



Supplier Code of Conduct

Public

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Approved
Arti Ots
Chief Executive Officer

Document Creator
Alexander Prokopovich

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Kcell JSC, the leading provider of mobile telecommunications services in Kazakhstan by market share in terms of revenue and subscribers, is a vital part of the social and economic infrastructure in Kazakhstan. We provide services that help people and companies communicate in a simple and effective way, when and where needed. Our values: "Dare, Care and Simplify" form the foundation of our everyday work.

Our aim is to become a world-class service company that provides high quality services and networks. Kcell JSC is a member of UN Global Compact and committed to the OECD's Guidelines for Multinational Enterprises. Therefore, we have adopted this Supplier Code of Conduct, to make sure that we and our suppliers are aware of our expectations and standpoint on sustainability.

This Supplier Code of Conduct harmonizes with our Group Code of Ethics and Conduct and is based on international agreements: UN Universal Declaration of Human Rights, the International Labor Organization Conventions, the UN Convention against Corruption and the Rio Declaration on Environment and Development.

All Kcell JSC companies and employees must follow our Code of Ethics and Conduct. Similarly, all Kcell JSC Suppliers are obliged to follow the equal requirements of the Supplier Code of Conduct as a minimum, even if they stipulate a higher standard than required by national laws or regulations.

This Supplier Code of Conduct applies to all companies providing products and/or services to Kcell JSC and any Kcell JSC company. This includes the Suppliers' and its sub-contractors' employees and consultants, regardless if they are permanently employed, temporarily contracted, directly employed or supervised.

Kcell JSC and individual suppliers can also contractually agree on further specific requirements when appropriate or necessary. The Supplier Code of Conduct is always stipulated in agreements with sub-contractors.

The Supplier shall have a process in place to verify compliance towards the Supplier Code of Conduct and shall, upon request, participate in a self-assessment process organized by Kcell JSC. Kcell JSC has the right to audit how Suppliers and sub-contractors fulfill the Supplier Code of Conduct or corresponding requirements. For any identified non-compliances with the Code of Conduct, the supplier shall provide a corrective action plan to be approved by Kcell JSC.

The Supplier shall on an ongoing basis keep itself updated on changes to and updates of the Supplier Code of Conduct. Kcell JSC will post changes to or updates of the Supplier Code of Conduct at:

<http://www.investors.kcell.kz/ru/article/show/2042/false?navipageld=1623>



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1. Social requirements

1.1 Human Rights

- All employees, temporary or permanent; contracted by a Supplier or a sub -contractors, shall be treated with respect and dignity and be entitled to fundamental human rights. The Supplier shall make sure that all employees working directly or indirectly for them know and understand these rights.
- The freedom of expression and the privacy of employees, customers and other stakeholders shall be especially respected.
- Diversity shall be promoted. Discrimination is prohibited regardless of grounds and specifically on ethnicity, gender, sexual orientation, marital, social or parental status, religion, political grounds, nationality, disability, age or union affiliation.
- No person shall be employed who is below the minimum legal age for employment. It is strictly forbidden for suppliers, sub-contractors and through temporary staffing agencies, to use children or minors under the minimum legal working age or fifteen (15) years old, whichever is higher, as labor. Employees under eighteen (18) years of age shall not work night shifts or carry out hazardous or heavy work.
- Suppliers that deliver products containing tin, tungsten, tantalite and/or gold to Kcell JSC are obligated to have a clear policy in place regarding all conflict minerals and to ensure their traceability.

1.2 Labor Rights

- All employees, temporary or permanent; contracted by a Supplier or a sub-contractors, shall have a written contract in a language understandable to them. The contract shall contain: working hours, overtime compensation, notice period, salary and frequency of payment.
- A normal working week shall not exceed 48 hours and overtime shall be voluntary and not exceed 12 hours per week, unless otherwise regulated by law or in collective bargaining agreements. Employees shall be entitled to at least one day off in every seven-day period.
- Pay and terms shall be fair and must meet basic needs, which could be equal to a minimum wage by national law, including allowances and benefits. Overtime pay rates shall be premium to regular wages.
- The employees are informed about, and fully understand, their employment conditions and rights in their own language. Employees shall be encouraged to use grievance mechanisms, i.e. to be able to voice concerns without fear of punishment or retribution.
- Working descriptions, including documented hazard work, are established, updated and communicated to all employees and consultants. All employees shall have access to basic amenities such as drinking water, toilets and adequate rest facilities or dorms that are clean, safe and fit for purpose.
- Any form of involuntary labor is strictly forbidden. Nor shall employees be required to lodge deposits or original identity papers or equivalent. Employees shall be allowed to move freely and have the possibility to leave the premises outside of working hours.
- Nobody shall be subject to physical punishment, unlawful detentions, physical, sexual, psychological or verbal harassment or abuse. Deduction from wages as a disciplinary measure shall not be permitted.
- All employees shall be free to form and to join, or not to join, trade unions or similar employee representative organizations and to bargain collectively.

1.3 Health & Safety

- Construction, Field Maintenance, Repair and Network Roll-Out Services involving the following: work in confined spaces; overhead work/ lifting operations; ground/civil/ construction work; radio frequency; electrical work; work at height; driving (where it is an integral part of the job) shall comply with OHSAS 18001 or equivalent standard; otherwise the Supplier shall provide Kcell JSC with a plan for implementing an equivalent standard.
- The Supplier's working environment shall have fair working conditions and be safe and healthy, including both physical and psychosocial health. Appropriate health and safety information and training shall be provided to employees including, but not limited to: fire safety, correct handling of chemicals and machinery, emergency preparedness and first aid.
- Adequate steps to correct and prevent physical accidents and injuries as well as psychosocial illnesses shall be taken to limit built-in causes of hazards working environment. The Supplier shall provide appropriate personal protective equipment without any charge to the employee. Physical incidents and accidents as well as psychosocial illnesses shall be documented and reported to the Suppliers' top management.

2. Anti-corruption requirements

- All forms of corruption, including but not limited to extortion, bribery, facilitation payments, nepotism, fraud and money laundering, are strictly forbidden.
- No one shall offer, ask for, give or accept, directly or indirectly, a personal payment, gift¹ or benefit in exchange for favorable treatment intended to influence a business transaction or to obtain a personal or business advantage. This provision includes both families and employees of Kcell JSC, the Supplier and its sub-contractors.
- Kcell JSC employees are strictly prohibited to receive or give any kinds of gifts during procurement processes and in relations with officials. It is also strictly forbidden for Kcell JSC employees to be published in any advertising or promotional materials for Supplier products or services.
- Employees of Kcell JSC Procurement can only accept and give gifts on behalf of Kcell JSC, if the gifts demonstrate a clear business objective, are appropriate for the nature of the business relationship and are of limited value. Events shall be directly related to business. All gifts will be registered and will be the property of Kcell JSC.
- Fair competition and open markets shall be respected and business decisions shall not be motivated or affected by personal relationships or interests.
- An anti-corruption compliance program aligned with internationally recognized standards shall be in place. The program, with adequate training and information, shall be transparent and efficiently maintained.

3. Environmental requirements

- The Supplier shall have a system for environmental management including goals and measurement, such as ISO14001 or equivalent. The Supplier shall reduce the negative impact on the environment affected by the Supplier's/its operations. The Supplier shall apply a precautionary approach and strive to maintain and increase biodiversity.

¹ A gift means anything of value including, but not limited to: events, products, services, meals, lodging, cash, discounts, prizes, transportation, vacation and membership



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- The Supplier shall prioritize energy from renewable sources and limit water consumption, notably in distressed areas.
- A monitoring process of emissions, effluents, pollutions and waste, including electronic waste, shall be established. All waste shall be properly managed or recycled in a traceable manner.
- The supplier shall strive to reduce environmental impact from transportation by using road, sea or rail transport whenever possible. Fuel-efficient vehicles shall be prioritized when transporting goods and providing services to Kcell JSC.
- The Supplier shall evaluate any use of chemicals and substances on a regular basis and investigate whether it is possible to replace them with less hazardous alternatives. Chemicals shall be handled and disposed in a safe and correct way, making sure the environmental negative consequences are minimized. The chemicals used by the Supplier shall be documented.
- The Supplier or sub-contractor may not use hazardous substances on Black List. The Supplier or sub-contractor should strive to avoid all substances on Grey List. If substances are currently necessary, a written plan for their replacement should be in place.
- Innovative developments in products and services that offer environmental and social benefits, e.g. eco-design, are strongly encouraged.
- The architecture and location of antennas, towers and masts shall take electromagnetic waves, noise, view disturbances, property rights, accessibility, environmental impact and public health and safety into consideration.

4. Compliance requirements

- The Supplier Code of Conduct shall be stipulated in the Suppliers' agreements with sub-contractors and the Supplier shall, upon request, participate in a self-assessment process organized by Kcell JSC. Kcell JSC has the right to audit the Suppliers' and the sub-contractors' fulfillment of the Supplier Code of Conduct and corresponding requirements both on and off, current, planned and previous sites.
- The Supplier shall, upon request, provide data and information to Kcell JSC's annual report and other reports.
- Any material breach of the requirements set out in this Supplier Code of Conduct gives Kcell JSC the right to immediately terminate any or all agreements with the Supplier.
- The Supplier shall inform Kcell JSC if they discover a breach, or suspected breach, of the Supplier Code of Conduct. This will not be used against the supplier or sub-contractor if acting in good faith. If a person observes, is informed of, or suspects, any activities that may be in violation with the Supplier Code of Conduct, the information shall be reported by e-mailing: supplier@kcell.kz.

APPENDIX 1

Version 4.0: Updated according to increased legislation and customer requirements. New banned substances added including CAS numbers.

Prohibited substances – “Black list²”

In addition to legal bans of certain chemicals and materials the following substances must not be found in products and services to Kcell JSC, nor must they be found in contracting or the manufacturing processes of these products and services. This refers to any deliberate use of the substance specified but does not apply in cases where a substance constitutes of impurities of low concentration³.

To be noted: All chemicals used in contracting are to be evaluated separately, according to specific procedures and risk assessments.

Banned and restricted substances			
Group	Substance	CAS no ⁴	Banned usage
	2-benzotriazole-2-yl-4,6-ditert-butyl-phenol	3846-71-7	All applications
	4,4'-diaminodiphenylmethane (MDA)	101-77-9	All applications
Arsenic/arsenic compounds ⁵		Several	In wood preservation substances
Asbestos		Several	All applications
Azocolourants and azodyes that can decompose to carcinogenic aromatic amines ⁶		Several	All applications
	Benzidine incl. salts, 4-aminobiphenyl incl. salts, thiocarbamide, phenyl -β- naphthyl amine	Several	All applications
	Benzyl butyl phthalate (BBP)	85-68-7 201-622-7 (EC)	All applications from 1st of August 2014.
	Bis (2-ethylhexyl)phthalate (DEHP)	117-81-7 204-211-0 (EC)	All applications from 1st of August 2014.
Cadmium and cadmium compounds		Several	All applications except of batteries for special applications ⁷
Chromium (VI) compounds	Chromium(VI) compounds: lead chromate in general, and chromium(VI) compounds in pigments	Several	All applications
	Cobalt dichloride ⁸	7646-79-91	All applications
Creosote			All applications except for wood preservation (poles)
	Dibutyl phthalate (DBP)	84-74-2 201-557-4 (EC)	All applications from 1st of February 2015
	Dimethylfumarate (DMFu)	624-49-7	All applications
Dieldrin			All applications
	Formaldehyde	50-00-0	Preservative in wood ⁹ .

² The ban is based on a combination of global, regional and national legislation, customer requirements and coming legislation.

³ The maximum allowed concentration by weight of the noted substances are <0,1% in homogeneous materials such as in cables, connector pipes and joint plates, pigment in crystal glass, in lead petrol, in polymers and in electronic equipment if not stated otherwise.

For the following substance the maximum allowed concentration is: Cadmium <0,01%.

For allowed concentrations of Chrome in Cement and Cadmium and Mercury in batteries, please contact Kcell JSC for additional information.

⁴ EC number if available

⁵ Arsenic and arsenic compounds on trace element level is acceptable.

⁶ EU Directive 2002/61/EC

⁷ Exception: Nickel-cadmium batteries in stationary applications where other types of batteries is not suitable due to extreme temperatures or charging procedures. Approval is required.

⁸ Note: Restricted under EC no 231-589-4

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Lead/ Lead compounds		Several	All applications ¹⁰
CFCs – Chlorofluorocarbons		Several	All applications
Halons		Several	All applications
HCFCs – Hydrochlorofluorocarbons		Several	All applications
	Bromochloromethane	74-97-5	All applications
	Carbon tetrachloride	56-23-5	All applications
	Methyl bromide	74-83-9	All applications
	n-bromopropane	106-94-5	All applications
	Tetrachloroethylene	127-18-4	All applications
	1.1.1-trichloroethane	71-55-6	All applications
	Trichloroethylene	79-01-6	All applications
	1,2,4-Trichlorobenzene (TBC)	120-82-1	All applications
Hexabromocyclododecane (HBCDD) and all major diastereoisomers identified		25637-99-4 3194-55-6 134237-50-6 134237-51-7 134237-52-8	All applications from the 1th of January 2015
Isocyanates		Several	All applications. Allowed in manufacturing processes
Lindane		Several	All applications
Mercury/ Mercury compounds		Several	All applications
Perfluorooctane sulfonic acid and its derivatives (PFOS)		Several	All applications
	Nonylphenol	25154-52-3	All applications
	Nonylphenol ethoxylate (Nonylphenolpolyglycoethers)	9016-45-9	All applications
	Nonylphenoethoxylates Organostannic compounds		All applications
	Acrylamide	1979-06-01	All applications
PBB – Polybrominated biphenyls		Several	All applications
PBDE – Polybrominated diphenylethers (including deca-BDE)		Several	All applications ¹¹
Phthalate plasticisers		Several	All applications
Polychlorinated Biphenyls (PCB)		Several	All applications
Polychlorinated Naphtalenes (PCN)		Several	All applications
Polychlorinated Terphenyls (PCT)		Several	All applications
	Short Chained Chlorinated Paraffins (C10-C13)	85535-84-8	All applications
	Tris (2-chloroethyl) phosphate	115-96-8	All applications from 1st of August 2015
Tri-substituted organostannic compounds (including Tributyl tin and Triphenyl tin compounds)		Several	All applications

⁹ Formaldehyde level <0.124 mg/m³ air (E1-norm according to test method EN 717-1) or <3.5 mg/m³ air (test method EN 717-2).

¹⁰ EU RoHS directive accepts concentration by weight <0,1% in homogeneous materials such as cables, connector pipes and joint plates, as pigment in crystal glass, in lead petrol, batteries and as additives in polymers and solders in electronic equipment. Stated exemptions in Annex III to the RoHS directive, 2011/65/EU, and its amendments can be used until Kcell JSC communicates otherwise. The supplier is requested to inform Kcell JSC in advance of the delivery regarding the material content! Kcell JSC takes a restrictive standpoint towards use of lead in solders for servers, storage and storage array systems, network infrastructure equipment for switching, signaling, transmission as well as network management for telecommunication and RoHS exemption 7b may only be used in Kcell JSC products under specific situations agreed by Kcell JSC in advance.

¹¹ Reactive appointed TBBP exemption to the ban.

APPENDIX 2

Version 4.0: Updated according to increased legislation and customer requirements. New banned substances added including CAS numbers.

Substances that are to be avoided – “Grey list”¹²”

The following substances are under evaluation and should be avoided in all products and services, neither included in contracting nor manufacturing processes of products and services to Kcell JSC. This refers to any deliberate use of the substance specified but does not apply in cases where a substance constitutes of impurities of low concentration¹³. To be noted: All chemicals used in contracting are to be evaluated separately, according to specific procedures and risk assessments.

Please notice that the producer/supplier shall be able to report the content of all specified materials / substances listed below including chemicals specified in the REACH candidate list when requested by Kcell JSC.

Substances that are to be avoided			
<u>Group</u>	<u>Substance</u>	<u>CAS no¹⁴</u>	<u>Reason for concern</u>
	4,4'-Isopropylidendiphenol (bisphenol A)	80-05-7	Toxic
	1,2-Benzene-dicarboxylic acid, di-C6-8-branched alkyl esters, C7-rich (DIHP)	71888-89-6	REACH candidate list
	1,2-Benzene-dicarboxylic acid, di-C7-11-branched and linear alkyl esters (DHNUP)	68515-42-4	REACH candidate list
Antimony and its compounds		Several	Toxic
Aromatic amines ¹⁵		Several	Carcinogenic
Beryllium and its compounds		Several	BeO: Carcinogenic Alloys: Can form BeO when recycled
	Bis(2-methoxyethyl) phthalate	117-82-8	REACH candidate list
Bismuth and its compounds		Several	Negative for recycling
Chlorinated polymers		Several	Can create toxic substances when recycled
Fluorocarbons – FC		Several	Global warming
Fluorohydrocarbons – HFC		Several	Global warming
Formaldehyde		50-00-0	Carcinogenic

¹² For information: The “Grey list” is based on a combination of global, regional and national legislation, customer requirements and proposed legislation.

¹³ The maximum allowed concentration by weight of the noted substances are <0,1% in homogeneous materials such as in cables, connector pipes and joint plates, pigment in crystal glass, in lead petrol, in polymers and in electronic equipment if not stated otherwise.

For the following substance the maximum allowed concentration is: Cadmium <0,01%.

For allowed concentrations of Chrome in Cement and Cadmium and Mercury in batteries, please contact Kcell JSC for additional information.

¹⁴ EC number if available

¹⁵ Except for the ones that’s banned according to 2002/61/EC

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Halogenated flame retardants except brominated of the types PBB and PBDE which are prohibited ¹⁶ .		Several	Can create toxic substances when recycled
Lead/lead compounds in batteries. Certain applications are banned ⁴ .		7439-92-1	Toxic
Manganese and Manganese compounds (and dioxide)		7439-96-5 1313-13-9	Toxic
Medium chained chlorinated paraffin's C14-C17		Several	Toxic
Nickel and its alloys, except in steel alloys		Several	Allergenic
	Nitrogen trifluoride	7783-54-2	Global warming
Perchlorates		Several	Labeling requirements
Phthalates (Except the ones that is banned)		Several	Carcinogenic
Polycyclic Aromatic Hydrocarbons (PAH)		Several	Carcinogenic
Poly Vinyl Chloride (PVC)		Several	Can create toxic substances when recycled + HCl in fire
Radioactive substances		Several	Carcinogenic
Selenium and selenium compounds		7782-49-2	Toxic
	Sodium dichromate	10588-01-9 7789-12-0	Carcinogenic, mutagenic and toxic to reproduction
	Sulfur hexafluoride, SF6	2551-62-4	Global warming
	Bis-(dimethylpentyl)- p-phenylenediamine (77PD)		Toxic
	dimethylbutyl-p-phenylenediamine (6PPD)		Toxic
	cyclohexylthiophthalimide,		Toxic
	4-(1,1,3,3- tetramethylbutyl)phenol		Toxic
Thermosetting Plastic's (Acrylate, Amino, Epoxy, Urethane-PUR incl. isocyanates and diisocyanates)		Several	Allergenic, carcinogenic and toxic
All substances on the REACH candidate list ¹⁷ that have not been specified above		Several	Several

¹⁶ See "Black list"

¹⁷ <http://echa.europa.eu/candidate-list-table>