



Procurement Policy and Instruction for the SEB Group

derived from the Instructions for the President and Chief Executive Officer

adopted by the President and Chief Executive of
Skandinaviska Enskilda Banken AB
on 24 November 2008

Group Procurement

Group Procurement Policy and Instruction

1. General

- 1.1** The Procurement processes have a significant and direct impact on the SEB Group's cost of doing business. The aim is to have best-in-class procurement to payment processes based on SEB customer needs, economy of scale and operational excellence.

The key success factors are:

1. leverage SEB's economy of scale to gain benefits in cost and quality,
2. demand management of needed product and services,
3. supplier selection through objective assessment, based on a competitive comparison of cost, quality and service,
4. close co-operation with SEB's preferred suppliers to develop and optimize cost, quality and product innovations,
5. secure efficient processes and user friendly applications for ordering of products and services from SEB's suppliers,
6. deliver procurement services to the business in an efficient organisation with competent and professional people.

- 1.2** This Group Procurement Policy and Instructions describe the basic procurement principles which apply to all employees in the SEB Group when buying products and services from suppliers.

- 1.3** The Group Procurement Policy and Instruction is applicable worldwide. Heads of Divisions and the Boards of Directors and Management Boards in the SEB subsidiaries are responsible for the implementation of Group-wide policies and instructions, as further set out in the Instruction for the Activities for the SEB Group, adopted by the Board of Directors.

- 1.4** Heads of Divisions and the Boards of Directors and Management Boards in the SEB subsidiaries are responsible for applying the requirements in the Group Procurement Policy and Instruction to their local environments.

- 1.5** The Group Chief Procurement Officer may grant exceptions from the Group Procurement Policy and Instruction due to country or business unit specific business or legal requirements

2. Procurement Responsibility

- 2.1** Group Procurement has the overall responsibility for procurement within the SEB Group. Group Procurement defines the policy and instruction, governance structure, processes and IT-applications supporting the procurement process. Group Procurement establishes key indicators to measure and follow-up performance and compliance to the SEB Group procurement strategy and objectives.

- 2.2** The Country Procurement units are responsible for procurement policy, instructions, organizational settings, process and tools for all entities within the SEB Group within the defined country in alignment with the Group Procurement Policy and instruction. In Sweden, Group Procurement takes the role as Country Procurement

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The Country Procurement units are responsible for:

1. execution of supplier selection process including sourcing project leader management,
2. supplier selection recommendations,
3. re-negotiation and sourcing of single contract or order,
4. operation of supplier ordering application, country content and end user support.

Country Procurement shall always be involved in divisional or unit specific supplier selection or agreement negotiations which has a procurement value of more than 50 000 Euro per year or as a single event. Country Procurement has the right to set a stricter limit if necessary.

- 2.3** SEB Business Units are responsible for compliance to procurement policy and instruction, procurement processes and procurement IT-applications.

Business Units are involved in the sourcing process and selection of suppliers including:

1. supplier selection approval,
2. requirement specification,
3. procurement volume forecast,
4. supplier implementation.

Business Units are responsible for compliance to supplier agreements, supplier ordering, authorisation and accounting. These provisions shall also apply to Group staff and Business support functions and Country organisation units.

- 2.4** The parties responsibilities are concluded in the following table:

| Responsibility Area | Responsible | Approval |
|---------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| Group Procurement Policy, governance, strategy, process, tools and objectives | Chief Procurement Officer | GEC |
| Group supplier selection and sourcing strategy including key performance indicators | Chief Procurement Officer | Business Unit |
| Lead cross-functional sourcing team, drive sourcing process including competitive bidding | Country Procurement | Chief Procurement Officer |
| Supplier, contract and implementation proposal of Country and Business Unit suppliers | Country Procurement | Business Unit |
| Service, maintenance and development of procurement order system, content and support | Country Procurement | Chief Procurement Officer |
| Product specification, participate in cross-functional sourcing teams and drive supplier implementation | Business Unit | Business Unit |
| Compliance to selected supplier contract and procurement ordering tool | Business Unit | Business Unit |
| Supplier ordering, authorization and accounting | Business Unit | Business Unit |

With Business Unit in the table above means also Divisions, Group staff and Business Support functions and Country Organisation units.

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3. Procurement Commitments

- 3.1 Group Procurement will only execute a supplier agreement, purchase order or any other commitment binding for SEB if the commitment is approved in accordance with relevant instruction of approval.
- 3.2 Before making commitments towards suppliers an approval must be obtained from a person duly authorised to bind the relevant company within the SEB Group.

4. Supplier selection

- 4.1 When applicable, any demand shall be placed at existing supplier base with established supplier agreements.
- 4.2 If the demand is not covered by any supplier agreement or a renewal of agreement is needed, the selection of suppliers will follow the SEB Group's sourcing process. This secures an objective selection process based on a comparison of cost, quality and service. Award of business will be made to the supplier that meets or exceeds the requirements and provides the highest value to SEB.

SEB Group's sourcing process includes the following steps:

- 1. requirement and market analysis,
- 2. develop sourcing strategy,
- 3. develop and Issue Request for Proposal/Quotation
- 4. Negotiate and contract supplier(s),
- 5. Implement agreements.

- 4.3 The SEB Group is restrictive to undue supplier dependencies such as large share of purchasing volume and critical business competence.
- 4.4 Group Procurement provides sets of approved SEB General Terms and Conditions to be used as a part of procurement order and agreements. All such standard terms are mandatory and may not be changed without an approval from business point of view from the Chief Procurement Officer.

5. Ordering of Products and Services

- 5.1 The document normally used to transact purchases is a procurement order. The procurement order requires appropriate approvals in accordance with the instructions of approval.
- 5.2 It is mandatory for all employees within the SEB Group to order products and services through approved buying channels identified for each product or service. Information about approved buying channels is published on the SEB Group intranet.

6. Supplier Relationship Management

- 6.1 SEB's preferred suppliers are critical to the core operations and infrastructure of the business. These suppliers may be specific to one or multiple business units.

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The relationship with the preferred suppliers are considered long term and is managed by a supplier relationship management program.

- 6.2 The supplier relationship management program is collaborative with the purpose to increase value, improve supplier performance and reduce total cost of ownership.
- 6.3 Supplier performance is monitored through mutual performance management and governed by a cross functional team with supplier representation.

7. Conduct with Suppliers

- 7.1 Procurement shall be conducted in a manner which is compliant to the SEB Code of Business Conduct and does not damage the SEB brand. Employees within the SEB Group have the responsibility to ensure that suppliers are treated in a fair and ethical manner and abide by local and international law.
- 7.2 Employees within the SEB Group shall comply with relevant external and internal restrictions regarding giving and receiving gifts as well as unacceptable benefits or entertainment, in order to avoid any allegation of bribery or corruption.

8. Security

- 8.1 Professional secrecy concerning customer information as well as business information of the SEB Group must be observed in any relationship with suppliers and other external parties. Prior to exchanging any such information with suppliers and other external parties, SEB shall obtain signed SEB Group confidentiality undertakings from such parties.

9. Audit and Controls

- 9.1 As a business function engaged in the expenditure of SEB funds, Group Procurement and Country Procurement, in conjunction with the concerned business units' controller organisation, have the responsibility of ensuring that appropriate business controls are in place. The controls should be able to demonstrate compliance with the specifics identified in these Group Procurement Policy and Instruction. Records and documentation of controls must be maintained in a manner that will allow an audit activity to test for overall compliance.
- 9.2 Group Internal Audit will perform audits in the business units to verify overall compliance with Group Procurement Policy and Instruction. The result will be reported to Group Procurement, the Group Executive Committee and the Board of Directors.