

# Communication on Progress





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### **Statement of support**

VivaCell-MTS as a member of the United Nations Global Compact retains all the principles set before the Company and commits to the continuous implementation of those principles in the future.

As a corporate citizen, VivaCell-MTS made a decision to be part of this organization and stood up to the challenges of this commitment. The Company remains loyal to its commitments, liabilities, and core values. Thanks to its vision, honesty and devotion to being the best, VivaCell-MTS plans to continuously improve its services to the Armenian society: all this, because we believe in Armenia.

Corporate Social Responsibility is at the core of VivaCell-MTS’s way of doing business. CSR helps the Company align its objectives with the expectation of stakeholders and provides the tools for sustainable growth.

In 2012, VivaCell-MTS announced the successful integration of ISO 26000 guidelines and recommendations into the core of its business. ISO 26000 was not an end in itself for VivaCell-MTS. The CSR component had been observed in the organizational governance of the Company from the first days of its operation, but it needed to be institutionalized. Having in place loyal staff, policies/procedures, and acknowledging the benefits of a professionally positioned CSR, the Company wanted to evolve from one level to a more advanced one.

VivaCell-MTS believes in its capacity to promote the understanding of the ever evolving nature of CSR, hoping to set an example for other local institutions to follow.

VivaCell-MTS operates under the big umbrella of respect, ethics, dedication, responsibility and trust. This is translated by the healthy and safe workplace for all our employees and it is reflected with the transparent clear relationship with all the Company’s stakeholders.

All our CSR activities could be found on our web site: [www.mts.am](http://www.mts.am).

Best Regards,  
Ralph Yirikian  
General Manager

Armenia  
VivaCell-MTS  
Communication on Progress

## Brief description of nature of business

### Mission

To achieve business success through a new culture of communication.

### Objectives

The technical fulfillment is one of the integral parts of our company strategy.

As a Customer-Oriented telecom company, we aim to provide quality services to all of Armenia.

VivaCell-MTS spearheads the development of the telecommunication sector in Armenia, and offers innovative mobile voice and data products and services, and tailors solutions for different market segments. Furthermore, excellent network coverage has always been the competitive advantage of VivaCell-MTS which has managed to roll-out and build the widest network in the entire country. Simultaneously, our company managed to build an extensive network of service centres across Armenia with the objective to come as close as possible to its subscribers. Our network provides a capacity to serve over 2.5 million subscribers.

We deliver services meeting the expectations of all the subscribers.



***“Our scope is to bring the world to Armenia and Armenia to the world”***

Ralph Yirikian  
General Manager

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### Global Compact Principles – HUMAN RIGHTS

- **ALL BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS**
- **ALL BUSINESSES SHOULD ENSURE THAT THEY ARE NOT COMPLICIT TO HUMAN RIGHTS ABUSES**

Every man, woman and child is entitled to fundamental human rights, defined by international conventions such as the UN Universal Declaration of Human Rights.

VivaCell-MTS is committed to safeguard the human rights of all its stakeholders, starting from the employees to each stakeholder with which we work.

VivaCell-MTS pays special attention to the protection of human rights. We employ more than one thousand people, the key factor to our leadership success in the market. Our people are the Company's spine. Their loyalty and devotion to the Company is the oxygen that keeps the Company alive and vibrating. Our people are the main asset for the Company's success and its mirror towards the community.

VivaCell-MTS strives to employ the most professional specialists in respective spheres thanks to the attractive incentive schemes and career opportunities. It ensures stability, future



career growth, respect and work safety. VivaCell-MTS helps its employees enjoy a healthy work and life balance helping them improve their healthy and lifestyle.

The Company implements policies and procedures to help employees enjoy a rich development in their education and career. It is committed to keep all employees informed about changes in the business and together with them draws strategies to deal with these changes. All of VivaCell-MTS's business strategies ensure growth and aim to increase work efficiency. The role of the Human Resources goes beyond the tasks of recruiting; they incorporate employee relations and employee resources, incentives to motivate and retain top talent, development and career growth programs and overall ensuring an efficient human capital. All that in line with the Company's objective to have the most satisfied subscribers. A happy performing employee = A satisfied subscriber.

VivaCell-MTS embraces trainings, internship and education growth. The Company encourages the employees on their way to education. The Staff is always enrolled in educational courses for which they receive financial support. The Company also financially supports financially the children of its employees in obtain a higher education.

As a corporate responsible company, VivaCell-MTS hosts interns/student and offers them the relevant coaching by introducing the Company's business style operational methods, and they obtain an internship salary. When there is job vacancy in the Company, interns will be welcomed to apply and have an equal opportunity to submit their application, pending their qualifications and relevance to the job. \*

VivaCell-MTS sets a compensation plan for its employees including health insurance, education, children programs, etc. \*\*

\* Policy « Internship Organization in K-Telecom Process Regulation » PR-ARM-019-1(INT), Instruction dated 27.07.2010№ 360-i

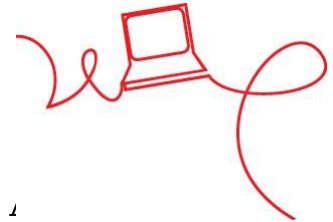
\*\* Policy "Compensation plan of K-Telecom CJSC" PL-ARM-004-1 (INT)

\*\*\* Policy «Provision of voluntary medical insurance employees» PL-ARM-057-1

Approved by: Instruction No 131-i, dated 19.01.2009

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### Global Compact Principles – LABOUR STANDARDS



- ALL BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING
- ALL BUSINESSES SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR
- ALL BUSINESSES SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR
- ALL BUSINESSES SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION WITH RESPECT TO EMPLOYMENT AND OCCUPATION

VivaCell-MTS values the employee and treasures the working environment. These two factors are key to the Company's success. We recruit, develop, motivate and retain professionals in line with VivaCell-MTS' corporate strategy resulting in customer satisfaction, respect and trust.

The staff at VivaCell-MTS is provided with convenient and safety working conditions. The Company works according to the Labour Legislation of the Republic of Armenia and the Corporate Responsibility guidance.

Managers at VivaCell-MTS are expected to lead by example, to respect and endorse the process of attaining high business results, as well as to be proactive in terms of living by the corporate core values of the Company.

Staff motivation results in an increase of loyalty and readiness to contribute to the best achievements of the Company. The Company adheres to the principles of competitive capacity in the labor market, fairness and link of the remuneration with the individual contribution of the employees in the Company performance results.

The Company sets a competitive scheme of staff motivation including tangible (remuneration and compensation package) and intangible factors of motivation (training, development, career perspectives, stability) applicable to all staff.

VivaCell-MTS believes in the principle of people equality, and fiercely fights against discrimination against age, sex, religion, political preferences, sexual orientation and other, as stipulated in its Code of Ethics.

There exists a Policy regarding the administrative violations and penalties.\*

This Policy defines the violations of laws regulating the activities of the Company, internal by-laws and employment agreements by the staff. A major disciplinary violation is one that results in a major violation of the provisions of the Labor Code, other legal acts containing rules of employment law and the internal disciplinary rules of the Company.

Major violations include:

- Actions defying the constitutional rights of citizens;
- Disclosure of state, official, commercial or technological secrecy or the communication thereof to a competing company;
- Generation of unlawful income by the employee for one's self or for someone else or the use of official position for personal interests or insubordination;
- Violation of equal rights of women and men or sexual harassment of employees, subordinates, or customers

An employee may lodge a complaint regarding sexual harassment to his or her immediate supervisor and to the General Manager of VivaCell-MTS.

A complaint shall be kept strictly confidential with the exception of the limited disclosure that is necessary for the purposes of investigation. VivaCell-MTS reserves the right to undertake the necessary actions to reinforce its policies against harassment (verbal, physical and/or sexual), regardless of the wish of the plaintiff or the other party.

Any employee that lodges a complaint regarding verbal, physical and/or sexual harassment or participates in the investigation of such a complaint will be protected from revenge.

As a national employer, VivaCell-MTS provides long-term professional opportunities to many young and promising Armenian specialists who are able to grow their career and knowledge.

We are one of the first employers who employed people with special needs. At present, we have 37 colleagues with special needs 16 of whom are men and 21 women working in the Front Desk directly dealing with the subscribers.

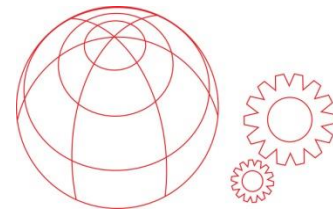
At VivaCell-MTS we have an association called Social Committee.\*\*

Every employee can join VivaCell-MTS Social Committee. This Committee works at appealing to employees needs and endorsing its relation with the management. All activities carried out by the Social Committee are publicized. VivaCell-MTS also provides entertainment activities for its employees which is also a tool of motivation and employees skills recognition..

\* Policy «Disciplinary violations and Applied Sanctions» PL-ARM-003-2 (INT), Approved by Instruction №.389-i dated 04.10.2010

\*\* Process Regulation «Operation of the Our Planet internal portal» PR-ARM-008-1(INT; Instruction № 296-i, dated 31.03.2010

## Communication on Progress



## Global Compact Principles – ENVIRONMENT

*“Environmental and Social Responsibility should beat at the heart of every business leader.” -Anita Roddick-*

- **ALL BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES**
- **ALL BUSINESSES SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY**
- **ALL BUSINESSES SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES**

VivaCell-MTS, the corporate citizen, pays great attention to environmental issues. Knowing that the climate change is widely recognized as one of the greatest global challenges. At its own level and capabilities VivaCell-MTS strives to play an important role in helping to tackle the environmental impacts.





We recognize that a global challenge like climate change requires a coordinated approach from all areas of society and business. VivaCell-MTS collaborates with others to support ways to reduce climate impacts.

By cooperating with various environmentally active organizations like the FPWC, the Company is deeply involved in different environmental campaigns: Biodiversity, lands preservation, massive tree plantings, painting day devoted to the environmental issues, bike tours, garbage gathering activities, flower gathering at Tsitsernakaberd for recycling process, etc.

VivaCell-MTS is also working on other aspects, especially energy reducing, water conservation, cooling system and waste.

Following the guidance provided by ISO 26000, VivaCell-MTS works tediously on calculating and managing the emissions from energy use on our networks as well as reducing waste and reusing and recycling.

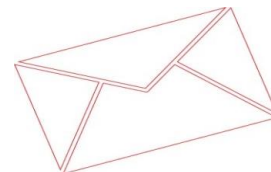
On the other hand and as it is much related with our business, a major issue is connected with the mobile phones usage. We are all quite well aware how often the customers replace their mobile phone. VivaCell-MTS will surely support any project or developed programs encouraging the consumers to use the phones as long as possible, or to return them for restoring, re-usage (could be sold out or donated) or recycling.

VivaCell-MTS aims at providing the best services and coverage to all its subscribers wherever they are – whether they are in the countryside, in cities or in buildings. Accordingly many factors are weighted when planning our network exploitation to improve coverage and capacity. This is a vital issue for people always aching for better coverage .However expanding our network sometimes creates some concerns, usually about health issues related with radio frequency. A team of professionals dealing with this matter from VivaCell-MTS always is communicating and consulting with the local people, helping them understand the issues and the measures the Company takes to make sure no threat is in place.

Communication is the key factor when it comes to environmental issues. VivaCell-MTS communicates with the staff and creates awareness and encourage them to reduce environmental impacts by reducing energy emissions, cutting water usage, recycling at work and at home.

## Communication on Progress

### Global Compact Principles – ANTI-CORRUPTION



- **BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY**

Becoming a signatory to the UN Global Compact VivaCell-MTS underlines its commitment of doing business in transparent and fair way, compliant to the international anticorruption laws and ethical norms of fair entrepreneurship.

VivaCell-MTS activities are emphasized with healthy and responsible approach towards business conduct for amelioration of social environment. “

Corruption is one of the highest concerns in the society nowadays. VivaCell-MTS pays a great attention to the corruption prevention and bribery in its business, generation of unlawful income by the employee for one’s self or for someone else or the use of official position for personal interests or insubordination.\* VivaCell-MTS will never allow its employees’ law violations, dishonesty or ethic norms destruction, participation at any illegal activity such as corruption, bribing, money laundry, burglary, etc.

For the purpose of mitigate risks on incompliance to the anticorruption legislation of VivaCell-MTS employees there exists an instruction “Anticorruption Legislation Compliance”.\*\*

VivaCell-MTS has set a raw of policies in terms of recruitment, warnings system in case of internal violations, fraud prevention policy, etc.

Fraud Prevention policy\*\*\* has been elaborated to ensure organization, centralization, and coordination of struggling against fraud.

The Company applies the following means to fight against fraud:

Monitoring of the fraud level;

Prevention and detection of fraud;

Investigation of the fraud cases;

Elimination of the weaknesses that led to occurrence of fraud

The issue of bringing the employee to responsibility for violations of the requirements of the given Policy is resolved compliant to the norms of the existing legislation.

All actions connected with the investigation of fraud are carried out without taking into consideration the position/rank of the fraudster, employment period in the Company and any other relations with the Company in compliance with the Policy.

There also exists a Process Regulation "Implementation of Official Investigations". \*\*\*\*

This process is aimed to achieve the following goals:

To establish unified investigation procedure for identification of events, conditions, and culpable persons in breach of requirements of acting criminal, civil, administrative and labor legislations of RA (by the part regarding the company and/or its employees operations), as well as Normative Documents of the company.

To determine and to prevent the reasons and conditions stimulating the breaches and causing material damage to the company.

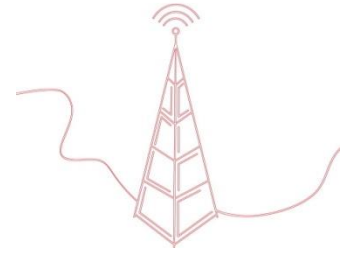
VivaCell-MTS as a corporate citizen and maintaining transparency and commitment to the society; closely cooperates with the mass media. Our company publicizes all the plans and activities to the public, is always in touch with the society. We organize press conferences, issue press releases and are always open and transparent to the public.

\* Policy «Disciplinary violations and Applied Sanctions » PL-ARM-003-2 (INT); Approved by Instruction №.389-i dated 04.10.2010

\*\* Instruction « Observance of the anticorruption legislation » PL-ARM-020-1

\*\*\* Policy «Fraud Prevention » PL-ARM-091-2; Instruction №290-i, dated 09.03.2010

\*\*\*\* Process Regulation «Implementation of Official Investigations» PR-ARM-053-1; Instruction No 032-i dated 19.09.2008



**HOW DO YOU INTEND TO MAKE THIS COP AVAILABLE TO YOUR  
STAKEHOLDERS?**

VivaCell-MTS being a transparent company publicizes all its activities as conducted.

Our COP will be found on UN Global Compact website.

Each year we are publishing CSR book describing all the activities done within the respective year.