
Description of Management Practices and Policies in Fintur Holdings B.V.

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Disclaimer

Fintur, Fintur group and Fintur Holdings refer to the companies which are partly or wholly owned and/or managed by Fintur Holdings B.V., each of which is a separate and independent legal entity.

Statements made in this document are made by Fintur Holdings B.V. to give a fair description and overview of the Management Practices and Policies applied by Fintur Holdings B.V. but are not to be understood as any form of guaranty, commitment or promise on behalf of its shareholders. Any statements presented in the document may be altered, amended and withdrawn by any of the Fintur companies at any time without any prior notice.

Statements made in this document relating to future status or circumstances, including future performance and other trend projections are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of Fintur Holdings B.V and/or its shareholders.

If any part of this document conflicts with the applicable law, the law will prevail.

1 General Background

1.1 Fintur Holdings B.V.

Fintur Holdings B.V. (“Fintur” or the “Company”) is a Company based in Rotterdam, the Netherlands. Company’s primary activity is the participation and investment in, and management of, various businesses in the telecommunications, high technology and media sectors. During year 2000, Fintur acquired major shareholdings in companies primarily located in Turkey, Central Asia, the Caucasus and Eastern European countries.

Fintur formerly had three primary shareholders, the Çukurova Holding A.Ş. and its subsidiaries Yapı ve Kredi Bankası A.Ş., Çukurova Investments N.V. and Yapı Kredi Holding B.V. (the “Çukurova Group”), Turkcell İletişim Hizmetleri A.Ş. (“Turkcell”) and Sonera Holding B.V. (“Sonera”). Fintur had a majority ownership in GSM companies which were based in Eurasia (Azerbaijan, Kazakhstan, Georgia and Moldova). Fintur also owned 100 percent Fintur Technologies BV which had participation in Digital TV, Multimedia, Internet Services Provider (“ISP”), Public Switched Telephone Network (“PSTN”) and Data transmission companies mainly established in Turkey.

On 21 August 2002, Fintur sold Fintur Technologies BV, and the holdings of Sonera and Turkcell in Fintur (i.e. the remaining international GSM business) increased to 58.55 percent and 41.45 percent, respectively and the Çukurova Group’s interest was eliminated.

In July 2007, Fintur was entrusted the Management of TeliaSonera’s companies acquired through the “MCT deal”, and in September 2008 – with the management of TeliaSonera’s companies acquired through the partnership with Visor Group.

The operational companies within the Fintur scope are:

- Azercell Telekom B.M. of Azerbaijan (“Azercell”)
- Geocell LLC of Georgia (“Geocell”)
- GSM Kazakhstan LLP OAO Kazakhtelecom of Kazakhstan (“Kcell”)
- I.M. Moldcell S.A. of Moldova (“Moldcell”)
- COSCOM LLC of Uzbekistan (“Coscom”)
- Indigo Tadjikistan, Tajik closed joint stock company (“Indigo”)
- ZAO Somoncom, Tajik closed joint stock company (“Somoncom”)
- Spice Nepal Private Ltd. of Nepal (“Spice Nepal”)
- Applifone Co.Ltd. of Cambodia (“Applifone”)

Fintur effectively has 51% percent share in Azercell Telekom B.M. (“Azercell”). Azercell is a mobile communication services provider and operates in accordance with a non-exclusive GSM licence agreement signed with the Ministry of Communication of the Azerbaijan Republic in December 1996 which allows operation throughout Azerbaijan for a twenty-year period. Azercell has a 51 percent share in Azeronline Ltd. (“Azeronline”), an Internet Service Provider.

Gürtel has an 97.5 percent share in Geocell LLC (“Geocell”). Geocell is a cellular phone carrier, which operates in accordance with a non-exclusive GSM license agreement signed with the Ministry of Communications of the Republic of Georgia in April 1997, which allows for operation throughout Georgia for a twenty year period.

Kcell was formed to design, construct and operate a mobile telecommunications network in Kazakhstan. Kcell obtained a non-exclusive general license in June 1998 for 15 years to provide mobile communication services in accordance with GSM Standards.

Moldcell was established to operate as one of the two GSM operators in the Republic of Moldova in 1999. Moldcell was licensed by the Ministry of Transport and Communications in November 1999 to provide both voice and data services over its mobile network for a period of 15 years.

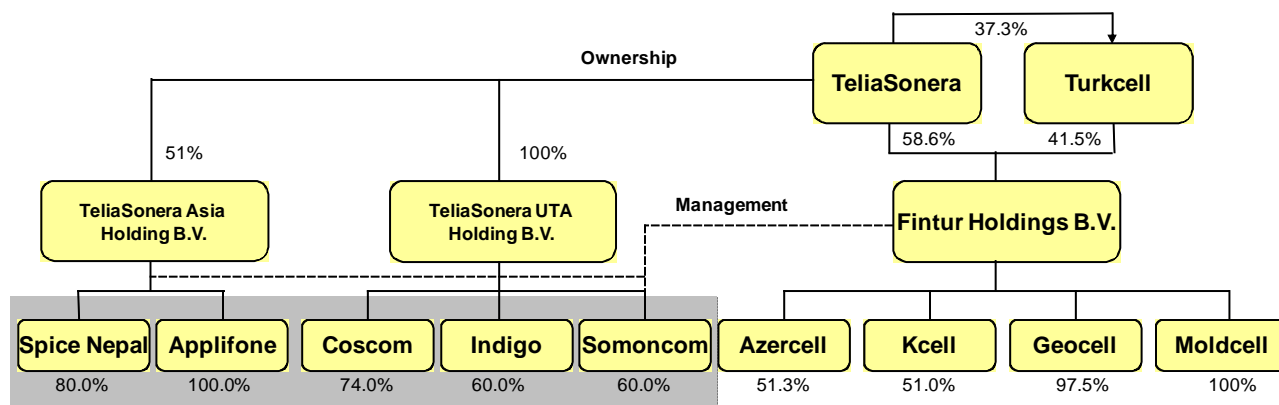
In addition to its subsidiaries, Fintur Holdings B.V. is responsible for managing TeliaSonera's assets in Tajikistan (Somoncom and Indigo), Uzbekistan (Coscom), Nepal (Spice Nepal) and Cambodia (Applifone).

TeliaSonera owns a 60% stake in each of the operators in Tajikistan, and a 74% stake in Coscom, Uzbekistan, directly and indirectly via TeliaSonera UTA Holding B.V.

TeliaSonera owns an 80% stake in Spice Nepal and a 100% stake in Applifone, Cambodia, indirectly through TeliaSonera Asia Holding B.V. which is a partnership between TeliaSonera (51%) and Kazakhstan based Visor Group (49%).

All Fintur rules and policies described in the present document apply to these companies as well.

Fintur ownership and management structure:



1.2 Critical Issues

1.2.1 Business climate

Business climate in Fintur countries is rapidly changing and developing in a positive direction. Kazakhstan is seeking to become a WTO member. Azerbaijan has increasing foreign direct investment coming into the country and has a world-record high GDP growth rate (at the moment more than 20 percent p.a). Georgia is developing its laws and regulations at a fast rate. Moldova

celebrated the 7th year anniversary of WTO membership in July 2008 and is moving closer to European practices in many areas. On 25 February 2005 the Government of Moldova and EU signed a three year Action Plan "Moldova-EU". Its main target is integration of Moldova into the European economic and social structures, consolidation of democratic institutes, harmonization of legal framework with best European practices, development of infrastructure and creation of premises for further economic development.

From the Fintur perspective, the main factors impacting the business climate are transparency and up-to-date laws and regulations (including a level playing field for all participants in a given industry), infrastructure in the countries, the possibility of profit expatriation and last but not least the ability to operate according to the Fintur Policies and Management Practices.

Laws and regulations are still in the development phase in the CIS countries (Commonwealth of Independent States, former Soviet Republics). From time to time, this creates problems and confusion within the business community, but this is not a risk without mitigating circumstances. First of all, the governments grant foreign investors quite extensive protection clauses against the changing legislation (for example, in Azerbaijan foreign investors enjoy a 10 year moratorium against unfavourable changes in the laws and regulations, excluding tax laws). In addition, there is an increasing amount of international oversight in the development of the legal framework in CIS; i.e. Kazakhstan is applying for the WTO membership and going through exhaustive negotiations and reviews. Nowadays, the governments in the Fintur countries, to a large extent realize that the prerequisite for foreign direct investment is stable and predictable legal and fiscal environments.

Underdeveloped infrastructure is one major factor hampering the economic growth in the CIS countries, as well as in Nepal and Cambodia. For example the old fixed line telecommunications infrastructure in the CIS is poorly developed and suffers from under-investment. Fintur has been one of the major contributors in the region in developing a modern and efficient infrastructure within the reach of almost all the citizens. The same is valid for the many foreign construction companies operating in the CIS. The main insight is that foreign investors are impacting the business climate by their own actions: not only through providing vital financial resources and expertise, but also by setting good examples and providing needed services to the population as a whole. The success of foreign companies is also an important factor for attracting additional foreign direct investments.

Profit expatriation has not been a problem in Fintur countries and there exists a transparent and well functioning regulation for dividend payments abroad. Fintur has not faced any problems in getting the dividends out of the country.

1.2.2 Political impact & government interests

In Eurasia, Western companies and telecom companies in particular, are in many cases as important to the governments as the governments are to the companies. Fintur companies are among the biggest tax payers, they provide important infrastructure and invest to expand and maintain it. They are contributors to competence development, and serve as good example for how companies should be operated and governed, and their success is proof to others that the business environment is functioning. Moreover, the companies provide work and livelihood directly and indirectly for thousands of people. In other words there is a mutual inter-dependency.

As part of TeliaSonera Group, the Fintur companies do not accept any form of bribery or other unethical behavior. Corruption remains a problem and is still an obstacle to the development of many of the countries in the region. Fintur is, however, not the only foreign investor in these

countries with a “no to corruption” stance. There are other western companies who share the same thinking and are also subject to the same regulations. This helps to develop the business climate and of course sets an example in the countries.

Until February 2008, Fintur had the National government as a direct co-owner in Azerbaijan (Minister of Communications with a 35.7 percent share of Azercell) and it still has the State of the Republic of Kazakhstan as an indirect partner, where government owns 51 percent of Kazakhtelecom who in turn is a minority shareholder in K’Cell (with a 49 percent stake). However, it should be noted that Kazakhtelecom is a listed company with large institutional investors amongst its shareholders. In Georgia, Uzbekistan, Tajikistan, Nepal and Cambodia there is no direct or indirect shareholding by the government or related entities, and Moldcell is 100 percent owned by Fintur.

Authorities, like in any country, from time to time put pressure on the operations on various matters. The most common example is the pressure from government agencies and entities to reduce the tariffs. Another typical example would be the pressure related to the interconnection contracts signed between the telecommunication players in the market. A third example would be the claims that Fintur companies have major market shares and are therefore too dominant. There are two things to note about such pressures: (i) the pressure is usually exerted on all the players in the market (with the exception of the third example) and (ii) Telecommunications infrastructure/networks and Telecommunications services are key to a countries development (whether, economical, social or political) and therefore also considered as a strategic industry by all governments in the world. Most countries still impose a universal service obligation (USO) on telecom providers and the removal of such an obligation is often a highly political issue.

Due to the nature of the mobile operator business, Fintur companies are dependent on the government authorities or agencies in many ways. Examples are: frequency allocation decisions (both GSM and radio link frequencies), site approvals, fair tax audits of the companies etc. In many cases, the government stance on a matter is business critical and can have direct financial impact on the company. This issue is further aggravated by the grey areas in legislation, which undoubtedly still exist in the CIS countries. Fintur has tackled the aforementioned issues by actively participating in developing modern and transparent telecommunication laws and regulations. Three examples are Georgia, Azerbaijan and Moldova. Georgia has developed its telecommunication regulation at a fast pace towards EU standards and Geocell has supported this process all along. In Azerbaijan, a telecom de-regulation was achieved in August 2005 and Azercell actively participated with its considerations on the new law. In addition, Fintur attempts to influence the outcome of important decisions by traditional means (lobbying, sharing our experience and opinions with the regulators). The "Moldova - EU" Action Plan involves a commitment to converge the laws and regulations of Moldova towards European practices. This process also includes the amendment of the telecom legislation.

An often posed question is whether politicians can use western companies to achieve political goals (such as sidelining the opposition). In the operator industry two examples can be envisaged: (i) due to the political pressure, the phones of the opposition members could be tapped or (ii) the network is used to send politically motivated messages to the subscribers. Fintur has a strict policy and practice to always act according to the laws and regulations of the country and to always stay politically independent and not let anybody illegally use the companies’ assets for achieving political ends. Fintur is not affiliated with any ruler or political party in any of the countries.

1.2.3 Corruption

The countries of the region where Fintur operates have often been accused of having endemic corruption problems. Fintur is aware of this and has taken measures to fight corruption and to secure that the Fintur companies are not involved in corrupt activities. In accordance with policies Fintur has created an internal control environment whereby the top managers are personally responsible for following the key Fintur policies and procedures. Fintur companies may not engage in any corruption activities, and all transactions have to be transparent. This message has been communicated to all employees within the group.

The follow-up procedure of the non-corruption policies is described in the policy section of this document (chapter 2.2).

Fintur companies follow the local laws and regulations. No deviations from this principle are tolerated. It is also important to remember that the reputation of any company is a crucial factor for success. If a company has developed an honest reputation, meaning that under no circumstances will it pay or accept a bribe or become involved in illegal activities, the business community will understand that it is pointless to try to bribe our employees or companies. Fintur companies have actively promoted the message that we adhere to western standards and business ethics and it has been assessed that Fintur has achieved a reputation for being a non-corrupt organisation. The successful operation and impeccable management of the Fintur companies for the past decade speaks for it and is pride for both the companies and their employees.

Companies also face a risk of internal fraud. This is a problem in any country, but young companies, or companies that have recently joined the group, where Fintur routines and procedures are not fully established and/or implemented are especially vulnerable to internal fraud (and other types of corrupt activity). Here the most crucial part is the internal control environment (described in chapter 3.4) and attitudes promoted by senior management. Fintur detects cases of fraud from time to time and takes immediate action, improves the processes if needed and reports any exposed irregularities to the shareholders. The consequences for those involved will vary depending on the irregularity indulged in, but can in the worst case result in dismissal and legal percussion.

See Section 2 for Fintur's policies.

1.2.4 Organized crime

Organized crime may be encountered in Fintur countries. Fintur has faced organized crime mainly in the roaming fraud cases. Roaming fraud is an industry-wide problem and Fintur has taken all possible measures to prevent it from happening in the future.

1.2.5 Environmental issues

The mobile operator business does not create major environmental hazards according to the best knowledge available to date, and Fintur has taken the necessary steps to bring this knowledge to the public. All the sites, towers and other network equipment are installed and used according to international norms and local legislation. Fintur follows and complies with the industry standards and uses only certified equipment.

1.2.6 Code of conduct in extraordinary circumstances

Extraordinary circumstances could and will arise, such as riots, military actions or natural disasters which warrant further discussion. Fintur countries have seen some rioting and military operations, but in such cases Fintur does not take sides and does not get involved in the conflict in any manner. Our task is to provide an infrastructure and a service, not to indulge in politics. Our guiding principle is to provide our services to the end-users and to always follow the laws and regulations.

Mobile phones and networks can save lives during natural disasters and Fintur has invested significant amounts of money to ensure that the networks will have redundancy systems that can take over in case the primary network equipment is disabled in any way.

1.3 Corporate Social Responsibility

In parallel with Fintur Holdings' core values and operational principles, all Fintur ventures actively participate in public life of the countries in which they operate making valuable contribution to the social and economic development of the country. Operators have an established tradition to care for low-income citizens and for those in need of social care, to support children and youth in order to develop their educational background and elevate a whole new generation of GSM users. Charity activities, organization of scientific-practical conferences, sponsorship support of Arts and culture in various forms are all essential aspects of an operators' activities, as well as support of programs initiated by governments to implement countries' development strategies.

Examples of projects initiated and supported by Fintur group:

- Sport tournaments and championships
- Educational projects, scientific conferences
- Exhibitions
- Children arts and science competitions
- Concerts
- Theatre performances
- Journalistic projects and Awards
- Major repairs of children houses and rehabilitation centres
- Providing pupils with school accessories
- Reconstruction of parks, boulevards, architectural monuments
- Festivals
- Social and psychological support to street children
- Social and psychological support for people from "Old people's home"
- Support of subscribers with free communication minutes during natural disasters
- Humanitarian aid collection for those suffered from natural disasters or military actions

1.4 Fintur Management Structure

Fintur is governed by its Board of Directors which consists of 5 members (3 from TeliaSonera and 2 from Turkcell). Fintur's governance is based on Charter, Shareholders' Agreement and Fintur Management Regulations agreed and signed by both of its shareholders during and following the restructuring in 2002 and on Dutch laws and regulations since Fintur is registered in The Netherlands. Defined decisions such as business-plan approval, new major investments and divestments require the approval of both TeliaSonera and Turkcell. It requires two Board Members (one from TeliaSonera and one from Turkcell) to represent the Company. Current Board Members are:

- Tero Kivisaari, Chairman of Board of Directors, President of TeliaSonera Eurasia Business Area, CEO of Fintur Holdings B.V.
- Esko Rytönen, Director, Vice-President of TeliaSonera Eurasia Business Area
- Aimo Eloholma, Director, Head of International Business Support of TeliaSonera Eurasia Business Area
- Mehmet Emin Karamahmet, Director, Chairman of Board of Directors of Turkcell
- Muzaffer Akpınar, Director

Fintur Board of Directors meets regularly (monthly) to review the financial and operational results, discuss, take action and resolve important issues related to each operational company.

In addition, Fintur Audit Committee which meets quarterly to review financial issues of the Group according to its charter approved by Board of Directors. The current members are:

- Esko Rytönen, Chairman of Audit Committee
- Muzaffer Akpınar
- Tero Kivisaari

Fintur CEO and CFO are nominated and assigned by the Board of Directors and COO and CTO is nominated by the CEO. Currently the Fintur officers are:

- Tero Kivisaari, President, TeliaSonera Eurasia Business Area and CEO of Fintur Holdings B.V.
- Pietari Kivikko, CFO
- Halim Ates, Fintur COO
- Jouko Rosenberg, CTO

Fintur Management team consists of Fintur officers, CEOs of the subsidiaries and CEOs of the companies under Fintur's management. It meets regularly to discuss major operational issues. Currently (September 2008), the management team members are:

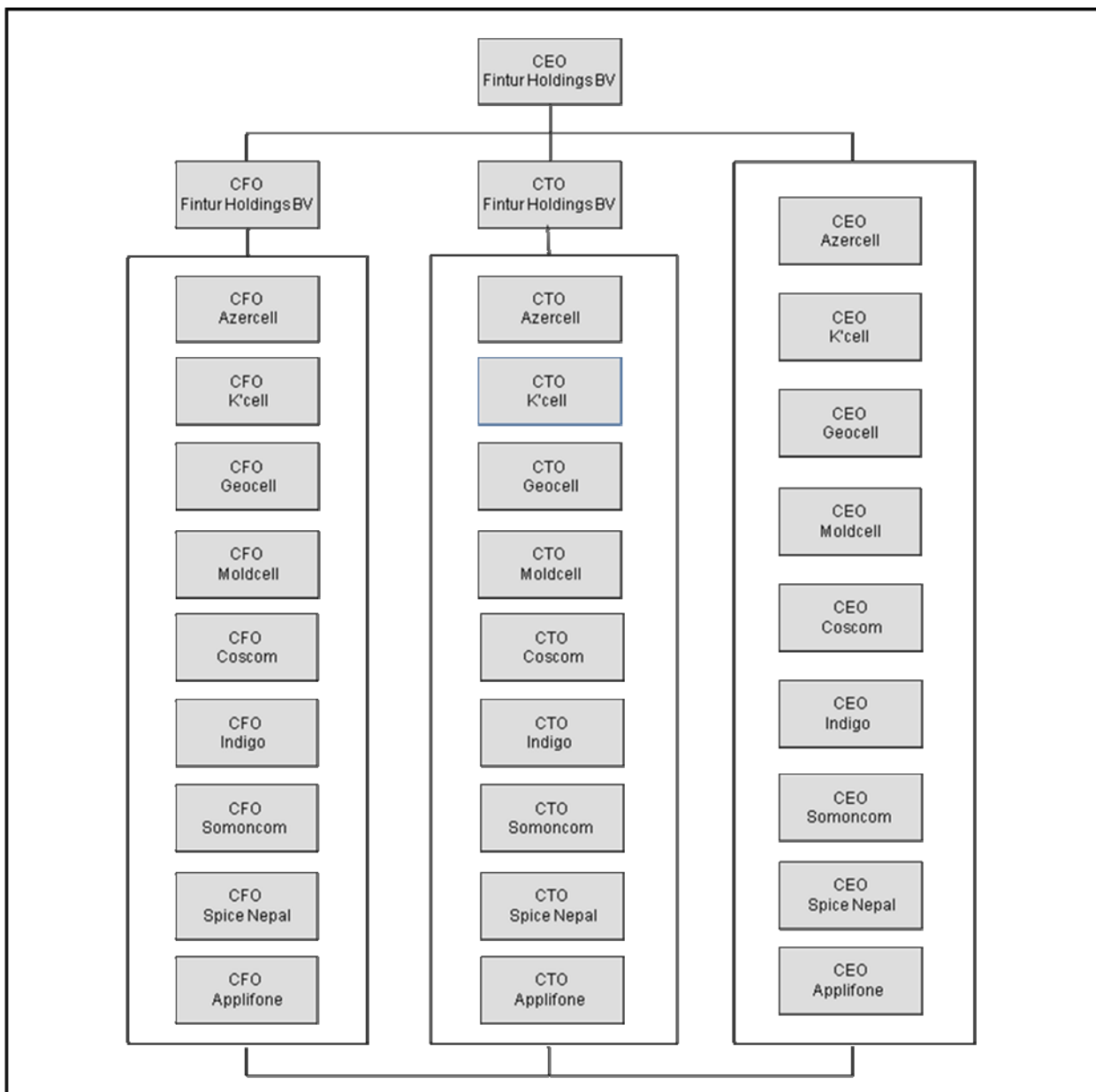
- Tero Kivisaari, Fintur CEO
- Pietari Kivikko, Fintur CFO
- Jouko Rosenberg, Fintur CTO
- Halim Ates, Fintur COO, Azercell CEO
- Veysel Aral, GSM Kazakhstan / K'cell CEO
- Osman Turan, Geocell CEO
- Chiril Gaburici, Moldcell CEO
- Oguz Memigüven, Coscom CEO
- Bahriiddin Najmudinov, Indigo CEO

- Mamajon Khamidov, Somoncom CEO
- Dilip Singh, Spice Nepal CEO
- Damir Karassayev, Applifone CEO

Fintur controls majority of the shares in all of its subsidiaries and has the management control in every operation. On behalf of Fintur Board of Directors, Fintur CEO is assigned to manage the operations. Fintur COO is responsible for all commercial issues and the coordination of group level projects (CRM, HR etc.) Fintur headquarter has also a Finance department headed by Fintur Group CFO whose main responsibility is financial and business control, treasury and funding, and risk management. The Chief Technical Officer of Fintur is responsible for ICT activities in the group companies. CTO is also responsible for carrying out extensive price-benchmarking when major vendor negotiations are conducted. CEO and CFO are authorized to approve transactions up to a certain amount, if it is in the budget, and 25 percent of this sum out of budget.

Fintur has established a matrix structure in order to control closely and efficiently the subsidiaries and operations under Fintur's management. All of the CEOs report to the Fintur CEO (and to their local boards/partner's meetings). Similarly, all of CFOs and CTOs have double reporting lines. CEOs are required to receive Fintur CEO's approval when financially committing the company to more than a certain amount if it is in the budget and to 25 percent of this sum out of budget.

Fintur Reporting Lines



In addition to TeliaSonera and Fintur policies and practices, Fintur subsidiaries and other companies under Fintur’s management are obliged to follow local regulations. Kcell, Geocell, Coscom, Spice Nepal and Applifone were established in the form of limited liability partnership where the ultimate decision making power is vested in the partners by means of a partners meeting where Fintur is represented by its CEO and CFO. The Partner’s meetings convene quarterly or at least bi-annually. The typical agenda items include approval of previous year’s financials, next year’s business plans and overall strategy and business development of the company. In Kcell a local partner’s approval is needed for decisions such as approval of financials and business plans (including the aforementioned topics). In Geocell partners’ rights are more limited. Other operating companies Azercell, Moldcell, Indigo and Somoncom are joint stock entities which are governed by a Board of Directors.

Fintur Policies

1.5 Description

Fintur policies are in line with, relate to and complement the TeliaSonera policies. Fintur has company-wide policies. The aim of these policies is to introduce a standard way of working in all operations, and to ensure that all companies share the same core values. The core values constitute a framework in order to guide the operations by supporting the vision, mission and strategies of the companies, and foremost, to support the every day operations of the companies.

Fintur Holdings B.V. reserves the right to interpret, supplement, suspend, cancel or dispute with or without notice all or any part of Fintur policies, procedures and benefits at any time.

1.6 Existing Policies

Common policies and procedures for Geocell, Azercell, Kcell, Moldcell, Coscom, Indigo, Somoncom, Spice Nepal and Applifone introduced by Fintur Holdings B.V. are:

1. Corporate HR approach and Policies
2. Fintur Holdings Code of Ethics and Conduct
 - Approach
 - Standards of Code
 - Customer Relations
3. Employee Services Policy
 - Reporting
 - Approvals
 - Standards to be used
4. Request for Approval Procedure
 - Responsibilities
 - Standard forms to be used
 - Application of procedures
5. Treasury Policy
 - Financing Activity
 - Cash Management
 - Risk Management
 - Operational Control
 - Company's Delegation / Authorization Rules
 - General Authorization / Delegation
 - Cash and bank payments
 - Bank accounts
 - Management of Financial risks
 - Liquidity and Funding
 - Foreign Exchange Risk
 - Counter Party Risk
 - Limits on liquidity investments
 - Options
 - Limits on counter party risk on sale credits
 - Management of Administrative risks
 - Payment and cash transaction procedures

- Segregation of duties
 - Collateral Policy
 - Equity Increases
- 6. Reporting Procedure
- 7. Benefit Policy
- 8. Vacation Policy
- 9. Purchasing Policy

1.6.1 Corporate HR Approach and Policies

Fintur Holdings Corporate HR Approach and Policies Document describes the core approach to human resources in Fintur Holdings.

HR professionals and management teams of Fintur Holdings understand the content of this document and communicate it effectively to all employees in such a way that each employee understands and complies with it, and apply it themselves.

Section 2.1.3 describes how Fintur's policies are implemented and followed-up.

Below some topics are highlighted which have been covered in the corporate HR policies. All the policies are approved and effective.

All employees are to be treated equally and with respect independent on their age, race, ethnic background, religion or belief, gender or disability. Recruitment and the terms of employment are to be characterised by fairness and reason.

Fair recruitment is defined through the recruitment process which avoids subjective evaluation. All steps of the recruitment process are fully documented to avoid misjudgements.

Fintur Holdings provides employees with a physical and psychosocial environment with the proper conditions for successful work, contributing to a balanced and healthy life. All laws, regulations and directives are applied fully, and the operations comply with government requirements in all affected countries.

Occupational health and well-being are seen as important conditions for inspiring and engaging employees for top performance. Based on the shared values, the ground is laid for good physical and mental health and a good social environment that contributes to a balanced and healthy life. Employees' dignity is protected in all activities.

Fintur Holdings strives to be a leader in the use of new technology for creating better work environments, more environmentally friendly applications, and greater freedom at the workplace.

Salary discrimination is forbidden. Salary structures are linked to grading systems which are to be the same in all JVs. An employee has the right to terminate employment at any time for any reason.

Fintur Holdings must conduct all business in compliance with the law. Observance of the law is a requirement for which there can be no exception; violations can lead to prosecution and/or disciplinary action up to and including dismissal. No employee will be permitted to justify an illegal act by claiming a superior ordered it. Nor can a superior or other employee avoid accountability by ignoring violation of the law.

1.6.2 Fintur Holdings Code of Ethics and Conduct

1.6.2.1 Approach

It is the policy of the Fintur Holdings that all the businesses of the companies be conducted according to the highest ethical, professional and legal standards. With this purpose in mind, Fintur Holdings developed the “Fintur Holdings Code of Ethics and Conduct (FHCEC). FHCEC is considered as a management tool for establishing and articulating the corporate values, responsibilities, obligations, and ethical ambitions of the Fintur Holdings organization and the way it functions. The FHCEC clearly sets out the ethical standards which the Fintur group will support and be guided by in the conduct of its business. At the same time it provides guidelines to Fintur group employees on how to handle situations which pose a dilemma between alternative correct courses of action, or when faced with pressure to consider what is right or wrong. It also determines the responsibilities of our holding’s functions and business units in supporting those principles.

The Code applies to all employees of Fintur group regardless of function, grade or standing. Fintur group expects equivalent standards of conduct from all persons acting on its behalf. All officers, executives and managers of the Fintur group are expected to be a role model for all employees by exhibiting corporate values and ethics and are required to certify that the FHCEC document has been read by all relevant personnel and that all the policies referred to within their area of responsibility have been complied with. They are also responsible for the ongoing monitoring and enforcement of the Code. The employees of the Fintur group are expected to be familiar with and to comply with the FHCEC standards and holding’s responsibilities under the relevant laws and regulations applicable in the countries in which their businesses operate.

Full version of the FHCEC can be accessed at the website of Fintur Holdings; www.finturholdings.com.

1.6.2.2 Standards of Conduct

Below are highlights of standards of conduct from FHCEC:

- *To operate within the letter and spirit of the law; to conduct business with all applicable laws, rules and regulations in all countries of operations.*
- *To provide equal opportunity to all qualified employees and applicants without regard to race, color, age, religion, sex, marital status, citizenship, national origin or ancestry, disability or veteran status and in accordance with applicable laws*
- *To be honest in all public statements, advertising and publicity.*
- *To respect our obligations as individuals and as a company, to encourage our employees to neither express nor imply a promise of performance which we can not reasonably expect to fulfill for our customers*
- *To ensure equal and fair evaluation of suppliers/vendors by establishing good purchasing principles*
- *To recognize that the character is greatest personal asset in the business and give it serious consideration in the selection of individuals and companies with whom we do business.*
- *To win consumers for its products and services by the virtue of the quality of its products and services, and not by creating an unfair disadvantage for the competitors*
- *To prohibit any attempt to coordinate price changes with competitors. Not to make any agreements or arrangements with competitors that could diminish vigorous and fair competition in the market, not to imitate competitor’s packaging or brand names.*

- *To provide or accept no gifts or entertainment or other remuneration in the guise of business expense where intend or the effect is to unduly prejudice the recipient in the favor of the donor as against legitimate competition.*
- *To give or receive no bribes in the form of money or otherwise including so called “kick-backs”, in any transactions and to expose commercial and political bribery if encountered in order to preserve the highest standards of ethics in the industry*
- *To avoid any real or potential conflicts of interests, to disclose any ownership or financial interest in any organization with which company does business or with which it is in competition which could adversely, or appear to adversely influence our judgments in meeting our responsibilities.*
- *To protect corporate information from creation thorough its useful life against accidental or intentional disclosure, modification or destruction.*
- *Not to permit the improper use of company assets, for personal gain or for the advantage of others outside the Company such as friends of family members.*
- *Harassment of fellow employees or of any outside persons the company deals with, including among other things, any form of verbal harassment, including derogatory words, remarks or slurs, visual forms of harassment, including letters and e-mails and any form of sexual harassment will not be tolerated*
- *To support a smoke free, drug free and alcohol free workplace and work environment.*
- *To provide its employees, customers and suppliers with a physical and psychological environment conducive to successful work and contributing to a balanced and healthy life.*
- *Not to tolerate theft or unauthorized access or disclosure of company records, data funds, property and information, using a customer or employee record in an unauthorized manner, fraud or any other dishonesty in dealing with the company or those acting on the company’s behalf, engaging in any activity that is disruptive to the work environment.*

1.6.2.3 Customer Relations

The FHCEC has a section regarding customer relations. Below are some extracts from this section:

Our customers provide the primary source of the company’s income and each employee’s job security. To promote excellent relations with our customers, all employees must represent the company in a positive manner and make customers feel appreciated when dealing with the company.

Employees with customer contact are expected to know the company’s services and to learn what customers want and need. These employees should educate customers about the use of the company’s services and should seek new ways to serve them. Each employee is aware that he or she is a customer service agent outside the company and acts accordingly.

Employees are encouraged to report recurring customer-related problems to their manager/supervisor and to make suggestions for changes in company policies or procedures to solve problems.

All employees should be prepared to listen carefully to customer complaints and deal with them in helpful, professional manner. If a controversy arises, the employees should explain company policy respectively and clearly.

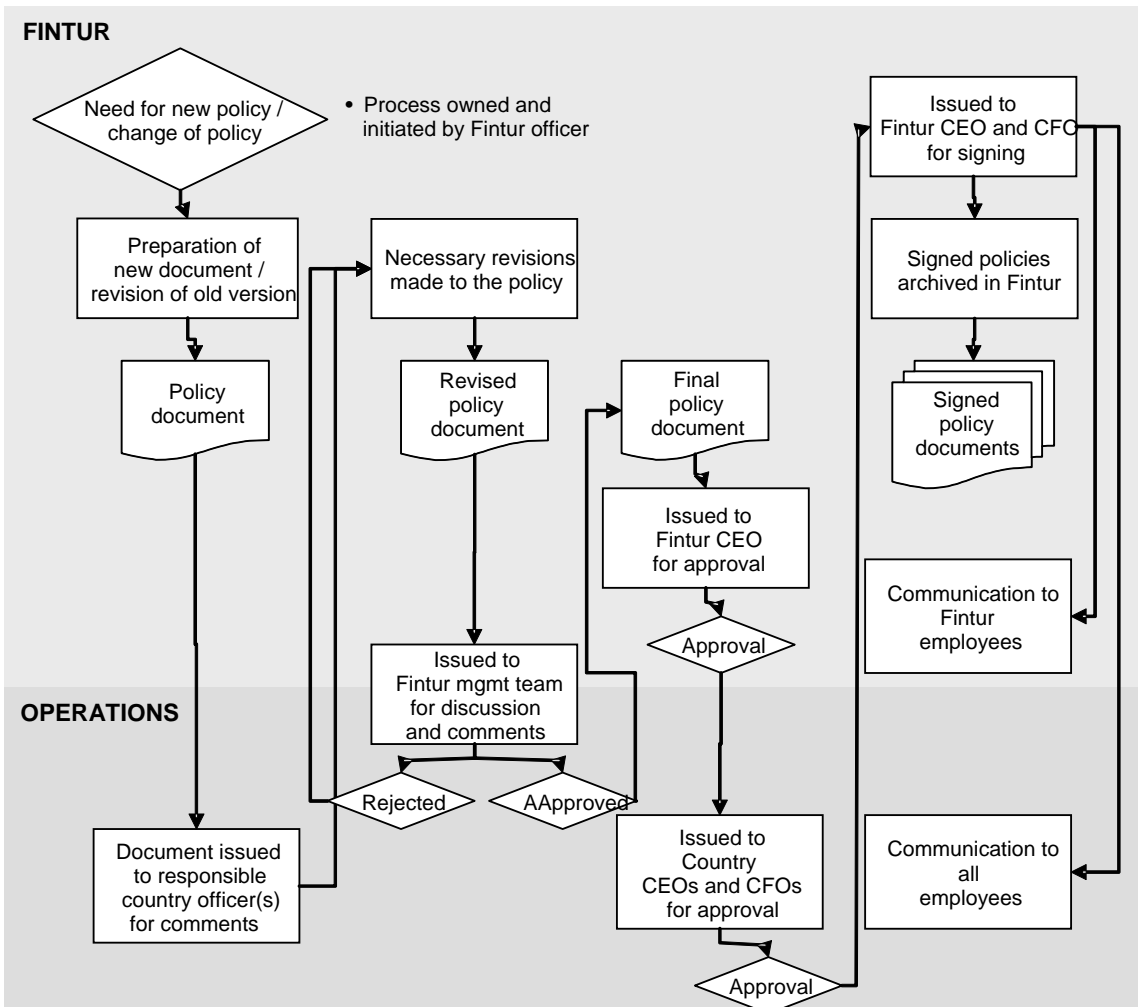
1.6.3 Company's delegation / authorization rules

Fintur has strict approval, authorization and delegation rules. The main policies ruling these areas are Request for Approval policy and policy regarding general authorization / delegation when financially committing the company. The application of the rules is regularly checked through the group's financial control systems as well as through the management and operation reporting routines.

1.7 Policy Approval Process

Each new policy, or a policy change, is always owned and initiated by a Fintur officer. The documents are commented, approved and signed both by Fintur and country officers in the matrix organization to ensure proper information flow and ensure that the policy is communicated and implemented throughout the operations.

The Fintur management regulation states that CEO has a right to manage day-to-day operations of the company and clearly many of the policies fall into this category. Major policies should be approved by the Fintur board. However, when preparing policies inside Fintur they are always checked against TeliaSonera policies.



1.8 Communication, Implementation and Follow up on Policy Compliance

Fintur Holdings Corporate Approach and Policies are communicated to its employees in operating companies through the following ways of communication:

- Intranet
- Open meetings with participation of all employee (Info days)
- Company Info-boards
- Inter-office memos
- Department briefings and meetings.

Employees are free to address their questions and give feedback regarding the content and interpretation of Fintur Holdings Corporate Approach and Policies to their immediate managers or to the related HR staff using the above mention communication tools in writing and orally.

Fintur Holdings Corporate Approach and Policies are implemented and followed-up by using Fintur's performance management system. The performance management system is based on targets and competencies. It sets out the current and future performance requirements on both an organizational and individual level. Job objectives define *what* should be done while competency target sets *how* (in what way) it should be done. Competencies are closely related to Fintur's values and are regularly being evaluated. Managerial competencies like being visionary and change-leader, living and implementing company values, being a role model, etc are the reflection of Fintur's corporate policies. The outputs of performance evaluation process provide inputs to career developments such as; promotion, advancement and individual development plans, salary reviews and bonuses.

Fintur's Corporate Approach and Policies are also evaluated in Employee Satisfaction Surveys (ESS) once a year. Survey results are communicated within the company and action plan is prepared to strengthen the weak points. ESS action plans and implementation steps are revised, followed-up regularly and communicated to all employees using above mentioned communication tools. Survey results and action plans are sent to HQ; they are analyzed and followed-up accordingly. Fintur Holdings' ESS consists of a set of questions grouped under the various headings including management style and effectiveness, customer focus, performance appraisal, teamwork, communication, quality, delegation of authority, job satisfaction and so forth.

The HR policy of Fintur includes ***Grievance/Complaint procedure*** which is explained in the Fintur Holdings Code of Ethics and Conduct. For the purpose of anonymous reporting of violations and misconduct, Fintur developed a web based system called "GOOD Faith". All complaints that are reported to the system are monitored and action is taken on valid reports.

In addition to the aforementioned HR processes, Fintur has tight reporting mechanisms and shareholder oversight procedures. The main mechanisms are listed below.

- ***Monthly detailed reporting.*** Fintur reports monthly to TeliaSonera and quarterly to Turkcell, In addition, individual operations send monthly detailed financial and operational reports to Fintur. Section 3 describes the reporting mechanisms in detail.
- ***Internal procedures and controls.*** Earlier in this chapter Fintur's policies were discussed. In addition to this, Fintur has enhanced its internal control environment through the implementation of SAP and Sarbanes-Oxley projects. These projects are described in detail in Section 3.

- **Auditing.** Auditors are nominated by shareholders, and in addition to an annual full audit they conduct quarterly limited review in all of the operations. Chapter 3 describes the Auditors' work in more detail.
- **Internal Audit Function.** Fintur has internal audit function in place. Since 2006 internal audit is outsourced to Deloitte. Internal auditors perform field work when needed and report the results to Fintur management and audit committee.
- **Board work.** Fintur board together with the local board / partner's meetings provides regular oversight on the groups activities. The board composition and the working procedures were described in Section 1.3.
- **Personal liability.** In addition to above mentioned regular and routine follow-up and control procedures, each CEO and CFO is personally liable for decisions they make which are not in line with the documented and approved policies.

2 General Description of Reporting and Internal Controls Environment in Fintur Group

2.1 Reporting flow

Fintur Holdings B.V., its subsidiaries and other companies under Fintur's management maintain their accounting records in accordance with the laws and regulations in force in the countries where they are registered. The financial statements of subsidiaries are based on the statutory records, which are maintained under the historical cost convention, with adjustments and reclassifications for the purpose of fair presentation in accordance with International Financial Reporting Standards (IFRS).

Subsidiaries and other companies under Fintur's management report above mentioned IFRS financials monthly to Fintur Holding's headquarter in Istanbul (HQ). In addition to financials, operational data and technical data are also reported. Figures are stored and consolidated in HQ.

From HQ, these figures are reported to shareholders and Fintur Board. In addition to monthly IFRS reporting of actual outcome, the reporting consists of quarterly auditors' review memorandums, forecast reporting and annual audit reports.

2.2 SAP

Fintur Holdings BV and its subsidiaries started to implement SAP system in August 2003. The implementation has been finalized and system is in use in all subsidiaries and Coscom. In Indigo, Somoncom, Spice Nepal and Applifone the implementation will take place during 2008.

Fintur management set a list of requirements at the beginning of the project which should be adopted by all companies such as: a uniform reporting chart of account, uniform reporting policies, implementation of purchasing cycle and investment management, budget control during purchasing process. Such requirements enhance accuracy, similarity and granularity of reporting and the internal control effectiveness.

Currently SAP purchasing cycles are utilized in all operations and connected to the headquarters' SAP system. All purchases above the authorization limits will come to headquarters for approval through the SAP. There is automatic budget control, where all approvals are performed within the system. Users are automatically warned with a red flag if a deviation from budget is larger than accepted.

2.3 Auditors & their work

Fintur Holdings B.V. and its subsidiaries work with PriceWaterhouseCoopers (PWC) for quarterly limited reviews and annual audit reports.

In every country audit is performed by local PWC offices and figures, together with an internal review memorandum, are sent to PWC Istanbul office for consolidation purposes. PWC Istanbul sends consolidated review memorandum to PWC Stockholm every quarter and annually.

Limited review memorandums are not only related with company financials. They also examine whether or not significant internal control deficiencies exist in the company. Auditors report the deficiencies which have or may have significant impact on financial reporting or they indicate issues which do not have a significant impact on financials but should receive attention from management due to the nature of the issue (such as fraud). Fintur management closely monitors these reports and takes immediate action on any deficiencies.

Every local PWC office provides quarterly limited review reports and annual audit reports to subsidiaries. PWC Istanbul office provides consolidated quarterly limited review reports and annual audit reports to HQ.

Since establishment of Fintur, all audit reports and limited review reports have been with clear opinion.

2.4 Internal Controls Environment

Fintur initiated its SOX project in 2004 in order to meet the compliancy requirements and in order to have world class internal controls environment. The project has been run by Fintur headquarter together with Deloitte Enterprise Risk Services according to TeliaSonera instructions and directives.

As a remarkable achievement; all Fintur subsidiaries have been qualified Sarbanes Oxley (SOX) compliant by 2006; audited for Section 404 compliance, which requires management and the external auditor to report on the adequacy of the company's internal controls over financial reporting. The compliance of our companies in Eurasia was result of the three year long SOX project during when all major processes were documented, with flow charts and narratives, control matrixes, control deficiencies defined and huge effort was put on remediation of the deficiencies and resulted successfully being SOX compliant. We implemented our “Code of Ethics and Conduct” and whistleblower system in our Eurasian operations where employees can anonymously report the control issues they identify directly to Fintur audit committee.

As of March 2006, all Fintur subsidiaries implemented an Internal Controls line organization. A Controller is assigned in Fintur headquarter and in each Fintur company, together with an Internal Controls team in relatively big subsidiaries. The responsibilities of the Controllers include:

- To monitor and report internal control activities in the company
- To follow a check list to make sure that responsible employees perform the control activities
- To monitor and report the SOX deficiencies and PwC Internal Control Review deficiencies remediation status
- To prepare the Monthly Internal Controls (MIC) Report
- To coordinate and arrange Company Level Monthly Internal Control (MIC) Meetings, will participate in the meetings and present the Monthly Internal Controls status
- To monitor Entity Level Controls of the Company
- To monitor the activities of Information Security Policy implementation team
- To follow up of Company Board/Shareholder Meeting decisions action plan and will report the status to Fintur

According to “TeliaSonera Guideline on Internal Controls over Financial Reporting” (December 14, 2005), management is responsible for monitoring the effectiveness of internal controls at all times. In accordance with the TeliaSonera instructions on “Monitoring Internal Controls” effective from

March 2006, Fintur and its subsidiaries are issuing monthly internal controls reports (MIC reports) and carrying out monthly internal controls meetings (MIC meetings) with participation of CEO, CFO, Controller and headquarters representative for the purpose of management monitoring of internal controls status.

As TeliaSonera is no longer required to comply with SOX rules, this requirement has also ceased to exist for Fintur. However, the management believes and is determined to keep and develop the current reporting and control structure and policies. Coscom will be compliant with the structure and the policies during 2008, and Somoncom, Indigo, Spice Nepal and Applifone after the implementation of SAP.