

Owner
Henriette Wendt, Head of Corporate Development

Approval Date
2016-02-09

Version
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Approved by
Johan Dannelind, CEO

Related
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GROUP INSTRUCTION - SPONSORSHIPS AND DONATIONS

1 Background and Description

This Group Instruction presents mandatory principles and describes how sponsorships and donations are to be carried out and approved to ensure they are conducted in an ethical and compliant manner and support Telia Company's brands and business objectives, contributing to company and/or social value creation.

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

2 Scope and Purpose

2.1 Scope

This Group Instruction 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 Instruction in all operations in which Telia Company has an ownership interest.

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

- a) Code of Ethics and Conduct, Purpose & Values, Strategic framework, Group Policies, and Instructions for the CEO as approved by the Board;
- b) Decisions made by the CEO, Group Instructions and this document as approved by the CEO; and
- c) Group Instructions as approved by the Heads of Group Functions.

2.2 Purpose

This Group Instruction is provided to ensure correct evaluation and decisions around Sponsorships and donations, by defining and describing how sponsorships and donations are to be carried out and the process for approval of sponsorships and donations within Telia Company.

3 Objectives and Requirements

In Telia Company all sponsorships and donations are conducted in an ethical and compliant manner and support Telia Company's brands and business objectives, contributing to company and/or social value creation. This Group Instruction provides guidelines on the definitions, and what requirements and approval processes are applicable for sponsorships and donations.

3.1 Definitions of different kinds of sponsorships and donations

The scope of sponsorships and donations can be either **commercial or non-commercial**. Non-commercial sponsorships and donations can also be divided into three different categories, with somewhat different purposes.

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3.1.1 Commercial sponsorships

Commercial sponsorships are sponsorships where Telia Company sponsors organizations, activities or events with the main objective to promote the Telia Company brand or a local brand, product or service, for the purpose of building awareness, enhancing our reputation, increasing our sales, or encouraging customer loyalty.

Commercial sponsorships may take the form of cash contribution (purely financial) or in-kind contribution, for example the use of our services at reduced or no cost.

The Group Policy Procurement and Group Instruction Procurement apply for all Commercial sponsorships.

The unit Group Brand has responsibility for the commercial sponsorship strategy.

3.1.2 Non-commercial sponsorships and donations

Non-commercial sponsorships and donations may take the form of cash contribution (purely financial) or in-kind contribution, including various kinds of non-monetary support such as donations of products, volunteer work carried out by Telia Company employees, and the free use of Telia Company's corporate facilities, property, or services.

3.1.2.1 Philanthropic donations

Non-commercial sponsorships and donations can be purely philanthropic, i.e. charitable donations to non-profit organizations with no expectation of direct corporate gain. Such contributions are related to disaster relief or humanitarian aid, are mostly short term commitments and referred to as a donation.

The unit Group Communication has the responsibility for strategy of philanthropic donations.

3.1.2.2 Long term sponsorships and donations for a more inclusive world

Other non-commercial sponsorships and donations are the sponsorship and/or donation to organizations, institutions and projects with the aim to support the development of the society with a more long-term perspective. All such sponsorships and donations should be aligned with Telia Company's sustainability strategy All In (inclusive digitization) and one or more of its four key objectives:

- Connecting the un-connected
- Digital entrepreneurship and innovation
- A healthy and safe society
- Education for all

The unit Group Sustainability Strategy has the responsibility for the All In strategy.

3.1.2.3 Stakeholder relations grants

Stakeholder relations grants are donations for selected events and activities organized by or for key stakeholders. The objective with such grants is to promote the Telia Company brand and enhance our business relationships with important stakeholders.

Examples of recipients for such grants are government institutions, embassies, universities, national and international NGOs.

The unit CEO Office has the responsibility for the stakeholder strategy.

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3.2 Requirements

Telia Company is committed to ensure that all its sponsorships and donations follow ethical and sustainable business practices and that they have a positive impact for the company and/or the society. Therefore a number of requirements are valid to all sponsorships and donations. Each requirement has to be evaluated before commitment and payment of any sponsorship or donation.

Requirement 1

All sponsorships and donations must be in line with Telia Company's Purpose & Values, Code of Ethics and Conduct, Group Anti-Bribery and Corruption Policy and other relevant Policies, Instructions and Guidelines.

Requirement 2

All sponsorships and donations must be approved according to the Telia Company Delegation of obligations and authority and according to the approval process defined in this Group Instruction (see 3.3).

Requirement 3

All sponsorships and donations shall as far as possible be based on a pre-defined strategy and outlined in an annual plan, including metrics to measure the outcome and a budget. The plan should be divided in two parts; one for **commercial sponsorships** and one for **non-commercial sponsorships and donations**. Each Country's and Group Function's annual plan should be available for Group Brand and/or Group Sustainability Strategy on request (if needed for group coordination, review or similar).

Requirement 4

All sponsorships and donations shall be evaluated in regards to its total brand effect, i.e. consideration must be taken to both local and group stakeholders, and a balanced impact assessment must be undertaken if there are any concerns about negative impact to any stakeholder group.

For **commercial sponsorships** there are further requirements in regards to the brand:

- All commercial sponsorships must be based on brand position as defined by the unit Group Brand. If local implementation of global brand position is not yet done, all commercial sponsorships shall be based on local brand position.
- All commercial sponsorships shall follow the global sponsorship strategy as defined by the unit Group Brand. Until global sponsorship strategy is defined local sponsorship strategy applies.

Requirement 5

Alignment with Telia Company's sustainability strategy All In (Digital inclusion), for an inclusive world, shall be considered and prioritized for all sponsorships and donations.

Requirement 6

Sponsorships and donations activities shall be carried out in relevant geographical locations, e.g. where Telia Company has operational presence, customers or other stakeholders.

Requirement 7

Sponsorships and donations should preferably take the form of long term commitments, i.e. not short term one-off initiatives.

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Requirement 8

Sponsorships and donations cannot be

- related to political support (i.e. to political parties, politicians or related institutions)
- conducted in a way that it can be interpreted as a political payment or bribery
- related to the process of obtaining or retaining business from the recipient, i.e. 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
- provided to individuals
- provided to organizations, activities or events believed to be discriminating or unethical, e.g. related to alcohol, tobacco, drugs, gambling, weapons, pornography
- provided to activities or events that will have significant negative environmental impact, e.g. motor sports and activities which include handing out a large amount of disposables
- provided to religious or military activities

Requirement 9

Sponsorships and donations must be documented through an agreement with the recipient. The agreement procedure for **commercial sponsorship** shall be in line with the Group Procurement Policy.

Non-commercial sponsorships and donations may be agreed through the signing of a Donation letter/agreement (indicating our expectations on transparency and reporting on usage of donation/sponsorship), Supplier Code of Conduct and Anti-Corruption Contract Clause. If deviations from Supplier code of conduct is noted an improvement plan should be documented and agreed upon.

Requirement 10

All sponsorships and donations are provided only to trustworthy organizations, which pass the due diligence process. Hence, recipients of sponsorships and donations shall be subject to documented third party due diligence prior to commitment/agreement and payment. The due diligence process is conducted to assess the reputation, competence, capacity and corruption risk profile (e.g. detection of links to politically exposed persons) of the proposed recipient of the sponsorship or donation. The due diligence is handled by Group Procurement Risk & Compliance, either as part of the procurement and agreement process for a **commercial sponsorship** (as referred to in Requirement 9) or as a specific request in case of a **non-commercial sponsorship**.

Requirement 11

Sponsorships and donations must be recorded to reflect the nature and purpose of the activity and financial books and records shall be kept accurate and transparent. Utilization of funds and support shall be followed up according to pre-defined targets and metrics.

Requirement 12

The request for the sponsorship or donation, the due diligence, the approval, the execution and the follow up must be documented for possible review. The contributions and their impacts, both financial and non-financial, must be documented for possible public reporting. Total financial contributions for sponsorships and donations are publicly reported as part of Telia Company's annual financial and non-financial reporting, and data needed for public reporting are collected by Group Sustainability Strategy mid-December every year.

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3.3 Approval process

Basic approval criteria:

- All sponsorships and donations are to be decided within given authorization in the Delegation of obligations and authority
- Country units and Group functions are required to establish their own documented approval procedure for sponsorships and donations that eliminates individual decision making and conflict of interest
- For Region Sweden and Region Europe the annual plan shall be approved on country level. Specific sponsorships or donations shall be escalated through regional management for Group approval in case certain criteria are not fulfilled, see 3.3.1.
- The annual plan for countries in Region Eurasia shall be approved on regional level. Specific sponsorships or donations shall be escalated by regional management for Group approval in case certain criteria are not fulfilled, see 3.3.2.
- The annual plan for any Group Function shall be approved according to a centralized process as outlined in 3.3.3.

3.3.1 Approval Region Sweden and Region Europe

All Countries in Region Sweden and Region Europe decide sponsorships and donations locally in line with local approval procedure and applicable Policies, Instructions (including this Group Instruction) and Guidelines. The Country annual plan for sponsorships and donations shall always be approved by the country CEO or a person appointed by him/her.

Please note that escalation for Group approval must be done for any sponsorship or donation

where the recipient is directly or indirectly related to government official or institution, or is a candidate nominated by a political party

or

that generates a red due diligence report

or

that has an opex/capex/time frame that requires Group CEO approval, given the authorization in the Delegation of Obligations and Authority (note first item 3.3.)

or

that in any other way does not comply with the Requirements as stated in this Group Instruction on Sponsorships and donations

The procedure for escalation for a Group approval is described in 3.3.4.

3.3.2 Approval Region Eurasia

The Country annual plan for sponsorships and donations, decided in line with local approval procedure and applicable Policies, Instructions (including this Group Instruction) and Guidelines, is always approved locally and regionally by

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1. A country committee on Sponsorships and donations. This committee must consist of the Director of the relevant department that the sponsorship/donation concerns, the Head of Communications department, the E&C Officer and the CFO.
2. Local CEO
3. Region Eurasia Head of Corporate Communications. Escalation to Head of Region (based on amount/ risk) and Regional/Group E&C (based on risk).
4. Head of Region (consolidated annual plan for Region Eurasia and individual projects if required by DoA)

Please note that escalation for Group approval must be done for any sponsorship or donation

where the recipient is directly or indirectly related to government official or institution, or is a candidate nominated by a political party

or

that generates a red due diligence report

or

that has an opex/capex/time frame that requires Group CEO approval, given the authorization in the Delegation of Obligations and Authority (note first item 3.3.)

or

that in any other way does not comply with the Requirements as stated in this Group Instruction on Sponsorships and donations

The procedure for escalation for a Group approval is described in 3.3.4.

3.3.3 Approval Group Functions

Group functions are Group Support functions and Group Staff functions.

To keep an aligned approach on group level, there is a centralized approval process for Group functions so that the annual plan for sponsorships and donations (decided in line with each Group function approval procedure and applicable Policies, Instructions and Guidelines) is approved by

1. A Group committee on Sponsorships and donations. The committee consists of one representative from the Group function who has a plan to present, one rep from Group Brand, one rep from Group Communications, one rep from CEO Office, one rep from Group Ethics & Compliance and one rep from Group Sustainability Strategy.
2. Head of Group Brand in regards to **commercial sponsorships** and Head of Group Sustainability Strategy in regards to **non-commercial sponsorships and donations**.

Please note that escalation for Group approval must be done for any sponsorship or donation

where the recipient is directly or indirectly related to government official or institution, or is a candidate nominated by a political party

or

that generates a red due diligence report

or

that has an opex/capex/time frame that requires Group CEO approval, given the authorization in the Delegation of Obligations and Authority (note first item 3.3.)

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or

that in any other way does not comply with the Requirements as stated in this Group Instruction on Sponsorships and donations

The procedure for escalation for a Group approval is described in 3.3.4.

3.3.4 Escalation for Group approval

Escalation for Group approval must be done for any sponsorship or donation

where the recipient is directly or indirectly related to government official or institution, or is a candidate nominated by a political party

or

that generates a red due diligence report

or

that has an opex/capex/time frame that requires Group CEO approval, given the authorization in the Delegation of Obligations and Authority (note first item 3.3.)

or

that in any other way does not comply with the Requirements as stated in this Group Instruction on Sponsorships and donations

The approval escalation shall first go through regional management, who may stop the sponsorship or donation. However, if they agree to the proposal it must be further escalated to Group approval.

The Group approval will be executed by Head of Group Brand in case of **Commercial sponsorships**.

The Group approval in case of **non-commercial sponsorships or donations** will be executed by:

- Head of Group Communication in case of Philanthropic donations
- Head of Group Sustainability in case of Long term sponsorship or donation for a more inclusive world
- Head of CEO Office in case of Stakeholder relation grants

In all cases there will be a consultation with the other parties as well as with Group Ethics and Compliance for advice from an ethical and compliance perspective

A specific approval form, enclosed in appendix, should be used for each sponsorship and donation that is escalated for Group approval.

3.3.5 Approval documentation

Any decisions and approvals of sponsorships and donations shall be documented in an appropriate way, in a digital system if available, otherwise on paper, and available on request, for example for review by auditors.

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The annual plan should be available for Group Brand and/or Group Sustainability Strategy on request (if needed for group coordination, review or similar).

A specific approval form, enclosed in appendix, should be used for each sponsorship and donation that is escalated for Group approval. This form should also be used for local and regional approval for countries in Region Eurasia, and may be used also by other Countries as their own approval form if no other local system is available/in use.

3.3.6 Requests coming after annual planning

All sponsoring and donation requests coming after the annual plan have to be approved the same way as the annual plan.

4 Roles and Responsibilities

Each Executive Vice President, Senior Vice President and Vice President 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.

All Telia Company employees are however individually responsible for reading, understanding and complying with this Group Instruction when it applies to the employee's area of work responsibility. Each employee is also obliged to speak up and raise concerns about actual or possible violations of this Group Instruction.

5 Exemptions

If any Telia Company Subsidiary would like to adopt a corresponding Group Instruction with exemptions from this Group Instruction, such exemption(s) must be approved by the CEO of Telia Company AB.