

# ESG Contract Addendum

## 1 Introduction

Swisscom Ltd, including all group companies (hereinafter referred to as “Swisscom”), defines the economic, environmental and social principles for its operating activities, and both its direct suppliers and subcontractors are required to adhere to them. Swisscom’s aim is to expose any corporate risk in order to be able to take action where necessary.

This Environmental Social Governance (ESG) Contract Addendum for Suppliers (hereinafter “ESG Addendum”) defines these principles. The ESG Addendum uses the verbs “shall” and “may not” in relation to minimum requirements for which compliance is mandatory. The verb “should” refers to practices that we highly encourage all Suppliers to work towards.

The term “Supplier” refers to any entity that supplies goods, products or services to Swisscom or performs services for Swisscom. This includes employees, subcontractors, agents or affiliates of Supplier.

Swisscom expects its Suppliers to meet their responsibility to society and the environment. In this way, the focus is on the entire end-to-end supply chain from the manufacturers, delivery partners and users right through to the recycling companies.

Compliance with the ESG Addendum is mandatory on those items that are relevant and specifically related to the business model and the services actually provided by the Supplier.

## 2 General Requirements

Swisscom shall support and respect the [Ten Principles of the UN Global Compact](#), and Supplier shall also support and respect it regardless of whether or not it is a member of the UN Global Compact. Supplier shall bind its partners, suppliers and their subcontractors to these minimum requirements.

## 3 Relationship with National and International Law

The ESG Contract Addendum is not intended to replace the laws and regulations in force in any country in which Supplier operates. Instead, it aims to promote the furtherance of, compliance with and support for these laws and regulations and contributes to their reliable and effective implementation.

In addition to complying with the provisions set forth in this Contract Addendum, Supplier shall comply with national laws, regulatory provisions and all contractual obligations agreed between it and Swisscom.

If Swisscom’s minimum standard is higher than the applicable legislation of the relevant country, this minimum standard must be applied.

## 4 Environment

### 4.1 Climate change

The Supplier shall take action to address climate change. Its task should be to identify, monitor and minimise green-

house gas (GHG) emissions from its business activities. Supplier should have a plan in place to reduce energy consumption and shall calculate the GHG emissions from its own operations (scope 1 & 2 emissions). The GHG inventories should be calculated in accordance with the [GHG protocol](#). Supplier will provide Swisscom with the corresponding data upon request.

Supplier should have a full assessment of their value chain emissions (scope 3). Supplier should set a target to bring its emissions into line with the Paris Agreement on Climate Change. This target should be validated by the Science Based Target Initiative or an association that verifies the same level of ambition.

Supplier is familiar with the Life Cycle Assessment of its products and/or services and may, if possible, submit the result of the CO<sub>2</sub> footprint calculation over the entire lifecycle in accordance with ISO 14044.

### 4.2 Environmental protection

Supplier shall act in accordance with relevant local and internationally recognised environmental standards and applicable local laws. Supplier shall minimise its environmental impact and implement measures contributing to the protection of the environment.

Supplier shall obtain, maintain and keep current all necessary environmental permits (e.g. waste management, transport), approvals and registrations.

Supplier should take a precautionary approach to the environmental impact of its business. Supplier should undertake initiatives to promote greater environmental responsibility throughout the life cycle of the product or service, from raw materials to production, transport and the use phase through to proper disposal/recycling. This should include the development, adoption, and diffusion of environmentally friendly technologies.

Supplier shall identify, minimise, monitor, and control all hazardous air pollutants, water effluents and soil contaminants. All emissions shall be discharged and treated in accordance with international standards and applicable laws.

Supplier shall ensure that a Swiss conformity mark or another conformity mark recognised by Swiss law, such as the CE mark, is affixed to the product in accordance with Swiss law.

Supplier should implement an environmental management system based on international standards such as ISO 14001.

### 4.3 Circular economy

Supplier should take a proactive approach towards waste generation in relevant parts of the entire value chain. Circular economy principles should be applied as of the design phase of systems and products. Other areas to be considered include modular design, design-for-disassembly and end-of-life processing with a zero-waste perspective.

Supplier should have systematic waste management processes in place, including but not limited to those resulting from its activity with Swisscom. Where possible, priority should be given to reuse and recycling, with the aim of contributing to the circular economy. For electrical or electronic equipment, Supplier shall adhere to the European Union regulation on Waste Electrical and Electronic Equipment (WEEE).

#### 4.4 Conflict minerals and hazardous substances

Supplier shall limit the use of materials and resources when sourcing or producing goods in order to minimise environmental impact.

If Supplier uses raw materials that may originate from conflict areas, it must track the source of these potential conflict minerals to promote transparency along its supply chain and take effective action against any human rights violations in the extraction of raw materials. In addition, reasonable suspicions of violations shall be reported to Swisscom proactively and transparently.

Supplier shall respect all applicable laws, regulations and customer requirements concerning the prohibition or restriction of specific substances. Hazardous chemicals and other materials included in products, especially those included in the Substances of Very High Concern list of the European chemical regulation (REACH), shall be identified and managed by Supplier to ensure their safe use, recycling or re-use and disposal. The use of such chemicals and materials by Supplier shall be avoided. If this is not possible, the use shall be minimised. Where required, Supplier shall deliver electrical or electronic equipment in line with all relevant European Union regulations including RoHS and REACH.

### 5 Social Responsibility

#### 5.1 Involvement of third parties

Supplier shall provide each employee with an employment contract in a language they understand. The contract shall contain clear terms and conditions specifying the amount of payment, frequency of payment, overtime compensation, job description and notice period.

Employees shall not be employed on consecutive short-term contracts to avoid meeting obligations to employees under applicable laws and regulations.

#### 5.2 Freedom of association and the right to collective bargaining

Supplier shall implement internationally recognised [ILO Conventions](#) without violating national legislation. It shall ensure that its employees, including temporary (agency-provided) workers and representatives, can openly express themselves in their company concerning matters related to their working conditions.

Supplier shall ensure that workers involved in the delivery of products and services to Swisscom have the right to form and join trade unions and collectively bargain in accordance with national law. Supplier shall not take measures to hinder workers from forming and joining trade unions. Supplier should establish relations of collaboration and mutual trust with the local and international trade unions. Employee representatives may not be discriminated against and shall be enabled to perform their representative functions at the workplace and during working hours.

Where legislation limits the right to freedom of association and collective bargaining, the employer should consider facilitating, not hindering, the development of parallel legal means for free and independent association and bargaining.

<sup>1</sup> "Work which, by its nature or the circumstances in which it is carried out, is likely to be harmful to the health, safety or morals of children" (ILO Recommendation no. 190, 1999).

#### 5.3 Child labour

Supplier must actively prevent child labour within the meaning of [ILO Convention concerning Minimum Age for Admission to Employment](#) (no. 138, 1973) and [Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour](#) (no. 182, 1999). Further, Supplier shall comply with the [ILO Child Labour Guidance Tool for Business](#) (2015) and the [OECD Guidance for Responsible Business](#) (2018). No person may be employed who is below the minimum legal age for employment. No one under the age of 18 may be employed for any overtime, hazardous work<sup>1</sup> or night work.

Supplier shall ensure, particularly when working in a UNICEF-classified [risk country](#), that child labour concerns can be reported in its supply chain and that the reporting mechanism is easily accessible and anonymous for those directly or indirectly affected (see Section 5.9 Grievance mechanism). If Supplier becomes aware that child labour is taking place, it shall immediately take measures to remedy the situation in accordance with the best interests of the child. In addition, reasonable suspicions of violations shall be reported to Swisscom proactively and transparently.

#### 5.4 Forced labour

Supplier shall not permit any form of forced, bonded, indentured or compulsory labour, slavery or human trafficking.

All employment shall be voluntary, and employees shall be free to leave the premises after work hours. Supplier's employees must be allowed to terminate their employment with reasonable notice and without penalty.

Supplier shall not require employees to lodge deposits of money or withhold payment or impose debts upon employees or require employees to surrender any government-issued identification, passports, or work permits as a condition of employment.

#### 5.5 Diversity and non-discrimination

Supplier shall prohibit and fight negative discrimination based on skin colour, sex, sexual orientation, language, disability, religion, political or other opinion, union membership, national or social origin, property, birth or other status, and should promote diversity, equal opportunities and treatment in employment and occupation.

Supplier shall ensure no form of discrimination is present at any stage of employment, from the selection of suitable applications, the applicants' interviews and assessments, to the terms of their employment, payment and grounds for dismissal.

Supplier shall treat all employees with respect and shall not permit corporal punishment, mental or physical coercion, any form of abuse or harassment or the threat of such treatment.

Employees shall have the right to freedom of expression without fear of discrimination or reprisal.

Supplier should have an action plan in place to increase diversity in its organisation. Supplier should also periodically review its human resources processes for bias and discrimination.

## 5.6 Remuneration

Supplier shall provide remuneration at least in line with the national legal standard on minimum wage and avoid any wage deductions as disciplinary measure. Where relevant national legislation does not exist, remuneration must meet basic needs (ILO C131 - [Minimum Wage Fixing Convention](#)). The basis on which employees are paid shall be conveyed to them in a timely, comprehensible and verifiable manner.

Supplier should apply the principle of “equal pay for equal work”.

## 5.7 Working hours

Working hours, including overtime, shall comply with applicable local laws. Where no relevant national laws exist, the [ILO Standards](#) shall apply. Supplier shall respect the individual employee's need for recovery and ensure that all employees have the right to adequate recovery time with pay.

Supplier should compensate overtime at a premium to the relevant employee's standard hourly rate.

## 5.8 Health & safety

Supplier shall act in accordance with relevant local and internationally recognised health & safety standards and applicable local laws.

Supplier must take all necessary and legally prescribed precautions against accidents and occupational diseases and periodically monitor their effectiveness and compliance.

Supplier shall ensure it meets general principles of health and safety risk prevention, including identifying, minimising and preventing hazards, using competent and trained people, ensure effective supervision, providing and maintaining safe equipment and tools, including personal protective equipment as required.

Supplier should utilise systems and training to prepare for and respond to accidents, health problems and foreseeable emergency situations. Supplier shall have means and procedures in place for recording, investigating learning points from accidents and emergency situations and to implement measures derived therefrom.

Supplier shall provide free access to drinking water and clean sanitary facilities.

Supplier shall ensure that any accommodation it provides shall be clean, safe and meet the basic needs of the employees, and, where appropriate, their families.

Supplier should implement a Health & Safety Management System based on international standards such as ISO 45001 or similar.

## 5.9 Grievance mechanism

Supplier shall have a rights-compatible grievance mechanism at an operational level that allows employees and external stakeholders to confidentially voice their concerns about Supplier's operations and supply chain without fear of retribution. The mechanism should be easily and anonymously accessible and appropriate to the nature, scale and impact of the business.

Concerns expressed should be recorded and dealt with in a transparent manner. If human rights violations, such as the

use of child labour, are detected, immediate remedial action shall be taken. Supplier should establish a grievance mechanism in accordance with the framework of reference [“Protect, Respect, and Remedy”](#) of the United Nations Guiding Principles on Business and Human Rights.

## 6 Governance

### 6.1 Anti-corruption

Swisscom rejects corruption in any form. Swisscom acts fairly, honestly and transparently. Swisscom's Anti-Corruption Policy applies to all Group areas and Group companies.

Swisscom employees may accept, up to three times per year, trivial and socially acceptable gifts, invitations or other benefits having a maximum market value of CHF 100 in each instance. Acceptance of invitations to events with a higher market value must be approved in advance by the Swisscom employee's superior.

Swisscom may offer Supplier, up to three times per year, trivial and socially acceptable gifts, invitations or other benefits having a maximum market value of CHF 100 in each instance. If Swisscom invites Supplier to events having a higher market value, the responsible body of Supplier shall approve the employee's participation in advance.

Suppliers acting on behalf of Swisscom may not offer gifts, invitations or other benefits to third parties or accept such from them.

### 6.2 Competition

Supplier shall comply with competition law. In particular, it shall not participate in unlawful agreements on prices, quantities or territories with competitors, or in resale price controls or agreements on absolute territorial exclusivity.

### 6.3 Taxes

Compliance with all national and international tax laws is part and parcel of sustainable corporate management for the Swisscom Group. Swisscom expects Suppliers to apply these principles as well.

### 6.4 Sanctions and embargoes

Supplier shall comply with all international trade sanctions and warrants that it and its services and goods (products, software and technology) comply with the applicable laws and regulatory requirements concerning export/import regulations (export, import or transit of goods), particularly those of the USA, including sanctions and embargoes.

## 7 Security

Supplier shall maintain an adequately controlled security environment to establish, implement, operate, monitor, review, maintain, and improve information security. The detailed and mandatory requirements are set out in the Swisscom Security Annex.

## 8 Data Protection

Supplier shall adhere to all applicable data protection laws and all specific data protection and security requirements deemed relevant.

The detailed mandatory requirements are defined in Swisscom's General Terms and Conditions of Purchase and the relevant contracts, including annexes.

#### **9 Monitoring, Corrective Actions and Reporting**

Supplier immediately reports to Swisscom any serious breaches of the present requirements and, together with Swisscom, agrees on a mutually coordinated timeline for corrective action.

If necessary, compliance with the requirements shall be verified by on-site audits on a case-by-case basis. A breach of the minimum requirements of this Contract Addendum, or the failure to resolve a major nonconformity within a mutually agreed timeframe, shall be considered a material breach of contract. Swisscom accordingly reserves all its legal rights and remedies in respect of any such breach.