

Requirement 4

The country and function management is responsible for preparing action plans and implementing risk mitigation activities for corruption and bribery risks.



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3.3 Conflict of Interest

Objective

To make sure employees, or members of their family, have no interests that can impair their ability to carry out responsibilities and duties to Telia Company objectively or effectively.

Conflict of interest can occur in the form of *preferential treatment, working or consulting engagements* outside the company, *confidential information* and *financial interest*.

Requirement 1

The Human Resources department ensures that there is a process for disclosing any potential, perceived or actual conflict of interest.

Requirement 2

Employees who become aware of the existence of a potential, perceived or actual conflict of interest involving themselves or other employees must disclose the conflict to their manager, the Human Resources department or to the Ethics and Compliance Office.

Requirement 3

Conflict of interest situations must be re-evaluated whenever the employee in question changes position or status at Telia Company or the outside entity.

Requirement 4

Employees must not give preferential treatment to e.g. family members, relatives and friends, and must avoid situations that can raise suspicion of preferential treatment.

Requirement 5

The recruitment process must be fair, transparent, and based on the related policy and instructions issued by Group Human Resources.

Requirement 6

All procurement decisions must be made according to a fair and transparent selection process, based on the related policy and instructions issued by Group Sourcing.

Requirement 7

All employees involved in purchasing and contract management must maintain a professional relationship with suppliers and business partners to avoid excessive familiarity.



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50086201***Requirement 8***

Any interaction between an employee and an organisation in which they or a close relative have a financial interest, or which employs a close relative or close friend, should be disclosed and approved by the line manager.

Requirement 9

Employees may take part in activities outside their normal jobs, but any real, potential, or perceived conflict of interest raised by those activities must be disclosed to the line manager.

Requirement 10

Employees must obtain prior written approval if they wish to serve as a board member, employee or consultant of an outside business. This is valid both when Telia Company conducts business with that outside entity or not, and regardless of the employee or a close relative or friend having an ownership interest in the outside entity.

Requirement 11

Employees must obtain a prior written approval before becoming a board member, employee or consultant of a high profile/ visible non-profit or similar organisation.

Requirement 12

Employees must not use any non-public information gained through Telia Company for their personal advantage or enable others to profit from it.

Requirement 13

Employees must not make personal gain or profit from a business transaction where Telia Company is involved.

Requirement 14

Employees can not disclose any information relating to Telia Company outside the company, including financial, product or bid information prior to its authorized public release.

3.4 Gifts and Hospitality***Objective***

The objective is to ensure a common understanding of what constitutes appropriate exchange, offering, giving and receiving, of gifts and business hospitality.



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A *gift* is defined as the offering or receiving of goods or services. The value of a gift is determined by its market value. A gift is no longer a gift but a bribe if there is intent to bring about improper conduct and expectations that the business relationship will be influenced.

Arranging and participating in business entertainment and *hospitality*, meeting with current or potential customers and maintaining stakeholder relations, is a natural element of promoting the company when in compliance with the Code of Ethics and Conduct, applicable laws and regulations and the requirements in this Instruction. Paying for travel and accommodation is included in the concept of business hospitality.

Requirement 1

Employees cannot offer or accept gifts, payments or hospitality to encourage or reward a decision or secure a business advantage.

Requirement 2

All gifts and hospitality must be given and received in an open and transparent manner with no aspect of the exchange concealed or misrepresented.

Requirement 3

All gift and hospitality must be customary and reasonable under the circumstances and in compliance with the written law of the country.

Requirement 4

A pattern of exchanging gifts and hospitality is prohibited in order to avoid any appearance of bribery.

Requirement 5

Country and function management must actively communicate the Telia Company policy on gifts and hospitality to vendors and third parties to eliminate inappropriate gifts and hospitality.

Requirement 6

Telia Company may in some countries need to implement additional, more restrictive local guidelines and processes for gifts and hospitality. Any local guidelines must be in line with the requirements set forth in this Instruction or relating Group guidance.

Requirement 7

Employees cannot receive or give gifts with a market value exceeding USD 50 (or lower if stipulated by local law or compared to local purchasing power).



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The USD 50 limit applies to all employees regardless of level of seniority. The limit is also applicable for lottery wins received by Telia Company employees.

The following items are not considered gifts and the gift limit of USD 50 is therefore irrelevant in these cases;

- Items, such as free phones or services offered as part of a legitimate business deal.
- Prices offered to customers as part of an official promotional campaign.
- Special number series (i.e. golden/ vip numbers) and services as part of a legitimate business deal.
- Private gifts among employees for e.g. birthdays or special occasions.
- Company gifts, e.g. birthday or seasonal gifts, to employees. Note that these are commonly regulated by local tax regulation.
- Participating in, for example, a sports event in a relevant business context. In the absence of a relevant business context tickets constitute a gift.
- In some cultures and situations, refusing a gift can be inappropriate and/or harmful to business. In a situation like this, you may accept the gift on behalf of the company and then immediately hand the gift over to the gift repository managed by Ethics and Compliance.

Requirement 8

Country and/ or functional management must establish a process for the registration and follow-up of gifts, given and received, according to the following requirements:

- All gifts, with a market value exceeding USD 50 must be handed over to the company, recorded and placed in the company gift repository. If possible, and not considered impolite, the gift should be handed back to the giver.
- All gifts that are received by employees, who are engaged in the supplier selection process must be recorded regardless of their value.



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50086201**Requirement 9**

Arranged or attended hospitality and entertainment must abide by the principle of *relevance*:

- The entertainment must be related to the business and have a legitimate business purpose.
- Telia Company commonly invite companies, not individuals. The invited company then decides who should represent them.
- Telia Company representatives are always present when hospitality and entertainment is arranged for customers and partners.
- The element of business relevance must be prevalent to the element of entertainment, also when subject to external scrutiny e.g. media or other external party.
- Inviting spouses or family members jeopardizes the context of business relevance.
- If the business relevance is weak (e.g. personal tickets to a football game), the item is treated as a gift subjected to the USD 50 limit.

Requirement 10

Arranged or attended hospitality and entertainment must abide by the principle of *reason*:

- The total expense and expense per participant must be reasonable.
- The expense must avoid even the appearance of impropriety or excess.
- The hospitality/entertainment expense must comply with all local laws (most countries have very strict rules for entertainment and hospitality for government officials)

Requirement 11

Arranged or attended hospitality and entertainment must abide by the principle of *transparency*:

- The hospitality/entertainment must be open and transparent, and no aspect concealed or misrepresented.
- An exclusive or selective event does not fulfil the criteria of transparency and openness (e.g. recreational event for selected/ a limited group of individuals).
- The hospitality / entertainment expense must comply with the Code of Conduct and the entertainment policies of the receiving party's employer.
- You must be comfortable reporting the event to your manager or any other person within or outside the company.



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50086201**Requirement 12**

Arranged or attended hospitality and entertainment must abide by the principle of *financial record keeping*:

- The expense must be accurately reflected in the expense report and bookkeeping (i.e. financial records).
- The expense must be accurately approved according to delegation of authority (e.g. the person attending can't approve).

Requirement 13

Accommodation and travel by employees for participation in business-relevant events must always be paid for by the local Telia Company company.

Requirement 14

The invitation of spouses and family members generally weakens the business relevance of the context and requires additional emphasis on the requirements of reason and transparency. Examples of cases where spouses or family members may participate in company-related events are:

- Official representation on behalf of Telia Company at an embassy or similar event
- Customary seasonal (e.g. summer, Christmas or New Years) party arranged for a larger group of customers

Requirement 15

Gifts to journalists, bloggers and editors, apart from customary and seasonal gifts in form of a branded item, are not allowed.

Requirement 16

Telia Company may invite journalists, bloggers and editors to various business related events but does not pay for their travel or accommodation. A customary meal as part of the event may be offered.

Requirement 17

A Telia Company employee may pay for an occasional and customary meal for a journalist, blogger or editor while ensuring that no individuals are catered more frequently than others.



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3.5 Third parties

Objective

The objective is to make sure that neither any corrupt payment or activity, nor the financing of corruption through a third party, occurs on behalf of Telia Company. Further guidance on how to work with third parties is found in the Group Procurement Policy and Instruction, as well as in guidelines regarding third party due diligence.

Requirement 1

It is prohibited to facilitate corrupt payments and bribery, including offering gifts and hospitality, through a third party.

Requirement 2

Due care must be exercised when engaging with third parties – e.g. partners, suppliers, consultants, subcontractors, lobbyists, agents and agencies. A risk-based due diligence process must be established for third parties engaged by the company, in order to identify risk for corruption and bribery.

Requirement 3

Third parties should be subject to a risk-based monitoring process.

Requirement 4

All red flags e.g. ownership structures, company records and type of service and track record must be investigated by the purchaser and necessary precautions and actions taken. Red Flags are outlined in the Group Guideline on Anti-Corruption Due Diligence.

Requirement 5

The use of lobbyists is only permitted if it is fully disclosed to the person or body that Telia Company seeks to influence. All contracts with lobbyists must be based on impose the mandatory disclosure of such information.

Requirement 6

Remuneration for lobbying services must be based on pre-defined tasks and hourly rate.

Requirement 7

All lobbying agreements need to be approved by the Group General Counsel or the Chief Ethics & Compliance Officer.



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50086201***Requirement 8***

An anti-corruption contract clause must be included in all contracts depending on level of corruption risk.

3.6 Sponsorship and donations***Objective***

The objective is to make sure no donations or sponsorship transactions are made on behalf of Telia Company to conceal a bribe or negligently finance corruption. See Telia Company Group Sponsorships and Donations Instruction for clarification of process and principles for corporate giving: philanthropic donations, community projects, stakeholder relations grants, and sponsorships.

Requirement 1

It is prohibited to use charitable donations or sponsorships as a way of concealing a bribe.

Requirement 2

It is never permitted to make donations to political parties.

Requirement 3

The intent of the sponsorship or donation should always be carefully analysed. Sponsorships and donations must be in line with the sponsorship strategy and the following must be performed:

- Due diligence and detection of links to politically exposed persons
- In case the recipient in any way is related to a politically exposed person, a written confirmation from them is needed, stating that neither the recipient, nor someone related to them, will use the funds for bribery
- Analysing payment details, making sure that payment is made to the company/organisation in question and not to individuals
- Providing an ongoing analysis and follow-up of the actual impact/results according to strategy and set targets. A follow-up of the recipients' audited financial statements is required in all cases where the recipient has any relations to a politically exposed person
- All sponsorships and donations must be separated from the process of obtaining or retaining business. It must be ensured that the person who has the power to make business decisions, such as awarding contracts, licenses or permits, is not involved in the sponsored object
- All sponsorships and donations must be reflected as such in the financial statements, i.e. not recorded as promotion, marketing or sales activities



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- The request, due diligence, approval, execution and follow-up of sponsorship and donations must be documented

3.7 Public officials

Objective

The objective is to protect Telia Company employees and the company from conflicts of interest, requests for and payment of corrupt payments in relation to the public sector, public officials and politically exposed persons.

A politically exposed person or public official is referred to as:

- An officer, member or employee of a governmental institution or department (whether executive, legislative or administrative)
- An officer, member or employee of an agency of a governmental institution (including regional governmental bodies, government-controlled business, and international governmental organisations)
- Anyone acting in an official capacity for or on behalf of a governmental institution, department, agency or international governmental organisation
- A political party official
- A candidate to a political or governmental office, or appointee to such an office
- A government officer or employee, whether at the national, state/regional, local, or international level
- Any employee of a state or government-owned business, school, hospital, or other entity

Requirement 1

Any actual or apparent conflict of interest between an employee and a public official must be adequately managed through proper disclosure, segregation of duties and work tasks, as well as monitoring and management oversight.

Requirement 2

Telia Company does not allow gifts to public officials, apart from branded items of minimal value if permitted by local law/ recipient's code of conduct.

Requirement 3

Telia Company does not allow hospitality and travel, apart from customary tea/ coffee/ or a simple lunch in conjunction with business related discussions/ events (e.g. meeting with a corporate customer from the public sector, or a seasonal event open to a wide group of corporate clients), with public officials.

Requirement 4



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The offering of a special number or free minutes, which is not part of a legitimate business deal, to a public official is prohibited.

Requirement 5

When procuring from public media, due care must be exercised when it comes to:

- Due diligence and detecting links to public officials
- Remuneration and agreement details; in markets where there is no market competition, prices and conditions must be benchmarked against similar services in other comparable countries
- Payment details, making sure that payment is made to the company in question and not to individuals
- Follow-up of services rendered to make sure we have received what we are paying for).

Requirement 6

All interactions with public officials shall be in line with applicable Group instruction and guidelines. It is recommended to be at least two persons present when engaging with public officials

3.8 Offset agreements**Objective**

The objective is to ensure that all employees are able to recognize an offset agreement and know how to act in the event of such a request. An offset agreement may be acceptable on certain conditions.

An *offset agreement* is an agreement between two or more parties that provides additional benefits and accompanies another negotiated contract.

Requirement 1

In case of offsets, the sales department must assess the risk for corruption, in respect of the following:

- Improper influence of the need to buy
- Improper influence of the selection/ award of the contract/ decision
- Improper use of offset funds for personal gain
- Improper use of offset funds, improperly utilized for bribes
- Mutual agreement of non-performance of obligations
- Pricing logic – must be in line with company price list
- Documented monitoring and oversight of offset performance and governance



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Offsets proposing elements of sponsorships must be separated i.e. the purpose of the activity is evaluated separately against the sponsorship strategy and requirements.

3.9 Monitoring and compliance**Objective**

The objective is to ensure a structured and holistic approach towards the management of corruption and bribery risk.

Requirement 1

The Group Ethics and Compliance Office is responsible for monitoring, following-up and reporting to Telia Company Management and Board Committees on progress, concerns, violations and the similar. This responsibility includes supporting and guiding the line organisation when implementing these rules in practice according to Telia Company Ethics and Compliance framework (i.e. risk assessment, organization, policy and procedures, training and communication, due care, special investigations, disciplinary actions and monitoring and improvement).

4 ROLES AND RESPONSIBILITIES

This Group Instruction applies to Telia Company AB and its Subsidiaries¹ and Joint Operations² as their own binding instruction to all directors, members of the boards, officers and employees. In addition, Telia Company works towards promoting and adopting this instruction'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 Instruction is duly communicated and implemented, and that the employees within his/her area of responsibility are familiar with and follow this Group Instruction.

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

5 BREACHES AGAINST THE INSTRUCTION

Any Telia Company employee who suspects violations of the Code of Responsible Business Conduct or this Group Instruction 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.

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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Telia Company expressly forbids any form of retaliation. For specific requirements, please see our Group Instruction on Speak Up and Non-Retaliation.

Violations against the Group Instruction can lead to disciplinary action, up to and including termination.

6 EXEMPTIONS

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

7 GROUP GOVERNANCE FRAMEWORK

This Group Instruction 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;
- 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 area of responsibility of Head of Group Function.

For further information, refer to the Group Policy – Anti-Bribery and Corruption, Group Instruction – Speak Up and Non-Retaliation, and Group Instruction – Sponsorships and Donations.

