



## **A1 Telekom Austria Group Policy on Responsible Sourcing**

### **Introduction**

The A1 Telekom Austria Group (A1 Group) Code of Conduct commits the Group to implement fundamental requirements in the areas of human rights, labor, environment, and the fight against corruption. These concerns are an integral part of A1 Group's strategy and firmly anchored in the corporate culture. We strongly believe that related efforts as well as transparency and integrity are key, which certainly get fostered by walking the path of becoming more responsible together with our suppliers and partners.

Our internal guidelines, processes and initiatives are established to ensure compliance within the organization. Examples include but are not limited to our Code of Conduct, Purchasing Guidelines, Compliance Management System and regular compliance trainings and internal and external compliance audits.

### **1 Sourcing objectives of A1 Group**

A1 Group pursues the following objectives within our responsible sourcing policy:

#### Strengthen A1's economic performance

- Challenge our suppliers' pricing proposals in order to improve our P&L and to offer our customers competitive services
- Perform demand management
- Pool the needs of the Group's entities (in Central and Middle Europe, and leverage América Móvil sourcing)
- Favor standard solutions, with the objective of profitability and "time to market" for our projects
- Select our suppliers in a rigorous, fair and compliant manner
- Leverage innovation, digitalization and transformation levers of products and services of our suppliers to the benefit of our customers and our company

#### Secure the resilience of the supply chain

- Secure alternative sourcing channels for critical goods
- Incorporate delivery targets into contracts to extend partner responsibility
- Frequently evaluate suppliers' risk
- Secure availability of critical goods through adaptive stock management
- Mitigate vendor lock-ins

## Contribute to the success of A1's ESG commitments

- Extend our Code of Conduct to our suppliers and partners: compliance with integrity, legal, fiscal, social and environmental rules and A1 Group requirements
- Apply preventive measures related to data security and privacy, financial and CSR (Corporate Social Responsibility) risks, the fight against corruption and fraud, respect for business ethics, and supply risks
- Develop and apply ESG criteria towards relevance for sourcing decisions
- Push the circular economy
- Strive for renewable and low-carbon energy purchases
- Support meeting of Net-Zero target
- Contribute to Sustainable Development Goals (SDGs) and United Nations Global Compact (UNGC) commitments.

## 2 ESG standards

To successfully pursue sustainability ambitions together, we count on our suppliers to comply with the following ESG standards that A1 Group is also adhering to and which have been set as minimum standards. Further, all relevant international and local laws, decrees, other official requirements and sector-specific norms shall at all times be adhered to.

### Environmental standards

- **Climate action:** the supplier takes action to reduce its impact on the environment, such as following a (ideally science-based) path to reducing its greenhouse gas emissions, using energy from renewable sources, etc. The supplier tracks related data and can share it with us on request, or is ideally already publishing this information.
- **Responsible mineral sourcing:** we request from suppliers that they ensure compliance with the principles of responsible and ethical mineral sourcing, outlined in Section 1502 of the US Dodd-Frank act (1997) and EU Conflict Minerals Regulation<sup>2</sup> (2017) reflected in the Non-financial Reporting Directive (NFR).
- **Materials and chemical substances:** the supplier selects and works with materials and chemical substances approved by the industrial hygiene rules.
- **Water:** A1 Group considers the right to water to be a universal human right. As a telco operator, we have evaluated our directed impact on water use in the communities we operate in (considering short- and long-term scenario forecasts). Even though the conducted water assessment suggests our direct operations have no significant impact on humans, nature, or biodiversity, we are aware of the challenges that might be associated with water use in our wider supply chain. This is why we request suppliers to identify their water-related risks and act to minimize their impact, ensuring fair access to clean and potable water in the communities they operate in. A company can demonstrate their commitment by committing to and setting up science-based targets for nature.

- **Biodiversity:** We request our suppliers to evaluate their impact on biodiversity, and actively work on biodiversity impact reduction by ensuring the integrity of native ecosystems and species abundance in the areas of supplier impact, as well as committing to limit operations out of protected and sensitive areas (ideally committing to and setting up science-based targets for nature).

## Social standards

- **Human rights:** the supplier ensures compliance with A1 Telekom Austria Group's human rights policy and all international references stated within.
- **Child labor:** the supplier refrains from any forms of illicit child labor and guarantees that it is not part of its own activities or its own supply chain. Persons under the age of 18 that, according to local legislation, may have access to the job market, shall not work during the night or under dangerous conditions. Any action taken shall be in the best interests of the child and shall be consistent with the United Nations Convention on the Rights of the Child.
- **Forced labor:** the supplier refrains from any forms of forced labor and guarantees that it is not part of its own activities or its own supply chain.
- **Health and safety:** the supplier has implemented measures and has taken actions to guarantee the health and safety of its workers at all times and under any circumstances.
- **Fair pay:** the supplier remunerates its employees in a fair and transparent way and guarantees that national (or where applicable local) requirements are met or exceeded.
- **Diversity, inclusion and equal rights:** the supplier promotes and implements diversity, inclusion as well as equal rights for all of its employees.

## Compliance standards

- **Anti-corruption, anti-trust and conflicts of interest:** the supplier competes fairly for A1 Group's business, without offering or paying bribes, kickbacks, or giving anything of value to secure an improper commercial advantage. Further, the supplier supports compliance with A1 Group policies by establishing appropriate management processes and cooperates with reasonable assessments requested by A1 Group. If at any moment in time, the supplier perceives any suggestion of unethical behavior of any of A1 Group's employees, the supplier will proceed to report such behavior or circumstance to tell.me portal.  
→ [tell me portal](#)
- **Financial reporting compliance:** the supplier maintains accurate financial books and business records in accordance with all applicable legal and regulatory requirements and accepted accounting practices.

- **Data protection:** the supplier complies with all applicable laws regarding personal data protection. For that, the supplier has implemented the necessary measures to guarantee the confidentiality and security of the personal data that is in his possession or to which he has access.

### 3 Integration of responsibility into supplier relationship management and transactions

At A1 Group, we integrate responsibility on two dimensions:

<b>3.1 Supplier dimension</b>	3.1.1 Supplier governance (relevant A1 strategy and policies for sustainable sourcing)
	3.1.2 Supplier compliance assessment
	3.1.3 Supplier risk assessment (performed in A1 Group on supplier level)
	3.1.4 Supplier self-declaration (business partner questionnaire)
	3.1.5 ESG assurance in supply chain: annual supplier assessment, selected supplier audits on ESG standards
<b>3.2 Transactional dimension (sourcing process)</b>	Vendor awarding based on objective criteria in relevant dimensions: commercial, technical, strategic, data privacy and security,...

Figure 1: Responsible sourcing policy architecture

#### 3.1 Supplier dimension

##### 3.1.1 Supplier governance

Suppliers shall adhere to A1 Group's policies and guidelines. Relevant documents regarding sustainability in A1's supply chain can be found under the following links:

- 1) ESG Strategy, Framework and Activities → [ESG @ A1 Telekom Austria Group](#)
- 2) Sustainable Procurement overview → [Sustainable supply chain management](#)
- 3) Code of Conduct → [Code of Conduct](#)
- 4) Human Rights Policy → [A1-TAG-Human-Rights-Policy](#)
- 5) Diversity Inclusion Policy → [Diversity Equity Inclusion Policy](#)
- 6) Environmental Policy → [Environmental Policy](#)
- 7) Conflict Minerals Policy → [A1-TAG-Conflict-Minerals-Policy](#)
- 8) Sustainable Packaging Guideline → [Sustainable Packaging](#)

##### 3.1.2 Supplier compliance assessment

Our compliance management system includes an assessment of legal compliance of our business partners and their management. These checks are conducted centrally, using established databases.

##### 3.1.3 Supplier risk assessment

The objective of the supplier risk assessment is to ensure our suppliers' compliance to local, international and our ESG standards. For that, suppliers are clustered based on the

material groups that make up their spend. The material groups are assessed on their potential risks related to environmental, social and governance (ESG) concerns as well as their degree of supply chain complexity and relevance. This allows assigning each material group to one of three risk levels: low, medium, or high risk. Applying this categorization on the vendor spend per material group, the risk classification of the suppliers can be derived.

This classification serves for deciding the appropriate supplier engagement, such as self-declaration, Ecovadis invitations and/or JAC audits.

#### 3.1.4 Supplier self-declaration

Selected suppliers are asked to complete our due diligence form, where it is all about our partners' commitment to A1 Group's Code of Conduct and principles. It mirrors the AMX commercial integrity policy and covers relevant topics such as CO2 emissions, human rights, conflict minerals, competition compliance, sustainability, and data protection. Subsequently, a risk profile for each supplier is created based on the answers given. For example, if a supplier is not compliant with our standards regarding human rights, further investigations and expert discussions are initiated.

#### 3.1.5 ESG assurance in supply chain

We regularly review our suppliers depending on supplier risk exposure. Depending on the risk classification, suppliers might receive an invitation to fill in the Ecovadis scorecard. Few selected suppliers will be chosen to undergo audits on sustainability standards, which we conduct within the frame of our membership with the Joint Association for CSR (JAC).

##### Ecovadis

Ecovadis provides supplier sustainability ratings based on 21 CSR criteria via an online platform, enabling companies to assess the ESG performance of their suppliers. Suppliers are thereby asked to fill in Ecovadis' questionnaire, the results are then presented in a scoring card to the company who requested it.

##### Joint Association for CSR (JAC)

In Q3 2022, A1 Group joined the Joint Association for CSR (JAC), an association of telecommunications companies, to define, embed and monitor CSR criteria in supply chains. This membership serves as a further means of ensuring supplier compliance with A1 Group's ESG policies, in particular through audit results shared within JAC. This way, participating telcos as well as suppliers benefit from a consolidated approach, where outcomes are shared, improvements are tackled together, and the workload inflicted on partners as well as telcos is minimized. A1 Group will be contributing as a Partner of JAC with the required number of conducted audits per year.

### 3.2 Transactional dimension (Sourcing process)

The generic Source-to-Contract process is laid out in the Purchasing Guidelines. The Purchasing Guidelines define in particular the phases and corresponding roles and responsibilities of the Source-to-Contract process. The vendor awarding - and all gates before - when vendors are kept in the process or not further considered, are documented. The decisions are based on independent rankings covering the relevant dimensions, in any case the commercial one. CSR criteria are considered when applicable and decided in the selection process but even more during contracting.

A1's General Terms and Conditions for Purchasing (→ [General Terms and Conditions \(GTC\) for Purchasing](#)) or valid contract templates are the basis for procurement so that applicable

laws, regulations, as well as local, national and international standards become part of the vendor agreement. In particular, the vendors commit to confidentiality, security and data privacy regulations. Further, those contractual terms obligate the vendors to adhere to the Code of Conduct (→ [Code of Conduct](#)).

#### 4 E-procurement tool @ A1 Group

iValua, the e-procurement tool at A1 Group, is a uniform solution for the strategic sourcing and procurement process with the goal of acquiring products and services at the best possible conditions, while managing supplier relations via a centralized platform. It is used to prepare, execute and document in an audit-proof way tenders internally (dispatch as well as request for quotation/bids) and to manage contracts and pricing.

It is further used for sending out and evaluating the due diligence form for supplier self-declaration. The platform allows suppliers to download tender documents, submit offers, participate in price negotiations via eAuctions or see their current contracts.

#### 5 Monitoring and corrective actions

A1 Group will monitor our vendors through internal and external screening processes. We expect the same from our vendors in their supply chain. If non-conformities with our programme are noted, we expect the vendor to notify us and engage immediately in the set of corrective actions until matters have been resolved to the satisfaction of this standard.

Vienna, May 24, 2023

The Management Board of Telekom Austria AG



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