



Tele2 Group Purchasing Policy

The Tele2 Group Purchasing Policy governs all purchasing activities within Tele2.

This policy is based on Tele2 core values, where cost consciousness and risk elimination is the governing concept. Corporate responsibility is considered by Tele2 to be a part of our business and to be approached in the same way as we do business, with openness, flexibility and cost consciousness.

The '*Tele2 Group Purchasing Guidelines and Tele2 Group Purchasing Ethical principles*', which are annexed to and should be read as a part of this policy, focus on purchase procedures, responsibilities and describe how to behave in order to maintain high ethical standards in dealing with suppliers.

This policy shall be read by all employees that are involved in procurement activities or are in contact with suppliers.

This policy (and annexed Purchasing Guidelines and Ethical principles) shall be applicable for all purchases within the group, irrespective of where in the organization purchase need is raised or performed and regardless of the value of the purchase.

Policy Statements

- Tele2 aims to obtain the best value whenever and wherever products and services are purchased within the Tele2 Group.
- All personnel involved in purchasing shall act professionally, strive to be a good representative for Tele2 and work in line with Tele2's policies.
- Value added by purchasing to Tele2 Group shall be considered in purchasing planning and purchasing activities by consolidating volumes, coordinating supplier relations and negotiations.
- Purchasing processes shall control risks by managing and monitoring suppliers on performance, delivery, contract fulfilment, flexibility, cost, financing and continuity
- Purchasing processes shall ensure that deliveries to Tele2 are made in the right quality, the right quantity, at the right time and to the right place
- Each operation is responsible to secure that there is an approved, documented and implemented local purchasing process in place that aligns with the group policies.
- It is the responsibility of the CEO of each operation to secure that this policy is implemented. Normally, a Purchasing Manager is appointed to manage the implementation of this policy.



TELE2 GROUP PURCHASING GUIDELINES AND TELE2 GROUP PURCHASING ETHICAL PRINCIPLES

Index

Introduction	2
Tele2 Group Purchasing Guidelines	2
Procurement Procedures	4
RFI and RFQ Matrix	7
Tele2 Group Purchasing Ethical principles	8

Introduction

This document is an annexure to the Tele2 Group Purchasing Policy, and should be read together with the Policy. Here, Tele2's purchase guidelines and expectations for ethical principles in dealing with suppliers are described.

Tele2 Group Purchasing Guidelines

When to involve Group or Local Purchasing

Procurements shall be coordinated by Group Purchasing if one or more of the below conditions are met:

- If the procured value (agreement value) is more than 1.500.000 SEK (or 150. 000 EUR).
- Where multiple countries/operations are or might be involved, or can leverage from coordinated procurements or contract management at a Group level.
- Where the procurement or contracts are of strategic importance to Tele2

When any of these conditions are met, Group Purchasing shall be contacted before proceeding with the procurement or purchase. Procurement team shall be agreed with Group Purchasing, irrespective of whether the procurement or contract is initiated locally or centrally, when above conditions are to be considered.

Procurements that are not coordinated by Group Purchasing:

- Financing is under the responsibility of Group Finance and Treasury.
- Roaming and Interconnect relations and settlements between Tele2 and other operators are under the responsibility of Roaming and Carrier Business organizations.
- Marketing, resellers and sales acquisition procurements that are locally handled and not coordinated by Group Commercial is under the responsibility of each local operation.



Definitions – RFI and RFQ

Request for Information (RFI)

A RFI is an open enquiry sent to a broad base of potential suppliers

- to learn more about the market and the products or services of interest, seeking broad data and knowledge, and/or
- for the purpose preparing for an RFQ or developing a strategy.

Through analysis of RFI responses, strategic options and lower cost alternatives may be identified as well as the number of suppliers and who to invite in tender process.

RFIs may include a detailed list of products/services for which pricing is requested. The pricing should be used for comparative purposes, not as the basis of buying decisions.

RFI's should therefore not be seen as the final stage for procurement. It shall be used in conjunction with the request form described below.

Request for Quotation (RFQ)

When sending out an RFQ there should be a clear intention to purchase. An RFQ is a request to potential suppliers with whom a relationship is being considered. The RFQ shall reflect and include short/long term business objectives, providing detailed insight upon which suppliers will be able to quote. If there are specific problems which should be addressed in the RFQ response, those problems should be described along with the technical and/or functional specifications. The purpose is to receive quotations that are comparable when starting the evaluation process.

An RFQ is a request sent to potential suppliers containing specifications or details of all relevant parameters of the intended purchase, such as:

- technical and/or functional requirements
- personnel skills or competencies
- quantities/volumes
- quality levels
- delivery requirements, and
- terms and conditions of agreement

Price per item or per unit of service is the bottom-line in combination with other conditions quoted that have an impact on the evaluation of received quotations and the final determination of supplier.

Tender Guidelines

When dealing with suppliers under a tender process, it's important to behave in a fair and ethical manner. Following are some basic key points to remember:



- Involve purchasing in accordance with the RFI and RFQ Matrix below and when unsure, consult your purchasing department or Group purchasing.
- All suppliers shall be provided with the same information and deadlines to avoid any advantages for any supplier.
- No information on the tenders submitted (especially price) may be disclosed to the other competing suppliers except for the name of the company.
- A request to resubmit tenders shall include all suppliers.

Templates

Relevant templates for RFI, RFQ and Purchase orders shall be used whenever possible. Contact the Purchasing organization for support.

Procurement Procedures

If the procurement is considered capital expenditure, an Investment Proposal (IP) shall be approved before purchase.

If the procurement is considered operating expenditure, the budget owner shall approve that procurement can start and that we have a serious intention to buy requested service. Preferably, there should also be a cost budget or cost target communicated internally. Cost budget and target price shall be considered as confidential information and shall not be communicated to suppliers.

Procurement activities and documents

Since we expect the suppliers to be specific in their tender, we need to be specific in our request. Depending on the complexity of the procurement typically the following documentation and activities normally forms the body of and Request for Quotation (RFQ)

Documentation/Activity

Non-disclosure agreement
Business Partner Code of Conduct
Specification - Technical and/or Functional
Business Requirements
Support Requirements
Performance measurements
Acceptance conditions and procedures

Agreements
Cost Break down (template and instructions)
Instructions on when and how to reply
Compiling and sending out RFQ
Due dates and coordination of the process
Negotiation

Responsible

Purchasing
Purchasing
Assignor/System owner or Project Mgr.
Assignor/System owner or Project Mgr.
Assignor/System owner or Project Mgr.
Assignor/System owner or Project Mgr.
Purchasing + Assignor/System owner or Project Mgr
Purchasing
Purchasing
Purchasing
Purchasing
Purchasing

Who should receive Request for Quotation?

Before sending out invitations, a financial review of the suppliers shall be made. Such a review shall be done to an extent reasonable for the planned agreement and total business with the supplier in order to minimize Tele2's risk.

Annex to Group Purchasing Policy
Guidelines and Ethical principles



Agreements

As a principle, a Request for Quotation shall include Tele2 agreements, based on approved templates (where available). When using templates, relevant adjustments need to be done for each procurement activity.

For administration and traceability reasons all agreements shall have adequate dating and legible contract parts including organization and/or VAT-no and preferably a unique agreement number.

Evaluation

The evaluation of received tenders is led by the appointed Purchasing Manager.

The evaluation process should normally include the steps indicated below. Each part should be evaluated separately against requirements included in the Request for Quotation. In case suppliers do not fulfill mandatory technical and/or functional requirements, those suppliers should not be further evaluated on Project, Commercial or Legal parts and can consequently not be short listed.

Parts to be evaluated:

- Technical and Functional Evaluation
- Project
- Operational
- Commercial (including financial evaluation)
- Legal

Final sourcing decisions and shortlisting

As a result of final negotiations, the Purchasing Manager shall prepare and present a 'final recommendation report' including the sourcing recommendation to stakeholder (Steering Group, System/Budget owner or management, as applicable), in order to take the final sourcing decision.

The Purchasing Manager is responsible to consider the recommendation and get management attention if sourcing decision can endanger cost or risk control or in any other perspective not be in line with Tele2 policies and values.

If the Purchasing Manager deems a procurement to be major or strategically important it is his/her responsibility to initiate sourcing decision to be escalated to relevant executive decision forum.

An intermediate report or 'short list report' is recommended to be used in major procurements where status including summarized evaluation results and recommendation on suppliers for final negotiations shall be prepared and presented by the Procurement Manager. Short list report shall be presented to stakeholder (Steering Group and System/Budget owner, as applicable), for decision on suppliers to shortlist.

Recommendations, reports and sourcing decision shall be documented and archived.



Finalization of agreement(s) and signing

Finalization of agreement(s) is to be led by Procurement Manager and signed by both parties before project, business or installation activities starts.

Final agreements shall be approved by Legal and signed in accordance with local legal policy.

Archiving

Signed agreements as well as final electronically copy shall be archived in a proper way and according to archiving guidelines in each operation.

Contract Management

A Contract Manager shall be assigned for contracts that are of major impact for Tele2 business, long term relations, strategic suppliers or other reasons for being under management control.

Purchase order guidelines

Purchase order process is under the responsibility of each operation. The process shall be described in writing, agreed with Group Purchasing Officer and approved by local CFO and CEO

As a basic rule purchase orders with significant values should be in writing and preferably initiated in a purchasing system, from which orders are mailed, faxed or posted to the supplier.

Below order values shall be used as guidelines, when defining local purchasing and approval processes.

Purchase order	Value of order	Comment
Purchase order is recommended	< SEK 50.000 (non-recurring purchases)	Quotation(s) in writing are recommended
Purchase order is required	> SEK 50.000 (non-recurring purchases) or > SEK 100.000 per year (recurring purchases)	2 quotations in writing are recommended

Procurement matrix - RFI and RFQ

The matrix below describes different purchasing situations and guidelines regarding Request for Information (RFI) and Request for Quotation (RFQ), how many suppliers to invite, when to involve your Purchasing department etc.

Type of Procurement	Value of procurement	Type of quotation to be used	Comment	Competition	Purchasing involvement (Group or local)
Standard items "off-the-shelf" catalogue products. One-time purchases of tangible goods	> SEK 100.000	RFQ is recommended Purchase order is required	In cases of substantial "value added" effort is required from the supplier a full RFQ should be submitted.	2 quotations in writing are recommended.	According to local processes and routines
Standard items "off-the-shelf" catalogue products. One-time purchases of tangible goods	> SEK 500.000	RFQ is required Purchase order is required.	In case of substantial "value added" efforts is required from the supplier a full RFQ should be submitted.	3 quotations in writing are required	Purchasing to be involved
System, Services, Licenses etc. System, Licenses, Services	> SEK 1.500.000	RFQ is required Purchase order is required.	Example of Services: Media services Recruitment services Installation services Logistics services Civil Works etc.	3 quotations in writing are required	Purchasing to be involved
Complex System, Services, Licenses, Customer Premises Equipment, SIM-cards Turn Key undertaking and Outsourcing	> SEK 1.500.000	RFQ is required Purchase order is required.	Calculated as the value of the projected total supplier relationship Services as described above or when "a scope of work" is defined or substantial value added by the supplier.	3 quotations in writing are required	Purchasing to be involved
Consultants Administrative services	Hourly fees normally < SEK 500	RFQ is required if no Frame Agreement. Purchase orders required	Normally purchased under Frame Agreements	2 quotation/CV's are recommended	According to local processes and routines
Consultants Specialists	Hourly fees normally > SEK 500	RFQ is required if no Frame Agr. Purchase orders required	RFQ in case of no existing Frame Agreement	3 quotations/CV's are recommended.	According to local processes and routines
Market information When information of products or services is required as market survey		RFI	Target: First input and understanding of market and products/services.	No purchases planned or discussed within the near future , the result can not be supplier selection	Purchasing involvement recommended.
Market information When information of products or services is needed as part of a pre-study or planned future purchase.		RFI	Target: Best effort calculation, budget quotations or input needed on supplier to invite in coming RFQ.	The result shall not be the base for supplier selection	Purchasing to be involved



Tele2 Group Purchasing Ethical principles

All personnel involved with purchasing should interact with suppliers in a fair, ethical and responsible manner. The pages below set out some ethical standards to enable that type of interaction.

This below part is a complement to Tele2 Code of Conduct.

Our relationship with suppliers

Tele2 purchases products and services from a large number of suppliers. Many of them are small companies, others are multinational companies and all are not aware of the expectations we have concerning our business relationship with them. It is therefore crucial that we act in accordance with Tele2 Policies, Code of Conduct and these Purchasing Ethical principles.

It is necessary that all of us understand how important it is to protect Tele2's reputation with respect to honesty and integrity in all our relations.

In order to assure the maximum possible exchange in all our business dealings the Tele2 Group Purchasing Policy together with this 'Tele2 Group Purchasing Ethical principles' will support us in purchasing situations and how to behave in relation to our suppliers in such a way that we are experienced in all cases as a good company to do business with.

We cannot take upon ourselves the responsibility for any individual supplier's success or financial welfare. On the other hand, naturally we do not want to be the cause of any supplier going under, or incurring losses due to poor forward planning or sudden changes in plans, or information taken out of context that results in misunderstandings of various kinds.

We must always be aware of how our actions affect our suppliers and we should keep our suppliers informed of our intentions and/or those aspects of our planning that may affect their business. In short – we want to behave as considerately and with as high a standard of business ethics in our relations with our suppliers as we do in our relations with our customers.

What we do can affect our relationships with our suppliers without us having any idea of what we might inadvertently become a party to. It is easy to get into difficulties if we are not aware of the fact that there are policies, guidelines and procedures in place to guide us through our daily work. We have therefore made available to all an overview of the main types of behaviours that can get us into difficult situations and guidance on what we can do to avoid common pitfalls.



Unauthorised contacts

Basic rules:

- During procurement activities and negotiations where Procurement/Contract Manager is assigned, negotiations and information sharing should be coordinated and headed by that person.

The “Four eye principle” shall apply, meaning that all negotiations should have at least two people from Tele2 present.

- Any changes in existing agreements and related documentation with respect to specifications, acceptance, quality, quantities, prices or deliveries are under the responsibility of the Contract Manager, where a Contract Manager is appointed, and should be in line with the local legal policy. Decisions concerning complaints, claims and repairs should be made in consultation with the responsible Contract Manager.

Rumours and insinuations, etc.

Our business plans can affect our current and prospective suppliers. Obviously, we do not want other companies to be making decisions or undertakings based on rumours or assumptions concerning what we are planning or on the basis of information about our plans taken out of context.

Basic rules:

- Do not discuss our operations – in particular do not discuss our plans that include major purchases – in public places or even in our own premises where there is a risk that visiting suppliers might overhear or hear directly what is said. In lifts, on airplanes, and on trains are not the places to discuss matters of this nature. Obviously, you should not speak of these matters either with friends who are also suppliers.
- Fragmentary, out-of-context remarks or utterances made to other Tele2 employees concerning the performance of a supplier can damage the affected supplier’s reputation. Disparaging remarks heard or taken out of context about a supplier’s performance should be checked out thoroughly before they are used as the basis for any decision by a Tele2 employee.

Genuine (Bona Fide) RFQs

Every RFQ that Tele2 sends to a prospective supplier should be based on a genuine intention to purchase. Tele2 should not make RFQs for the purposes of simply acquiring confidential information or know-how from a company. Neither should any employee request a tender or quotation from a supplier for work that we know already will be done internally, particularly not if this request is done solely for the purposes of getting in data for comparison with work done internally.



Basic rules:

- If you need information from an external party, let a Procurement/Contract Manager get it for you.
- If you need know-how, acquire it by legitimate means.
- If you need to compare costs for work that is to be done internally and the information you need cannot be found within the company, ask a Procurement/Contract Manager to either submit an RFI or support you with benchmarking.

Confidential Information

When we do business with a supplier, obviously we need to know something about the supplier, as the supplier needs to know something about us – however, this does not mean that they or we need to know everything. What we basically need to know about a supplier is if he can or cannot deliver what we need, when we need it and in the required quality, quantity and price.

The supplier does not need to know more about us than what is necessary for the supplier to be able to supply us with what we need.

Basic rules:

- If you cannot avoid touching on confidential information (either our own, or the supplier's confidential information), a Non Disclosure Agreement need to be signed. Consult the Procurement/Contract Manager for signing of Confidential Agreement before you receive or share such information.
- Never discuss the supplier's position in relation to us in a business deal with the supplier, such as the possible circumstance that he is the sole supplier, nor our relationships with other suppliers, nor our possible plans for engaging or breaking off relations with another supplier.

Many changes – Much ado

Making changes in our plans is, of course, our business and ours alone. But if such changes also affect our supplier(s), we should at least give him/her some forewarning. If the changes in our plans are going to cause us headaches, consider how much more of a headache they can become for a supplier who is all prepared to complete our order.

Basic rule:

- If you bear the responsibility for some rearrangements, product changes or cancellation of an order that will have an obvious impact on a supplier, involve the responsible Contract Manager in decision made concerning such action.

We should get what we pay for

We want to pay for everything that we get and have required– no more and no less – and we want to pay the amount that has been agreed.



Paying for everything that we get means exactly what it says. We don't look for favours or special arrangements; neither do we permit individual Tele2 employees to accept such, since we want to remain free from all obligations that might limit our freedom to handle all suppliers solely on the basis of their services to us.

We all want payment by the due date, so that we can meet our own payment obligations. The same is true of course for our suppliers. They also have invoices they need to pay. No matter if the supplier is a big company with good liquidity or a small company with less liquid assets, good business practice and common courtesy require that we pay our invoices by the due date.

Basic rules:

- Employees within Tele2 must never accept offers of discounts from approved or prospective suppliers, unless the supplier also provides the same offer to all employees in the company.
- Concerning Tele2's discounts on a supplier's prices, these shall only be accepted in accordance with our agreements with the supplier and are to be stated clearly on the supplier's invoice.
- We pay for samples that we order. If we accept free samples for testing, we must return them after testing if this is possible.
- All invoices (and invoice changes) are to be regulated promptly and correctly. All those involved in invoicing routines, everyone involved in the purchase-to-pay process should remain alert so unnecessary delays are avoided.

Professional versus personal relationships

As an employee or consultant to Tele2, you are expected to make decisions on the company's behalf on solid, business grounds without any other considerations. You are also expected to show discernment and good judgement if you should happen to have a personal friendship with a supplier.

Basic rule:

- We do not allow personal friendships to influence your business judgement in matters that affect us. It is equally important that you never let it appear to other suppliers or in public that your personal relationship with a supplier is, in any way whatsoever, permitted to influence our decisions in business.
- In case you have a personal relationship with a supplier you are responsible to immediately inform the responsible Procurement/Contract Manager and your Manager about the situation.

Conflict of interest

We must apply the highest standards of business ethics and dissociate ourselves from any activity or field of interest that could reflect badly on our company. This includes avoiding situations where an employee is put into a position, or appears to be placed in a position, of a conflict of interest in showing loyalty to Tele2 and a supplier at the same time.



Basic rules:

- An employee who has a close relative in a management position at an approved or prospective supplier to us should not be put into a situation where he or she could influence our business with this supplier. It is therefore each employee's duty and obligation to inform his/her superior if such a conflict of interest could arise.
- An employee who is in such a position that he or she can influence our business with a supplier may not directly or indirectly own any stake in the supplier in question's company. Neither may an employee in such a position hold any office in the supplier's company, such as be a member of the board, manager, employee or representative/agent.
- An employee may not receive remuneration or any other form of benefit from the supplier for information about our purchasing activities and may not either carry out work on products or services that have been produced or executed by a supplier on our behalf.

Receipt of gifts and gratuities

What is an improper gift or gratuity?

In practice, this can be anything; the only requirement being that it has an economic value. It might be cash, goods, services, discounts, loans, surety bonds, free credit and hospitality in the form of food, accommodation and travel.

What is required for a gift or gratuity to be considered improper?

It's difficult to say in general what is improper. There is no clear line but to ensure that the gift or gratuity is *not* improper, it should be of "insignificant value". Examples of "insignificant value" are giveaway items, a simple working lunch or working dinner in conjunction with business contacts – something which could not be seen to in any way influence the receiver's decision.

In all cases the Tele2 Code of Conduct shall be complied with.