

**GROUP POLICY**  
**Supply Chain Sustainability**Valid from: 2017-06-24  
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*Policy owner: EVP & Chief Corporate Affairs Officer and Group General Counsel*  
*Approver: President & Group CEO*

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## 1 Group Policy Owner Mandate

Group policy owner Supply Chain Sustainability is given a mandate to manage sustainability risk within Telenors supply chain and ensure supply chain sustainability and responsible business conduct through contractual implementation of Telenor Group's Supplier Conduct Principles (SCP) with all its existing and new suppliers.

Telenor shall have systematic, risk-based supply chain monitoring processes and capacity building/training and awareness initiatives to ensure responsible business conduct.

## 2 Requirements

### 2.1 The Supply Chain Sustainability Framework

SCP sets out Telenor's requirements towards suppliers for responsible business conduct. The requirements in the SCP adopted by Telenor ASA Board of Directors are non-negotiable.

Telenor shall work in a constructive and cooperative way with its suppliers with the aim of achieving responsible business conduct and continuous improvement.

Telenor shall implement the SCP towards the supply chain based on the principle of indirect implementation through cascading of requirements. All suppliers to Telenor shall enter into an Agreement on responsible Business Conduct (ABC). The highest level of legal protection by using standard templates shall always be pursued. If the supplier has objections, a dialogue shall be entered into and information about the practise of the agreement and Telenors supply chain sustainability work shall be shared. If the supplier has objections after attempts of conviction, the risk involving softer requirements shall be considered and procedures for adjustments of text, clause on Responsible Business Conduct in the underlying contract, waivers and waived category list shall be followed (set out below and in the Manual Supply Chain Sustainability).

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## 2.2 Responsibilities

Systematic Supply Chain Sustainability activities shall be implemented locally in every Business Unit, monitored by Group Sustainability.

Local CEO is responsible for Supply Chain Sustainability in the Business Unit, whilst the Head of Local Supply Chain Sustainability is responsible for the general operation day to day Supply Chain Sustainability activities.

The Contract Owner is accountable for the conformity and risks of the Suppliers and Sub-suppliers with regard to the SCP - and to ensure SCP implementation towards Suppliers, in consultation with the Head of Local Supply Chain Sustainability.

The Head of Local Supply Chain Sustainability is responsible for ensuring systematic Supply Chain Sustainability activities in the Business Unit in coordination with each Contract Owner.

## 2.3 SCP risk assessment

A documented risk assessment that identifies supply chain risk areas expected to be of most critical importance for Telenor shall be performed yearly.

Telenor, by the contract owner, shall evaluate the SCP risk for any existing or potential supplier and/or its sub-suppliers. Its primary subject shall be whether the supplier or its sub-supplier(s) might be operating in a way contrary to the SCP.

If the outcome of the risk assessment indicates the existence of a Critical Supplier, an additional supply chain control is needed and the stricter version of the template ABC shall be used.

## 2.4 Exceptions to the ABC

### 2.4.1 Changes to the wording of the ABC

The wording of the ABC shall not be changed from the applicable ABC template, except when this is required in a current, ongoing contract negotiation process and following a strict exception handling procedure as outlined in Group Manual Supply Chain Sustainability.

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Page: 3 of 6**2.4.2 Acknowledgment of the supplier's own framework for responsible business conduct**

Provided that the relevant supplier's own framework for responsible business conduct, including responsible supply chain management, establish standards equal to or better than those prescribed by the SCP and the minimum requirements for the ABC, the requirement to implement these Telenor's ABC may be exceptionally waived, subject to a strict exception handling procedure as outlined in Group Manual Supply Chain Sustainability.

Telenor shall in such a case still implement an ABC with the supplier, reflecting the principle of acknowledgement.

**2.4.3 Clause on Responsible Business Conduct and waiver**

If the supplier refuses to sign the entire agreement, and no adjusted version with text changes is possible to achieve, a clause on Responsible Business Conduct in the underlying contract and inclusion of the SCP as an annex to the underlying contract may be pursued. A draft clause is set out in Group Manual Supply Chain Sustainability section 3.8.

If the supplier refuses the above and to accept the ABC for other reasons than what is stated above, it shall be assessed whether a contractual relationship nevertheless should be continued or entered into. One of the following conditions must be fulfilled:

1. the supplier is of considerable importance to Telenor and no other viable alternative to the supplier exists in the short term
2. it is held by Telenor that the actual risk of the supplier being non-compliant with the requirements set out in the SCP is negligible; or
3. the supplier has a remote relationship to the core business operations of Telenor.

Provided that one of the three above conditions is fulfilled, to continue a contract and/or enter into a contract with the supplier may be approved, subject to a waiver - exception handling procedure as outlined in Group Manual Supply Chain Sustainability.

Conditions may be imposed to minimize the exception, such as limiting the term of contract, requiring the initiation of a procurement process or similar limitations, and also attempting to include as many as possible of the requirements in the ABC and SCP.

**2.4.4 Restricting the scope of suppliers - Waived category list of suppliers**

Head of Group Supply Chain Sustainability may waive the application of this Policy for specific suppliers or categories of suppliers that are considered irrelevant in a supply chain sustainability perspective, subject to approval by the

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Policy Owner for this Policy. Such waivers shall satisfy at least one of the below requirements:

1. The category of suppliers is generally considered to have no appreciable SCP risk.
2. The core elements of the ABC are considered irrelevant for the category of suppliers.
3. The suppliers in question involve no appreciable customization for Telenor.
4. The supplier relationships involve no Telenor branding.
5. There are no viable alternative to the relevant suppliers in the short term.
6. The supplier relationships in question have minor association with Telenor business.

The waived supplier category list is set out in the Manual Supply Chain Sustainability attachment 1.

## 2.5 Supply chain monitoring

### 2.5.1 Regular supplier monitoring

Telenor shall do a systematic follow-up of SCP conformity in the supply chain, including unannounced on-site inspections, and extending beyond direct suppliers as far as legally and contractually possible, based on SCP risk assessments and manageable efforts. 40 % of the inspections shall be carried out unannounced.

Telenor shall contractually secure and perform monitoring and follow-up activities also towards global suppliers with whom they have a contractual relationship, to the extent not explicitly otherwise stated by the Head of Group Supply Chain Sustainability. This also applies if the ABC entered into at Group-level is of the form "[Acknowledgment of the Supplier's own framework for responsible business conduct](#)", and the nature of the suppliers operation at local level carries appreciable SCP risk.

### 2.5.2 Regular tracking SCP risk

Assessment of the SCP risk for Telenors's supply chain shall be done on a regular basis. A status on supply chain sustainability performance shall be reported to local Board of Directors at least twice a year.

### 2.5.3 Non-conformities and corrective actions

For any non-conformity related to provisions of the SCP, Telenor shall immediately require that the supplier properly addresses and remedies the non-conformity in accordance with improvement plans to be approved by the Head of

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Local Supply Chain Sustainability. Subject to any agreed improvement plan, Telenor shall verify that the improvement plan has been executed and shall, to the extent deemed necessary, conduct further inspections to this effect.

Telenor shall generally only use termination as a last resort sanction.

Any costs relating to remediation shall be borne by the supplier or its sub-suppliers, unless the local CEO should decide otherwise.

## 3 Reporting

### 3.1.1 Tracking and reporting of SCP performance and risk

SCP performance for Telenor shall be tracked on an ongoing basis. Data and Key Performance Indicators (KPI's) shall be reported to the Head of Group Supply Chain Sustainability on a regular basis, with a schedule as defined by the Head of Group Supply Chain Sustainability and integrated in a group-wide non-financial reporting system.

The aggregated SCP risk shall be reported to Head of Group Supply Chain Sustainability and local CEO, with a copy to the Local Risk Manager. The respective Contract Owner in charge of the supply chain with SCP risks is also the Risk Owner of the same risks.

Head of Group Supply Chain Sustainability shall report the SCP Risks on a regular basis to the Group management.

### 3.1.2 Notification to Group

Upon any confirmed or likely to be confirmed findings of major SCP non-conformity issues in the supply chain in accordance with Group Manual Supply Chain Sustainability, the Head of Local Supply Chain Sustainability shall notify the local CEO and Head of Group Supply Chain Sustainability of such findings without undue delay.

## 4 Reference documents

### 4.1 Group Manuals

- Group Manual Supply Chain Sustainability
- Supplier Conduct Principles (SCP)

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## 5 Definitions

### Critical Suppliers:

Critical Suppliers are direct suppliers that provide services and/or products towards Telenor of significant importance and, subject to a risk based pre-contractual assessment by Telenor, are assessed to have a high risk for breach of the SCP in its supply chain.