

JSC “Silknet”

Supplier Code of Conduct

2019

Silknet JSC (hereinafter referred to as “Silknet”) is one of the leading providers of telecommunication services and is a vital part of the social and economic infrastructure in the Georgian market. Silknet provides end-users and subscribers with a wide range of telecommunication services, actively participates in social and economic projects and activities, and aims to create maximum convenience to its subscribers and offer full telecommunication services.

Silknet’s goal is to become a world-class service company that provides high quality services and networks. Silknet is a signatory member of the UN Global Compact and is committed to the OECD’s Guidelines for Multinational Enterprises. We have therefore 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 (hereinafter referred to as “Code”) conforms to the Silknet Anticorruption Code of Conduct and is based on relevant international agreements: the UN Universal Declaration of Human Rights, the International Labor Organization Conventions, the UN Convention against Corruption and the Rio Declaration on Environment and Development.

Silknet and all its employees must follow our Anticorruption Code of Conduct. Similarly, all suppliers of goods and services to Silknet (“**Suppliers**”) are obliged to follow the equal requirements of the Supplier Code of Conduct as a minimum, even if the code stipulates a higher standard of conduct than required by national laws or regulations.

This Code applies to all suppliers of goods and/or services to Silknet, also to and any natural or legal persons which is supplied by Silknet with goods/services and/or to any natural or legal persons that Supplier uses for the provision of the services/delivery of the goods to Silknet, including Supplier’s or their contractors’ employees and consultants, contractors and subcontractors regardless if they are permanently employed, temporarily contracted, directly employed or supervised.

For the purposes of this Policy, Supplier shall mean any Silknet’s contracting party, based on the context of the relevant agreement.

This Policy is an integral part of the contracts concluded between Silknet and any natural or legal persons.

Silknet 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.

Silknet has the right to audit how Suppliers and sub-contractors fulfill the Supplier Code of Conduct or corresponding requirements.

The Supplier shall on an ongoing basis keep itself updated on changes to and updates of the Supplier Code of Conduct. Silknet will post changes to or updates of the Supplier Code of Conduct at: <https://Silknet.com>

1. Social requirements

1.1 Human Rights

- 1.1.1 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 it know and understand these rights.
- 1.1.2 The freedom of expression and the privacy of employees, customers and other stakeholders shall be especially respected.
- 1.1.3 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 and other grounds.
- 1.1.4 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. In case of children or minor labor usage, legislation requirements shall be strictly observed, including requirements that prohibit to employ on heavy, harmful or hazardous work.
- 1.1.5 Suppliers that deliver products containing tin, tungsten, tantalite and/or gold to Silknet are obligated to have a clear policy in place regarding all conflict minerals and to ensure their traceability.

1.2 Labor Rights

- 1.2.1 All employees, temporary or permanent, contracted by a Supplier or a sub-contractor, shall have a written contract in a language understandable to them. The contract shall contain main terms and conditions of the work, including: date of the beginning of work, duration of the work, working hours and leisure time, place of work, position and job description, salary and payment terms, overtime compensation, length of paid and unpaid leave, the procedure for granting leaves of absence.
- 1.2.2 A normal working week shall not exceed 40 hours and the duration of working time in enterprises with specific operating conditions requiring more than eight hours of uninterrupted production/work process must not exceed 48 hours a week. Overtime shall be voluntary and not exceed 12 hours per week, unless otherwise regulated in collective bargaining agreements. Employees shall be entitled to at least one day off in every seven-day period.
- 1.2.3 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.
- 1.2.4 The employees are informed about, and fully understand, their employment conditions and rights in their own language. Employees shall have the possibility to use grievance mechanisms, i.e. to be able to voice concerns without fear of punishment or retaliation.
- 1.2.5 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.

- 1.2.6 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.
- 1.2.7 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.
- 1.2.8 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

- 1.3.1 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 established standards.
- 1.3.2 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.
- 1.3.3 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 in the 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

- 2.1 All forms of corruption, including but not limited to extortion, bribery, facilitation payments, nepotism, fraud and money laundering, are strictly forbidden.
- 2.2 No one shall offer, ask for, give or accept, directly or indirectly, a personal payment, gift 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 the Supplier and its sub-contractors.
- 2.3 Silknet 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 Silknet employees to be published in any advertising or promotional materials for Supplier products or services.
- 2.4 Employees of Silknet corresponding department can only accept and give gifts on behalf of Silknet, 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 Silknet.
- 2.5 Fair competition and open markets shall be respected and business decisions shall not be motivated or affected by personal relationships or interests.
- 2.6 The Supplier must have in place an anti-corruption compliance program aligned with internationally recognized standards. The program, with adequate training and information, shall be transparent and efficiently maintained.

3 . Environmental requirements

- 3.1 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 operations. The Supplier shall apply a precautionary approach and strive to maintain and increase biodiversity.
- 3.2 The Supplier shall prioritize energy from renewable sources and limit water consumption, notably in distressed areas.
- 3.3 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.
- 3.4 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 Silknet.
- 3.5 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.
- 3.6 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

- 4.1 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 Silknet. Silknet 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.
- 4.2 The Supplier shall, upon request, provide data and information to Silknet's annual report and other reports.
- 4.3 Any material breach of the requirements set out in this Supplier Code of Conduct gives Silknet the right to immediately terminate any or all agreements with the Supplier.
- 4.4 The Supplier shall inform Silknet 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.