



CORPORATE SOCIAL RESPONSIBILITY REPORT





Mr. Veysel Aral,
Chief Executive Officer
GSM Kazakhstan/Kcell

Dear colleagues and partners!

I am truly honored to present you the first Corporate Social Responsibility Report of GSM Kazakhstan/Kcell. It is a detailed document that contains information about the Company's social investments, projects, partners and future priorities.

Corporate Social Responsibility is not just a formal area of our Company's activity. It is a part of the corporate philosophy of Kcell. For the last 5 years the Company has invested over \$6 million in social projects. Every year more than 100 000 socially vulnerable people are covered by our projects including children, young and elderly people, disabled and orphans. For the purpose of consistency, our projects focus on several areas, such as education, sports, support for disabled persons and preservation of the national cultural heritage.

From this Report you can learn about the Company's projects that we are most proud of and for which we were repeatedly honored with awards and Certificates of Merit. While selecting a project to sponsor, the Company follows several fundamental principles, including:

- Transparency in decision-making and reporting on implemented projects;
- Efficient use of allocated funds and, as a result, improvement of society;
- Building a firm and solid reputation of both the Company and the recipients of assistance;
- Compliance with sustained development and social responsibility standards.

We believe that these principles help us realize the best projects that are really beneficial for the whole society and citizens of Kazakhstan.

As a Kazakhstani telecommunications company, we strive for promotion of the best and most interesting practice in the area of social responsibility through study of international experience and trends and close cooperation with experts in the area of social initiatives.

I hope that you will learn interesting facts from this Report, learn about each project in more details and make the most of it for yourselves.

We are always open for cooperation and welcome your ideas.



Our Mission

The Mission of GSM Kazakhstan/Kcell is to make cellular communication available to all people of Kazakhstan for the maximum benefit of our subscribers from our top quality services.

About the Company

GSM Kazakhstan/Kcell is a Kazakhstani cellular operator which provides mobile communication services in GSM-900/1800 standard.

GSM Kazakhstan/Kcell is a part of the biggest Scandinavian Telecommunication Holding "TeliaSonera", 49% of the Company is owned by Kazakhtelecom JSC.

GSM Kazakhstan was established in 1998; in February 1999 it started providing cellular communication services under the Kcell trade mark, in September of the same year the Activ cellular brand was introduced to the market.

To date, the Company's subscriber base includes more than 7 million consumers.

Since the very beginning, GSM Kazakhstan/Kcell has been a trend setter who sets the pace and trends of Kazakhstan's telecom market development. As a result of its robust efforts, the Company was the first to introduce GPRS/EDGE technologies to local market to offer millions of Kazakhstani people throughout the country the possibility to enjoy such services as Mobile Internet, WAP, and MMS. Now the Company is actively preparing for the implementation of third generation network - 3G to allow its subscribers to benefit from such services as broadband Mobile Internet, video calls and mobile TV.



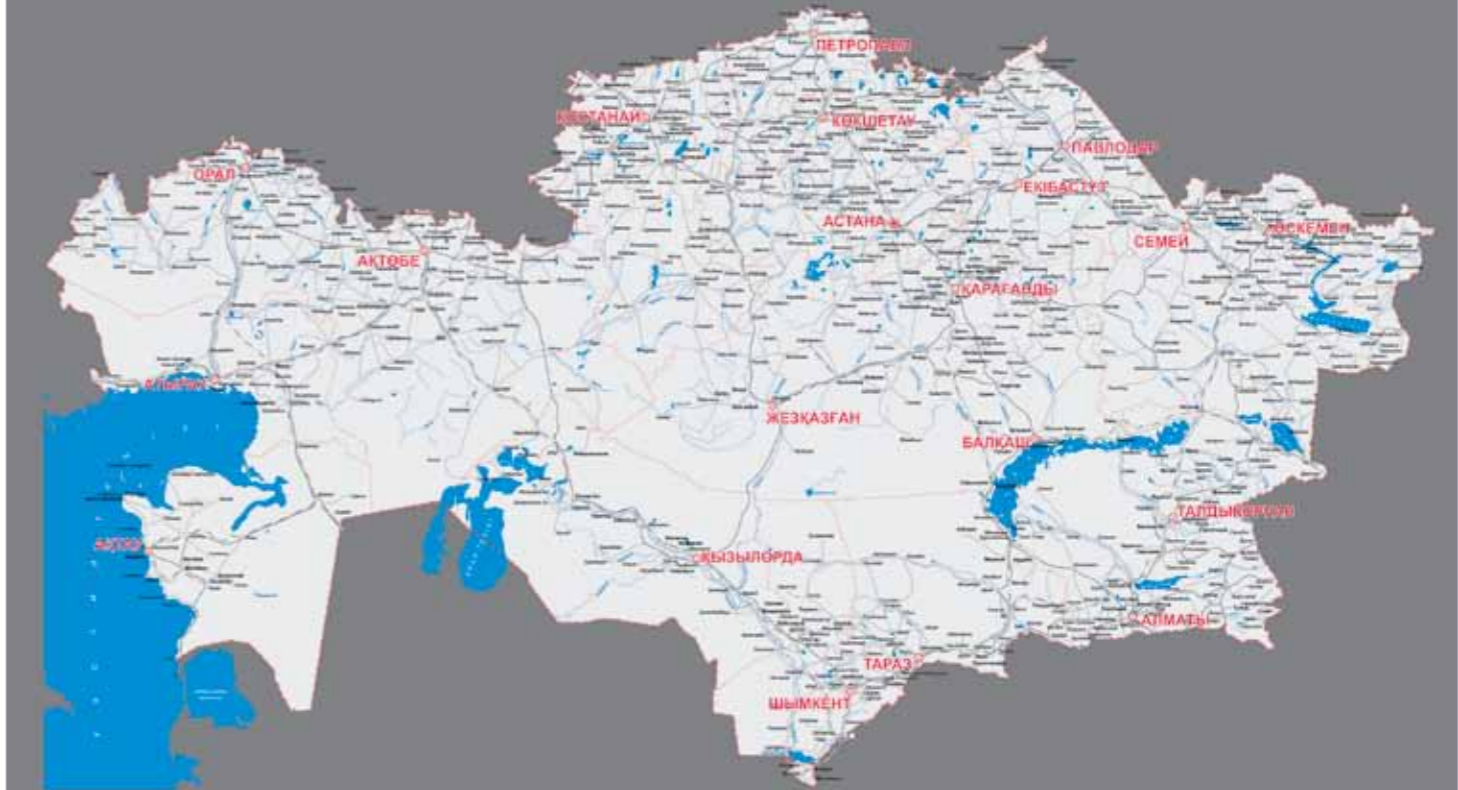
About the Company

110
100% 2499 11
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According to the 2009 performance results, the Company's network covers 2499 towns and settlements, including 100% of villages with population of 5000 people and over. Communication services under the Kcell and Activ brands are provided on the territory of residence of 81% of the RK population. International roaming is provided in 146 countries through the networks of 293 operators, GPRS-roaming is provided in 94 countries through the networks of 155 providers. Activ subscribers can roam in 76 countries via the networks of 110 operators.

Within 10 years of operations in the cellular communication market the GSM Kazakhstan/Kcell has been steadily implementing the principles of socially responsible business.

The Company believes that being socially responsible means contribution to the development and improvement of social processes, creation of a role model of the socially responsible business in Kazakhstan. Each year GSM Kazakhstan implements about 40 social programs, with overall social investments for the last 5 years exceeding USD 6 million.



Company values and standards of corporate social responsibility (CSR)

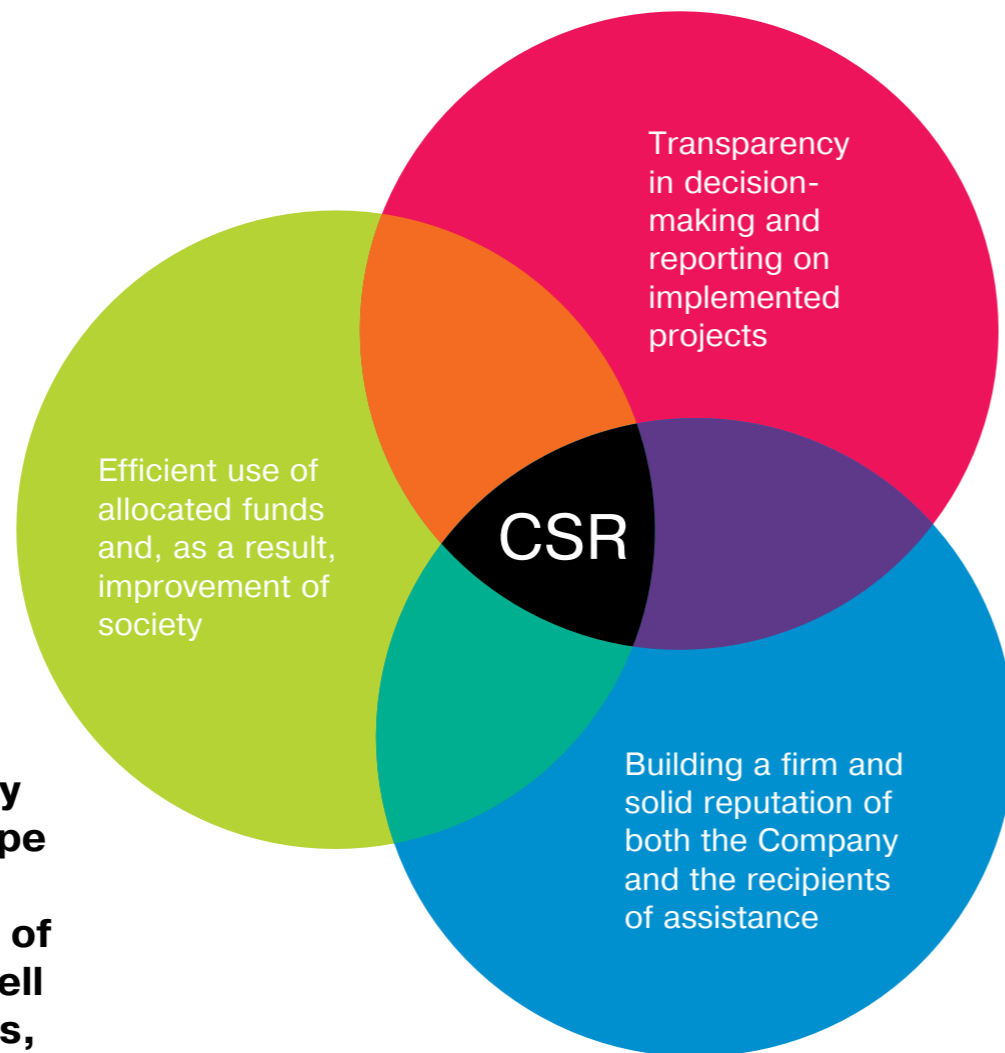
Kcell is not only a business entity of modern Kazakhstan, but also a competent and active participant of its social and cultural life. We strive to improve the living standards of our employees and their families, as well as of our clients and people throughout Kazakhstan.



Social projects are the integral part of the Company's mission and development strategy.

In 2007 GSM Kazakhstan/Kcell was the first among the cellular operators of Kazakhstan to join the United Nations "Global Compact" Initiative that unites together 3800 major companies and businesses in 100 countries worldwide who follow and implement the same principles of business corporate social responsibility.

Main corporate social responsibility principles of GSM Kazakhstan/Kcell are:



In 2009 alone Kcell invested about \$1 million in the social projects. Every year more than 100 000 socially vulnerable people are covered by our projects including children, young and elderly people, disabled and orphans. **The priority areas within the scope of Corporate Social Responsibility (CSR) of GSM Kazakhstan/Kcell are education, sports, support for disabled persons and preservation of the national cultural heritage.**

Our Company is striving for compliance with the highest international standards of social responsibility through their implementation in its everyday activities.

Our Awards



2007

2007 – Internal Policy Department of Almaty city, Almaty Information&Resource Center, “Orleu” contest: “The Best Social Partner”.

2009

2009 – Award for the best business achievements from the American Chamber of Commerce “For Contribution to Social Development” in recognition of educational and sports programs intended for the youth of Kazakhstan.

2009

2009 – UNESCO certificate “GSM Kazakhstan/Kcell is the honorary partner of UNESCO”.

2009

2009 – Assyl Alma Award – nomination “For contribution to protection of employees’ health”

Major social responsibility projects

“Education is becoming our priority line within the Corporate Social Responsibility”.

Mr. Veysel Aral, Chief Executive Officer GSM Kazakhstan/Kcell

Kcell Academy

Education is one of the key lines within the Corporate Social Responsibility of our Company. We pay special attention to this segment by supporting students’ initiatives and maintaining partner relations with Kazakh-British Technical University (Almaty), K.I. Satpayev Kazakh National Technical University, Suleiman Demirel University, Zhetysu State University named after I. Zhansugurov (Taldykorgan). Within the framework of close cooperation with prominent national universities, Kcell familiarizes students, post graduates and professors with the latest achievements in the telecommunications area and its new products. This activity is generally aimed at overall improvement of quality of education in Kazakhstan.

Within the scope of the Company’s educational projects the following activities are organized for students: international scientific conferences, seminars, debates, intellectual game championships, contests among the student PR-projects.

We are confident that by contributing to the development of intellectual potential of young people, we contribute to successful innovative development of our country.

Kcell Academy



The Company in cooperation with Microsoft Kazakhstan is implementing the long-term “Microsoft-Activ” project intended for the students of technical universities. Educational seminars are conducted within the scope of this project for both students and the faculty of the universities. The purpose of those seminars is to transfer applied and practical knowledge on modern IT and telecommunication technologies and solutions to Kazakhstani students and professors. We are confident that this training concept will let the students learn more about the state-of-the-art information and mobile communication technologies, help them meet today’s requirements of the innovative industry, and will contribute to their professional growth and development.

In 2009 the educational seminars under the “Microsoft – Activ” project were conducted at the universities in major cities of Kazakhstan: Almaty, Shymkent and Karaganda.

Kcell Business School



Kcell believes that one of the important factors of successful business is development of the skills and professional growth of its employees. The “Kcell Business School” was aimed to specifically cater for these needs. Trainings provided in our business school are conducted by both guest professional instructors and internal trainers (the Company employees) who have sufficient experience and knowledge and were certified to be trainers.

Training of the Company employees is conducted in accordance with the established and approved individual development plans. Besides, within this project the employees are able to get additional trainings that are not stipulated by their individual development plans.

In the future, the scope of Kcell Business School will be significantly expanded.

Support for Culture

“We are proud that you have put your confidence in us and strive to contribute to support and preservation of the national cultural heritage”.

Mr. Veysel Aral, Chief Executive Officer of GSM Kazakhstan/Kcell

The Book of Kazakh Fairy Tales

This project was launched by GSM Kazakhstan/Kcell in 2005, within the frame of cooperation with two largest children theaters. Thanks to this project all junior school children, including children from orphanages and boarding schools of Almaty were able to attend the best theater performances. The second phase included the staging of the “Tazsha Bala” play after the Kazakh folktales that was performed at the Kazakh Children Theater named after G. Musrepov. This project was finalized with the publication of the Book of Kazakh Fairy Tales in three languages: Kazakh, Russian and English. While reading this book the young readers can get to know about the national cultural heritage and use it as a practical aid in studying foreign languages. All pictures in there are made in the original style by the prominent graphic artists of Kazakhstan.

This unique publication was issued in 2900 copies and donated to 42 libraries of regional orphanages, boarding schools and shelters as well as regional and national children libraries. In Almaty 650 books were distributed among 5 educational institutions and the National Children Library named after Begalin.

Sonar Falconry Contest

In the attempt to revive ancient customs and traditions of Kazakh people, GSM Kazakhstan/Kcell for six years now has been supporting the Association of National Sports of the Republic of Kazakhstan and Kyran Social Fund in the arrangement and conducting of the Sonar Falconry Contest.

Every year this contest enhances the prestige of the ancient Kazakh tradition – falconry. The number of the contest participants increases every year and more than 40 professional berkutchi (hunters) from Akmola, Karaganda, Zhambyl, South Kazakhstan, North Kazakhstan, Atyrau, Almaty, East Kazakhstan regions, cities of Astana and Almaty, as well as from Kyrgyzstan participate in the contest. In the course of the contest the experienced berkutchi demonstrate some techniques of intercommunication and domestication of falcons. It is remarkable that both female and male berkutchi participate in the contest. According to the contest results, the most promising sportsmen get money gifts to master their skills.

The purpose of this entertaining contest is to promote ancient art of



training hunting birds and sport hunting, preservation of national cultural heritage, cultivation of love for nature among the younger generation and promotion of healthy lifestyle.

Passionate Hearts

It is no secret that today it is quite difficult for a beginner artist to make a name, therefore Kcell jointly with the Association of Business Women of Kazakhstan launched a project, dedicated to St. Valentine's Day. **The project was aimed to promote the fine arts of Kazakhstan and provide support for young talents.**

The Expert Council including prominent artists, gallery owners and art critics selected the participants – 12 young artists aged under 30. Following the traditions of St. Valentine's Day, the artists were offered to paint the miniatures of hearts made of gypsum. Original, audacious, bold and intrigue – such turned to be the hearts in hand of the project heroes. The paintings were later sold at the charitable auction that took place within the campaign frames.

This project supports young and talented artists in their search for and implementation of new original ideas and helps them promote modern fine arts in Kazakhstan.



Thinking about Future

“Through programs for youth community development we take care of the future of young Kazakhstanis”.

Nurlan Sargaskaev, Business Development Director of GSM Kazakhstan/Kcell

Activ Youth Bank



The Activ Youth Bank project is implemented by Eurasian Foundation of Central Asia (EFCA) with the financial support of GSM Kazakhstan/Kcell. The “Activ Youth Bank” project aims to involve youth in social life and improve their professional skills. This two-year pilot program has been launched in four regions of Kazakhstan: Kostanai, Taraz, Oral and Oskemen. The following activities are provided within this project: seminars and trainings on youth banks establishment and development, on leadership, on volunteer activity, on organization and finance management. Activ Youth Bank provides small grants to youth initiative groups as well as individuals on the basis of transparent rules and procedures. The organization undertakes full responsibility for the process of decision-making in relation to distribution of funds, starting with needs assessing of young people and decision-making process and ending with monitoring of the funded projects and financial reporting. 40 grants will be provided for the implementation of social initiatives. Participation in this project will give young people of Kazakhstan a valuable opportunity to demonstrate their creative, intellectual and organizational capacities and skills, and will serve as a good basis for building up one’s successful future career.

Eldani Social Fund



It is not only care, that people with disabilities need care, they also need to be recognized freemen. In many cases recognition of a person's ability to work can bring him/her back to normal life. This is why we do our best to help people with disabilities feel needed and in-demand. Our Company has been maintaining close cooperation with Eldani Social Fund since 2005. Activity of this Fund aims to protect civil rights and human interests, render financial and psychological support, smooth social adaptation and occupational rehabilitation of children and young people with ICP and other diseases of locomotor system. Eldani Social Fund is not merely receiving assistance from Kcell: it became the Company's partner in production of the corporate souvenirs. The main activity of the Fund is to help people with disabilities earn for a decent life on their own. They make corporate souvenirs, such as batik and items made of clay, not only for our Company but for Halyk Bank Kazakhstan, Kazakhinstrakh Insurance Company, Nayada Company, and Akimat of the Almaty city as well. Thus our Company provides 18 persons with disabilities with permanent employment and stable income. Besides, Eldani Social Fund, with the support of Kcell and Department of Employment and Social Programs, established a free Psychological Rehabilitation and Social Adaptation Center for children and youth with special needs.

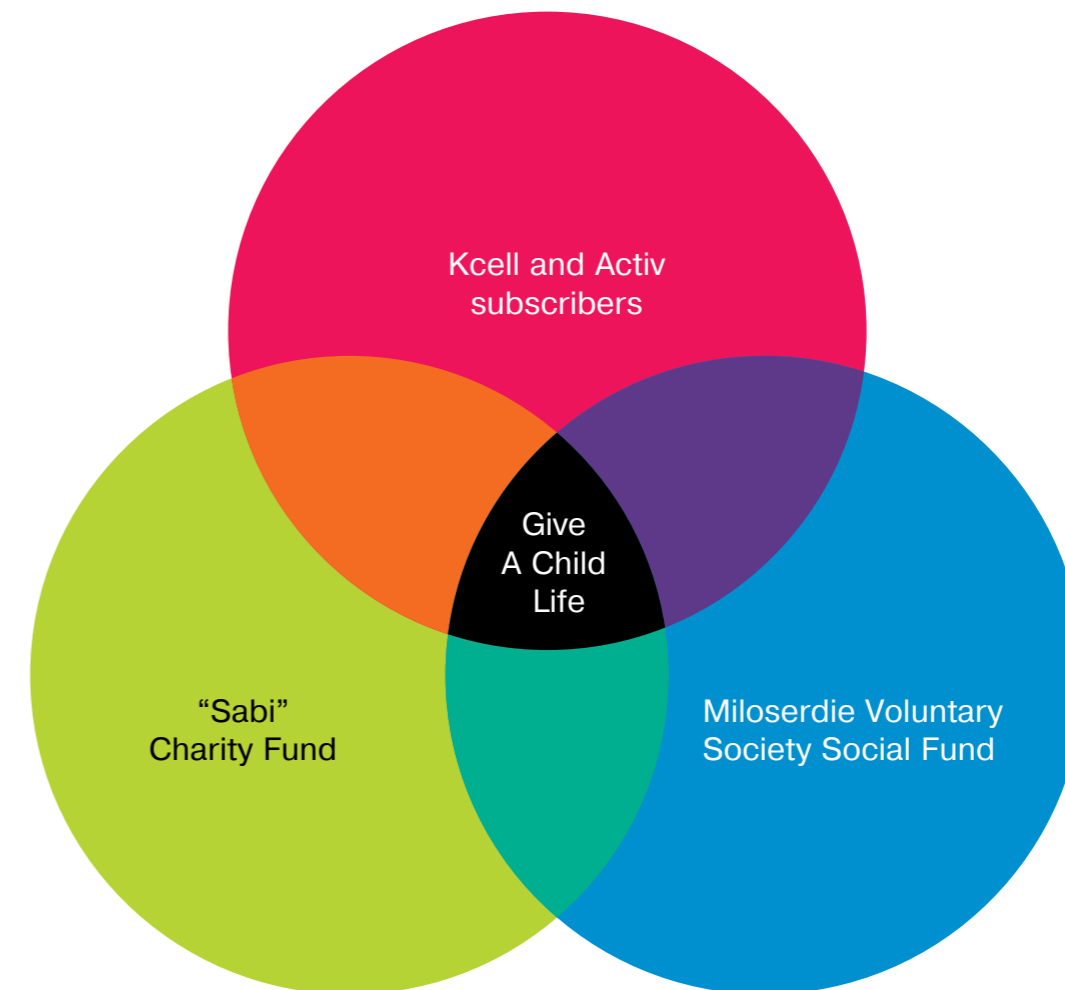
Boarding School # 17



The all-round support to the younger generation is one of the key priorities of Kcell's corporate social responsibility efforts. Within five years our Company has been actively supporting Kazakh Boarding School #17 in Almaty and its students from dysfunctional and low-income families, and children who have no parents. Kcell is not merely a sponsor for them on different holidays our employees visit children, deprived of parental care and attention. Our employees arrange special holidays for those children, bring presents and arrange unusual guests, and that is much more important and valuable than standard material aid. Besides, Kcell provides the Internet access services to Almaty city Boarding School #17 to ensure adequate level of teaching activities.

Kcell and Activ subscribers help saving children's lives

There is nothing in the world more valuable than a human being's life. We therefore could not keep out of the charitable campaign initiated by Miloserdie Voluntary Society Social Fund (DOM) and Sabi Charity Fund. The unique social project "Give A Child Life" is the first charity SMS-campaign in Kazakhstan. The Project objective is to collect funds for children's treatment and necessary surgeries that can not be performed in our country. This campaign was launched in February 2007. As of today more than 10 business entities of Kazakhstan have joined this project. On the web-site of Social Fund "DOM", www.detdom.kz, one can see the information about donations; pictures and documents of children who need treatment and for whom the collected funds will be spent, as well as the list of sponsor companies.



Based on the 2009 performance results within the scope of the "Give A Child Life" project, assistance was provided to 168 little Kazakhstanis from all over the country. Total amount of funds donated by all project participants and spent for surgeries amounted to something close to \$1 million. We greatly appreciate assistance of our clients, Kcell and Activ subscribers, who never stay indifferent and continue to take an active part in the campaign. Thanks to their text messages only, the amount of about \$100 000 is collected yearly to be spent to save the lives of children who suffer from serious diseases.

Activ School Children Paintings Contest

Astana Kokshetau
Yekibastuz Karaganda
Kostanai Petropavlovsk
Oskemen Oral
 Aktobe
Taraz Шымкент
Atyrau Semei Pavlodar

Kcell contributes to the development of creativity in young Kazakhstanis because children are the future of the country. Art is one of the best ways through which a child can express his/her feelings, experience and emotions. The Republican contest of children paintings "Activ School" that covered school children from regional centers of the country, found an echo in many children's hearts.

Within this contest, school children from 15 cities – Astana, Karaganda, Kokshetau, Kostanai, Petropavlovsk, Oskemen, Semei, Pavlodar, Yekibastuz, Oral, Atyrau, Aktau, Aktobe, Taraz and Shymkent – were able to demonstrate



their bright creativity and imagination and tell through their paintings about their schools, teachers and school friends. Each of the young project participants received a memorable certificate from GSM Kazakhstan/Kcell, and winners in each of the three age categories (aged 7-8; 9-10 and 11-13) were awarded diplomas and valuable gifts.

The best paintings within this project are placed at www.activ.kz.

Free Legal Consultations

The National League of Consumers of Kazakhstan (NLCK) and GSM Kazakhstan/Kcell have successfully implemented the joint project on providing through specially allotted telephone lines, free legal consultations to the consumers of Kazakhstan. We support project this project because we are confident that legal advice will allow our consumers contribute to the improvement of quality of locally produced goods and services. It is also assists Kazakhstan businesses



to raise the level of customer service quality. One of the main objectives of the project is to provide more people with high quality legal consultations. Besides, it is aimed to contribute to the development of consumer loyalty, support active citizens and promote public control. Within this project, GSM Kazakhstan/Kcell funded the work of highly qualified lawyers, who were providing consultations and advice over-the-phone. The answers to the most frequently asked questions can be found at the web-site of NLCK www.potrebitel.kz.

