

**Regulation  
on conflict of interest  
settlement in Kcell JSC**

## Regulation on conflict of interest settlement in Kcell JSC

### 1. General

1.1. This Regulation on conflict of interest settlement in Kcell JSC (further as the 'Policy' and the 'Company', respectively) has been developed in accordance with the anti-corruption legislation of the Republic of Kazakhstan, the Charter of Kcell JSC and the Corporate Governance Code of Kcell JSC

### 2. Terms and Definitions

2.1. The following terms and definitions are used in this Regulation:

1. Inside information - information received by a Company employee in the course of performance of his job duties, including inside information and commercial secrets of the Company;
2. Hot Line - a line that is used to report problems that require special attention, which may have an adverse impact on the Company's performance;
3. Conflict of interest - a situation in which the personal interest of employees may influence the decision-making process and, thus, damage the interests of the Company;
4. Corporate Secretary – the corporate secretary of the Company;
5. Adverse effects of the Conflict of Interest - material or non-material damage caused to the Company or a third party as a result of a conflict of interest;
6. Company – Kcell Joint Stock Company;
7. Employee - a person who is employed by the Company;
8. Compliance Control Section - a business unit within the Company, whose function is to ensure compliance with mandatory regulatory requirements and applicable international practices relating to combating corruption;
9. Conflict of interest management – building mechanisms to prevent situations in which the interests of an employee may affect his professional judgement and loyalties, as well as go against his duty to act in the best interests of the Company and (or) its shareholders;
10. Conflict of interest settlement – actions taken by the appropriate bodies and/or persons capable and competent to take management decisions aiming to eliminate a conflict of interest and prevent Adverse effects of a Conflict of Interest (suspected or actual);
11. Private interest - financial, material interest or interest that gives a Company employee a direct personal benefit;
12. Close relatives - parents (parent), children, adoptive parents, adopted, siblings and half siblings, grandparents, grandchildren;
13. In-laws - siblings, parents and children of the spouse (wife);
14. Regulation - this Regulation on conflicts of interest settlement in Kcell JSC, is a binding internal document of the employer.
15. SAP Employee Self-Service (ESS) – self-service information portal for the Company's employees.

### 3. Goals and objectives

3.1. This Regulation aims to achieve an appropriate degree of settlement of the Conflict of Interest in the Company that eliminates the occurrence of any Adverse effects.

3.2. This Regulation has the following objectives:

1. to create the conditions for the prevention, detection and elimination of the Conflict of Interest; settlement of the Conflict of Interest by using measures stipulated by this Regulation in the interests of the Company and its shareholders in accordance with the legislation of the Republic of Kazakhstan and internal documents of the Company;

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2. to maintain the legality, validity and compliance of the decisions taken by the Company employees within their competence with the Company's interests;
3. to assist in the formation of an appropriate corporate culture in which a Conflict of Interest is identified and settled;
4. to manage the Conflict of Interest in a timely and transparent manner, without affecting the performance of the Company's business units and employees;
5. to ensure personal responsibility of the Company's employees for decisions they take within their competence;
6. to put in place internal and external accountability mechanisms;
7. to ensure that the rights of shareholders are respected, as well as to protect the Company's property interests and business reputation;
8. to create conditions under which the decision-making process in the Company cannot be compromised;
9. on a continuous basis, to improve the procedures for preventing a Conflict of Interest in the Company to adapt to a changing environment.

## **4. Principle of the Regulation**

### 4.1. Priority of the Company's interests:

1. Company employees are expected to make decisions and perform other actions, guided by the legislation of the Republic of Kazakhstan, the Company interests, and to ignore any considerations of personal gain. The decision-making process should not be affected by the decision maker's religious, professional, political, ethnic, family or other personal preferences and tastes;
2. The Company employee, as an individual, should avoid actions which may result in obtaining undue advantages in exchange for the Inside Information which has become known to him/her in the course of the performance of their job duties;
3. Company employees should not seek to receive any benefits, or accept them in exchange for the performance or non-performance of their job duties or functions at someone's request;
4. Company employees should not unlawfully use the advantages of their previous job or position in the Company, including the use of Inside Information obtained in their previous position;
5. Close relatives, spouses or in-laws are not allowed to work together. These persons may not hold positions that are directly reporting to those occupied by their close relatives and (or) spouse or in-laws.

### 4.2. Personal responsibility and example:

1. Company employees must at all times act in a way as to serve as an example of integrity for their colleagues.

### 4.3. Building a corporate culture in which Conflicts of Interest are not tolerated:

1. Company employees must develop and implement managerial and executive policies, procedures and approaches that will encourage effective control and management of Conflicts of Interest;
2. internal procedures should encourage the disclosure and discussion of Conflicts of Interest by the Company employees and include reasonable measures to protect the information related to the Conflict of Interest from misuse by others.

## **5. Obligations**

### 5.1 Members of the Company's Board of Directors shall:

1. bring any actual or potential Conflict of Interest to the attention of the Board of Directors;
2. not take any actions that could lead to a Conflict of Interest;

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3. not decide on transactions in which members of the Board of Directors have a Conflict of Interest.

5.2 Company employees shall:

1. not compete with the Company and/or take advantage of opportunities afforded to him/her by the Company's resources, management, or his/her position;
2. avoid any situations or circumstances in which their private interests, family ties and friendship relations would conflict with the Company's interests;
3. refrain from engaging in any activity or decision-making that could potentially lead to a Conflict of Interest;
4. make every effort to ensure that conflicts arising are resolved within the framework of applicable law, with due respect of the legitimate interests of the parties involved in the conflict;
5. not accept any gifts or take advantage of the job he/she carries out in the Company, or to receive any income or benefits as an incentive from third parties for carrying out his/her job duties, except for income received directly from the Company;
6. not participate in making decisions on matters relating to the relations between the Company and third persons who are former or potential future employers of the employee, unless otherwise provided for in the Company's internal documents, or expressly permitted by the Company's management (with respect to members of the Board of Directors - by the Chairman of the Board of Directors, with respect to members of the Management Board - by the Chairman of the Management Board);
7. notify his/her line manager in writing whenever he/she intends to act as a member of the executive body, a member of the management body, an employee or consultant for an outside organization, whether or not the Company works with that organization. Such notices must be updated if there is a change in the employment relationship or position held by the employee within the Company or within the outside organization.

5.3 Employees should promptly report to the Compliance Control Section:

1. if an employee's personal interests conflict with their job duties;
2. situations which could potentially lead to a Conflict of Interest related to their job responsibilities, their affiliation with other individuals or legal entities;
3. when an employee is affiliated or related to individuals or legal entities who are current and/or potential suppliers, partners or agents of the Company;
4. when any situations mentioned in this Regulation occur.

5.4 By the end of the first quarter, regardless of any actual or potential Conflict of Interest, the following categories of employees are required to complete a Conflict of Interest form on the ESS portal on an annual basis:

1. senior and mid-level executives (CEO, director, manager, head and supervisor);
2. employees involved in procurement processes;
3. employees of the Human Resources Department;
4. employees of the Legal Affairs and Government Relations Department;
5. employees of the Security Department;
6. employees of the Internal Audit Service;
7. employees of the Compliance Control Section;
8. employees of the Technology Department;
9. employees of the Centralized Procurement Department.

5.5 If a potential or actual conflict of interest arises during the year, each employee shall immediately inform their line manager and complete the Conflict of Interest form on the ESS portal.

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5.6 Company employees shall inform the Compliance Department Section of any Conflict of Interest via ESS, or via the Hotline, by sending an email to [speakup@kcell.kz](mailto:speakup@kcell.kz) or by calling 8-800-080-47-47.

5.7. A Company employee must fill out and sign the form provided in Appendix 1 to this Regulation, if a declared Conflict of Interest may

1. affect the image and reputation of the Company;
2. affect the financial security of the Company;
3. cause leakage of information, including information on major projects;
4. compromise the integrity of the customer proprietary network information (subscribers' personal data);
5. compromise the integrity of the information on partners/suppliers;
6. affect the transparency and compliance with ethical rules in the Company's relations with suppliers/contractors/partners;
7. affect any information disclosure of which can be detrimental to the Company in the form of real damage and/or lost profit;
8. affect the Company's activity and create competition in the respective business areas.

5.8 Information provided by the employee is confidential.

5.9 The Board of Directors shall monitor and, if possible, eliminate potential Conflicts of Interest among members of the Board of Directors and shareholders, including misuse of the Company property and misuse in related-party transactions.

5.10. The Chairman of the Management Board shall monitor and, if possible, eliminate potential Conflicts of Interest of the Company's employees, except for members of the Company's Board of Directors.

5.11. The Corporate Secretary of the Company shall, within his/her competence defined by the legislation and internal documents of the Company, ensure and control proper consideration of issues related to the Conflict of Interest settlement. The Corporate Secretary Control is responsible to ensure that timely consideration of such issues by the Company's competent bodies.

5.12. Prior to signing an employment contract and at the time of appointment/election to a certain position, Company employees must certify in writing that they are familiar with the Company's Conflict of Interest procedures and undertake to comply with them.

## **6. Consideration of Conflict of Interest Declarations**

6.1 Once the Conflict of Interest form has been completed by an employee in ESS, it will be forwarded to his/her Line Manager and the Human Resources officer in charge.

6.2 The line manager and Human Resources officer will review and determine appropriate actions required to resolve any potential or actual Conflict of Interest. Notification containing the decision made and measures necessary to resolve the Conflict of Interest will be sent via ESS to Manager - Chief Compliance Officer and employee's Director.

6.3 Once a decision on each Conflict of Interest form has been taken, the ESS portal will send an automatic notification to the form creator (employee), the Manager - Chief Compliance Officer, employee's Director and to the Director of the Human Resources Department. Upon receipt of the notification, the Compliance Control Section will analyze it and decide whether a conflict of interest exists. If there is a conflict of interest, recommendations will be given to the employees to

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resolve the conflict of interest by the measures stipulated by this Regulation in the interests of the Company and its shareholders in accordance with the legislation of the Republic of Kazakhstan and internal documents of the Company.

6.4 The term for consideration of the Conflict of Interest form submitted via ESS is 3 business days for each person included in the Conflict of Interest form review strategy.

## **7. Liability**

7.1 Failure by an employee to disclose/declare a Conflict of Interest, failure to provide information or providing false information about a Conflict of Interest constitutes a violation of this Regulation and may subject the employee to a disciplinary action in accordance with the labor laws and Company's policies and procedures;

7.2 The employee's line manager together (where applicable) with the responsible employee of the Human Resources Department will determine and apply appropriate measures to resolve any potential or actual Conflict of Interest of the employee;

7.3 Manager - Chief Compliance Officer will be responsible to monitor the implementation of and follow up on measures taken to resolve the conflict of interest.

## **8. Conflict of Interest settlement**

8.1. The Company takes all the necessary measures to prevent a Conflict of Interest and identify circumstances that cause or may cause a Conflict of Interest.

8.2. The Corporate Secretary of the Company and Manager of Compliance Control Section have the right to request information and clarifications from members of the Board of Directors, members of the Management Board and employees of the Company in connection with a violation of shareholder rights or a situation leading to a Conflict of Interest.

8.3. The Company determines measures to prevent a Conflict of Interest while ensuring that they are commensurate with the severity of the threat to the Company's interests.

8.4. If a Conflict of Interest cannot be avoided at the level of a business unit, head of that unit must, within one business day, provides the Chairman of the Management Board and Manager of Compliance Control Section provide with information about the Conflict of Interest, including the reasons for its occurrence and measures that have been or may be taken to address it.

8.5. The line manager, together with the responsible employee of the Human Resources Department, will determine the procedure for the settlement of a Conflict of Interest. If necessary, the Chairman of the Management Board may set up a working group to resolve the Conflict of Interest. The working group includes representatives of the Compliance Control Section, Human Resources Department and Legal Department, as well as the department in which the person associated with the Conflict of Interest works, and other persons. The working group is formed in a way to exclude the possibility of a Conflict of Interest, which may affect the decisions made by the working group.

8.6. Based on the decision of the Chairman of the Management Board / Management Board of the Company or information received by the Compliance Control Section, a Conflict of Interest of the Company's employees may be submitted for consideration by the Board of Directors in accordance

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with the Company Charter, the Corporate Governance Code and internal documents of the Company.

8.7. Information about the Conflict of Interest involving the Chairman of the Management Board/members of the Management Board of the Company is transferred to the Board of Directors of the Company for decision making in compliance with the provisions of the Corporate Governance Code of the Company.

8.8. The Company employees are under an obligation to fully compensate the Company for losses incurred as a result of violation of the requirements set forth in this Regulation and the laws of the Republic of Kazakhstan.

8.9 Options for resolving and managing Conflicts of Interest:

1. a Company employee refuses to participate in the decision-making process that could be affected by a Conflict of Interest;
2. restricting access to specific information to a Company employee involved in a Conflict of Interest;
3. re-election or transfer of the Company employee, with his/her consent, to another job in the manner prescribed by the legislation of the Republic of Kazakhstan, which implies performance of functions that exclude a Conflict of Interest;
4. review and change of the employee's job duties and functions;
5. termination of the powers of the Company's employee in accordance with the procedure established by the legislation of the Republic of Kazakhstan;
6. removal of a private interest by an employee of the Company;
7. measures taken by the Company or an employee in accordance with the applicable laws of the Republic of Kazakhstan to prevent and resolve conflicts of interest.

## **9. Final provisions**

9.1 This Regulation may be modified or amended based on the decision of the Company's Board of Directors.

9.2 If measures stipulated by this Regulation in specific cases are not sufficient to prevent the Adverse Effect of a Conflict of Interest, the relevant bodies of the Company shall take separate decisions on them in accordance with the legislation of the Republic of Kazakhstan, the Charter, the Corporate Governance Code and this Regulation.

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I, \_\_\_\_\_  
(employee's name, title, department)

I hereby confirm that I have a potential conflict of interest, which I have declared on the ESS portal.

I understand my responsibility in this situation and undertake to act only in the best interests of the Company.

Should any lawful or unlawful measures be taken by a supplier, including pressure, requests, bribes or threats, which could affect the transparency and soundness of my decisions, I undertake to inform my employer/manager immediately to that effect.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_