

COMMUNICATION ON PROGRESS

**“GSM KAZAKHSTAN OJSC
“KAZAKHTELECOM” LLP
Kcell and Activ trade marks**



Introduction

“GSM Kazakhstan OJSC “Kazakhtelecom” LLP (further GSM Kazakhstan/Kcell) is the cellular operator of Kazakhstan. The main social role of the Company is business development and improvement of the Kazakhstan economy via providing of the highest quality cellular services. Corporate Social Responsibility is the integral part of the Company’s mission and strategy development. By developing and promoting the high technologies services and products the Company favors the development of the Kazakh innovation economy and its diversification within the framework of global competition.

From the very beginning of its operation GSM Kazakhstan/Kcell has been playing the role of the trend setter giving tone, trends and tendency to development of the Kazakhstani cellular market and creating the role model of corporate social responsible business through the dynamic actions.

The mission of the Company is to make the cellular communication available to all citizens of Kazakhstan, generating value to the utmost extent to its subscribers and rendering services of the highest quality.

GSM Kazakhstan/Kcell, being a local Kazakhstan company, makes a huge contribution to the development and improvement of public processes of the country, taking an active position of the socially responsible business. That is why the Company takes the lead in and renders support to many publicly important projects.

GSM Kazakhstan/Kcell aims to follow the highest international standards of sustainable development and social responsibility, implementing them on a daily basis and that is why GSM Kazakhstan/ Kcell was the first telecommunications company of Kazakhstan, which joined the Global Compact in 2007.

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The principle	Systems	Activities	Outcomes
Human rights			
<p><i>The Principle 1:</i> Businesses should support and respect the protection of internationally proclaimed human rights and</p>	<p>Kcell code of ethics and conduct</p> <p>Personnel Policy</p> <p>Salary Policy</p> <p>Regulation on termination and hiring</p> <p>Regulation on financial assistance to employees</p> <p>Social package for employees</p>	<p>In its day-to-day business GSM Kazakhstan/Kcell is governed by the Kcell code of ethics and conduct and internal policies as well as principles, formalized in legislation by the Constitution of the Republic of Kazakhstan and the Labor Code.</p> <p>The employment agreement is executed with each employee where all rights and responsibilities of the parties, conditions of labor, rest, labor payment etc. are provided for.</p> <p>In addition, the Company offers to its employees a social package, which includes insurance programs, soft lending in the leading banks of the country, meal service, daily transfer as well as a wide spectrum of training programs and guaranteed payment of income tax and deductions to the pension saving funds. In case of any unforeseen circumstances an employee may be aid paid and provided with the leave.</p>	<p>Currently, 1549 employees are with GSM Kazakhstan/Kcell throughout Kazakhstan. In 2010 there were employed 240 employees.</p> <p>Every day all information are updated and available to all the Company's employees at the internal web-portal http://intra.kcell.kz , where the employees may freely express their opinions upon each issue and get necessary information about the Company, procedures, etc. The most interesting and important issues may be found in the company internal magazine "Kcell Magazine".</p> <p>Regularly updated information about the Company's projects and campaign are available to external auditoria at web-sites http://www.kcell.kz and http://www.activ.kz and in our customer care offices and standardized dealer points.</p> <p>Awards: 2010: The American Chamber of Commerce in Kazakhstan, Community Relations Award.</p>
<p><i>The Principle 2:</i> Make sure that they are not complicit in human rights abuses</p>	<p>Kcell code of ethics and conduct</p>	<p>The Kcell code of ethics and conduct constitutes a top-document covering ethical policies and standards.</p>	<p>In 2009 GSM Kazakhstan/Kcell jointly with the Kazakhstani National Consumer League launched the project "Free legal advice". 3 special telephone numbers were assigned for the project. All Kazakhstani citizens can timely get legal advice on different subjects as well as on the most frequently asked questions placed on the web-site http://www.potrebitel.kz</p>

Labour			
<p><i>The Principle 3:</i> Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining</p>	<p>Kcell code of ethics and conduct Labor contract</p>	<p>The employment agreement is executed with each employee where all rights and responsibilities of the parties, conditions of labor, rest, labor payment etc. are provided for.</p> <p>GSM Kazakhstan/Kcell to the utmost cooperate and render assistance to various public associations, protecting the rights of the socially vulnerable wide sections of the population.</p>	<p>The arrangement of the first charity SMS project aiming at children, needed in surgery to be done in the foreign countries, sponsors: the Charitable fund “Sabi” and the Charitable fund “Voluntary Society Miloserdiye”.</p> <p>Opening and giving help to the center of social adaptation and labor rehabilitation for children, youth and people with disabilities “Eldany” and “Rukh”: equipment of the special correctional class and programme for social adaptation and working rehabilitation.</p>
<p><i>The Principle 4:</i> The elimination of all forms of forced and compulsory labour</p>	<p>Constitution of the Republic of Kazakhstan</p>		
<p><i>The Principle 5:</i> The effective abolition of child labour</p>	<p>Kcell code of ethics and conduct Labour contract Insurance programme</p>	<p>The Labor Code of the Republic of Kazakhstan prohibits using the child labor and GSM Kazakhstan/Kcell operates in line with the labor laws.</p>	
<p><i>The Principle 6:</i> The elimination of discrimination in respect of employment and occupation</p>	<p>Labour Code of the Republic of Kazakhstan Labour contract Kcell code of ethics and conduct</p>	<p>The Company observes the Labor Code of the Republic of Kazakhstan and the Code of ethics and conduct</p>	<p>All new employees are involved into the orientation program, which allows to make the fastest acquaintence of the company and become its integral part. As well there are continuously carried out contests for the employees of the company “Best Operator”, “Best Sales Representative”.</p> <p>The personnel appraisal is performed based on the set goals.</p>

Environment			
<i>The principle 7:</i> Business should support a precautionary approach to environmental challenges	Kcell code of ethics and conduct	GSM Kazakhstan/Kcell in performing its business does not generate a negative impact on the environment, moreover, the Company is striving for making thrifty use and care treatment.	Aiming at water saving there were installed the water saving taps, to decrease the level of power consumption there were installed the power saving fluorescent lighting, to decrease of oil and petrol consumption Kcell creates car pool and reduce the number of business trips by using the 3G technologies
<i>The Principle 8:</i> Undertake initiatives to promote greater environmental responsibility, and		To protect the health of the Company's employees there used the controlled systems of air conditioning depending on the outdoor temperature as well there performed a regular replacement of filters and cleaning of air supply and air conditioning systems.	
<i>The Principle 9:</i> Encourage the development and diffusion of environmentally friendly technologies			
Anti-Corruption			
<i>The Principle 10:</i> Businesses should work against corruption in all its forms, including extortion and bribery	Kcell code of ethics and conduct Gifts favour and hospitality procedure	Within the framework of implementation of this principle GSM Kazakhstan/Kcell follows the Code of ethics and conduct as well as the Gifts favour and hospitality procedure. A Security Service was established aiming at development of the system of preventive measures to react against the corruption and fraudulent-related practices.	For communication and fastest response to the inquiries of our clients the call center operates 24 hours a day.

