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Fair Competition Standards

PROMOTING COMPETITION AT TELE2

Competition is hard coded in the DNA of our company. From the very start of the company, our founder's mission was to break the status quo of powerful, state-owned companies dominating the telecommunications market. We fought long and hard for fair competition in telecoms, for the privatisation of state monopolists and the liberalisation of markets, and to this day we keep this fight up.

Therefore, to us, competition is not just a set of rules that we observe—we embrace them. Competing fairly is part of our Code of Conduct, the basic rules that our employees and Business Partners follow. Employees should take maximum care to always ensure to stay within the boundaries set by legislation and company policy. This document explains how to do this and how we work with competition in our organisation, by setting out firm rules and giving practical guidance to employees.

The logo for TELE2, featuring the word "TELE2" in a bold, black, sans-serif font. The letters are closely spaced, and the "2" is slightly larger than the other characters.

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Tele2 Statement on Competition Policy

Tele2 is proud to be a fighter for competition in the markets we operate in. We are committed to work within the boundaries set by competition law and regulation, and we act to improve competition in the market.

The company we are today was built on the foundation of competition, with regulatory intervention in markets that were not functioning to a sufficient degree. Competition and regulation have created openings in those markets, which we capitalized on by making large investments in networks. By doing so, we created a possibility for ourselves to engage in durable competition on the basis of infrastructure ownership.

We strongly believe in the necessity for continued competition in telecommunications and content markets. No one company should hold a decisive power to act independently from competitors, suppliers or customers, in any market or submarket, at retail or wholesale level.

This is especially true as we are moving to more technologically advanced and complex product and service markets. Connectivity and content are expanding further into our daily lives and retail offerings become more intertwined, because more services are combined and sold as a whole. In the near future, connectivity will be even more present in our lives, as we connect the things that drive, guide, inform and entertain us.

Therefore, we take action to fulfil our commitment to competition:

- We have included strict requirements in our Code of Conduct for all of us working at Tele2 to act in compliance with competition law requirements;
- We invest to make sure that employees, who in their day-to-day work may come in contact with competitors, are trained to do so in a way that is compatible with relevant laws and regulations;
- We ensure that we have the specialized knowledge in house to deal with the competition challenges we come across in our industry; and
- The General Counsel is responsible at executive level to oversee the work related to competition and can escalate to the Audit Committee of the Board of Directors if necessary.

Furthermore, we advocate with governments and regulators at both EU and national level to encourage them to continue to allow for competition based on investment, and in parallel to not shy from deploying regulatory intervention where proportionate and necessary. We believe it is important for our industry that they protect effective competition in a forward-looking way that suits the evolving market environment.

Anders Nilsson,
President and CEO

Objective and Scope

This Standard applies to everyone employed by Tele2, directly or indirectly. This includes members of the Board and the Leadership Team.

In addition, Tele2 expects its business partners to behave in a way that is compatible with relevant laws and principles regarding competition. Therefore, our Business Partner Code of Conduct contains the same requirements, but it is up to those business partners to address that within their organisations in a responsible way. Since the Fair Competition Policy is about how we work with competition within Tele2 specifically, it does not apply directly to Business Partners.

Related documents

The basic requirements for competing freely and fairly are set out by the Code of Conduct. The Fair Competition Standard gives more detailed instructions within the scope of the requirements of the Code of Conduct.

National competition authorities and the European Commission enforce competition law in the countries in which we operate. These authorities are granted special legal instruments to execute their enforcement. One of those instruments is the ability to inspect the premises of companies that fall under their supervision. We have a procedure for the case an enforcement authority comes to inspect our premises looking for evidence of unlawful activities—this is called a Dawn Raid. This procedure is attached as an Annex to this document.

With the publication of this Fair Competition Policy, the “Group Guideline on Competition Contacts” and the “Group Guideline on Dawn Raid” are repealed.

Basic Principles

The Code of Conduct requires employees to comply with competition laws and understand the basic principles of competition. This is why it is important for us to provide a clear picture of what those basic principles are and how they relate to our employees. The core requirement for our company and our employees is to act independently, meaning we avoid making decisions together with, in dialogue with, or based on information obtained from competitors.

There are two basic principles that competition law aims to prevent:

- Competitors collaborating to reduce competition
- Dominant companies abusing their position in the market to reduce competition

Additionally, competition authorities make assessments of proposed mergers and acquisitions, to ensure they do not have too much negative effect on competition, or, as lawyers tend to say, ‘*significantly impede effective competition*’. This is a very specific situation, which our M&A and Legal teams work with and does not affect the normal day-to-day operations for other employees. However, employees must understand that they need to treat a potential merger, that has been agreed on but not yet been approved (by shareholders and (if necessary) competition authorities), as they would before the merger agreement. In other words, a competing company being acquired will remain a competitor until all approvals are granted, and therefore we observe the basic principles of fair competition towards them until the merger is completed.

The next sections explain the above principles in more detail.

Relationships with Competitors

It seems fairly simple in theory to avoid any contact with competitors, but in practice it is more complicated. Our industry works on the basis of common standards, we purchase access to networks of our competitors and vice versa, or share network infrastructure with them, and we have other common interests (like for example network security), and therefore we are bound to work together with our competitors to some extent.

In any contact with competitors, employees must take maximum care to ensure they stay within the boundaries and do not violate any competition requirements.

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Boundaries in Contact with Competitors

The point of competing fairly is not that we abandon all contact with competitors. Instead, when we do have contact, we do this in a way that is in line with the principles of competition law. The more extensive this contact is, the stronger safeguards we want to have in place to avoid crossing any boundaries.

In the European Union and most other territories, it is prohibited to engage in any kind of agreement, action or conversation, between competing companies, which aims to limit competition or may have that same effect. This should be understood broadly, meaning that when we are talking about an agreement, this can range from a very formal written agreement to an informal oral agreement. Anyone working for Tele2 should refrain from engaging in such behaviour with competitors, and even from giving the impression that they are engaging in such behaviour.

Violations of Competition Law

Violations that limit competition between competitors include discussing or agreeing:

- Prices (price fixing)
- Market sharing, agreeing to not compete in certain geographical markets, product or market areas
- Assigning or dividing customers
- Agreeing to restrict production capacity, impose quotas or dividing sales
- Controlling resale prices
- Bid strategies for upcoming tenders or dividing deals
- Sharing of commercially sensitive information (pricing, sales, strategy, investments, etc.)

These could occur for example as discussions or agreements on:

- Sales prices, discounts, rebates and other forms of compensation
- Costs, margins and other factors affecting profits
- Market share and sales data (unless aggregated and historical for the whole industry)
- Current market and forecast information which is company specific
- Marketing or production plans
- Customer, deal, market or segment allocation
- Forthcoming tenders and bids
- Individual customers, customer orders or requirements
- Terms and conditions of sale
- Individual suppliers and purchase prices
- Which distributors, agents or brokers to use, and levels of compensation
- Non-public information about new products and product launches
- Strategic plans or other strategic company/business information
- Non-public company turnover data
- Other confidential or company sensitive information

To the contrary, it is usually allowed to discuss:

- General industry studies and trends, which do not contain anything from the list above
- Aggregated statistical historical data for the whole industry compiled by an independent industry body
- New or proposed legislation and its commercial and legal implications on an industry level (i.e. not on an individual company level)
- Advocacy tactics and approaches to Government
- Industry wide standards and terminology which are open and available to all stakeholders

These lists are not exhaustive. It is required for all employees to always ensure that they operate within the area of fair competition. That also means that in case there is any doubt about potential contact with competitors, employees must take precaution and always seek help from their respective legal department before any engagement. Nonetheless, if any inappropriate contact has taken place already, it must be notified to the legal department immediately.

Additional Safeguards

The limitations given in the previous paragraphs apply to any regular relationship we may have with competitors. In addition, we have additional safeguards for engaging in contractual relations with competitors, or for being part of industry groups.

Contractual Relationships

Tele2 may have discussions with a competitor to enter into a contractual relationship, such as a customer-supplier relationship, strategic partnership, R&D or license relationship. If the basic principles listed above are followed, this kind of relationship is normally safe to engage in. However, any discussion prior, during or after such an agreement is in place should be handled carefully. Before initiating any discussion, the Legal Department should be consulted to ensure no unnecessary risks are taken.

It is important to formalize any relationship of any significance with a competitor and put it in a written agreement. This increases transparency and makes it possible to have checks and balances on the relationship. For the same reason we should avoid informal relationships with competitors.

Trade Associations

We often are represented in and by trade associations. This is necessary for our industry, because technology, processes and necessary interactions with other operators are standardised. This does expose participants to situations in which they need to be extra careful to avoid not becoming part of discussions that should not be had.

Before having Tele2 join a trade association, the responsible person in Tele2 is required to consult the Legal Department. Furthermore, we require trade associations to convene on the basis of a previously agreed and distributed agenda, and that minutes are taken and distributed to participants.

If at any point, the basic principles of this Standard are violated, Tele2 employees need to immediately insist the discussion is stopped and they need to distance Tele2 and themselves from the matters that were discussed. If this is not acknowledged and the discussion continues, participation by Tele2 should end immediately. In both cases the Legal Department must be informed.

Dominant position

In a normal market situation, the behaviour of a company is kept in check by competition. For example, we cannot just raise our prices to our liking, because customers can go to a competitor with a better offering if we do. In some cases, however, companies have such a strong position on the market, that this disciplining effect is not present.

We have fought against such situations, for example state monopolies in telecommunications, in the past. For the majority of our products and services, Tele2 is not a dominant player. In some smaller areas, such as termination of voice calls on its own networks, Tele2 operations have been designated as having significant market power by regulatory authorities and as a result we are subject to regulations on for example access and pricing.

We respect the regulatory requirements that we are subject to and act accordingly. In any case, if we are to have a dominant position on a market, we shall always act in a way that does not weaken competition on the market.

Governance

These Fair Competition Standards are governed by the General Counsel and have been approved by the CEO.

Annex 1 – Dawn Raid Instructions

1.1 Basic rules and how to engage Legal Counsel and representation

- In case of an inspection on premise by an enforcement authority the first step to take is to **inform the General Counsel immediately** (in case it concerns our Swedish operations) **or the Head of Legal** (if it concerns an operation in one of our other countries). They will direct all steps we are taking during the time that the authority is present. The General Counsel or Head of Legal will immediately engage our external counsel.
- If for some reason they cannot be present immediately, follow the instructions of the General Counsel or Head of Legal regarding the next steps.
- Tele2 cooperates with inspections, and we treat enforcement agencies with respect. Please be polite, but strictly adhere to the following instructions. Ask them to wait for the General Counsel or Head of Legal to be present, whom will direct the efforts on behalf of the company.
- Insist on our rights to be respected, but never obstruct inspections. Do not be hostile—the persons involved perform their jobs that they are mandated by law to do. Maintaining a professional working relation is the best guarantee that we can exercise our rights diligently.
- Failure to cooperate from our side can be subject to high financial penalties.

1.2 Identify the inspectors and their mandate, and ask them to wait

- Like all other visitors, inspectors of enforcement authorities must sign in at the reception in accordance with company policy.
- Ask each person representing the authority to show photo identification, and request to make a photocopy. If they refuse to have a photocopy taken, take their business card with name and contact information instead. Identify who is the coordinator from the authority.
- Ask to see the written authorisation from the authority for the inspection of our premises and take a photocopy.
- Email a copy of the authorisation in PDF format to the General Counsel or Head of Legal, if not yet present. They will forward a copy to external counsel.
- Ask the inspectors politely to wait for external legal counsel to arrive. Note that they will normally allow for a short delay of the start of their work, but they are not obliged to do so.
- Ask and make note of:
 - the reason for the inspection;
 - the scope of their inspection;
 - their procedures;
 - rules regarding confidentiality;
 - which offices they plan to search;
 - which files they are searching for.

1.3 Provide appropriate support to the inspectors

- Ensure that there is an appropriate IT specialist on hand to assist the inspectors with retrieving electronically stored data on our systems.
- Provide a separate room, in which no information is stored, for the inspectors and provide them with the bare supplies they need, such as electricity, desks and chairs.
- A shadow team should be assigned to escort each team of inspectors during their presence on site.

1.4 Inform relevant stakeholders within Tele2

- The following persons must be notified, so that they can act in their respective capacities:
 - The local CEO;
 - The General Counsel of Tele2, who will in turn inform:
 - the CEO of Tele2;
 - the person responsible for external communication for Tele2;
 - the relevant persons within the Board of Directors.
 - The local person in charge of external communications.

1.5 During the discovery

- Inspectors are authorised to:
 - Search premises, land and transport vehicles for relevant documentation (written or electronic);
 - Examine documentation and take copies, both physical and electronic;
 - Seal or temporarily seize premises, books and records, electronic equipment for as long as necessary (but usually not beyond three days);

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- Ask for an explanation of facts to any employee or representative of Tele2;
- Search for business related records in homes of employees or representatives of Tele2, subject to judicial authorisation.
- To cooperate with the search and examination by inspectors, we give access to documents that are specifically requested by the inspectors, and which fall within the scope of the inspection and which are not privileged.
- No access shall be given to privileged documents or documents outside the scope of the inspection:
 - Privileged documents are those prepared by or for legal counsel (or internal documents that summarise such documents from external counsel). These documents are exempt from inspections by authorities. Even taking a quick look at the documents can be refused, if that would reveal the content of the document. A header, cover or any other element of the document may be shown, as long as this does not show the contents of the document, in order to convince an inspector that the document is privileged. If there is a dispute about the privilege claim, ask for the document to be sealed and the question to be resolved later.
 - The reason to inquire about the scope of the inspection and the authorising decision is to help understand which documents are relevant and can be acquired by the inspectors, and which are not.
- Ask the inspectors to designate the files they wish to review. Collect those and bring them to the room assigned to the inspectors. However, if they want to personally inspect offices, file cabinets, closets, etc., then this cannot be refused.
- Create a written log in which it is recorded which files are reviewed and copied, and all questions asked, and responses given.
- Do not obstruct the discovery of information by inspectors by deleting, destroying, hiding or otherwise making unavailable of documents or information.
- In case of any uncertainty, involve the coordinator and make sure to resolve. Do not let any uncertainties remain unresolved before the end of the inspection.

1.6 Questioning

- The basic principle of questioning by authorities is that no one is required to incriminate themselves, including companies. That means that you are not obliged to answer all questions by investigators. Factual questions need to be answered, but no employee is required to answer on substance.
- Ensure that external legal counsel is present during questioning of employees, if available, and in case of doubt about a question always ask them first, erring on the safe side is important.
- Questions of facts, that fall within to the scope of the inspection, must be answered provided that the person questioned has knowledge on this. For example, “where is this document” or “what is in this cabinet” may be asked and must be answered if the person questioned knows.
- Questions that go beyond fact, and that are subject to interpretation or appreciation of facts, are not required to be answered. For example, “what was the intention behind this meeting” or “what do you think happened in this situation” are questions that must not be answered.
 - If these questions are asked, politely say that you cannot answer and refer to the legal counsel or another company officer.
 - Ask for a question to be rephrased to a question of fact, if the answer to the original question could lead to incriminating the company or yourself.
- If you are unsure, do not answer the question, but state that you are unsure instead.
- In no case, offer any information other than a bare answer to the question that was stated.
- Do not answer questions that go beyond the scope of the inspection.

1.7 Closing the inspection

- Review the protocol drafted by the inspectors, and make clarifications or changes where needed, and take a copy of the protocol.
- Ask inspectors for an inventory listing all documents copied or sealed.
- Inquire about next steps to be taken.
- Escort the inspectors off the premises and ensure all of them have left.
- Take note of the time that the investigation was concluded.
- Gather all involved employees and external and internal legal counsel for a meeting to discuss observations, contact other locations that have been searched (if any), and brief relevant employees on the company’s public position.
- Prepare a detailed report for external counsel and especially note all points of contention with the inspectors and provide a copy of that report to the relevant contact person within the Legal department.