

COMMUNICATION ON PROGRESS

“Kcell” JSC



2013

INTRODUCTION

“Kcell” JSC (Kcell) is the cellular operator of Kazakhstan. The mission of the Company is development in entering new markets, creating new products and services to satisfy existing and new customer needs in exciting ways. Bring the benefits and make people's lives more comfortable through innovative services based on our skills in information and communication technologies. We will actively work with nationwide state initiatives related to delivering cutting-edge technologies to serve society.

Our company plays an important role in Kazakhstan as a business structure, innovative company and responsible citizen. Kcell operates with respect to local culture and traditions and with the principle of giving back to society.

As an active participant of United Nations Global Compact, we are implementing the ten principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. We will remain diligent in working towards a more sustainable business by continuously supporting the United Nations Global Compact and implementing its principles in all aspects of our business.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

Sincerely yours,

Ali Agan
CEO
“Kcell” JSC

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The principle	Systems	Implementations	Outcomes
Human rights			

<p><i>The Principle 1:</i> Businesses should support and respect the protection of internationally proclaimed human rights and</p> <p><i>The Principle 2:</i> Make sure that they are not complicit in human rights abuses</p>	<p>Code of ethics and conduct</p> <p>Personnel Policies</p> <p>Salary Policy</p> <p>Instruction on termination of EA</p> <p>Vacation regulation</p> <p>Recruitment regulation</p> <p>Regulation on financial assistance to employees</p> <p>List of employees' benefits and limits</p> <p>Privacy Policy</p>	<p>In its day-to-day business Kcell is governed by the Kcell code of ethics and conduct and Privacy Policy which provide guidance for all Kcell employees in how to conduct our business with honesty, integrity and high standards of business ethics in relation to our customers, employees, shareholders, suppliers, business partners and competitors, the society in which we operate and the environment.</p> <p>Internal regulations as well as instructions are placed at the internal web-portal.</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.</p> <p>In addition, the Company offers to its employees a social package, which includes e.g. insurance program, soft lending in the leading banks of the country, meal service, daily transportation as well as a wide spectrum of training programs.</p> <p>Financial Assistance is provided to employees (up to Supervisor level inclusive) in case of serious illness or funeral of an employee's immediate family member or serious illness of an employee.</p> <p>Employees are granted with an unpaid leave up to 5 (five) calendar days in case of marriage registration, child birth or death of close relative (with payment in the amount of employee's three working day current salary).</p>	<p>Currently, 1 697 employees are with Kcell throughout Kazakhstan.</p> <p>Periodically 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>Kcell launched an initiative for transformation of corporate culture in 2012 and designed internal social network for being more open and transparent and for getting feedback from all employees on different matters.</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>Corporate groups on the most popular social platforms (www.facebook.com, www.twitter.com, www.mail.ru, www.vkontakte.ru) were created for feedback from our clients.</p>
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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 Constitution of the Republic of Kazakhstan Insurance program</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. Kcell to the utmost cooperate and render assistance to various public associations, protecting the rights of the socially vulnerable wide sections of the population. The Labor Code of the Republic of Kazakhstan prohibits using the child labor and Kcell operates in line with the labor laws.</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 contest for the employees of the company “Best Operator”.</p>
<p><i>The Principle 4:</i> The elimination of all forms of forced and compulsory labour</p>	<p>Labour Code of the Republic of Kazakhstan</p>		<p>The Company has in place a comprehensive performance review system to analyze periodically its employees’ performance (based on targets and competencies) in order to properly compensate, retain and promote its employees.</p>
<p><i>The Principle 5:</i> The effective abolition of child labour</p>			
<p><i>The Principle 6:</i> The elimination of discrimination in respect of employment and occupation</p>			

Environment			
<p><i>The principle 7:</i> Business should support a precautionary approach to environmental challenges</p> <p><i>The Principle 8:</i> Undertake initiatives to promote greater environmental responsibility, and</p> <p><i>The Principle 9:</i> Encourage the development and diffusion of environmentally friendly technologies</p>	<p>Kcell code of ethics and conduct</p> <p>Kcell Green Office Rules</p>	<p>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.</p> <p>Every year each Kcell employee has an opportunity pass medical inspection and if it is necessary during the autumn/ winter time have necessary injections.</p> <p>In 2013 Kcell Green Office project was launched with the purpose to reduce greenhouse gas emissions and the ecological footprints of offices. Our approach: don't wait, start with yourself. We are planning to reduce paper and electricity consumption, and support recycling.</p>	<p>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 and we are going to support recycling, we encourage bike riding and provide an opportunity to our customers and employees to use our bike parking system in our offices.</p>
Anti-Corruption			
<p><i>The Principle 10:</i> Businesses should work</p>	<p>Kcell code of ethics and conduct</p>	<p>Within the framework of implementation of this principle Kcell follows the Code of ethics and conduct as well as the Anti-Corruption Policy.</p>	<p>For communication and fastest response to the inquiries of our clients the call center operates 24 hours a day.</p>

against corruption in all its forms, including extortion and bribery	Anti-Corruption Policy	A Security Service was established aiming at development of the system of preventive measures to react against the corruption and fraudulent-related practices.	
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