



GLOBAL COMPACT

COMMUNICATION ON PROGRESS REPORT 2007



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DECLARATION OF CONTINUITY OF SUPPORT

The telecommunications sector we are in is a tractor for the economies of countries. Therefore the companies in this sector are role models to many companies around. With this in mind, we believe that complying with the principles set forth by Global Compact will give us the necessary ground to be real good role model for others and also to be a good citizen as a corporation for the country we are operating in and for our planet.

The positive business results naturally are very important for the investors; they want to get the return of their investments. That does not mean that the issues of human rights, ethics,

environment, and labour standards could be ignored. Acting in accordance with the Global Compact Principles is not only to the benefit of the country and planet but also to the long-term business outcomes of the company. We strongly believe that conforming to the Principles should have a priority over the short term business outcomes which in return bring better long term outcomes.

We are engaged and will continue to be engaged on a long term basis to be good corporate citizen by playing the game according to the 10 Principles of the Global Compact.

Gürkan Sarioğlu
Generel Manager

DESCRIPTION OF THE COMPANY

Kuzey Kıbrıs Turkcell started to provide services to its subscribers in the Turkish Republic of Northern Cyprus on August 3, 1999 as the 4th foreign partnership of the TURKCELL İLETİŞİM HİZMETLERİ A.Ş (Turkcell Communication Services PLC). The company continued its development within years by increasing the variety, and quality of mobile voice and data communication services it provides for its subscribers, and by increasing the number of its subscribers accordingly. By the end of 2007, the number of subscribers of Kuzey Kıbrıs Turkcell has reached to 278,000. The amount of network and investment of Kuzey Kıbrıs TURKCELL, which continues its investments on a daily basis by providing its subscribers with quality service, has reached to 137 million YTLs.

DESCRIPTION OF THE COMPANY

485 Million YTL Contribution to the Economy

Payments Kuzey Kıbrıs Turkcell has made to the Telecommunications Department as an income share since it was founded has exceeded 243 million YTL. As for the payments made to the Department of Income and Tax, Social Security Institution and Provident Fund are fast approaching to 100 million YTL. In addition, its paid-in capital is 62 million YTL. In brief, Kuzey Kıbrıs Turkcell's contribution to the economy of the TRNC since 1999 August is 485 million YTL.

In addition to these, the company has spent 5 million YTL until today through sponsorship, donations and aids with an understanding of "giving back to society from what you earned from the society".

Always for the better...

Since its inception, Kuzey Kıbrıs TURKCELL tries to bring the novelties of the mobile communication world to the Turkish Republic of Northern Cyprus in a synchronized way with the rest of the world by providing its subscribers with products and services that facilitate their lives, help them to save on time, and that provide easy access to information, and continues with its efforts to improve its infrastructure development in this respect. Alongside programmes that create special benefits for GSM usage habits, and life styles, Kuzey Kıbrıs Turkcell also offers products and services for its corporate subscribers, which increase productivity of their business processes and competitiveness.

Parallel to the developments taking place in the field of technology and as the technologies that ensures rapid data transfer become more and more common, the company offers services such as, "GPRS EDGE" "Multi Mesajım" to its customers. The 3G technology will be offered to subscribers in October 2008.

DESCRIPTION OF THE COMPANY

Young and Dynamic Employee Structure...

KKTCELL has a young and dynamic structure with an age average of 29. 49% of employees is male and 51% is female. More than 90% of the employees are university graduates and postgraduates.

Bearing Social Responsibility in mind...

Along with its commercial activities, Kuzey Kıbrıs Turkcell, keeping in mind its commercial responsibilities, gives support to various activities, which it believes that would add value to the society, ranging from educational to environmental

activities, culture-arts, and sports related events. With these activities, Kuzey Kıbrıs Turkcell aims to contribute to the development of quality human resources in our country and its socio-cultural life. By giving back to society, Kuzey Kıbrıs TURKCELL has spent 5 million YTL until now through sponsorships, donations and aids.

Kuzey Kıbrıs Turkcell, chooses its sponsorship activities based on the results of market researches it conducts, demands and wishes of the customers and in line with its corporate identity. The company increases the impact of such projects by repeating them each year. Beach Cleaning activity that has been taking place for 9 years with increasing participation from the society each year; Tree Planting Campaign and building Playgrounds in different regions can be shown as examples to such projects.

OUR VISION, MISSION AND OUR VALUES

Our Mission

Our mission is to facilitate life by providing quality mobile communication services through the most sophisticated technologies, and to contribute to the county's prosperity.

Our Vision

Our vision is to be the pioneer mobile operator accessible from everywhere and that fits the life in a mobile phone.

Our Values

- First and fore most, we exist for our customers
- We are an agile team
- We believe in open communication
- We create difference
- We value people

HUMAN RIGHTS (1-2 Principles)

Kuzey Kıbrıs Turkcell has never been involved in any act of violation of human rights hitherto. It continues its operations with its stakeholders by committing itself to the principles of reliability, respect, open communication, focusing on success, and customer orientation. (Kuzey Kıbrıs Turkcell's handbook of Shared Values and Professional Ethics)

HUMAN RIGHTS (1-2 Principles)

Reliability:

- Establishing long term and permanent relations with its stakeholders (customers, employees, suppliers, and associates) with the society and all public and private establishments, is part of Kuzey Kıbrıs Turkcell's rules for professional ethics. It supplies its stakeholders with clear, understandable and accurate information and aims to provide complete services in a timely manner by fulfilling its promises. The company protects customers' personal information and other important personal data in accordance with related laws and Kuzey Kıbrıs Turkcell's Principles of Information Security. (Kuzey Kıbrıs Turkcell book of Common Values and Ethics of Profession)

Our customers' information regarding communication, place and their personal information are considered to be important information within the scope of the ISMS (Information Security Management System) applied within our firm, and their security is ensured through related policies and procedures. Limited numbers of our employees are granted with right to access to the customer information.

Again, access of these employees to such information is registered electronically. Thanks to this system, authorities were convinced that complaints received until now regarding the violation of secrecy of customer information were not true. Only one complaint appeared to be true and consequently contract of the employee, who had conveyed customer's personal information against his/her will to someone else was annulled.

WORK STANDARDS (3-4-5-6 Principles)

Kuzey Kıbrıs Turkcell has clearly determined its rules regarding discrimination, employee rights, and children's employment. Kuzey Kıbrıs TURKCELL not only complies with the relevant laws and regulations on these issues, but also applies the written rules that it has created within the company and updates them.

WORK STANDARDS (3-4-5-6 Principles)

Discrimination

- Kuzey Kıbrıs Turkcell is against all kinds of discrimination within and outside the company. Kuzey Kıbrıs Turkcell's book of Shared Values and Professional Ethics states that discrimination definitely should not take place within the company.

The relevant article is as follows:

'We do not approach our stakeholders with prejudice on the basis of their gender, perspective and background, and we do not discriminate against them on any basis. We do not discriminate against our employees, with whom we are professionally involved, based on language, race, gender, political views, philosophical ideas, and religion and sect.'

The Human Resources department finds solutions to the written and oral complaints and complaints made in writing, verbal or through observation of employees by implementing the 'Open Communication' policy, which is one of our core values, in order to prevent discrimination and resolve similar situations.

- Salaries are determined in accordance with the grade system based on quality, risks and difficulty levels of jobs carried out by employees. Two managers or employees of different sections with the same difficulty levels receive the same salary regardless of their sex. (LA 14)

Employee Rights

- Kuzey Kıbrıs Turkcell, provides training, job security, and social rights for all of its employees.

- Kuzey Kıbrıs Turkcell aims at providing its employees with job security. No job related deaths or occupational accidents have occurred until now. All employees of Kuzey Kıbrıs Turkcell and the security staff from which the company purchases services, have special health and life insurances, apart from that of the social security, according to the danger level in compliance with the TRNC laws.

WORK STANDARDS (3-4-5-6 Principles)

Employee Satisfaction

- Kuzey Kıbrıs Turkcell commissions annually with an independent market research company an “Employee Satisfaction Survey” in order to measure our employees’ opinions on the company. All employees of the company participate in the survey and the satisfaction level is measured from different angles. As a result of this survey, required circumstances to make business life of employees more satisfying and ways to increase employee satisfaction are being found. For sections and units where the employee satisfaction is low, Human Resources Department conduct problem research and undertake problem solving efforts.

Managers' roles and responsibilities also include ensuring satisfaction of employees who work under their authority. Additionally, with the performance evaluation system, employees and managers can carry out cross-evaluations for employees and managers from different sections.

WORK STANDARDS (3-4-5-6 Principles)

Employee satisfaction was around 82% in 2007. This figure was the annual target and is over the TRNC average. Results of the employee satisfaction survey carried out by the A.C. Nielsen Company are as stated below:

- 82% of the employees have a higher motivation level and have stronger devotion to the company.
- Pull Index of Kuzey Kıbrıs Turkcell - that is the general employee satisfaction- is 85 out of 100. This score is an indicator of Turkcell's employee retention strength.
- Push Index of Kuzey Kıbrıs Turkcell - that is the score that indicates the score of Kuzey Kıbrıs Turkcell in pushing its employees to look for jobs- is 35 out of 100. (Note: The lower is the Push Index, the higher the performance is.)

- Employees are not only assets that add value to the company, but internal customers at the same time. Employees are provided with comfortable work environment and equipment to ensure that they take initiative and act as if it is their own work place. Regardless of their positions, each employee is provided with lunch coupons, health insurance, life insurance, transportation services from regions, internet connection, and computers.

Together with personal development programmes, we arrange Social activities, and team work to increase the motivation of employees. (Caption)

WORK STANDARDS (3-4-5-6 Principles)

Personal Training and Development Programmes for Employees

- Kuzey Kibris Turkcell, provides its employees with technologic support and personal training and development opportunities to enable them to carry out their job more effectively. Personal development programmes for employees alongside with trainings within the country or abroad, are provided by the Turkcell Academy founded by Turkcell Communication Services PLC. Turkcell Academy that bears the standards of "Investors in People" (IIP), is an educational institution that has the "IIP Certificate" which sets a first within the GSM sector.



WORK STANDARDS (3-4-5-6 Principles)

Children's Employment

- Kuzey Kıbrıs TURKCELL, which has a young and dynamic structure, does not employ people under the age of 18. Special attention is devoted to ensure that students participating in internship programmes are not younger than the age of 18.

ENVIRONMENT (7-8-9 Principles)

Inspired by the sea turtles, which are natural heritages of Cyprus, Kuzey Kıbrıs Türkcell, has determined its institutional logo as the Green Sea Turtle (*Chelonia Mydas*) which is danger of extinction. Our company organises activities since its establishment, to protect and cherishing the beauties of the island of Cyprus, and especially to increase the awareness for environment among young generations. It maintains its operations in accordance with the standards set by international institutions on environment and health.



Coast Cleaning Project

Coast cleaning activities are organised annually by Kuzey Kıbrıs TURKCELL since its establishment to increase the environmental awareness among the young generations and to provide sea turtles with a better habitat. “Cleaning of Alagadi, Ayios Philon and Mediterranean Coast -which are the most important nesting coasts in the Mediterranean sea- and Environmental Education Activity” has been going on since 2006 with the financing provided by Kuzey Kıbrıs Turkcell and under the organisation of the UNDP-PFF.

This activity is organised with the participation of environmental organisations and students. About 1500 secondary school students participated in beach cleaning activities from 2000 to 2007.

While students gain information about environment during the cleaning activity, they also participate in entertainments.



Also, our employees participate in beach cleaning activities each year and support our environmental responsibility.

Greening and Efforts for Protection

Within the scope of forestation efforts that began in 1999, the year the company was established, following the great fire in 1995, Kuzey Kıbrıs Turkcell planted 60,000 trees in total in Türkeli, Ulukışla, Taşkent and Famagusta groves.



Employees are participating in beach cleaning activities each year and support planting.

Activities for Protecting Olive Trees

11 trees between the age of 150 and 250 years old removed from Çatalköy, Kyrenia region in May 2007, were brought to the area that belonged to the municipality of Gönyeli, and planted by ZAKAD (Association for Protecting Olive Trees) and Olive Tree Project. Required field for trees was provided by the Gönyeli Municipality for the project realised with the finance of the Small Grant Programme of the Kuzey Kıbrıs Turkcell and SAVE (Supporting Activities that Value Environment) project. With contributions of Kuzey Kıbrıs Turkcell century-old olive trees continue to add value to natural and cultural heritage of Cyprus in their new locations.



Environment Project With the Members of UN Turkish Cypriots Global Compact

Member of the United Nations Turkish Cypriot Global Compact Network, K. Paralik Metal Enterprises and Kuzey Kıbrıs Turkcell placed 25 trash containers to Boğaz Picnick Field, Kyrenia and 5 to Karpaz Golden Sand coasts by developing a joint environmental programme,. Additionally as a first in Kuzey Kıbrıs Turkcell, 2 containers were placed in the Boğaz Picnicking Field to facilitate the separation of metal and plastic wastes and for their recycle.

Kyrenia Boğaz Picnick Field, where there is intensive environmental pollution due to lack of containers, was cleaned from household wastes such as plastic bottles, and plastic bags by using manpower financed again by two companies.



Waste containers and metal and plastic separation boxes with the capacity of 450 litres, made of polyethylene were produced in the K. Paralik Metal Enterprises Factory.



Environmental Education Efforts for Students

Students who have participated in cleaning activities on nesting areas of the sea turtles were trained before the cleaning took place on these beaches. All students participating in the activity were briefed on environmental problems and necessary measures that people should take by the representatives of the environmental organisations included in the projects.



ENVIRONMENT

Saving and Recycling within the Company

Warning signs writing “switch off if not necessary” were stuck on switches. With the slogan of “you are drying out your future and not your hands” the aim was to reduce the use of paper towels. 25 local newspaper purchased on a daily basis for the company as well as the waste paper are being sent for recycling purposes. Although recycling is not a wide-spread practice and there is no encouragement or forcing of local authorities on the issue, Kuzey Kıbrıs TURKCELL is exerting special effort in this respect due to its environment-oriented approach.

Effective warnings are prepared to save water, paper and electricity and are hang up in various places within the office.



Printed invoices can be cancelled upon subscribers' demand

Subscribers of the Kuzey Kıbrıs Turkcell can contribute to the protection of environment by not receiving hard copy invoices upon their demand. Subscribers can receive their invoices electronically or by SMS. Subscribers who do not want printed invoices by the end of 2007 were 15,134 which equals to 18 % of holders of post paid lines.

Alternative Energy Methods

Despite their high installation costs, wind force and solar energy systems, which are known as environment-friendly systems, are now being used within the Kuzey Kıbrıs TURKCELL network. Currently solar energy systems are being used in our stations in Dipkarpaz and Zafer Peninsula. (EN 30)



Health Criteria in Operations

After putting the base stations that ensure functioning of GSM systems, values regarding Electricity Field Intensity, Magnetic Field Intensity, and Power Intensity are being measured by our experienced employees. Average Electricity Field Intensity in Kuzey Kıbrıs Turkcell base stations is measured as 1,5 V/m, while Magnetic Field Intensity is measured 0,003 A/m and Power Intensity is measured at 0,004 W/m² levels. Limit values determined by ICNIRP in the TRNC are taken as the basis. Values determined by this authority and average values at the Kuzey Kıbrıs Turkcell are shown in the table below:

When the figures in the table and the values measured at Kuzey Kıbrıs Turkcell base stations are compared, it is seen that our base stations are giving services with values quite lower than the

limit values. Measurements carried out for these values are submitted to the Telecommunications Department, which is the provider of permissions for stations within a month period as of the launch date of the base station. Additionally, same measurements are repeated in case such requests come from public institutions or citizens.

Additionally, a booklet to provide citizens of TRNC with accurate information on base stations and human health was prepared by our section. These booklets are provided in case a new stations is rented or when a question is received regarding the current stations.

Limit values for 900 MHz	ICNIRP	Kuzey Kıbrıs Turkcell
Electricity Field Intensity	41,25 V/m	1.5 V/m
Magnetic Field Intensity	0,111 A/m	0.003 A/m
Power Intensity	4,5 W/m ²	0.004 W/m ²

ICNIRP: The International Council on Non-Ionizing Radiation Protection

STRUGGLE AGAINST CORRUPTION AND ETHICS (Principle 10)

Kuzey Kıbrıs Turkcell that has been operating for 9 years in Kuzey Kıbrıs Turkcell where 300,000 people live and where the importance of human relations is very high, has established its own values by making a fusion of the institutional values of its main establishment, the Turkcell Communication Services PLC, and the local values. Keeping its distance with every political party or vision, Kuzey Kıbrıs Turkcell, has always been a pioneer in the field of telecommunications and supports the development of the sector with the Department of Telecommunications. The company also continues support for the establishment of the Institution of Telecommunication, which will be the regulator of the sector.

STRUGGLE AGAINST CORRUPTION AND ETHICS (Principle 10)

Ethical Rules for Employees and Suppliers

- Our employees devote special attention to protect company benefits, and avoid all kinds of acts that might be considered as providing themselves or their close friends or relatives with interest.
- Value of presents given to employees of Kuzey Kıbrıs Turkcell by various institutions and establishment that they are involved through business relations cannot exceed 50 USD and cannot be convertible to money. Presents that cannot be accepted are sent to the business address and after being registered by administrative affairs, and then they are handed to the relevant person. Promotion indented materials with logos are outside of this scope.



- Any employee of the Kuzey Kıbrıs Turkcell , cannot work under any Kuzey Kıbrıs Turkcell employee with whom he/she has close kinship (spouse, sibling, children, parents, in-laws).

STRUGGLE AGAINST CORRUPTION AND ETHICS (Principle 10)

- Kuzey Kıbrıs Turkcell employees cannot encourage any supplier company that they know through working or due to their positions in Kuzey Kıbrıs TURKCELL to employ their close friends or family members. (Book of Common Values and Business Ethics)

According to the Kuzey Kıbrıs Turkcell Book of Shared Values and Professional Ethics, one of the fundamental tasks of all employees as individuals is to warn and direct other employees in Kuzey Kıbrıs Turkcell in cases where they violate professional ethic rules. Those who fail to convey such incidents when they find out, shall be considered to have acted in breach of such rules.

Procurement Procedures

Procurement is done in accordance with certain procedures at Kuzey Kıbrıs Turkcell. Each manager's level of authority regarding the procurement processes is specified. Unless the confirmation chain of the procurement is not electronically completed through the ERP system (Enterprise Resource Planning), the procurement process cannot be start. Bids are received for the good or service to be purchased from adequate number of suppliers and contract is signed with the most appropriate bidder for the purchase. The system is formed to ensure that no malpractice could take place and it is open to supervision.