

# VimpelCom

## **WORKING WITH OUR SUPPLIERS**

VimpelCom aims for a world class supply chain operation - working in partnership with suppliers who provide high quality innovative products and services at competitive prices, and who reduce risk to our business. There is an expectation that suppliers will act to make their own operations more sustainable through a focus on managing their environmental, human rights and ethical business performance.

This document includes:

1. **General Principles** – how VimpelCom approaches ethical procurement.
2. **The Supplier Code of Conduct<sup>1</sup>** (the “Code”) – the specific expectations we have of our suppliers.
3. **Detailed Guidance Notes** – providing further information on compliance with the Code.

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<sup>1</sup> In this document the Supplier Code of Conduct is referred to as the Code. The VimpelCom Code of Conduct is VimpelCom’s own Code of Conduct, a separate document, and is available at [www.vimpelcom.com](http://www.vimpelcom.com)

## **1. GENERAL PRINCIPLES**

We firmly believe that operating sustainably, respecting human rights and operating to high standards of ethical conduct improve long term business performance. We also recognize that this can be a major challenge, particularly in certain regions of the world. Therefore, we expect to encounter a range of levels of conformance against the expectations set out in our Code.

We aim to work with our suppliers, including vendors, contractors, partners (the 'Suppliers'), to achieve continuous improvement in performance and are realistic that total conformance across our supply chain is a long term aspiration. However, where we encounter a lack of will to change practices and improve performance in areas of weakness against the Code, we will see this as a lack of commitment to working with VimpelCom, and will act accordingly.

The specific clauses set out in the Code are the minimum compliance standards for the Suppliers. We therefore encourage the Suppliers to explore where it is commercially sensible to go beyond these standards, particularly where local laws and regulations are either weak on particular issues, or are seldom enforced. Our approach to monitoring performance against the Code may involve desk-top assessments, self-assessment by the Suppliers, and targeted site visits (for the highest risk, or poor performing suppliers). We also conduct specific bribery and corruption screening of new, and sometimes existing, suppliers and entering into business with VimpelCom is conditional on a successful outcome of this process. Therefore, to aid our assessment processes and help ensure good performance, the Suppliers are strongly encouraged to maintain some form of management system to manage performance against the Code. This should include, as a minimum, adequate documentation to support self-assessment responses and provide evidence during site audits.

We operate at the end of a complex and multi-tiered supply chain and yet there are expectations of us to manage the issues in the Code across multiple tiers. We believe that this is only possible with the cooperation of our key first tier suppliers. Our expectation is that this Code will be applied, along with any existing similar codes enacted by our first tier suppliers, to their first tier suppliers.

The Code has been developed with reference to good practice within the ICT sector (developed through extensive stakeholder input) including existing codes such as the EICC Code of Conduct, the Joint Audit Cooperation Supply Chain Sustainability Guidelines, as well as source documents such as ILO Conventions (e.g. ILO Convention 138 in relation to child labor).

This Code is applicable to suppliers of VimpelCom Ltd. as a parent and its subsidiaries.

## **2. SUPPLIER CODE OF CONDUCT**

This Code sets out our minimum compliance standards for our Suppliers. The Suppliers are expected to ensure the compliance of their subsidiaries and any local agents who act as licensed/authorized re-sellers of their products and services. The Suppliers are also expected to promote the principles of this document to their own first tier suppliers.

### **Compliance with local law and regulations**

The Suppliers are expected to comply with all relevant laws, regulations and standards in all of the countries in which they operate.

Where the provisions of applicable local laws and the Code address the same subject, and are not in conflict, the highest standard shall be applied. Should any of the requirements in the Code conflict with applicable local laws in the sense that it would represent a breach of applicable local laws if the Code were applied, the highest standards consistent with applicable local laws shall be applied.

### **Human Rights**

The Suppliers shall respect and promote universal human rights as stated in the United Nations' Universal Declaration of Human Rights and shall avoid being complicit in human rights abuses of any kind. The Suppliers shall respect the personal dignity, privacy and rights of each individual.

### **Forced Labor**

The Suppliers should not use any form of forced labor, debt bondage, slavery, human trafficking or involuntary prison labor. Employees and contractors should be free to leave work or terminate their employment after a reasonable notice period. The Suppliers shall not require employees to lodge deposits of money or withhold payment or place debt upon employees or require employees to surrender any government-issued identification, passports, or work permits as a condition of employment. The Suppliers should ensure that the work relationship between the worker and the Suppliers is freely chosen and free from threats.

### **Child Labor**

The Suppliers should not employ or use child labor. "Child" means anyone under 15 years of age, unless national or local law stipulates a higher mandatory school leaving or minimum working age, in which case the higher age shall apply. "Child labor" means any work by child or young person unless it is considered acceptable under the ILO Minimum Age Convention 1973 (C 138).

Employees under the age of 18 shall not perform work where there is above average risk to their health, safety or wellbeing (see section 3. (Detailed Guidance Notes)).

If any child is found working at the premises of the Suppliers, the Suppliers should take steps that are in the best interests of the child. Policies and programs, such as those involving education or healthcare, that assist any child found to be performing child labor should be supported by the Suppliers.

### **Free Association and Collective Bargaining**

The Suppliers should support direct, honest engagement between employees and management.

The Suppliers should respect the right of employees to seek representation, to associate freely, develop and join worker organizations that they choose, and to bargain collectively if they wish. Where this is not permitted by applicable laws and regulations the Suppliers should not hinder the development of parallel means for independent and free association and bargaining.

The Suppliers shall not discriminate against employee representatives or members of trade unions, which shall be free to carry out their functions in the workplace.

### **Non-discrimination**

The Suppliers should be committed to a workforce free of harassment and unlawful discrimination. The Suppliers should not engage in discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in hiring and employment practices such as promotions, rewards, and access to training.

The Suppliers may not require workers or potential workers to undergo medical tests except where compelled by applicable law or regulation or prudent for workplace safety. Such tests should not be used in a discriminatory way.

## Employment Conditions

All employees of the Suppliers shall have an employment contract signed by both parties that defines the terms and conditions of employment (see section 3. (Detailed Guidance Notes)). A signed version or a copy of such a contract shall be issued to the employee. The Suppliers should remunerate employees so as to meet the national legal standard as a minimum. The basis on which employees are being paid should be clearly conveyed to them.

Employees should be paid on a timely basis. All overtime should be compensated specifically, or accounted for in salary, at a premium unless in conflict with local law. Salary deductions as disciplinary measures are prohibited.

Working hours, including overtime, shall not exceed the maximum set by applicable laws and regulations. Employees shall be allowed to have at least one day off per every seven-day week. The Suppliers shall grant to their employees the right to paid holidays in accordance with local law. The Suppliers should maintain adequate employee records of hours, overtime and holidays.

Employees should be treated with respect and dignity. Physical, psychological or verbal abuse or other harassment and any threats or other forms of intimidation are strictly prohibited.

## Health and Safety

In accordance with international standards and national laws the Supplier should provide a healthy and safe working environment for employees and contractors, and should also mitigate health & safety risks for third parties where these arise due to the Supplier's activities. Health and safety obligations should be communicated and applied to parties under the Supplier's control, including employees and contractors working on the Supplier's premises.

The Suppliers should implement a management system approach to health and safety which would include provision of relevant, appropriate health and safety training for employees and contractors to prepare for and respond to accidents, health problems and foreseeable emergency situations.

All work-related fatalities and incidents resulting in near fatal injury, that occur on VimpelCom premises or in relation to activities being carried out specifically for VimpelCom, must be reported to VimpelCom within 24 hours of the incident. A detailed report on the circumstances of the incident must be provided within a week of the incident occurring.

Further details of required system elements are provided in section 3. (Detailed Guidance Notes).

## Environment

The Suppliers should act in accordance with relevant local and internationally recognized environmental standards, and should maintain adequate records of relevant legal environmental permits and associated performance.

The Suppliers should strive to minimize the adverse environmental impact of its operational activities and of its products and services during the whole product life cycle including production, transport, use and disposal or recycling. Where there is uncertainty on the extent of environmental damage, the Suppliers should act with caution to limit potential harm. Innovative developments in products and/or services that offer environmental and social benefits, and the development and diffusion of environmentally friendly technologies should be supported.

The Suppliers engaged in manufacturing and production activities are encouraged to adopt a management system approach to environmental protection. The key elements of such an approach are provided in section 3. (Detailed Guidance Notes).

## Responsible Sourcing of Minerals

The Suppliers should have a policy to reasonably assure that any tantalum, tin, tungsten and gold in the products they manufacture does not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo, any adjoining country or countries elsewhere in the world. The Suppliers should exercise specific due diligence on the source and chain of custody of these minerals and make their due diligence measures available on request. The Suppliers policy should aim to avoid so-called conflict minerals from wherever that situation is identified around the world.

## Bribery & Corruption

The Suppliers should operate to the highest standard of ethical conduct and integrity. Corruption, extortion and embezzlement are strictly prohibited. The Suppliers should not offer, pay, request or accept any bribe, including facilitation payments, or other means of obtaining undue advantage, whether the undue advantage is offered directly or through an intermediary.

The Suppliers shall not, directly or indirectly, offer gifts to VimpelCom employees or representatives or anyone closely related to these, unless the gift is of modest value. In any event, the value of the gift should not exceed USD 100 or whatever lower amount as defined by VimpelCom from time to time <sup>2</sup>.

Hospitality, such as social events, meals or entertainments, may be offered if the cost is kept within reasonable limits. Hospitality, expenses or gifts should not be offered or received during contract negotiation, bidding or award. Further information relating to gifts and hospitality are provided in section 3. (Detailed Guidance Notes).

The Suppliers should at all times comply with the obligations set out in this section of the Code and with any specific anti-bribery and corruption clauses as included in a contract entered into with VimpelCom or its affiliate. VimpelCom will conduct thorough screening of new suppliers, and from time to time existing suppliers, in relation to this clause.

## Confidentiality and Data Security

The Suppliers should keep confidential any information relating to our customers, business activities, contracts, projects, structure, financial situation or performance unless specific written permission is obtained.

The Suppliers should operate systems that ensure customer data is kept secure and customer privacy is not breached.

## Intellectual Property

The Suppliers should respect intellectual property rights.

## Money Laundering

The Suppliers shall be firmly opposed to all forms of money laundering and shall take steps to prevent its financial transactions from being used by others to launder money.

## Anti-competitive Behaviour and Conflicts of Interest

The Suppliers should not cause or be part of any breach of competition regulations. The Suppliers should report any relevant actual or potential conflicts of interest.

## Monitoring Performance and Whistle-blowing

Monitoring and enforcement procedures should be implemented to check conformance with the requirements above.

The Suppliers should protect the confidentiality of any whistle-blowers.

## Reporting

It is the duty of the Suppliers to report dishonesty, corruption, fraud, labor and human rights concerns, environmental damage or any other unethical behaviour. Reports can be submitted to VimpelCom's Compliance Office via email at [compliance@vimpelcom.com](mailto:compliance@vimpelcom.com), via the Compliance Speak-Up line operated by an independent third party with phone number for the Netherlands 00 800 1777 9999 or by submitting a report on <http://vimpelcom.convercent.com>. The local telephone numbers are:

Country	Language	Toll Free Number
Algeria	French	+17205144400
Armenia	Armenian	+17205144400
Bangladesh	Bengali	+17205144400
Georgia	Georgian	995706777493
Italy	Italian	0080017779999
Kazakhstan	Kazakh	9-8 800 3333511
Kyrgyzstan	Russian	0080030022017
Laos	Lao	001720 5144400
Netherlands	English	0080017779999
Pakistan	English	+17205144400
Russia	Russian	8 800 100 96 15

<sup>2</sup> The Suppliers should refer to the relevant section of the VimpelCom Code of Conduct for guidance – reproduced in Appendix 1.

Country	Language	Toll Free Number
Tajikistan	Russian	9810992427815390
Ukraine	Ukrainian	0800501134
Uzbekistan	Uzbek	+17205144400

VimpelCom will report publicly on the implementation of this Code through its annual Corporate Responsibility Report. Reporting will not identify individual suppliers and any case study examples provided will be anonymized so that the identity of the Suppliers in question cannot be identified, unless previously agreed with the Suppliers.

### 3. Detailed Guidance Notes

#### **Child Labor**

Where no local law exists to define working hours and working conditions for children under the age of 18, the Suppliers should not employ them for work that is hazardous, unsafe or unhealthy such as among others: work with dangerous machinery, equipment and tools, or work which involves the manual handling or transport of heavy loads, work in an unhealthy environment that may, for example, expose children to hazardous substances, agents or processes, or to temperatures, noise levels or vibrations damaging to their health; work under particularly difficult conditions such as work for long hours (more than 8 hours per day) or during the night, or work where the child is unreasonably confined to the premises of the employer.

#### **Employment Conditions**

An Employment contract shall at least contain but not be limited to the following items:

- Working hours showing at least a guaranteed wage.
- Overtime pay rates and compensation for working out of normal working hours.
- Holiday and vacation entitlement.
- Payment and frequency of payment.
- Notice period.

Where no local law defines a working week and/or overtime, the Supplier is expected to adopt the following:

- a) a normal working week in line with ILO Convention in respect of applying the principle of the 8-hours day or of the 48-hours week and;
- b) overtime in line with limits as specified in SA8000:2008 Section IV (Social Accountability Requirements) Article 7 in respect of 12 hours overtime per week and one day off following every six consecutive working days.

#### **Health and Safety**

##### Health and Safety Management System

The Suppliers are encouraged to implement a Health and Safety management system in accordance with OHSAS 18001 or other relevant Health and Safety system in accordance with international standards and/or national laws and regulations, and shall at least comply with the following requirements:

- a) Performing and maintaining a comprehensive risk assessment.
- b) Defining appropriate method statements to mitigate any risks.
- c) Developing, putting in place and following an appropriate health and safety plan.
- d) Having appropriate systems and processes in place to monitor any failures in such compliance.
- e) Appointing a senior management representative to be responsible for ensuring a safe and healthy workplace environment for all personnel and for implementing the health and safety elements of the above standard.

##### Organisation

Mechanisms are developed and implemented to ensure that all employees are competent to carry out the health and safety aspects of their responsibilities and duties. This should include the nomination and training of persons at an appropriate level, particularly executives who are responsible for discharging the Supplier's Health and Safety obligations.

### Product and Services Delivery

Products and/or services delivery meets general principles of Health and Safety risk prevention.

General principles shall include: identifying, minimising and preventing hazards, using competent and trained people, providing and maintaining safe equipment and tools, including personal protective equipment as required.

### Occupational Safety

The exposure of employees to potential safety risks that might lead to accidents/injuries or occurrence of occupational disease should be assessed and controlled through proper preventive actions (e.g. design, engineering and administrative control, preventative maintenance and safe work procedures and on-going safety training, well-maintained personal protective equipment).

### Accident and Emergencies Readiness

The Suppliers shall have: systems and training to prepare for and respond to accidents, health problems and foreseeable emergency situations; and a means for recording, investigating and implementing learning points from accidents and emergency situations is in place.

The Suppliers shall identify and assess potential emergency situations and events, and minimize their impact by implementing emergency plans, evacuation procedures, employee training and drills, appropriate fire detection, sufficient extinguishers, adequate exit facilities and recovery plan.

### Occupational Injury and Illness

Procedures and systems are to be in place to analyse (e.g. root cause analysis), prevent, manage, track and report occupational injury and illness including provisions to: encourage employee reporting, classify and record injury and illness cases; provide necessary medical treatment and equipment.

### Exposure to hazardous elements

The exposure of employees to dangerous/hazardous substances (such as chemical, high temperature, radiation etc.) should be identified, evaluated and controlled. Engineering controls (e.g. improvement of production facility) or administrative (e.g. law and regulations) controls must be in place to control exposure. When hazards cannot be adequately controlled by such means, employee health is to be protected by the provision of appropriate personal protective equipment, ensuring its use is monitored or through elimination of exposure to such substances.

### Equipment Safeguarding

Equipment, production machines and other machinery shall be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to employees.

### Sanitation Food and Housing

Facilities and amenities, including employee accommodation where provided by the Supplier, shall be hygienic, safe and meet the basic needs of employees.

Employees are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage and eating facilities. Employee dormitories where provided are to be maintained, cleaned and safe and have appropriate emergency exits, water for drinking or bathing and showering, adequate heat and ventilation, and reasonable personal space along with reasonable entry and exit.

### Absolute Rules

The Suppliers shall, in particular, observe the following rules and ensure compliance and awareness at all levels and monitor compliance to:

- always wearing seat belts when travelling in or operating vehicles;
- always using suitable Personal Protective Equipment (PPE), a safety harness and fall protection equipment when working at height, attaching harnesses at all times when working at height;
- never carrying out electrical work on electrical equipment, circuits and gear without appropriate qualifications and compliance to regulations;
- never working under the influence of substances (alcohol or drugs) which are illegal or in excess of legal levels or where this impairs ability to perform tasks;
- never using a hand held phone whilst driving and only making calls by pulling over or using hands free devices, when it is safe to do so;

- never exceeding speed limits or travelling at speeds which are dangerous for the type of road, vehicle or conditions.

## **The Environment**

### Environmental Permit and Reporting

The Suppliers shall obtain, maintain and keep current all necessary environmental permits (e.g. waste management, transportation), approvals and registrations in accordance with relevant local laws and regulations.

### Design for the environment

The Suppliers shall ensure appropriate measures are in place to improve the environmental performance of products and services when in use, such as considering energy efficiency and end-of-life of supplied products and/or services at the design stage.

The Suppliers shall take all measures reasonably practicable to adopt innovative developments in products and/or services that offer environmental and social benefits.

### Pollution Prevention and Resource Reduction

The Suppliers shall work to reduce the use of raw materials and resources as well as to reduce and treat the waste produced by all its activities.

A dedicated risk analysis shall be conducted regarding air, water and soil pollution. In accordance with applicable laws and international standards, pollution levels should be monitored and the Suppliers shall remedy any activity that adversely affects human life, wildlife, and environment.

### Production Content: Hazardous Substances and Chemicals

The Suppliers shall respect all applicable laws, regulations and customer requirements regarding 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 REACH regulation, are to be identified and managed to ensure their safe use, recycling or re-use and disposal. Their use has to be avoided and if not possible minimized. The Supplier is required to deliver electrical or electronic equipment in line with all relevant European Union regulations such as but not limited to RoHS and REACH irrespective of the country of use, including any non-European countries.

### Climate Change

The Suppliers should identify, monitor and minimize Greenhouse Gas emissions (GHG) and energy consumption from own operations including CO2 emissions from transportation and travel.

## **Gifts and Hospitality**

The Suppliers should act in accordance with the guidance provided in the VimpelCom Code of Conduct (below).

(extract from the VimpelCom Code of Conduct)

"The exchange or provision of modest gifts and hospitality (meals, entertainment, travel and lodging) may foster goodwill in business relationships. However, some gifts and entertainment can create improper influence, or the appearance of improper influence. Some can even be seen as bribes that tarnish VimpelCom's reputation for fair dealing.

It is important that these must be directly connected to a legitimate business purpose. It is important that the offering or acceptance thereof is strictly limited in value and frequency and should not create an appearance of wrongdoing. Any gift or hospitality offered, provided or received must comply with the *following mandatory principles*:

- The gift is not offered to gain an improper advantage or influence official action.
- It is permitted by local law.
- The value is reasonable and appropriate to the recipient's position and circumstances and to the occasion, so that it does not create an appearance of bad faith or impropriety and could not reasonably be misunderstood by the recipient or others as a bribe.
- The frequency of prior gifts or hospitality provided to the same recipient would not raise an appearance of impropriety.

Do not offer gifts or hospitality if you are aware that the recipient's Code of Conduct prohibits the acceptance thereof. In certain cases approval of your compliance officer is required prior to offering, providing or receiving gifts or hospitality.

VimpelCom requires you [VimpelCom employees] to record gifts and hospitality provided and received in the local register of gifts and hospitality.

Particular care is required in relation to any dealings with public officials, governments, government agencies, or government owned or controlled businesses, as this is often highly regulated by complex laws. For more information, please refer to the "Bribery and Corruption" section of this Code (the VimpelCom Code of Conduct).

There are certain cases where gifts and hospitality are never acceptable, namely:

- Gifts of cash or equivalents (e.g. gift certificates, cheques, loans, shares or share options).
- Gifts and hospitality that are indecent, inappropriate or would damage VimpelCom's integrity or reputation.
- Gifts and hospitality that breach any local law or regulation."

#### **Data Security**

All applicable data security and protection laws and regulations must be complied with. The Supplier should develop and maintain an appropriate Data Security Policy and ensure that its data security systems are auditable. The Supplier's employees whose roles bring them into contact with VimpelCom or VimpelCom's customer or partner data should receive adequate training provided by the Supplier.