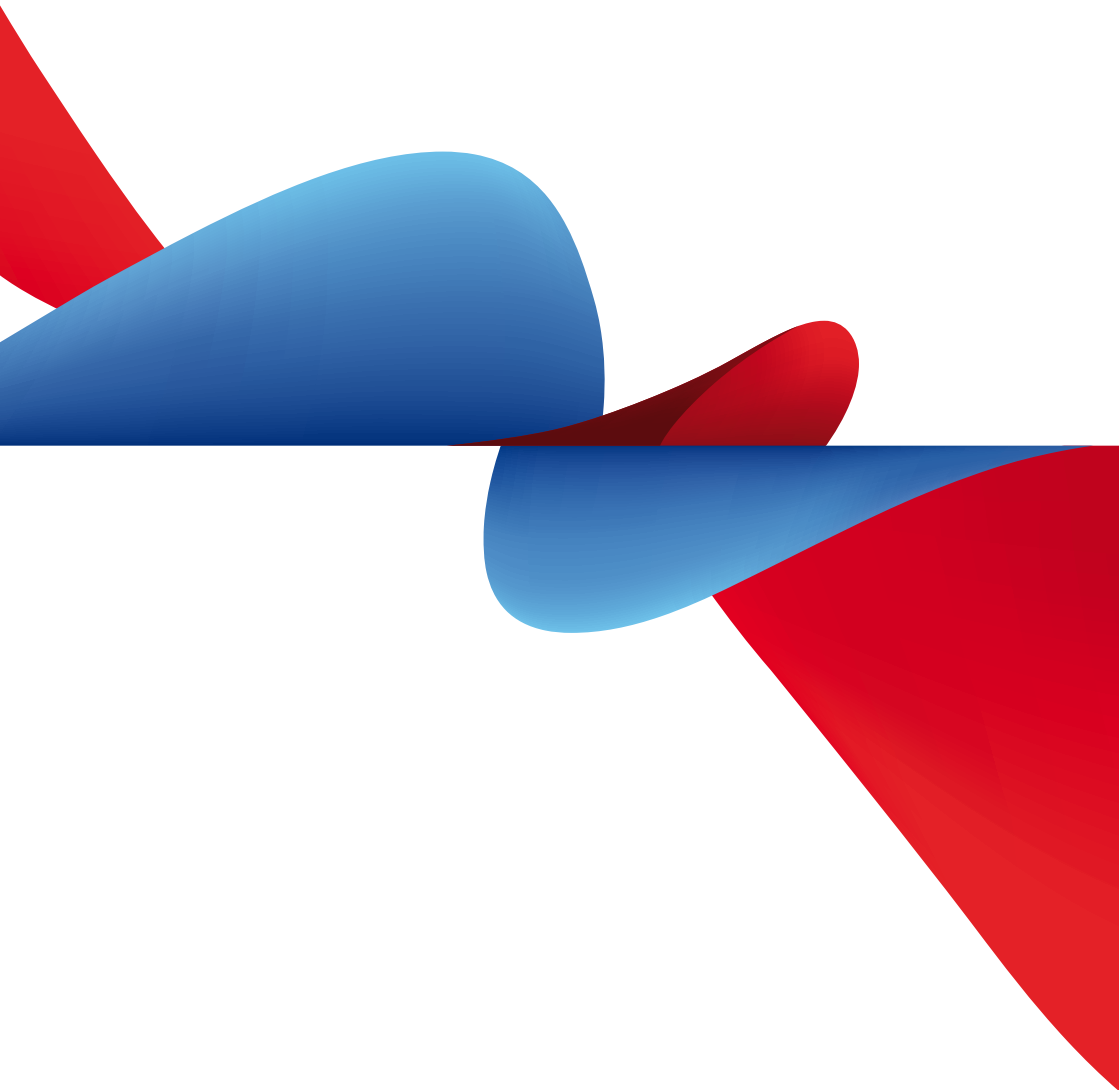


Edition
December 2008

Swisscom Procurement Policy

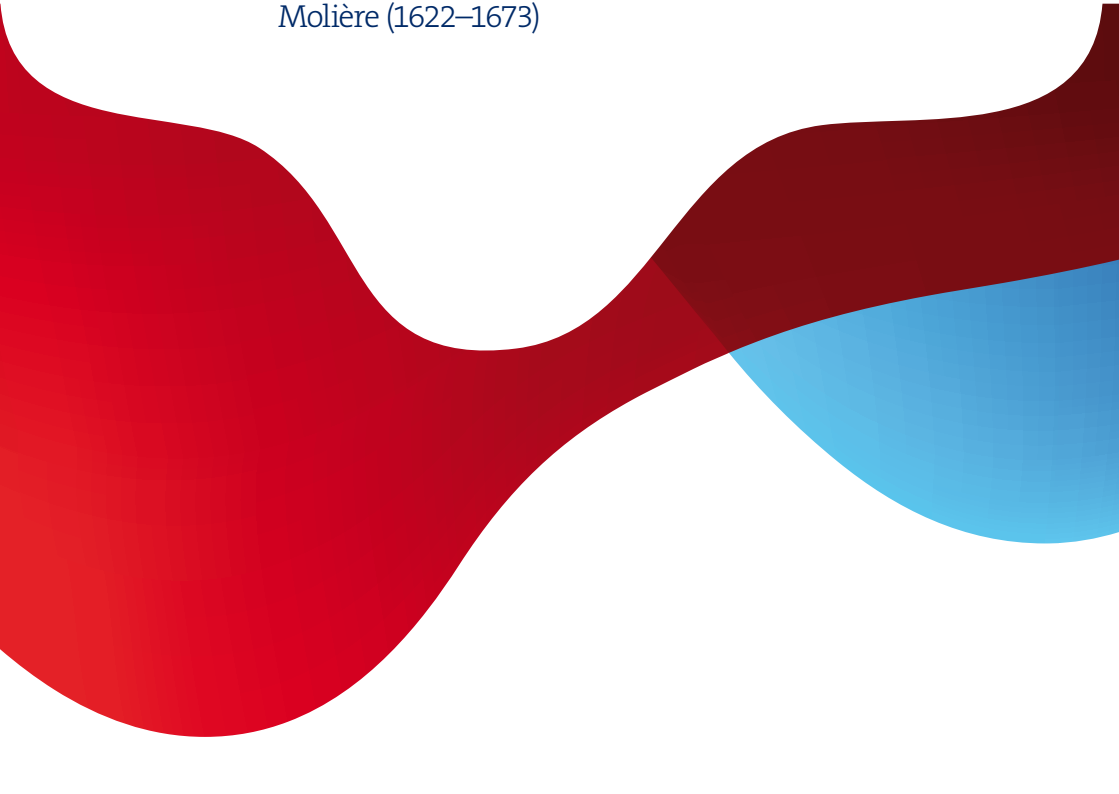


swisscom



«It is not only for
what we do that
we are held responsible,
but also for what
we do not do.»

Molière (1622–1673)



Contents

	Editorial	5
	Why a Procurement Policy?	6
1	What do we require from ourselves and our partners?	7
1.1	Joint success	7
1.2	Avoiding economic dependencies	7
1.3	Formal requirements	7
1.4	What do we expect from our suppliers?	7
1.4.1	Quality management	8
1.4.2	Environmental management	8
1.4.3	Product ecology	8
1.4.4	Social responsibility	9
2	Responsible conduct in procurement	10
2.1	Code of conduct for procurement	10
2.1.1	Personal conduct	10
2.1.2	Contracts and negotiations	11
2.2	Guidelines concerning bribery	11
2.2.1	Active bribery	11
2.2.2	Passive bribery	12
3	Basic procurement processes and principles	13
4	Corporate Responsibility@Swisscom	14

The Swisscom procurement policy and further information on purchasing-related topics is available at the following link:
www.swisscom.ch/procurement_management

Editorial



A high capacity for innovation is a basic requirement for market success. As a service company without its own production site, Swisscom fosters close partnerships with its suppliers. This collaboration allows both parties to contribute to shaping products and processes and thereby enhancing competitiveness.

The ability to innovate is often also a requirement for ethical conduct. Social and ecological behaviour are a real concern for us. Swisscom always treats its business partners and the environment fairly and with respect. In this way, we make our contribution to sustainable development.

For us, sustainable development starts with procurement, which is why we have adhered to our basic principles in this Procurement Policy. It forms the basis of our day-to-day business for us as Swisscom employees and for our partners. Because tomorrow is today's concern, too.

Carsten Schloter
CEO Swisscom Ltd

Why a Procurement Policy?

Innovation is at the heart of enterprise. Ongoing development is the engine of a company and a part of Swisscom's culture. Acting responsibly towards people and the environment, constantly adapting ourselves to the latest requirements and seeking even better solutions for our customers are the forces that drive our day-to-day business. To achieve this, we actively involve our partners and suppliers in this process.

In this regard, Swisscom defines the economic, environmental and social principles for its operating activities. These are mandatory for Swisscom employees, and we expect a comparable standard from our business partners. Applicable laws and country-specific regulations or requirements are adhered to. Such regulations may be more but not less stringent than the guidelines detailed in Swisscom's Procurement Policy. Objectivity, absolute integrity and a healthy level of common sense form the basis of relationships for successful partnerships.

1 What do we require from ourselves and our partners?

1.1 Joint success

Swisscom considers suppliers as innovative partners who are prepared to contribute to joint market success with a high degree of value creation, commitment, flexibility and reliability. The aim is to achieve an open and transparent long-term collaborative working relationship. This is achieved through transparent selection procedures, debriefings for bidders, feedback and fair play during the entire procurement process. Swisscom always aims for the best possible conditions regarding performance, price, quality and supply capacity.

1.2 Avoiding economic dependencies

Swisscom aims to have the best possible portfolio of suppliers in the same product segment so as to avoid too strong an involvement with certain individual companies. Similarly, dependency of a supplier on Swisscom is avoided where possible.

1.3 Formal requirements

The General Terms and Conditions of Business (Swisscom GTCs) and the tailored contract document templates govern procurement business with Swisscom.

1.4 What do we expect from our suppliers?

In accordance with its corporate values and environmental and social policy, Swisscom expects its suppliers and in turn their subcontractors to assume their social and environmental responsibility. In this way, the focus is on the entire end-to-end supply chain from manufacturers, delivery partners and users right through to recycling companies. In this area, Swisscom specifically expects the following characteristics from its suppliers.

1.4.1 Quality management

The supplier ensures that contractual products are produced in accordance with a management system in line with the ISO 9001 standard. The supplier is responsible for ensuring that the entire value chain is subject to an appropriate quality management system (QMS). This includes the supplier ensuring identification of the contractual products so that if a quality deficiency is detected, it is possible to establish which products, deliveries or production periods are affected.

1.4.2 Environmental management

Our suppliers ideally operate an environmental management system according to ISO 14001 or EMAS. If no certified system is available, Swisscom expects the following measures from its suppliers:

- > Regular checking of legal compliance in the area of the environment
- > Documentation of work processes and procedures which contain environmental aspects (e.g. processes, checklists, instructions)
- > An environmental programme is in place with proof of implementation
- > Relevant training for employees in environmental-related roles
- > Ongoing improvements in environmental issues are checked by means of internal or external audits
- > Supplier management takes into account environmental aspects alongside commercial aspects
- > One person in the company is responsible for all matters relating to the environment

1.4.3 Product ecology

In accordance with the international ECMA-341 standard, new products should be tested for environmental impact during the design phase. For existing products and manufacturing processes, any environmental risks should be assessed and action taken where necessary.

1.4.4 Social responsibility

Suppliers who can demonstrate the following social commitment will be given preferential consideration:

- > Legal compliance in the social field is checked on a regular basis.
- > The SA8000 standard, elements 1–8 (child labour, forced labour, health and safety, freedom of association and right to collective bargaining, discrimination, discipline, working hours, compensation) are complied with.
- > Young people with no specialist knowledge are also brought into the workplace and receive on-the-job training.
- > Employees are offered various working-time options (e.g. part-time, teleworking, working from home).
- > Employees have a say in decisions relating to their working conditions.
- > In the case of dismissals/large-scale dismissals, an industry-standard social plan is in place.
- > The «guidelines concerning bribery» in accordance with 2.2 are also adhered to by the supplier.
- > As part of the evaluation, suppliers are also assessed in relation to their social responsibility.

Swisscom's system for evaluating suppliers contains the points listed under 1.4.1–1.4.4 as assessment criteria. Regular assessment of the overall performance in the context of the supplier evaluation lays the foundations for joint advancement. The implementation of written agreements is also checked through on-site audits.

In order to assess the level of corporate risk, Swisscom reserves the right to conduct audits of potential suppliers and their products. The result of the evaluation is always discussed with the supplier and influences a potential future partnership.

2 Responsible conduct in procurement

2.1 Code of conduct for procurement

The employee code of conduct forms part of Swisscom's Procurement Policy. Failure to comply with this code of conduct can result in disciplinary measures or even dismissal.

Dealing with data and information in a trustworthy manner and avoiding conflicts of interest between Swisscom- and private interests are also prerequisites for a successful partnership. Swisscom employees ensure that the principles of this Procurement Policy form the basis of collaboration with suppliers.

2.1.1 Personal conduct

- › We behave in a professional manner and are guided by a healthy amount of common sense.
- › We treat one another with respect and are always fair to each other.
- › We act in good faith and justify the trust placed in us.
- › We always act in such a way that we are able to defend our decisions with a clear conscience.
- › We act in an environmentally-conscious, security-conscious and socially responsible manner.
- › We refute unfair business practices and disclose these internally.
- › We respect individual and cultural differences.

2.1.2 Contracts and negotiations

- > We ensure a working environment free from discrimination and harassment.
- > We ensure fair competition in procurement.
- > We ensure a transparent exchange of information with our suppliers through clear and reliable communication.
- > We ensure information is treated as confidential at all times.
- > We always protect the interests of Swisscom.
- > We protect the company's know-how and intellectual property.
- > We comply with antitrust law (no price agreements, segmentation of customers or markets, etc.).
- > We ensure that existing customer relationships, whether direct or indirect, do not lead to entitlement to preferential treatment in the area of procurement.
- > We do not engage in two-way deals (counter trades). We do not regard counter trades as a tool for negotiation.
- > We respect the interests of our business partners.
- > We expect our business partners to also comply with best practice.
- > We require our business partners to comply with applicable laws and also to take their social and environmental responsibility seriously.
- > We actively utilise the innovative capability of our suppliers.

2.2 Guidelines concerning bribery

The guidelines concerning bribery are part of Swisscom's Procurement Policy and are binding for employees in procurement. Failure to comply can result in disciplinary measures or even dismissal.

2.2.1 Active bribery

In simple terms, unfair competition is practised by anyone who promises or grants an undue advantage to an employee, contractor etc. in return for an act that is in breach of that person's duty.

2.2.2 Passive bribery

In simple terms, unfair competition is practised by anyone who, as employee, contractor etc. obtains the promise of or accepts an undue advantage for an act that is in breach of his/her duty.

Advantages approved contractually by the third party, as well as minor favours customary in society are not be deemed to be undue advantages.

Accepting, granting, demanding or obtaining the promise of an undue advantage in connection with a procurement transaction represents an act of bribery. Swisscom opposes any kind of bribery.

As a member of TRANSPARENCY INTERNATIONAL, Swisscom adheres to the corresponding principles and provisions. This means that the corresponding contractual parties take all feasible actions to avoid corruption in accordance with the «General Provisions on Tenders, Quotes and Contracts in Public and Private Procurement System in Compliance with Antitrust Law». Information on this topic and the provisions are available at this link http://www.transparency.ch/de/PDF_files/Divers/Integrity_clause.pdf.

3 Basic procurement processes and principles

Division of responsibilities and the policy of dual control form the basis of Swisscom's procurement processes. These are open, transparent and take into account the aspects of quality, environmental and social factors, security, legal compliance and further requirements. In our procurement activities, we act in good faith and confirm the trust our partners place in us. In our assessment according to the total cost of ownership principle, ecological and social aspects are included alongside economic aspects.

The principles laid down in the Swisscom Procurement Policy also apply for procurement business within the group. For intercompany business, transparency is ensured through third-party benchmarks.

4 Corporate Responsibility @Swisscom

Would you like to know more about this subject?

Swisscom guiding principles: www.swisscom.ch/guidingprinciples

Swisscom responsibility: www.swisscom.ch/responsibility

Editorial team

Swisscom (Switzerland) Ltd

Purchasing & Logistics

Sourcing Alliances & Business Development

CH-3050 Bern

Issued by

Swisscom Ltd

Purchasing Board Swisscom

CH-3050 Bern





