



Responsible Supply Chain Management Program

Companies' supply chains are increasingly complex and are composed of a multitude of suppliers spread all over the world. This increasing complexity and globalization create increasing risks of negative impacts in companies' supply chains.

At Terma, it is important that we source responsibly and set CSR requirements towards our suppliers. Terma aims to be in compliance with requirements and have robust processes in place to manage our supply chain responsibly. To ensure this, we have set in place a Responsible Supply Chain Management Program, which drives our efforts within this area.

Below is a short description of some of the elements of Terma's Responsible Supply Chain Management Program.

The program includes among others:

- Risk assessment of suppliers
- Due diligence process
- Business Relationship Code of Conduct

Risk assessment of suppliers

Suppliers are given a risk score which determines which due diligence process they need to undergo. The risk score is determined based on a compilation of the below data and criteria:

- The risk level of the sourcing category the supplier belongs to in regards to human rights, the environment and corruption.
- Whether the supplier's products may contain conflict minerals
- The supplier's country's score on Transparency International's Anti-Corruption Perception Index
- Whether the supplier belongs to a country on the World Banks' Fragile and Conflict Affected Situations list
- The supplier's spend

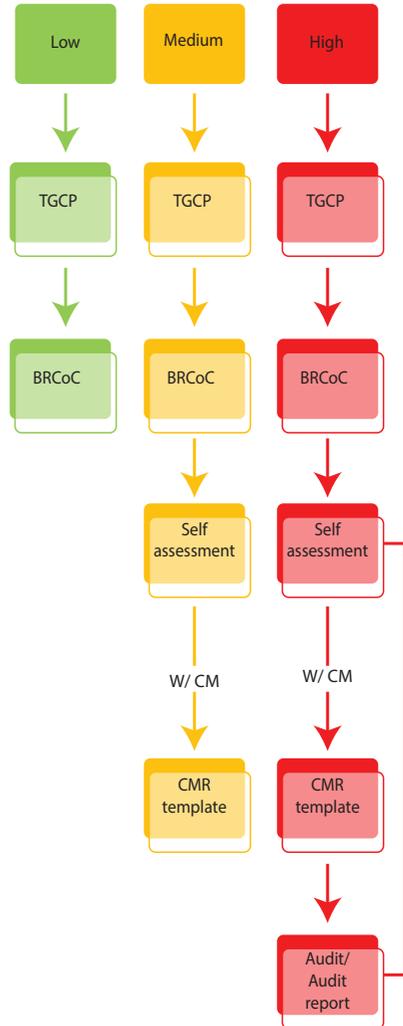


Due diligence process

Terma has developed a due diligence process which differs depending of the risk score given to the supplier. The below model illustrates the 3 levels of due diligence.

Supplier which have a low risk score have to undergo the low process, where they receive Terma's General Conditions of Purchase as well as our Business Relationship Code of Conduct, which principles they are required to follow. If a supplier has a medium risk score, they will in addition to the above, also be asked to complete a self-assessment template, where they are asked to describe whether they have management systems and processes in place regarding human rights, the environment and corruption. Finally, suppliers with a high-risk score will, in addition to all of the above, also be subject to an audit or when relevant provide an audit report.

Furthermore, as a technology company, we rely on minerals and metals in our products. All suppliers who deliver products which contains minerals and metals are required to complete the Conflict Mineral Reporting Template, where they are asked to assess whether their products contain tantalum, tin, tungsten, and gold, also known as the 3TG. Suppliers are asked to determine the origin of these minerals and which smelters they come from.



Abbreviations:
TGCP - Terma general conditions of purchase
BRCoC - Business Relationship Code of Conduct
CM - Conflict mineral
CMR - Conflict mineral reporting



Business Relationship Code of Conduct

One of the key documents of the Responsible Supply Chain Management Program is our Business Relationship Code of Conduct, which content is aligned with global standards such as the UN Guiding Principles on Business and Human rights and the OECD guidelines.

At Terma, we recognize that our responsibility for social, environmental and economic impacts are linked to the cooperation we have with our Business Relationships. We therefore hold our Business Relationships to the same internationally agreed standards for responsible business conduct as we hold ourselves.

We expect all Business Relationships to secure compliance with all legal and regulatory requirements. In addition, we expect all our Business Relationships to comply with the principles of our Business Relationship Code of Conduct, and to establish and maintain systems to manage risks of adverse impacts of its operations on human rights, the environment and corruption, as well as posing similar requirements to their business relationships.