VEON

Empowering digital futures

Integrated Annual Report 2020

Empowering digital futures

VEON is a leading provider of connectivity and digital services serving nine countries, which together are home to 9% of the world's population.

Our companies are transforming lifestyles through technology-driven services that empower opportunity in some of the world's fastest-growing emerging markets.

Contents

Introduction

2020 at a Glance	1
A New Era for VEON	2
Chairman's Statement	4
Expanding Digital Connections	8
A Leader in Global Connectivity	10
CEO Statements	12
Our Purpose	22

Value Creation

How we Generate Value	26
Market Opportunity	28
Stakeholder Engagement	30
Our Sustainability Strategy	33
Sustainability Framework	34
Sustainability Case Studies	36
Sustainable Development	44
Materiality Assessment	47
Material Issues	48
Additional Sustainability Issues	55

Performance Summary

2020 Financial Review	62
Markets Review	66
How We Manage Risks	80
Our Principal Risks	84

Corporate Governance

Our Governance Structure	94
Our Board of Directors	98
Our Group Executive Committee	102
Nominating and Corporate Governance Committee	104
Finance Committee	106
Audit and Risk Committee	108
Compensation and Talent Committee	110
Telecommunications Committee	112
Digital and Innovation Committee	114
Remuneration Report	116

Financial Information

Independent Auditor's Opinion	125
Consolidated Financial Statements	127

Additional Information

About This Report	192
Our Sustainability Standards	195
Independent Assurance Statement	196
Sustainability Data Tables	198
Glossary of Financial Terms	202
Shareholder Information	203
Report Disclaimer	204

2020 at a glance

Our 2020 financial highlights

$8.0bn
Reported revenue[1]

$3.5bn
Reported EBITDA

43.3%
EBITDA margin

$2.6bn
Mobile data revenue

43,639
Total employees
Number of employees working across the Group

$357m
Equity free cash flow[2]

Our 2020 operational highlights

213m
Total active subscribers
Combined mobile and fixed-line subscribers

80m
4G subscribers

73%
4G population coverage

25.8m
Total active users of our self-care apps

12.3m
Total digital wallets

38%
Reduction in CO_2 emissions per unit of data traffic[3]
(tonnes/terabyte)

VEON provides services to 213 million customers across nine attractive markets with growing economies, strong demographics and rising incomes.

We are committed to delivering the best mix of telecommunication technologies and digital experiences to the 680 million people of our operating countries, enabling them to drive economic growth and improve lifestyles.

Headquartered in the Netherlands, our Group brings together some of the world's leading emerging market mobile operators and digital brands.

1. All financial information in this report is provided in US dollars as at December 31, 2020 unless stated otherwise.
2. After licence payments. Please see Glossary on page 202 for a full definition of this and other financial terms used throughout this report.
3. See Environmental Management section on page 55 for details.

A new era for VEON

2020 was a year of transformation for VEON.

We reinvested in our networks and accelerated our investment in pioneering digital services to ensure we can provide the very best experiences for our customers.

We have grown our 4G customer base and extended the reach of our high-speed networks to benefit the 680 million people for whom our markets are home.

We have transformed our operating model to empower our local leadership teams with greater responsibility for growing their businesses.

We have strengthened the quality of our assets and returned the Group to growth after a challenging year of lockdowns.

VEON entered 2021 with an abundance of opportunity and a resolute focus on providing first-class customer service wherever we operate.

Empowering change and renewal

“VEON Group operates next-generation telecom and digital services in some of the world's fastest-growing and most densely-populated countries. Our companies are uniquely positioned, and our renewed management team and Board of Directors provide us with the experience, drive and mindset needed to capitalise on the exciting opportunities present in our markets.”

Gennady Gazin
Chairman

As Chairman, I am pleased to present VEON's Integrated Annual Report for the financial year ended December 31, 2020.

As we roll out new technologies, products and services across our markets, our success is determined by our ability to anticipate and meet the rapidly evolving demands of our customers. The work of our 43,000 people across nine countries is driven by our relentless focus on customer satisfaction, which will continue to underpin all of our decisions and actions. Our employees are key to this and as an organisation we must continue to attract, develop and retain the most talented colleagues.

2020 has seen enhanced emphasis on, and continued delivery of, VEON's turnaround, which was successfully initiated at the end of 2019. During the past year we have accelerated investments, brought deep changes to our management, both centrally and across our countries, and continued to focus on developing and delivering our business proposition well beyond connectivity. In addition, we have significantly enhanced our Board of Directors, which now includes seven independent members with a highly diverse range of skills and experiences. We have also continued to perfect our governance standards while introducing other important changes across the organisation.

With these changes in place and given progress to date, we look to the future with great anticipation and optimism.

Share price performance and our investors

One of my first priorities as Chairman has been to better understand the perspectives of our various stakeholders. Their feedback is important as we develop our strategies to take VEON forward.

These include our shareholders, for whom the performance of our share price is the single most important indicator of the perception of VEON's long-term value generation capacity. We recognise that a rising share price will ultimately be driven by our underlying operational performance and investor trust in our ability to effectively identify and capitalise on emerging growth opportunities.

Our leadership teams, our Board of Directors and I strongly believe in the importance of maintaining an open and honest dialogue with our shareholders. The Board has recently appointed Robert Jan van de Kraats, the Chairman of our Audit and Risk Committee, as director liaison for matters relating to investor engagement. In this role, he will periodically exchange views on key Group topics with shareholders and act as an important sounding board.

In addition, we have formed a new Corporate Strategy, Communications and Investor Relations department led by Alex Bolis, a former Vice President of Telecom Italia with many years of experience in capital markets and financial communications.

Our operations and portfolio of assets

Operationally, the performance of Beeline Russia is our top priority. Under a new management team led by Alexander Torbakhov, Beeline has focused intensely on improving its network and on simplifying and upgrading its commercial offers in order to ensure that our 4G subscriber base in Russia continues to grow. These important steps are allowing us to materially improve the quality and scope of our services for both retail and business customers and to pursue new revenue streams.

We also continue to optimise our portfolio of companies. Last October, we announced the sale of our subsidiary in Armenia, reducing our portfolio of markets to nine. In Pakistan, we acquired the 15% stake of our minority partner, the Dhabi Group, giving VEON full ownership of Jazz, one of the fastest-growing operators in our Group. In July 2021, we exercised our put option to sell the entirety of our stake in our Algerian subsidiary, Djezzy. An independent valuation process to determine the fair value of Djezzy is now underway. And as of October 2021, we have increased our ownership of our Georgia subsidiary from 80% to 100%. All of these transactions sharpen the Group's operational focus and underscore our commitment to markets with the most attractive growth prospects.

We are also highly focused on the considerable value of our infrastructure assets, which now include more than 50,000 towers – one of the largest telecoms infrastructure portfolios in the emerging markets. Here, after separating tower assets from our services businesses in a number of markets, we recently announced an agreement for the sale of our Russian towers to independent operator Service-Telecom, creating considerable value for the Group and its shareholders.

In order to supervise and manage this process with the highest standards of professional oversight, we recently appointed Dmitry Shvets as Group Head of Portfolio Management. Dmitry has a private equity background and joins VEON from TPG Capital, where he was Head of Russia and CIS.

Furthermore, we are implementing our new executive compensation system to reward sustainable value creation, outstanding performance and to attract and retain the best talent in a competitive market. Strong and durable alignment between our management and shareholders is the centrepiece of the new system. We are therefore introducing an annual rolling stock-based long-term incentive plan, which combines global standards for vesting with share ownership requirements, as well as an equity component to our annual incentive plan.

Capital strength

Our funding strategy remained high on the Board's agenda throughout 2020 and was given a new focus with the appointment of Serkan Okandan as the Group's Chief Financial Officer in April. Serkan brings a wealth of senior financial and operational experience to the Group, including tenure in similar positions at Turkcell and Etisalat.

Serkan and our Treasury team worked diligently throughout 2020 to identify and seize market opportunities to refinance Group debt at lower interest rates and with longer maturities. This included drawing on our new Medium-Term Note programme (MTN), launched in April 2020, to successfully increase the Russian ruble component of our debt. We have also increased borrowings in other currencies of our operations to further improve the risk management profile of our Group.

Governance

Since joining the Board in 2014, and as previous chair of the Board's Nominating and Corporate Governance Committee, I have overseen major improvements in the organisation's global decision-making framework, including an enhanced focus on decisions and systems affecting compliance and controls.

It is my strong belief that good governance and a commitment to compliance enhance and improve corporate performance. These remain core VEON principles. We have established and will maintain a strong governance model, underpinned by commitments to integrity, transparency and accountability.

Building on our robust governance foundation, we have over the past year delegated greater operational authority to our operating companies where our day-to-day business is conducted. This emphasis on local decision-making is supported by a strong, centrally-developed and driven risk and compliance framework.

Importantly, in July 2020 we appointed a new Chief Internal Audit and Compliance Officer, Joop Brakenhoff. Joop brings great integrity and a strong business mindset to the role and I am confident that under his leadership the Group will benefit from the highest standards of oversight while also fostering entrepreneurship within our local teams.

Our Board

Our Board is currently comprised of 11 members, seven of whom are independent. Six new members were appointed in 2020, each contributing their considerable skills. Additional diversity and professional backgrounds were brought by the three new members appointed in June 2021.

Our Nominating and Governance Committee and Audit and Risk Committee are each chaired by experienced independent directors and our Compensation and Talent Committee includes two independent directors.

In order to enhance our focus on new growth opportunities, we maintain a Digital and Innovation Committee, chaired by Hans-Holger Albrecht, the CEO of Deezer. During 2020, this Committee also included Osama Bedier, Amos Genish and Leonid Boguslavsky, and each brought a wealth of experience for the Board to draw upon.

Diversity and Talent

VEON management and our Board are united in our commitment to strengthen diversity across the Group. As Chairman, I believe that diverse teams are smarter, more creative and more effective, both at the executive level and across the entire workforce.

To underpin this, we have recently introduced a Diversity and Inclusion Policy across the Group to ensure that these fundamental principles are embraced at the heart of our culture and decision-making.

We are strengthening our people practices to drive our new operating model and address the key people challenges ahead of us. These include talent acquisition, developing key roles, succession planning and further developing our culture and reward strategy. Michael Schulz joined VEON in the role of Chief People Officer in August 2021 to lead us successfully through these challenges, drawing on his extensive experience of senior human resources roles in public and private companies.

Group leadership structure

2021 has seen a change to our leadership structure, with Sergi Herrero deciding to step down from his role as co-CEO of our Group in June 2021, at which time Kaan Terzioğlu became sole CEO of the Group.

Sergi has made a tremendous contribution to VEON since joining us in September 2019. Having founded our new Ventures division, he has since built and led a team that has been responsible for some of the fastest-growing digital brands in our marketplaces. These have extended the Group's reach into digital financial services, digital content and AdTech and provide us with valuable foundations for future growth.

On behalf of the Board, I would like to thank Sergi for his considerable contributions to our business, which position us for an exciting digital future.

VEON Ventures

VEON Ventures remains a strategic priority for our Company as we continue to build leading digital businesses across our markets. These are vital for the continued growth trajectory of our Company, and to ensure that we match our customers' rapidly-developing digital lifestyles with services that earn their loyalty through constant innovation and improvement.

These services include JazzCash, our mobile wallet offering in Pakistan, which we continue to view as an exciting growth area and an example of how VEON can provide important and valuable new services to its existing customer base and their wider communities.

COVID-19

2020 will long be remembered for the COVID-19 pandemic. This has impacted all of us and continues to affect our daily lives and how we interact.

Our priority throughout the pandemic has been the safety and well-being of our employees and our customers. As a provider of critical communications infrastructure, our focus has been on providing stability in communications and continuity throughout challenging lockdowns.

In the early months of the pandemic, we took measures to ease hardship amongst our customer base.

COVID-19: supporting our people

"We acted quickly to secure the safety of our employees, closing stores and offices across the Group and providing our employees with the infrastructure and professional support necessary to ensure the continuity of our operations. Our Human Resources teams also extended personal and emotional assistance where lockdowns and instances of COVID placed particular strain on individuals."

Gennady Gazin
Chairman

These included providing free access to essential healthcare sources, additional airtime and free roaming. As the immediate crisis passed, we channelled fresh investments into networks and services to support the new patterns and routines of our daily lives – from home working and schooling to boosting access to digital financial, e-commerce and healthcare services.

COVID-19 inevitably affected the Group's operating performance in 2020 as our retail channels faced severe interruptions while roaming revenues deteriorated. Yet the resilience of our business was evident in a second-half recovery and a welcome return to growth in December; a trend that has continued in the first half of 2021.

Strong focus on ESG principles

The importance of the high-quality connectivity and the services provided by telecommunications companies became clearer than ever during the pandemic.

Meeting the evolving personal and professional connectivity and digital requirements of our customers is fundamental. Governments and regulators have cast the industry as an essential service in providing economic continuity throughout lockdowns, and communities have been drawn closer together through mobile-based social networks.

Demand for these services will certainly not diminish and will continue to present opportunities in the years ahead. This holds true for the 4G connectivity we are rolling out across our market footprint, as well as our investment in adjacent products and services.

While our robust capex plan and strong operational skills will underpin VEON's lasting leadership across its markets, we will remain close to local communities, advancing digital literacy and entrepreneurship through our numerous local programmes that support individual empowerment and social prosperity (see pages 33 to 45 for details of these).

We are also taking important steps to protect the environment in the countries in which we operate and are pleased to have become a member of the GSMA's Climate Action Taskforce, where we join other leading global mobile operators in support of a shared ambition to achieve net zero carbon emissions for the industry by 2050.

Again, none of this would be possible without a relentless drive to ensure best-in-class governance standards as we bring environmental, social and governance priorities to the core of our business.

I look forward to continuing to serve this Company in the best interest of all its stakeholders, supporting our management and employees throughout the journey ahead.

Gennady Gazin
Chairman

COVID-19: helping our communities

A year on from the onset of the pandemic, we continue to see first-hand how COVID-19 is affecting individuals, families, businesses and industries across our nine markets.

Our priority throughout has been the health and safety of our employees and our 213 million customers. Helping to protect lives, safeguard livelihoods and enable lifestyles defines our role in the ongoing effort to fight this pandemic.

Set out in the table below is a summary of the temporary measures we put in place early on in the pandemic to help our customers, including offering additional data and minutes, enabling free access to our content services and waiving late fees.

As the immediate crisis passed, these measures were superseded by investment in our networks to match the shift in demand from city centres to residential areas, urban centres to rural areas and mobile to fixed data. We also introduced new and expanded services to meet the needs of remote working and home-schooling, as well as to overcome the physical constraints of lockdowns.

VEON would like to acknowledge and thank all of those around the world who are working on the front line of this crisis to protect us all.

	Russia	Pakistan	Ukraine	Kazakhstan	Uzbekistan	Bangladesh	Algeria	Georgia	Kyrgyzstan
Free access to emergency healthcare and foreign affairs hot lines and websites	●	●	●	●	●	●	●	●	●
Increased or free roaming data and voice services for stranded citizens	●	●	●	●	●		●	●	●
Free or discounted access to educational platforms or resources on mobile	●	●	●	●	●	●			
More flexible payment terms for affected customers	●	●	●	●	●	●	●	●	
B2B customer support for home working	●	●	●		●			●	●
Free TV access (e.g. Beeline TV, Toffee) for all those who are quarantined	●			●	●	●			●
Healthcare awareness (through apps, SMS, social media, hotlines etc.)	●	●	●	●	●	●	●	●	●
Free content services for new (and discounted services for existing) customers	●	●	●		●	●	●		●
Subsidised data and calls for front line companies				●	●	●	●		
Self-care apps re-purposed for COVID-19	●	●	●		●	●		●	●

Expanding digital connections that empower lifestyles

Creating a better future for our customers, employees and communities is what matters to us.

Empowering digital lifestyles is how we achieve this.

VEON's services are transforming lifestyles through technologies that bridge digital divides and empower opportunities.

We are achieving this through an ambitious investment programme to double the customer penetration of our 4G services and high-speed networks by 2023.

Greater 4G investment is enabling our operating companies to introduce new services designed to meet the needs of digital lifestyles across the diverse communities we serve.

From delivering financial services where they are needed most to providing healthcare and educational access through our networks, our customers are at the heart of everything we do.

73%

4G population coverage

A leader in global connectivity

Our markets

VEON operates across nine markets through some of the leading mobile operators in the CIS, Central and South Asia and North Africa.

Our markets comprise 9% of the world's population, each of which has unmet needs for digital connectivity services.

Our data networks

VEON is committed to bringing the benefits of high-speed connectivity to its customers. We are achieving this through considerable investment in our 4G networks.

2020 saw us accelerate our 4G rollout and increase its penetration of our customer base by 10 percentage points to 38%. Our ambition is to raise this to 70% by 2023.

Our infrastructure

With over 50,000 towers in nine countries, VEON possesses one of the largest mobile telecoms footprints in emerging markets.

We are rapidly deploying high-speed 4G networks through sustained investment in our infrastructure to provide our customers with the very best connectivity experience and leading digital services.

9%

Global coverage

Close to one-tenth of the world's population covered by our networks

66%

Data penetration

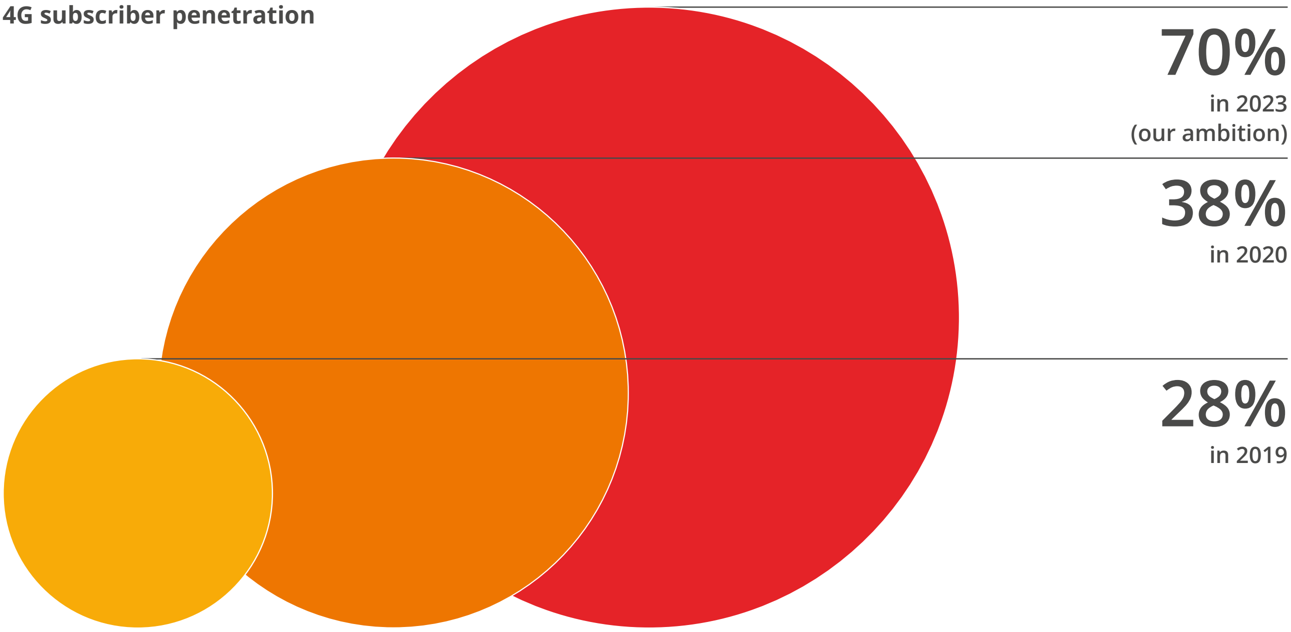
Two-thirds of our customers are data users

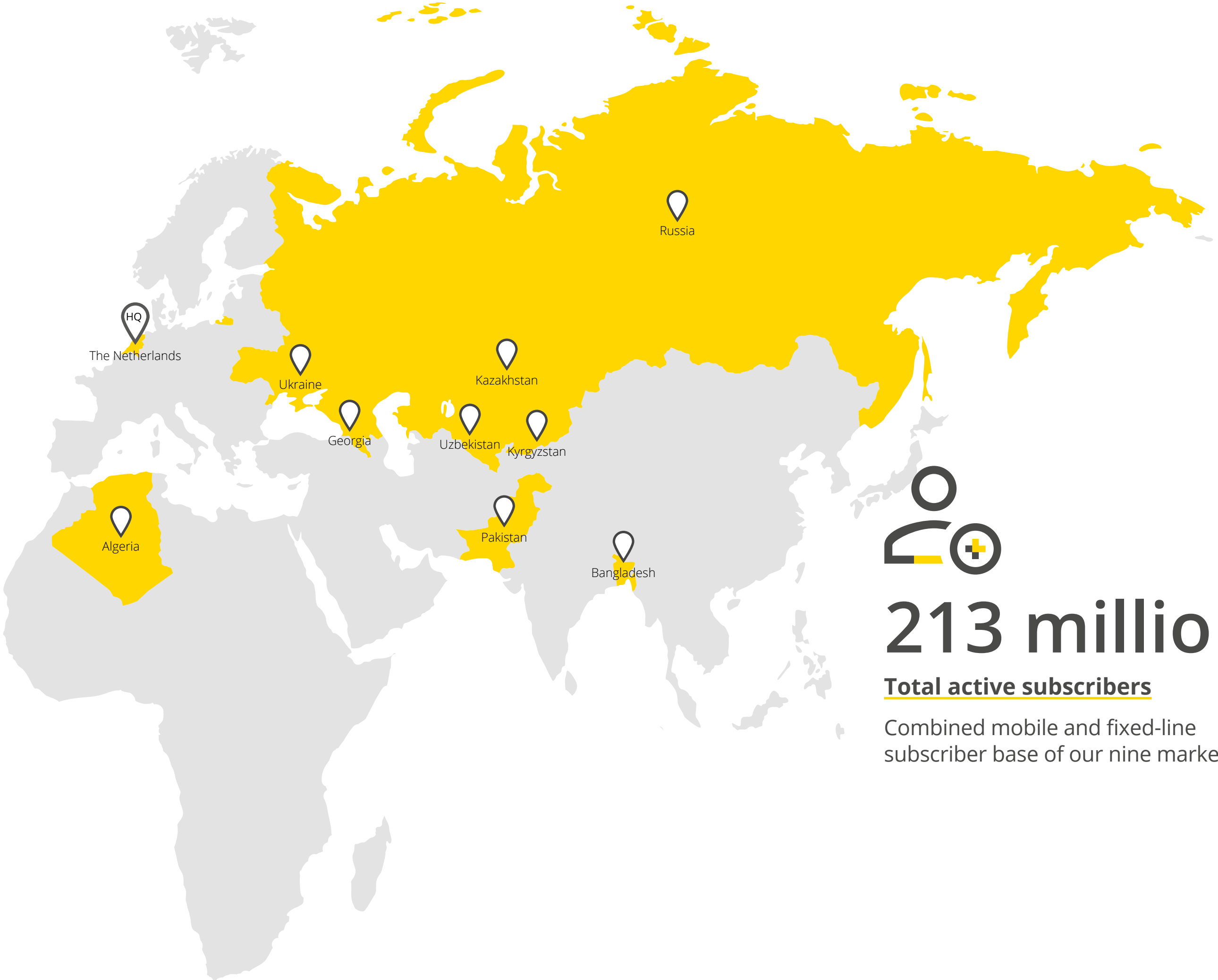
50,000

Towers

Around 50,000 towers connecting nine markets

4G subscriber penetration





213 million

Total active subscribers

Combined mobile and fixed-line subscriber base of our nine markets

A portfolio of nine dynamic markets for connectivity and digital services

Market	Customers
Russia	53m customers
Pakistan	66m customers
Ukraine	27m customers
Kazakhstan[1]	10m customers
Uzbekistan[2]	7m customers
Algeria[3]	14m customers
Bangladesh	33m customers
Georgia[4]	1m customers
Kyrgyzstan[1]	2m customers

1. Our operating companies in Kazakhstan and Kyrgyzstan are held through our Russia operating company.
2. Our Uzbekistan operating company is 100% held through our Russia operating company.
3. VEON owns 45.4% of its Algeria operating company and holds this through Global Telecom Holding, of which VEON's current ownership is 99.6%.
4. Georgia is partially owned through our Russia operating company and partially through VEON Group level.

A year of challenges, transformation and achievement

Kaan Terzioğlu, CEO of VEON Group, recounts a year that was unexpected in its challenges and yet one of considerable achievement across our connectivity and digital businesses.

2020 was the year connectivity and digital services became the bricks and mortar of a transformed, new economy. Having enabled our customers to remain connected to their loved ones, their working environments and their other lifestyle priorities throughout COVID-19, we will continue to empower the building of digitally-focused, resilient economies of the future.

Kaan Terzioğlu
CEO

Kaan Terzioğlu

2020 was a watershed year for the world and for our industry. As COVID-19 evolved our ways of living, any residual doubt about the essential need for high-quality connectivity was put to rest. At the same time, digital services stopped being perceived as the privilege of the few and became essential to the lives and livelihoods of the many.

Amidst the pandemic outbreak, the industry's connectivity and digital services – two core elements of VEON's value proposition – helped billions of people to keep in touch with their loved ones and to look after their life necessities. They helped governments limit the spread and the impact of the disease, and enabled new ways to successfully support families and businesses. In the process, our services have become the bricks and mortar of a new, transformed economy.

These dynamics helped accelerate the digitalisation of our business, and this has set the path for the further development of our Group in 2021. With our proven resilience and the strengthened operational foundations, we will continue to support the economies and people of the countries in which we operate – now in greater scale.

Reacting to COVID-19 by strengthening our business

As the world was forced into the first wave of lockdowns in the spring of 2020, we moved fast with measures to maximise access to vital information, connect those isolated at home or overseas and provide a means of support for those in emotional and financial hardship. We adapted our networks to the sudden shift in load from business centres to residential areas, urban centres to rural areas and mobile to fixed data as our ways of living were deeply modified.

Across our footprint, we made our resources fully available to enable key digital services such as online education and trustworthy information sharing on health issues. We created special offers for teachers, students and healthcare professionals. In order to help our customers to e-access sales points, we introduced a larger quota of data on our offers and family sharing plans. With services such as BeeFree in Russia, we provided our corporate clients the tools to enable working from home.

These changes to the way we provide services have taught us important lessons and made us more resilient for the long term, beyond the initial stages of the pandemic.

Despite our flexibility and resilience, this difficult period delivered plenty of challenges. In addition to the shifts in network capacity usage, roaming revenues and revenues from migrant workers declined – new realities that have outlived the initial phase of the pandemic.

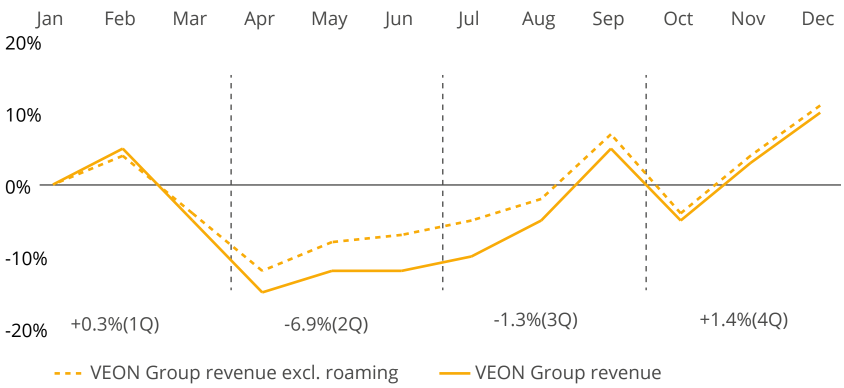
As the second quarter of 2020 progressed, our business continued to be challenged by lockdowns that forced our retail networks to close. These resulted in lower device sales and top-ups, as well as the loss of income from certain segments of our customer base as day labour was halted in many regions and remittances declined significantly.

However, as we moved through the year, most of these impacts eased. A significant part of this improvement was due to the measures we have taken. We accelerated the digitisation of our customer interactions, emphasising self-care apps and web portals as key interfaces in this transformation. By doing so, we enabled our customers to carry out a variety of activities, from accessing vital information to tariff upgrades, top-ups and device sales. As a result of these efforts, we saw the monthly active users of our self-care apps increase by 76% over the course of the year.

Unsurprisingly, COVID-19 impacted our financial performance in 2020. However, the actions and the reorganisation we deployed across our Group drove the steady recovery in revenues we experienced throughout the second half of the year. As a Group, we limited the year-on-year revenue decline to 1.6% in local currency terms. And once the absence of roaming revenues across our countries and a strengthening of our content policies in Russia are adjusted for, Group revenues were broadly flat versus 2019 – a worthy achievement given the unprecedented challenges we faced.

VEON Group

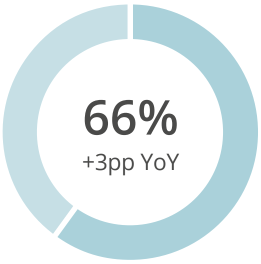
Closing the 'V' of the recovery curve and returning to growth[1]



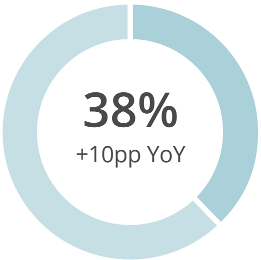
1. 2020 monthly year-on-year growth rates (%) in local currency terms.

COVID impacted our financial performance in 2020. However, the actions and the reorganisation we deployed across our Group drove the steady recovery in revenues we experienced throughout the second half of the year.

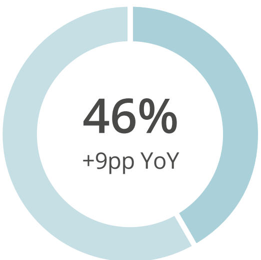
Kaan Terzioğlu
CEO



Data user penetration



4G user penetration



4G smartphone penetration

Values as of end-December 2020.

The 4G uplift[1]

Data usage

2x to 4x higher

versus average consumption

Churn

2x lower

than total base

ARPU

1.5x to 2x higher

than total base

1. Data usage, churn and ARPU comparisons are for one month active 4G users (that use both voice and data services) against one month active total mobile customer base.

Investing in our 4G cornerstone

4G is the cornerstone of VEON's growth opportunity as we migrate our existing subscriber base to 4G and acquire new customers directly onto these networks. This shift has the potential to transform the financial characteristics of our businesses, given the higher data use, higher ARPU and lower customer churn it encourages.

As a Group, we ended the year serving 80 million customers with 4G services compared to 60 million at the close of 2019. That means about 40% of our total customer base are now 4G users, versus 28% a year ago. Over the next couple of years, we believe we can grow this percentage to 70% at the Group level and capture the revenue benefits coming from wider 4G adoption by our customer base.

To put this in context, our 4G data and voice customers currently consume between two and four-times more data than the average Group customer. They also generate up to twice the ARPU at around half the average rate of churn. And the ARPU of a customer who also uses our digital services on top of voice and 4G data is, on average, at least three times that of a voice-only customer.

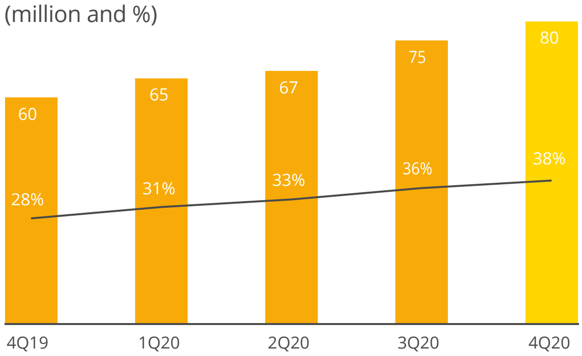
This performance would not have been possible without the targeted investments we dedicated to our 4G network coverage. Over the course of 2020, our Group's collective 4G population coverage increased to 73%, 12 percentage points higher than the previous year. In all of our markets, we also invested in the quality of our 4G experience, enabling improvements in accessibility and in our range of services, most notably in Russia. This combination drove 4G penetration of our Group customer base to 38% at the end of 2020, 10 percentage-points higher than end-2019.

4G will remain both a key driver of our core business and an enabler for our digital services for many years to come. Our investments in this area are key to VEON's growth. I would like to thank our Board for remaining supportive of these investments throughout the recent challenges and to our teams for successfully turning these investments into better customer experience and service.

Our 4G investments also serve an important social purpose as we work to bridge digital divides across our emerging markets. Here, I was particularly pleased in October to announce a network sharing partnership in Kazakhstan in support of the 250+ project, which unites the nation's three mobile operators in extending high-speed internet to rural communities. The project's vision is to offer close to 1,000 rural communities with both 3G and 4G connections on competitive terms through a provider of their choice, emphasising fairness and equal access. This is an important initiative that VEON is proud to be part of (see page 43 for further details).

4G users and penetration

(million and %)



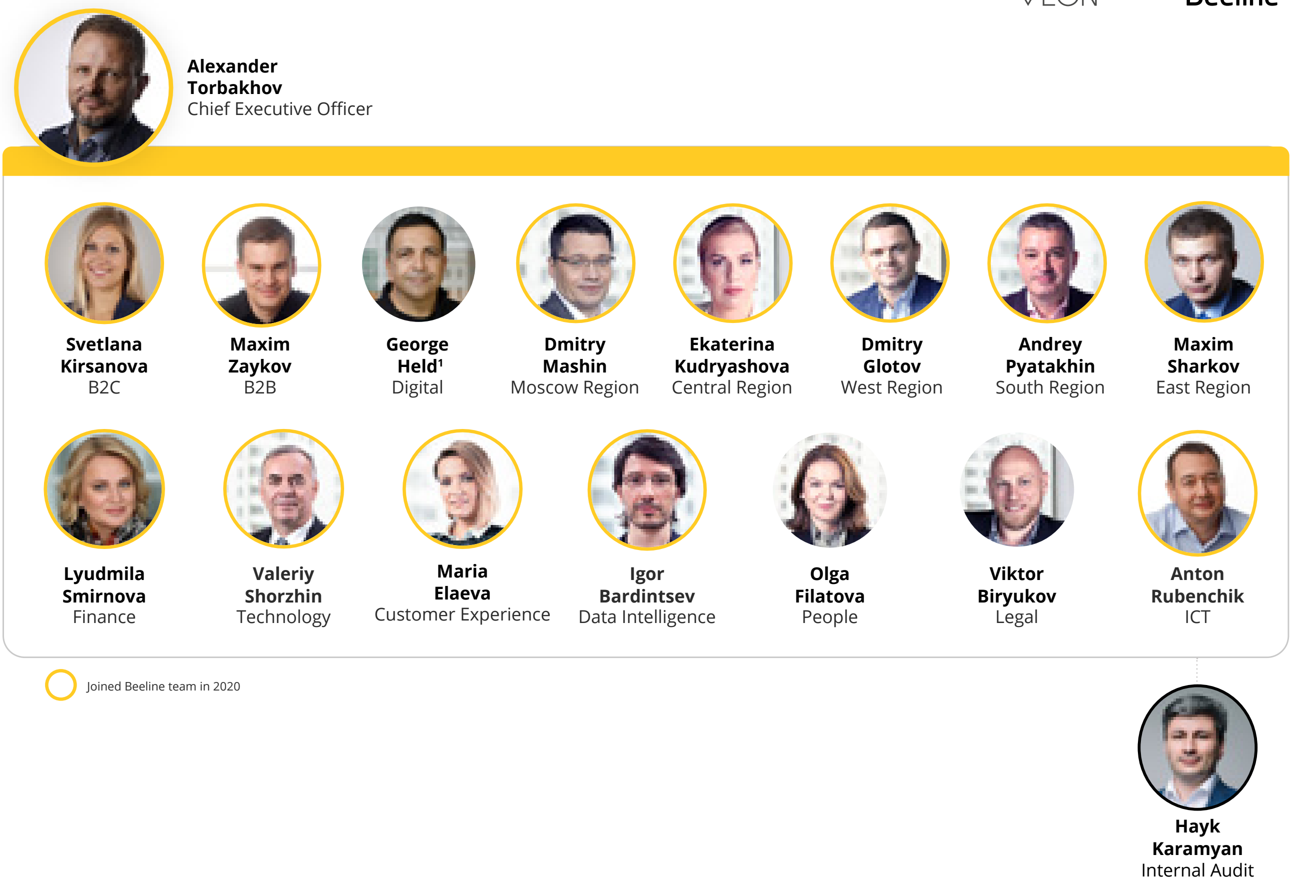
38%

4G smartphone penetration in Q4 2020

Group-wide smartphone penetration calculated as customer weighted average

Executing on Russia's turnaround

Our new management team



Russia's turnaround

Russia is our largest market and remains top priority for our Group strategy. As we set out in detail in last year's Integrated Annual Report, Beeline Russia has in recent years seen a decline in its subscriber and revenue market share on the back of competitive pressures in the market, which impacted both revenues and profitability. Responding to these challenges, we put in place a comprehensive turnaround strategy for Beeline Russia starting in late 2019, which we followed through persistently throughout 2020.

We achieved important milestones in 2020, including the establishment of a new team that delivered consistently improving operational and financial results, building on the network investments that we accelerated from the final quarter of 2019.

Leading Russia's turnaround is Alexander Torbakhov, who we introduced as the Chief Executive Officer of Beeline Russia in April last year. Alexander has brought a wealth of leadership experience to Beeline, most recently from the X5 Retail Group and Sberbank, and returns to the fold with this appointment, having led Beeline Russia's operations a decade ago.

Under Alexander's leadership, Beeline today has a 16-member management team, 12 of whom have joined Beeline after April 2020. Over a short time span, the team has delivered on improving the customer experience of our networks across Russia, increasing coverage, reliability, quality and speed, particularly in 4G.

Among the many goals the team achieved in 2020, it is worth highlighting the full high-speed 4G coverage of Moscow's 239 metro stations and network improvements in Moscow city, which have improved network quality and enabled up to 30% higher downlink speeds on 4G.

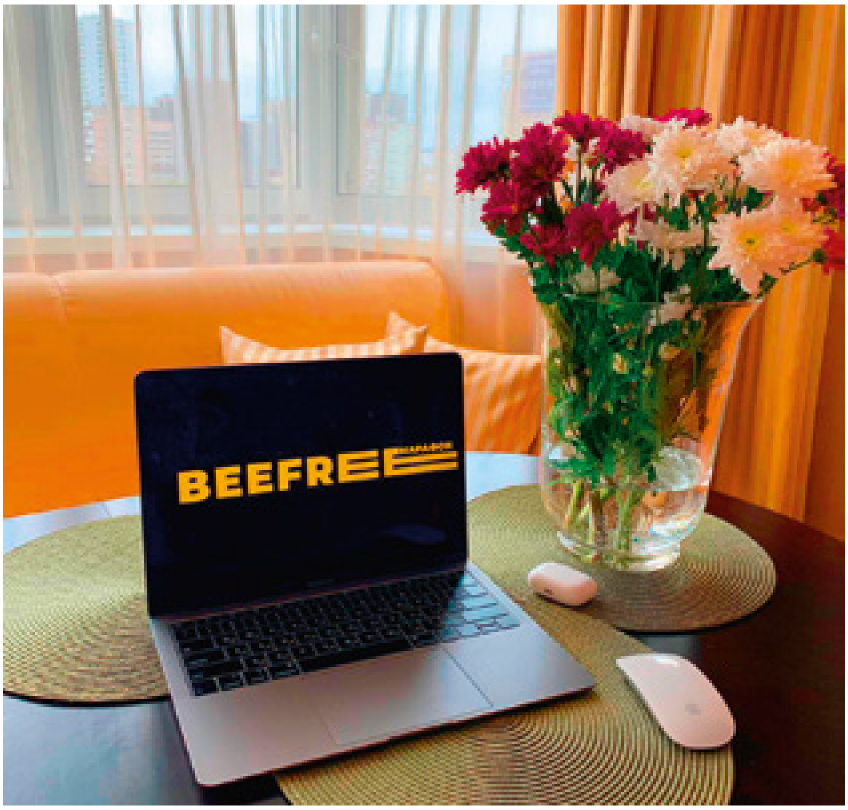
Alongside other 2020 commercial and customer experience initiatives, Beeline achieved 11% growth in its 4G subscriber base, the expansion of which accelerated during the second half of the year. We now have more and more 4G customers in Russia, and our customers spend more time with us, with average data volumes 63% higher year-on-year. As at the end of 2020, nearly 50% of our subscribers in Russia were 4G users. Total subscriber trends also improved significantly as the year progressed, with a return to quarter-over-quarter growth in Beeline's total subscriber base in Q4 and a reduction in churn, which decreased by 3 percentage-points in the second half of the year.

1. In H2 2021, George was appointed Chief of Staff at Group HQ.

Our B2B business was an additional growth engine for Russia. Here, our subscriber numbers grew by 12% and revenues by 6.6%. We have enlarged our range of services in this area, including Beeline's storage platform BeeCloud, our big-data capabilities and a fast-growing revenue stream from geo-analytics services. We created ground-breaking partnerships with banks and retailers to leverage the power of big data to their business models. Our organic growth was complemented by the acquisition of WestCall, a Moscow-based operator of FTTB, IP and cloud solutions serving almost 10,000 corporate partners.

Our fixed-line business in Russia also delivered good results. Revenues increased 9.2% year-on-year, with fixed data traffic growing 41% and our subscriber base expanding by 8%. More than half of our fixed-line services subscribers also benefit from Beeline's mobile services, creating a multi-layered, convergent engagement with them. With 13.9m homes connected and more than 200,000 kilometres of fibre, our fixed assets and services will continue to be key to Beeline's growth in the years to come.

Taken together, these dynamics supported Beeline Russia's recovery from its low point in the middle of the year, culminating in its return to local currency growth in December, when the business posted 3.6% year-on-year growth in revenues. This gives us further confidence that Beeline Russia is well positioned for sustained growth in 2021.



Social responsibility

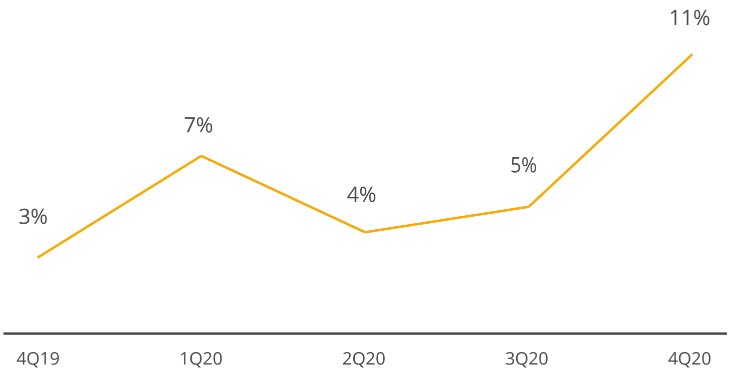
In all of our markets, our success will ultimately be determined by the experience we provide for our customers. This is no longer about providing minutes and gigabytes to the end-user – it is about providing the digital experiences that they require. This is the way forward for our industry, made more critical given the challenges of 2020.

We are also mindful that as operators of licenced businesses that invest heavily in their home countries, each of our operating companies is a fundamental part of the economic, social and environmental well-being of the societies we serve. This is especially important in emerging economies where the telecom industry's ability to promote digital inclusion and empowerment brings with it enormous social and economic opportunity. This was given greater definition in 2020 as we helped support the economic survival and well-being of millions of our customers, and provided additional benefits to communities that needed our services the most.

Beeline Russia: B2B revenue growth YoY

6.6%

B2B revenue growth in 2020



This responsibility is equally important in the largest and most advanced market for our services, Russia. Leveraging our capabilities for social good in support of important initiatives like Liza Alert (summarised opposite), which draws on our nationwide networks and advanced capabilities in data transmission and machine learning to save lives, is a reminder of our duty to share our infrastructure wherever it can help serve the needs of individuals and communities.

Going forward, digital literacy, awareness and empowerment must form a critical focus for the Group. In 2020, we witnessed how the fragmentation of media around which today's digital world is built can distort the ability of individuals to exercise critical thinking and make informed choices. All of society – and within it, digital ecosystem players including telecommunications companies – have much to gain from overcoming this distortion by equipping individuals with tools to use technology with safety, integrity and for broader social good.

ESG priorities

As detailed already by our Chairman, from these challenging times we have derived a stronger level of attention and commitment to ESG priorities, which are now being brought to the core of our business. Through engagement with the GSMA, we are now embracing the 2050 net zero CO_2 emissions goal inspired by the Paris Agreement. We will also continue to give utmost attention to supporting our communities and ensuring fair employment and working standards for all our colleagues whilst avoiding any form of discrimination. And we shall also continue to ensure the highest standards of governance, further continuing the excellent work that has been done to ensure the right tone at the top and total integrity at all levels of our organisation.

With this, let me now thank all stakeholders in all of our countries for the support they gave to VEON during the last year and they will offer going forward, making it possible for us to achieve our goals.

I look forward to continuing together in our work for the best of VEON and its companies.

Kaan Terzioğlu
CEO

Liza Alert: Those who are lost, shall be found

Every year, more than 120,000 people find themselves lost in Russia. Over 72,000 of them are children.

Finding and rescuing them can be a herculean task in a nation spanning 11,000 kilometres and 11 time zones. Locating lost people is a race against time, as in the winter the chances of recovery are reduced by 80% if the person is not found within the first eight hours.

Beeline understood that as a telecoms company, we were perfectly positioned to help. That's why we partnered with the volunteer movement Liza Alert to lead and manage over 70,000 volunteers who conduct search and rescue operations all over Russia.

Liza Alert takes its name from the memory of four year-old Liza, who went missing whilst walking her dog in a forest outside Moscow. 500 locals came together to look for Liza, working tirelessly for days. On the ninth day, her body was discovered with her dog by her side in a futile attempt to keep her warm.

Liza had died of hypothermia. A nation was in grief, a family destroyed. Those who had searched for Liza vowed to never let such an incident happen again. In her memory, they formed Liza Alert: a movement of volunteers dedicated to helping those who go missing.

Beeline's partnership with Liza Alert started five years ago with the development of a cross-MNO SMS-based portal to manage 70,000 Liza Alert volunteers. We established a cross-MNO toll-free hotline and created a purpose-built mobile application to help with search and rescue operations. Beeline's SMS service has since sent out 9.7 million text messages and Liza Alert's hotline processed around 70,000 calls in 2020 alone.

In 2020, we deepened our partnership with Liza Alert considerably with the development of an artificial intelligence-based 4G/5G-powered image recognition platform. This processes thousands of images in real time taken by Liza Alert drones deployed during rescue operations.

During a 45 minute flight, a drone can take over 2,500 images, which are streamed via Beeline's lightning-fast 4G/5G networks to our regional data centres. Images are then processed, misplaced people are identified, and coordinates are communicated back to the search and rescue teams on the ground to enable their successful recovery.

Beeline's Artificial Intelligence platform can process each batch of 2,500 photos in less than two minutes – a task that would ordinarily take a team of 30 highly-trained volunteers six hours to complete. Our technology is now able to identify people sitting, standing or laying on the ground, even when partially obscured by trees or belongings – a critical need for the rescue process. And our RetinaNet-based deep learning architecture ensures high accuracy in recognising misplaced persons and is continually improving its capabilities through machine learning.

Together, Beeline and Liza Alert are saving people's lives. During the first nine months of 2020, 23,294 people were returned to their families alive. Every life saved is priceless and we're so very proud that our networks and technologies are able to help this fantastic service ensure that those who are lost, shall be found.

In recognition of its collaboration with Liza Alert, Beeline received the GSMA's Global Mobile Award (GLOMO) as Best Mobile Operator Service for Customers in 2020.

Empowering digital lifestyles

Co-CEO alongside Kaan Terzioğlu during the last year and now a member of our Board of Directors, Sergi Herrero recounts how the Group's investment in digital services began to fundamentally redefine our customer relationships in 2020.

"Owning networks that cover 9% of the world's population gives us tremendous scope to build digital ecosystems across some of the fastest-growing emerging markets and create a wealth of opportunities for our customers."

Sergi Herrero
Co-CEO[1]

Sergi Herrero

Digital citizenship is at the heart of our opportunity at VEON: to transform a telecoms company into a business that can connect people everywhere through digital resources that solve problems, enhance lifestyles and improve futures. These are basic rights of digital citizenship that will help ensure that the opportunities afforded by digital and information technologies can be used to empower, as well as simply to entertain.

In the autumn of 2019, we set out this vision in a new strategy framework that aligned our business around three complementary verticals – connectivity, new services and future assets – signifying our ambition to expand our product capabilities beyond core voice and data through investment in new digital services.

2020 was the year in which this strategy gained maturity as these services achieved scale and began to fundamentally redefine the relationship we have with our customers. The adoption of our new operating model also empowers our local teams to drive their success forwards.

As Gennady outlines in his Chairman's statement, this for me is the time to step aside and allow the digital expertise we have seeded in our OpCos to flourish, guided wherever needed by our VEON Ventures team that will remain an integral part of our Group's digital capabilities going forward.

1. Sergi stepped down as co-CEO on June 30, 2021.

Redefining financial services

We started this journey in Pakistan where VEON now operates the region's largest digital financial services platform, JazzCash.

2020 saw a rapid expansion of that subscriber base, growing by a further 67% to reach over 12 million, and its payments ecosystem now reaches over 100,000 registered merchants.

The team have moved fast to extend JazzCash's capabilities, adding QR code technology to replace traditional point-of-sale terminals and creating a fully digital onboarding process for merchants. The success of their strategy is clear from the platform's reach – JazzCash has surpassed 24 million registered accounts, which corresponds to around 20% of Pakistan's total adult population.

Partnerships are also playing a role in JazzCash's success and I was very pleased to welcome Mastercard to its payments ecosystem in May 2020. Our partnership with Mastercard enables anyone with a JazzCash wallet to benefit from a wide range of digital solutions and capabilities, from paying for goods and services via digital channels to making online payments in a fast, safe and convenient manner. The partnership also strengthens our proposition for merchants by enabling them to accept digital payments from customers, digitise their supply chain and move to cashless operations.

JazzCash is far more than a service of convenience. It solves a basic need in a nation where the unbanked population ranks amongst the world's largest and where historically there has been less usage of the banking network by women. Providing access to financial services via mobile phones transforms the banking model and brings empowerment to communities and individuals for whom these facilities currently lie beyond reach. It helps lay foundations that can transform social, economic and vocational opportunities and creates a long-term, sustainable roadmap for our business across a number of early-stage markets that share similar challenges around financial inclusion.

Introducing VEON Ventures

The mandate of VEON Ventures is to identify, build and scale digital businesses in high-growth verticals and deliver their services through the considerable customer reach of VEON's core connectivity businesses.

The services Ventures develops are designed to enrich the experience of our existing 213 million customers and to extend our reach to the 680 million people that live across our operating markets. In doing so, our aim is to unearth and scale up assets that have the potential to become the multi-market product leaders of the decade ahead, thereby enhancing the valuation of the VEON Group over time.

As a division, Ventures operates across the entire Group's footprint and is constantly scouring our markets for opportunities in three main verticals – mobile financial services, content and AdTech. Each of these captures the concept of 'adjacency' that underpins Ventures' strategy.

Ventures approaches each opportunity in one of three ways, depending on local market circumstances. Often we will own an asset outright and scale it as a stand-alone business. Alternatively, we may consider a strategic investment alongside other partners with whom we share a collective vision for that asset's future. And occasionally we will adopt a partnership approach, working alongside a company in a parallel industry where we see an opportunity to leverage our core expertise to enhance each other's business prospects.

Growing digital verticals

Financial services

JazzCash, Pakistan's leading DFS platform

78%

Pakistan adults with no bank account

12.2m
(+67% YoY) active users

56,800
active merchants in 2020

e-Commerce

ShopUp, Bangledesh's leading full stack B2B platform for SMEs

x2

ShopUp's monthly digital credit disbursements during 2H20

3.7x
increase in total revenues in 2H20 vs 1H20

+260%
B2B commerce revenue increase in 2H20 vs 1H20

Entertainment content

Toffee, Bangladesh's leading entertainment app

#1 app

Toffee's local ranking achieved on Google Play

2.3mn
MAUs in one year

+53%
Nov/Dec 2020 engagement time

70%
users who are non-Banglalink SIM customers

Sticky content

Content is a vertical where success today requires products that break the mould of traditional services. Toffee, our media content platform in Bangladesh, is a great example.

Toffee reinvents the relationship between customer and content by providing unique access to local media largely ignored by global content providers. In a market where subscription-based models have been largely unsuccessful, Toffee's focus on sport and a combination of locally-produced, regional and user-generated content drives a high level of interaction that other platforms lack.

The success of Toffee is clear in its growth, the pace of which has surpassed our expectations. From a standing start at launch in November 2019, Toffee closed 2020 with 2.345 million subscribers, around 70% of whom were not currently Banglalink customers. This scales the opportunity for us to grow Banglalink's subscriber base further on the back of Toffee's success whilst we monetise Toffee's reach through a combination of advertising and subscription-based revenues.

AdTech and big data

AdTech provides VEON with considerable opportunities to expand its B2B footprint through business partnerships. It is also a vertical that draws considerably on the Group's technology expertise to drive market opportunity.

This is the case in Russia, where we have built a flourishing AdTech business which leverages our capabilities in artificial intelligence (AI) and big data to deliver contextualised marketing to X5, one of the nation's largest retailers. This brings the ad-based revenue model of social media into the store by rendering ads on display screens personalised to individual shoppers as they pass.

Russia also demonstrates how we leverage big data to help banks assess new customers in a market where credit histories are often short or incomplete. Working with our financial services partner Alfa-Bank, one of the nation's largest consumer lenders, Beeline's digital team has developed AI-driven technology that creates a composite profile of customers based on their broader interaction with our services, which Alfa is now using to drive its customer onboarding process.

> **"This is the future for VEON – a digitally-converged operator whose success is built around serving individual customer needs through an ecosystem of advanced services."**
>
> **Sergi Herrero**
> Co-CEO[1]

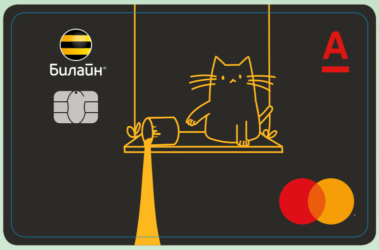
Alfa-Bank: credit to big data

In 2019, we devised a very innovative, daring R&D project to create an entirely new fintech product together with our financial partner in Russia, Alfa-Bank. The idea was to draw on Beeline's expertise in AI and big data to improve Alfa's credit scoring process and boost the efficiency and reach of its credit card business.

The project was a complex one. Success required us to subject our data to more than 2,500 very complex individual tasks, most of which had never been achieved in Russia before, and some of which were world firsts.

In 2020, this idea became a reality and now operates at the heart of Alfa's consumer credit business on an industrial scale. Every second, we carry out 68 data exchange transactions for Alfa, from credit scoring to new customer targeting. In November 2020 alone, this amounted to 180 million data transactions.

The project quickly broadened beyond customer onboarding to authentication. This involved developing Mobile Connect (mobile ID) technology to authenticate and manage additional information that enables customers to manage their personal data and undertake a variety of account activities simply by pressing a single button on their smartphone.



Thanks to our Mobile Connect technology, an application for a credit card now takes on average 20 seconds. And issuing a financial instrument takes no more than 15 minutes – three times faster than before.

We also helped Alfa boost the effectiveness of marketing credit cards online. The volume of approved applications through their online channels is already greater than in physical retail, with on average two new credit or debit cards approved every minute. And we now partner with Alfa in co-branded credit cards, with one in five of all new credit cards issued by Alfa carrying the Beeline brand.

Most importantly, we have created a team. A team of bright, daring, super-smart individuals brimming with ideas on how fintech can improve the customer's experience of financial services. We create the technologies of the future – and we know for sure they will be bright, bold and yellow!

Find out more about Beeline Russia online at:
www.veon.com/about-us/

1. Sergi stepped down as co-CEO on June 30, 2021.

As well as assisting Alfa with credit scoring, the bank is also co-branding their credit cards with Beeline. Presently, around one in five credit cards issued by Alfa Bank is Beeline co-branded, in return for which we receive a share of future fee income – an attractive revenue model compared to the lead fees that usually form the basis of affiliated consumer credit partnerships elsewhere.

Empowering ecosystems

In other markets, Ventures is demonstrating how digital services can empower small business scale and overcome logistical obstacles to achieving their full potential. The investment we made in ShopUp alongside a number of leading venture capital firms in October 2020 is a great example.

ShopUp provides a mobile-first commerce platform for micro, small and medium-sized businesses (MSMEs) in Bangladesh's retail sector. These MSMEs form the sector's backbone and account for over 90% of commerce throughout its supply chain. ShopUp brings buyers and sellers together and provides B2B sourcing, logistics and financial services to help neighbourhood shops and online sellers overcome the logistical challenges of the nation's highly-fragmented wholesale, retail and distribution channels.

ShopUp offers us the immediate opportunity to expand our mobile financial services footprint in Bangladesh by augmenting and expanding the range of digital payment and credit facilities it currently offers in partnership with leading local financial institutions. It also affords Banglalink access to a large and valuable pool of B2B customers, a significant proportion of which currently lies beyond its subscriber base.

1. Sergi stepped down as co-CEO on June 30, 2021.

ShopUp is a great illustration of the power of digital ecosystems to advance economic and financial inclusion. It also underscores the potential for adjacent assets like ShopUp to extend and converge with our core connectivity business and provide us with a variety of product opportunities built around a suite of interconnected microservices.

This is our vision for the future of VEON – a digitally-converged operator whose success is built around serving individual customer needs through an ecosystem of advanced services.

Sergi Herrero
Co-CEO[1]

X5: advertising gets personal

2020 saw Beeline establish a commercial partnership with X5, one of the nation's leading retailers, which embraces an entirely new approach to customer advertising.

Drawing on Beeline's big data capabilities, we're enabling X5 to deliver highly targeted in-store advertisements tailored to individual customer profiles.

Drawing on a customer's social-demographic profile and purchasing preferences, a sophisticated authentication mechanism triggers highly targeted advertisements from major FMCG companies on in-store digital screens as customers pass by.

Beeline's technology is now being used in 250 X5 retail stores and is rendering advertisements that reach an estimated customer audience of 300,000 each day.

Our partnership with X5 also extends to data processing, where our technology is helping the retailer streamline tax submissions and payments handling. A sophisticated data exchange mechanism has been introduced in all physical stores and X5's e-commerce sites that enables simultaneous data exchange between each outlet and the tax authorities. Beeline technology also connects 82,000 in-store cash machines and enabled X5 to process 4.9 billion cheques in 2020, or around 350 cheques per second.

Find out more about Beeline Russia online at:

www.veon.com/about-us/

Services defined by our purpose

We seize the opportunities we identify across our markets…

…to enable us to focus on building a compelling growth proposition…

Demographic shifts

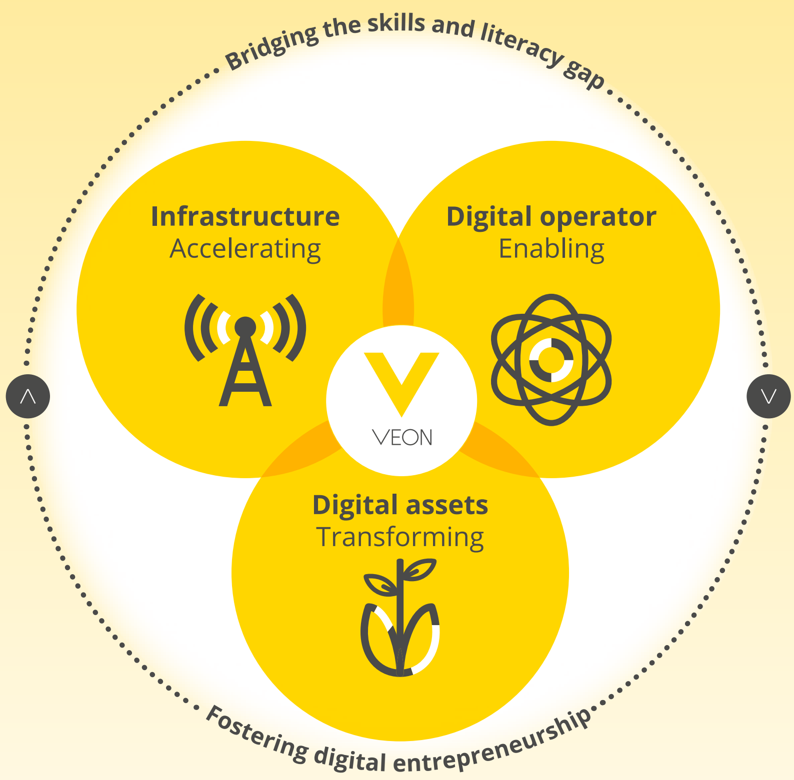
The nations we serve are characterised by young, expanding populations with a proven appetite for our services.

Adoption of 4G

Our emerging markets are in a rapid adoption phase for 4G services, which is the focus of our investment activities.

Demand for digital services

Our digital services offer access to opportunities and resources which may otherwise lie beyond the reach of our customers – including financial services in some of the world's most unbanked communities.



VEON adopts a responsible approach to sustainable business by focusing on ethics, good governance, operational reliability and our environmental impact.

...that will unlock considerable value for our customers, our shareholders and the communities we serve...

Infrastructure:

We are accelerating 4G deployment through sustained network investments, boosting the growth of our infrastructure assets which offer predictable and sustainable cash flows and material monetisation opportunities.

Digital operator:

We are growing our 4G-enabled services, which deepen our relationship with customers and drive the Group's sustainable long-term growth potential.

Digital assets:

We build stand-alone digital assets and businesses that transform our services while creating considerable value for our stakeholders.

Fostering digital entrepreneurship:

VEON's Make Your Mark programme stimulates the digital economy by supporting tech incubators, mentorship programmes, bootcamps and hackathons to encourage digital innovation and entrepreneurialism.

Bridging the skills and literacy gap:

VEON supports technology education initiatives that help people who lack access to basic education, vocational training and digital skills due to limited socioeconomic opportunities.

...and enable us to deliver sustainable value to our stakeholders

Economic growth leading to increasing mobile usage

Greater connectivity and use of digital services stimulate economic activity, which in turn boosts wealth creation and further demand for mobile services.

Appeal to a broader customer base

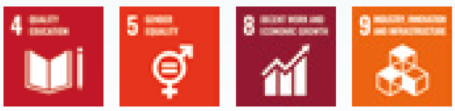
Our goal is to serve customers with services that meet their individual needs and build long-term relationships with them based on the value our services provide.

Greater value for shareholders in the short and long term

Our business strategy is designed to maximise shareholder value over time by raising the growth potential of our business through network investment and services innovation.

Contribution to the United Nations Sustainable Development Goals (UN SDGs)

We believe that our long-term business success must be founded on sustainable business practices that serve social needs as defined by the UN SDGs, four of which we view as especially relevant to our activities:



Value Creation

As a leading provider of essential connectivity and digital services, VEON has considerable potential to generate widespread value. We also recognise that our operations impact the communities we serve materially. Understanding how to harness these capabilities for the mutual benefit of all stakeholders lies at the heart of our value creation model.

Our Value Creation Model	**26**
Market Opportunity	**28**
Stakeholder Engagement	**30**
Our Sustainability Strategy	**33**
Sustainability Framework	**34**
Sustainability Case Studies	**36**
Sustainable Development	**44**
Materiality Assessment	**47**
Material Issues	**48**
Additional Sustainability Issues	**55**

How we generate value

Our Group comprises three core businesses which draw on a range of resources to create value for customers, our shareholders and the communities we serve.

VEON recognises the importance of the guiding principles of the International Integrated Reporting Council (IIRC). Our value chain considers key socioeconomic issues to ensure that we create sustainable, long-term value for our stakeholders against each of the capitals we draw upon.

Our approach to value creation is driven by IIRC capitals specific to our industry, which together form the basis of our value creation model. These capitals illustrate how VEON interacts with the communities we serve and the social and economic value we create over time.

We continue to transform our business with the aim of improving our operations across all markets in which we operate. This transformation is working to expand our growth opportunities beyond providing traditional voice and access data into new, digitally-enabled services.

Our digital and technological capital enables us to enhance our customer experience through a growing range of services, including self-care platforms that empower our customers to manage their accounts and services independently and a variety of digital applications, including entertainment and music and financial services.

We strive for continuous improvement to help ensure we operate as efficiently as we can, through a business structure that best matches our needs and those of our customers, our investors and our other stakeholders.

Our resources and relationships

Human and intellectual capital

Short-term focus:
- Seeking new talent to help develop the products and services of tomorrow.
- Developing the talent of our existing employees and supporting employee retention through training schemes.
- Supporting the development of our mentorship programmes.

Long-term focus:
- Future-proofing our existing workforce through training and identifying development opportunities.
- Creating compensation plans to attract high-calibre prospective employees and retain our existing staff.
- Continuing to invest in mobile-based literacy initiatives.

Social and relationship capital

Short-term focus:
- Engaging with business partners for commercially-viable strategic partnerships.
- Conducting risk-based evaluations of prospective and existing business partners.
- Partnering with NGOs to create impactful corporate responsibility initiatives.

Long-term focus:
- Working with governments and regulators to develop more conducive business conditions.
- Promoting a culture of ethics and integrity and requiring our partners to do the same.
- Continuing to invest in literacy and skills development programmes in the countries in which we operate.

Digital and technological capital

Short-term focus:
- Providing self-care applications and digital services to enhance our customer experience.
- Maintaining strong internal policies and practices to safeguard the data privacy and security of our customers.
- Improving the quality and variety of our services in order to reduce churn and encourage new customer acquisitions.

Long-term focus:
- Building community support to safeguard technology and business infrastructure in remote rural locations within our operating countries.
- Priming new market segments by offering digital services such as content, mobile health, mobile education and mobile agriculture.

Financial capital

Short-term focus:
- Expanding new digital services to enrich the experience of our customers and forge long-term relationships with them.
- Delivering solid operational results by providing best-in-class services matched to the needs of our customers.

Long-term focus:
- Investing in connectivity infrastructure by working with governments and other relevant authorities.
- Investing in digital financial services to help the economically disenfranchised.
- Empowering customers through the development of services tailored to their individual needs.

Our core activities

Infrastructure
Accelerating

With over 50,000 towers and supporting infrastructure deployed across nine countries, VEON possesses one of the largest infrastructure portfolios in the emerging markets, the value of which we continue to boost through sustained investment in 4G networks, and realise also through monetisation opportunities.

Digital operator
Enabling

Our core mobile and fixed-line services connect 213 million customers, to whom we provide a diverse, high-quality mix of voice, data and converged products to meet their developing needs for digital solutions and applications beyond connectivity.

Digital assets
Transforming

By investing in digital assets in adjacent industries, VEON Ventures is nurturing products for the future. Our present focus is on digital financial services, entertainment content and AdTech, around which we are building ecosystems designed to empower digital lifestyles and provide options to the Group to generate further economic upside.

Outcomes

We create human capital by providing training and development opportunities for our employees, planned with the future needs of the business in mind as well as their own personal progression.

300,753
Total e-learning hours

We create social and relationship capital by working closely and collaboratively with key stakeholders with the aim of building trust.

213m
Total active subscribers

We develop digital capabilities that transform the utility and experience of our services and deploy these on our high-speed 4G networks.

8.6bn
Mobile data traffic (GB)

Financial capital
We invest the Group's financial capital to equip and strengthen our operating businesses, allocating this in order to generate long-term value for our shareholders.

$8bn
Revenue (USD)

Impact

Digital inclusion
Our services empower our customers with digital services and access to online resources that can help overcome digital divides and encourage the development of the digital economy.

81,095
Participants in mLiteracy programmes

For further details please see page 49

Digital empowerment
By providing access to resources and services that may otherwise lay beyond the reach of our customers, we are empowering individual opportunity.

30.1m
Monthly active users of self-care apps and web services

For further details please see page 54

Corporate sustainability
Our services support the communities we serve by providing essential connectivity and fostering digital adoption within safe, secure networks. Together, these boost economic and social development, which are fundamental to our role as a sustainable business.

21.6%
Improvement in voice call drop rate

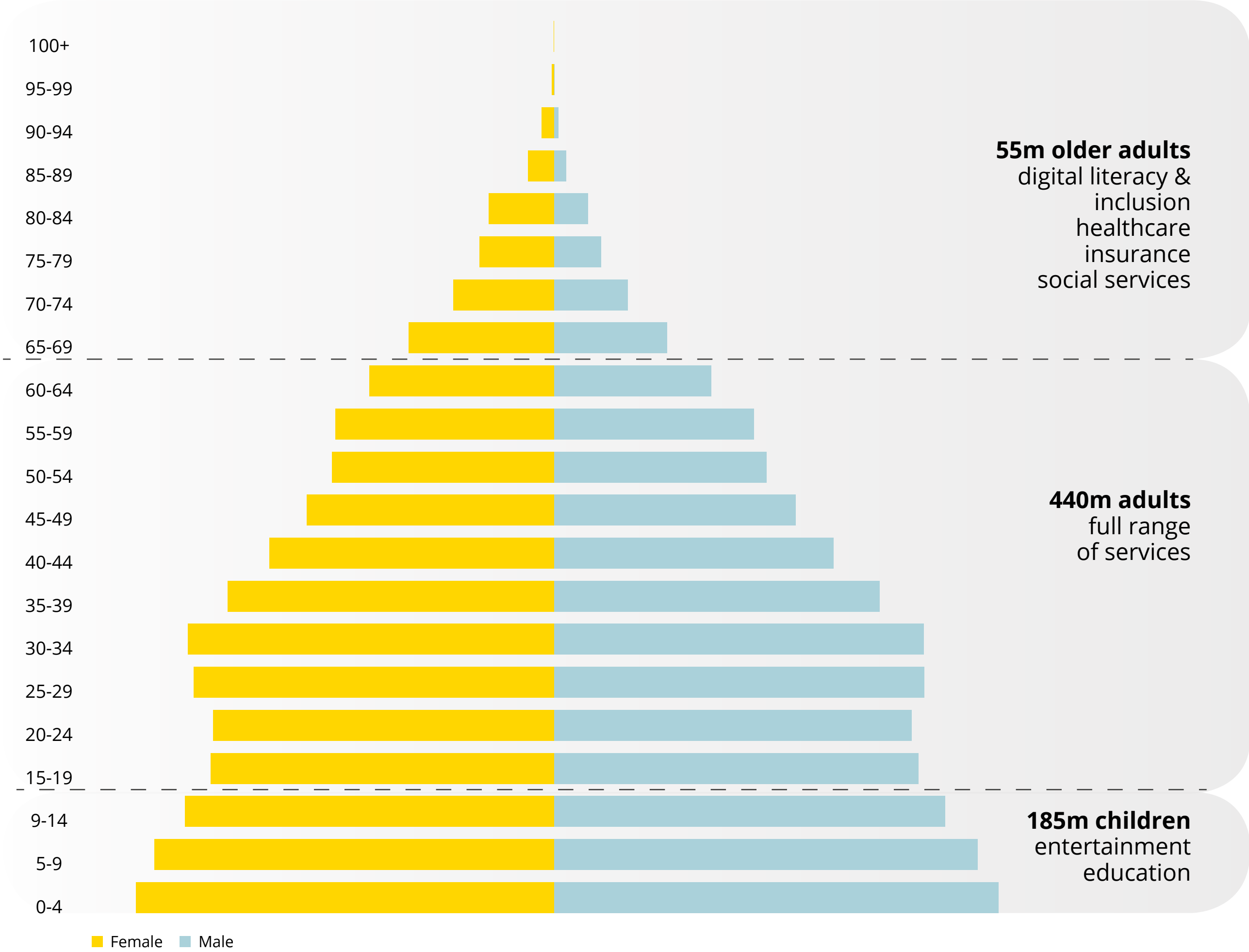
For further details please see pages 33-35

Connecting **customers** to their **needs** in **growing** markets

VEON's markets are characterised by young, growing populations and together offer us an abundance of growth opportunities. Our services are tailored to local needs and evolve with the lifecycle priorities of our customers. These range from education and entertainment for the young through to services that foster digital literacy and inclusion for older adults.

Strong demographics

This combined population pyramid of the **680 million individuals** for whom our nine markets are home illustrates the growth potential of our operating markets. With 50% of people below the age of 29, we have considerable opportunity to develop strong, long-term relationships with our customers based on trusted services that grow and change as they do.



Source: United Nations.

+15m

Market population

estimated growth 2020-2022

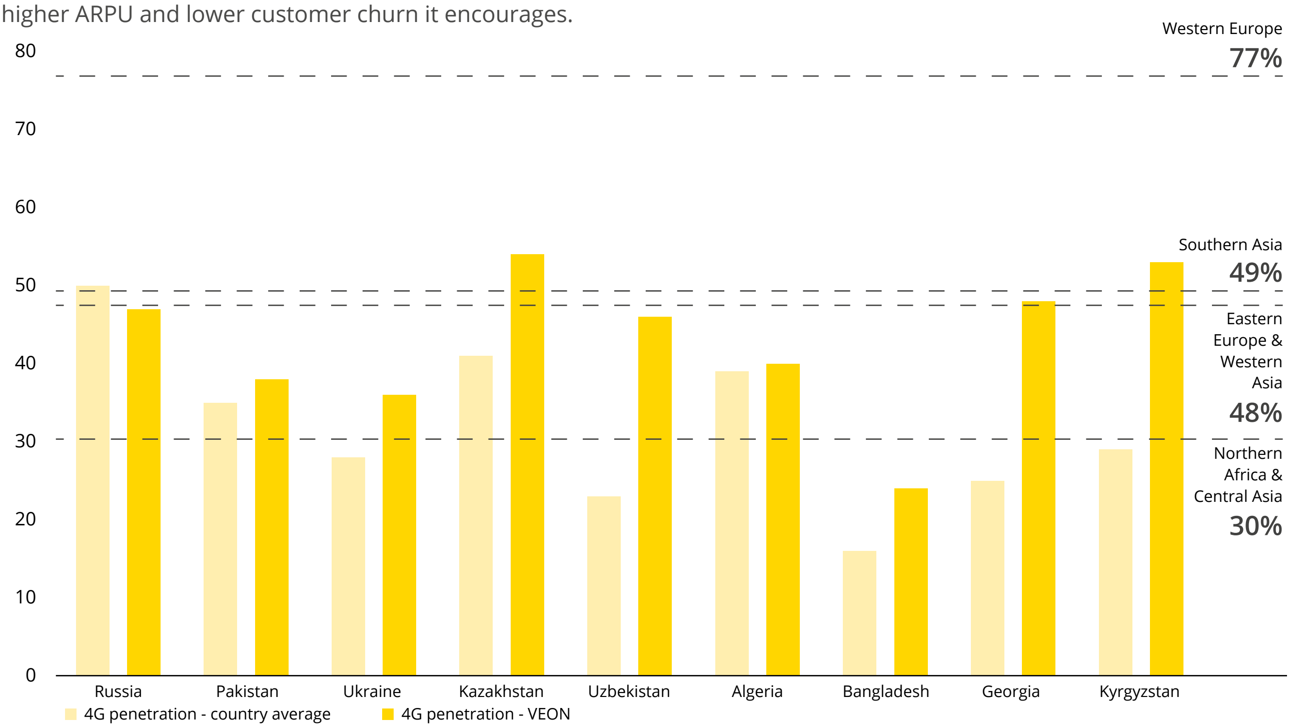
A bright growth outlook

Collectively, our markets are forecast to see population growth of 15 million between 2020 and 2022, which we are preparing for through sustained investment in our networks.

Digital inclusion

Bridging digital divides with high-speed data networks

Our markets are in the sweet-spot of 4G services adoption and lag developed world penetration rates considerably. The shift to 4G has the potential to transform the financial characteristics of our businesses given the higher data use, higher ARPU and lower customer churn it encourages.



Source: VEON, GSMA, December 2020.

+18m

Data penetration

2019-2022, forecast to increase from 63% to >70% across Group

Investing to grow

We are making smart investments in our 4G network coverage and quality. During 2020, the collective population coverage of our 4G networks increased to 73%, 19 percentage points higher than 2019.

In Russia, we are investing considerably to close the network gap with our competitors. Elsewhere, all of our 4G networks enjoy greater customer penetration than the market average.

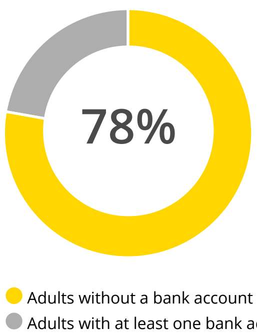
Financial inclusion

Our digital financial services meet a critical need, transforming the traditional banking model and empowering communities

In five of our nine markets, 50% or more of the adult population has no bank account. In all but one, mobile phone use amongst adults is more than twice as high as their use of banks. By delivering financial services via smart and feature phones, we can play a leading role in ending financial exclusion in the communities we serve.

Pakistan

Population 216.6m



Sources: United Nations, International Monetary Fund, World Bank.

JazzCash: driving financial inclusion In Pakistan

VEON's JazzCash is Pakistan's leading digital financial services platform. As at end-December 2020, it had 24 million registered users, equivalent to around one-fifth of Pakistan's adult population.

The opportunity to replicate JazzCash's success elsewhere creates a long-term, sustainable roadmap for our business in early-stage markets that share similar challenges around financial inclusion.

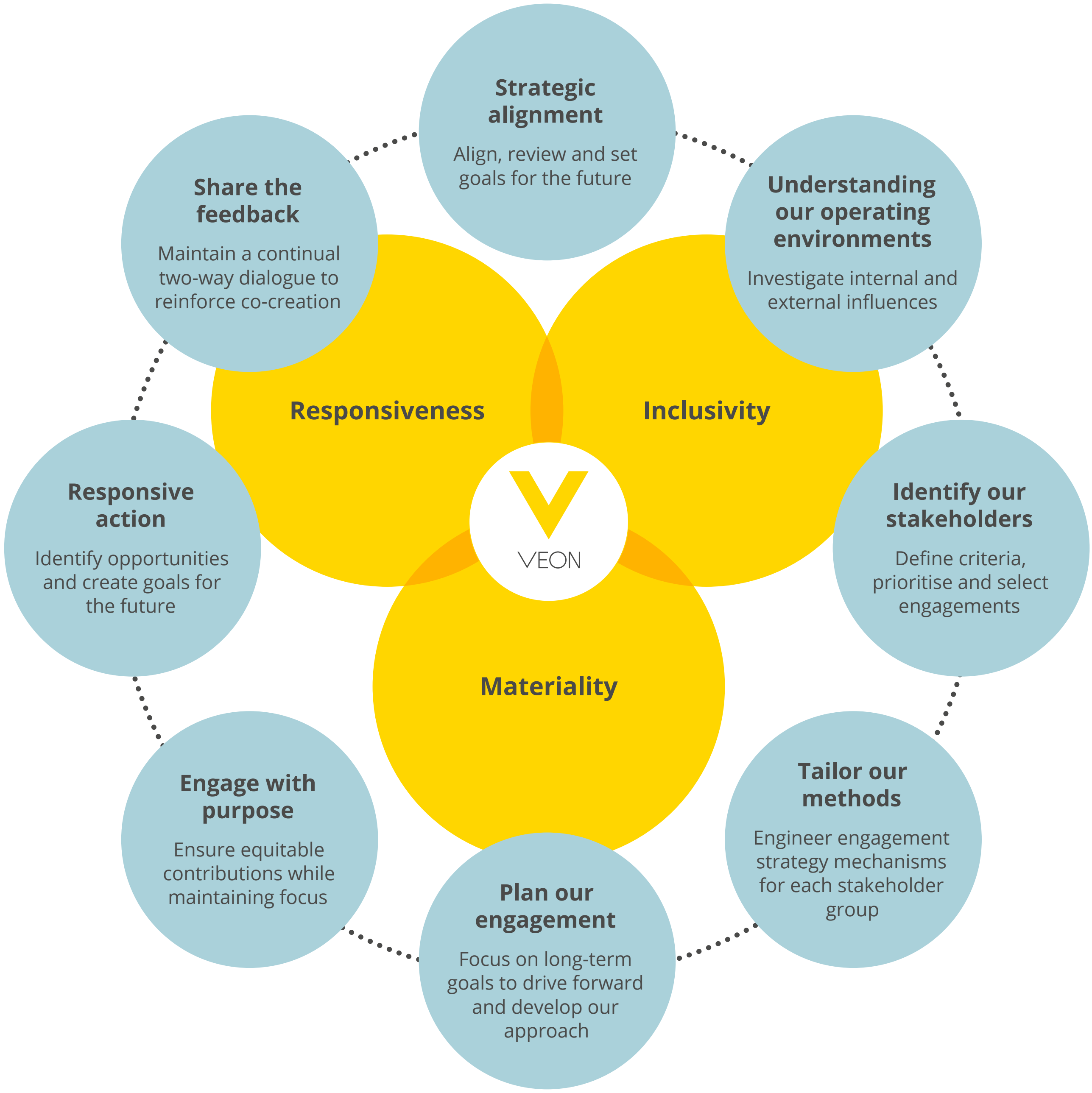
Connecting with our stakeholders

VEON's approach to stakeholder engagement

We define stakeholders as the parties or individuals we influence through our operations, products and services, and who in turn affect our ability to achieve our goals.

Our stakeholder relationships allow us to identify which aspects of our businesses are considered most relevant to each and enable us to build our Sustainability Framework around them.

We have identified stakeholder groups that are material to the sustainable success of our business and consider their opinions in our decision-making. Here, customers, our communities, employees, host governments, regulators and investors are amongst our most important stakeholders.



Government and regulators

This group consists of local governments, regulators and state sector organisations which support us in delivering products and services across our markets.

We have a responsibility to contribute to the public debate on a wide range of issues relevant to our industry, as well as broader sustainable development issues. Our knowledge and understanding of the industry and the markets in which we operate enable us to inform and advise government and regulatory authorities on high priority issues. These include spectrum policy, digital transformation, innovation in the mobile and fixed telecommunications sector and delivery of public services through technology. Our engagement with government and regulatory authorities is proactive and transparent. We communicate our aims, prioritise international best practices and provide empirical evidence when developing public policy positions.

Communities

This group consists of non-government organisations (NGOs), community based organisations and civil society groups whom we partner with for corporate responsibility-related initiatives.

We engage, coordinate and collaborate with prominent local and international NGOs. These organisations are typically focused on development issues such as education, livelihood support, economic alleviation, and disaster-risk reduction and rehabilitation. Our commitment to these partnerships helps us to contribute effectively to the socioeconomic prosperity of our communities.

Employees

This group consists of dedicated individuals working for VEON across our geographies.

We engage with our employees in a number of ways, such as town hall meetings and a variety of digital tools which have become increasingly important media through which to communicate with our people while working remotely. Our values help to further unite the VEON community with a common purpose.

A Joint Works Council exists at the Group headquarters (HQ) and a separate Works Council for VEON's Wholesale Services (VWS) has also been established. These entities are regularly informed of issues affecting HQ employees and, where legally required, consulted on intended business decisions concerning personnel at our HQ.

Customers

This group consists of individuals and businesses that use VEON services.

VEON is a customer-first organisation and we devote considerable energy to ensuring that our customers receive the very best experiences of our services.

Our customers engage with us in a number of ways. In various markets, we provide them with a fully digital online experience via self-care apps. We also offer a strong retail presence, specifically through mono-brand stores, which enables us to provide a more dedicated experience. Our call centres provide an increasingly personalised approach for customers given our use of digital data analytics.

We provide a range of point-of-sale options to our customers to facilitate engagement with our operating companies. We conduct customer and market research to provide appropriate-sized offerings for individual users, families and households. Our ambition is to make our offerings easy to understand and fit-for-purpose, supporting a wide range of needs for all customers.

Investors

This group consists of institutional equity and credit investors and other shareholders, as well as the broader financial community VEON frequently engages with, including financial analysts.

As the ultimate owners of our business, our shareholders appoint the directors who constitute our Board. In addition to our conference calls on quarterly and annual results, we engage with shareholders and other investors on an ongoing basis. We also meet with market participants to discuss financial results, market trends and business strategy, and to address other topics of interest and areas of attention. We also regularly address our growing number of investors who are focused on ESG.

These activities are coordinated and carried out by our Investor Relations team, based at our Group HQ in Amsterdam.

Engaging through global and local memberships

Memberships can be a highly effective way of enabling us to engage with our various stakeholders. These memberships may be split up into two different types: those with a global focus related to the wider telecommunications and digital industry, and those with a local focus.

Global-focused memberships

As a company, we take a keen interest in industry debate regarding the future of our industry and actively participate in forums that facilitate this. At the Group level, our memberships include the ITU (International Telecommunications Union), as well as the GSMA (Global System for Mobile Communications Association) to which our Group CEO Kaan Terzioğlu was elected as a Board member in November 2020 for a two-year term, commencing January 2021.

Local-focused memberships

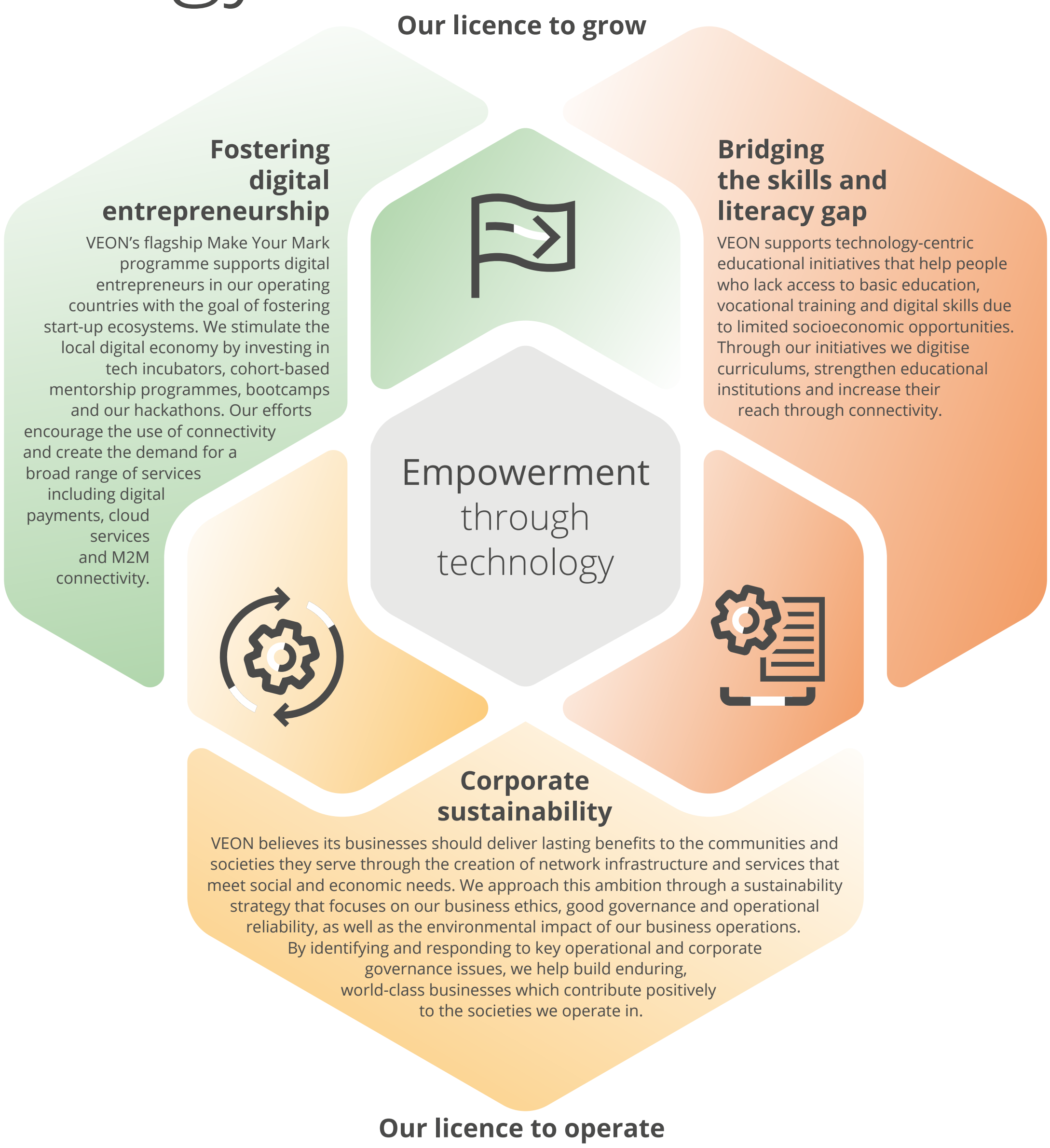
At the local level, our operating companies host unique memberships focused on various topics, including industry management, policy and IT.

One example is the Association of Mobile Telecom Operators of Bangladesh (AMTOB). The AMTOB acts as an industry voice regarding the complex regulatory issues impacting the Bangladeshi telecommunications industry and aims to reduce the potentially negative business impacts of changes to licences and regulations.

Elsewhere, other local memberships include the National Telecom Association (NTA) of Kazakhstan, the Association of Telecom Operators in Kyrgyzstan and the Media Communication Union in Russia.

In addition, a number of the Group's operating companies hold partnerships with their respective chambers of commerce that allow them to have active roles in shaping local business development. These include the National Chamber of Entrepreneurs in Kazakhstan and the International Business Council in Kyrgyzstan.

Our sustainability strategy



Our approach to sustainability goes beyond corporate philanthropy. It is centred around the notion of using technology to empower communities. The approach consists of two important elements: our licence to grow and our licence to operate, and reflects our desire to forge valuable partnerships that benefit all our stakeholders.

VEON's Digital Entrepreneurship and Digital Skills & Literacy programmes emphasise our licence to grow and help us to contribute long-term socioeconomic value to the communities we serve. Through promoting digital inclusion and creating new opportunities for participants, these programmes also contribute to the demand for digital products and services, which in turn creates new opportunities for our business.

In parallel, our approach to earning and preserving our licence to operate is focused on efforts aimed at improving and sustaining our global operations. It emphasises services that provide long-term benefits to the societies we operate in, as well as good corporate citizenship, ethical behaviours and operational performance.

VEON is committed to creating social and business value by making impactful investments that help create new services, partnerships and forums, which in turn enable and empower the people we serve across our markets.

VEON engages with a variety of agencies that assess our sustainability credentials. We were delighted to have received an upgrade from 'BBB' to 'A' from MSCI ESG Ratings in their most recent assessment dated June 2021, which cited our recent improvements in corporate governance as a particular area of improvement. Details of these can be found on pages 51 to 53 and pages 94 to 97 in this report.

Sustainability programme framework

Since 2017, VEON has set yearly goals and tracked progress against the three elements of the Group's sustainability strategy that underpin our licence to grow and operate across our markets.

Our licence to grow

Fostering digital entrepreneurship

By fostering digital entrepreneurship in our operating countries, VEON contributes to the sustainable development of the communities and economies we serve. Our Make Your Mark digital entrepreneurship programme supports early-stage start-ups to grow and thrive, which not only improves employment opportunities within countries but also unlocks potential new revenue streams for our business.

Links to material issues

- Impact on society/social involvement
- Digital inclusion
- Digital innovation

Links to capitals
- Digital and technological capital
- Social and relationship capital

Our progress in 2020
- Our initiatives continued, but were significantly curtailed by COVID-19 lockdown restrictions.

Our cumulative progress against our goals:

37
Number of hackathons conducted
This includes 9 in 2020

2,278
Total start-ups supported

Bridging the skills and literacy gap

Low levels of literacy and education are challenges across the developing countries in which we operate. By supporting literacy and digital skills uplift initiatives, we open beneficiaries up to new opportunities and ensure they can make the most of the digital world. In doing so, we also broaden our potential market of customers.

Links to material issues

- Impact on society/social involvement
- Digital inclusion

Links to capitals
- Human and intellectual capital
- Social and relationship capital

Our progress in 2020
- An additional 42,100 individuals benefitted from donated ICT equipment in 2020.
- A further 81,095 individuals participated in our mobile literacy and skills development programmes in 2020.

Our cumulative progress against our goals:

98,126
Benefitting from donated ICT equipment
Goal 2020: 50,000

274,085
Participating in mLiteracy programmes
Goal 2020: 50,000

Our licence to operate

Corporate sustainability

We are driven to improve our operational reliability without compromising our ethical standards. Our initiatives and commercial offerings, including digital wallets, mobile health and smart literacy solutions, are helping to uplift communities, while also diversifying our customer services portfolio. We take data privacy and cyber security very seriously as they are critical to our service quality and reputation. We measure our impact on the environment and aim to reduce our carbon footprint through a combination of resource optimisation, behavioural changes and technological innovation.

Links to material issues

- Digital inclusion
- Data privacy and cyber security
- Corporate governance
- Digital innovation
- Ethics and integrity
- Impact on society/ social development
- Quality of services
- Financial performance
- Diversity and inclusion
- Talent management and skills development

Our progress in 2020

- We reduced our CO_2 emissions per unit of data traffic by over one-third.
- Use of our self-care services increased by over 50%.

Our progress in 2020:

~1,800
Potentially adverse events analysed[1]

38%
Reduction in CO_2 emissions
per unit of data traffic[2]

30.1m
Users of our self-care apps and web services
monthly active users

0.40%
Average voice call drop rate (%)

1. See Data Privacy and Cyber Security section on page 50 for further details.
2. Our CO_2 emissions per unit of data traffic decreased from 0.24 tonnes per terabyte in 2019 to 0.15 tonnes in 2020. See page 55 for full details.

Focused on outcomes

Sustainability case studies

Our licences to grow and operate are fundamental to our sustainability strategy.

From these foundations, our operating companies have developed a variety of local initiatives to support individual empowerment and social prosperity.

Organised collectively under VEON's digital entrepreneurship programme, Make Your Mark, and a range of local initiatives to foster digital skills and literacy, our goal is to extend socioeconomic, educational and vocational opportunity in the communities we serve.

Our skills-based initiatives uses education to drive lasting change in the countries where we operate. Recognising education as one of the key engines of socioeconomic development, we use our knowledge of technology and connectivity to support tech-centric educational opportunities.

Complementing these is the ability of our networks and services to connect individuals with livelihood resources that might otherwise lie beyond their reach. These include digital financial services in communities that often lack basic banking infrastructure.

The pages that follow provide a flavour of these initiatives alongside the experiences of some of those who have experienced their outcomes first-hand.

For further information on Make Your Mark and how this helps foster digital innovation in our operating markets, see page 54.

Case studies

Djezzy's Innovation Bootcamp

Building bridges between universities and enterprises is a great way to prepare graduates for the challenges of the workplace. It helps students gain valuable insights into the working environment whilst connecting companies with well-prepared potential employees.

That's the concept behind Djezzy's Innovation Bootcamp. Launched at the beginning of the 2020-21 academic year, the programme provides university students with the opportunity of paid internships to participate in six innovative, digital in-house projects. These ranged from the development of a career path processing platform to help our HR team nurture and promote talent, through to the design of applications for the digitalisation of business processes and the geolocation of sales representatives.

Djezzy used social media to attract university students from across Algeria. Interest in the bootcamp was strong – we received over 400 applications, from which through profiles and interviews we chose our final 10 candidates.

Djezzy's Innovation Bootcamp captures the essence of how we, as a digital operator, can help nurture and channel the technical talent of students into new apps and platforms that may become our services of tomorrow. This is helping us to boost the use of our digital apps and data services while encouraging digital behaviours that simplify tasks and improve the efficiency of businesses.

Kazakhstan's Enactus

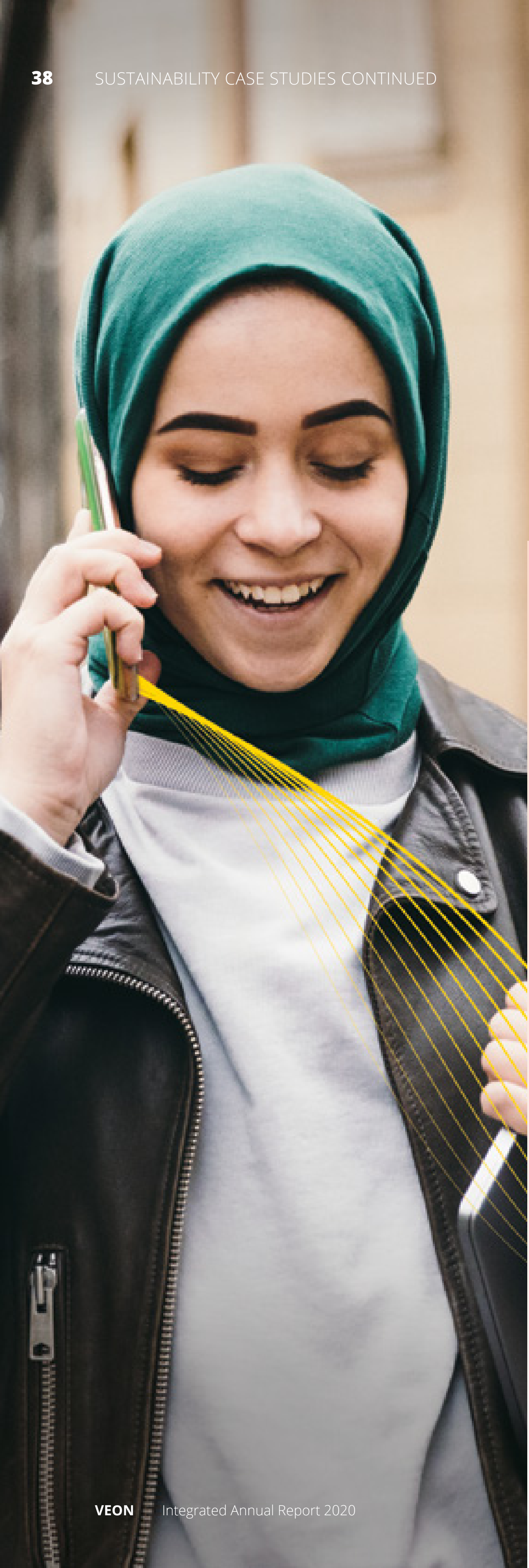
The COVID pandemic has underscored the importance of digitalisation and the development of digital skills. This lies at the heart of Beeline's partnership with international student organisation Enactus in Kazakhstan.

In 2020, we helped organise a student digital competition involving 70 projects from 51 universities across Kazakhstan. More than 5,000 students were able to learn from our digital expertise through webinars and master classes, and the winning students were given the opportunity to develop their projects alongside Beeline.

Working together, we have helped to develop the next generation of young digital entrepreneurs with digital skills to develop new industries and fulfil their career ambitions. By fostering digital entrepreneurship and supporting educational initiatives, we are at the forefront of the cause to bridge the digital skills and literacy gap between communities in Kazakhstan.

Impact:

- 51 partner universities
- 70 projects
- more than 5,000 participants
- 3 start-ups (22 students) supported



Djezzy's ideathon

Young female university graduates in Algeria face high levels of unemployment. At Djezzy, we are pleased to be helping to equip young women across the country with the skills they need to forge careers and reach their potential.

Leading this initiative is what we call our ideathon – a moderated ideas marathon in collaboration with Google's Developers Group and Women Techmakers Tipaza.

We held 2020's ideathon on 8th March to coincide with International Women's Day. The goal throughout was to solve live problems in real time, using design thinking and innovative learning practices. We also held a range of workshops focusing on technical skills. 100 women participated in the ideathon and 200 students from technology universities participated in the accompanying workshops and conferences.

The event was also an opportunity to celebrate the achievements of women and inspire those who want to start their own businesses by sharing success stories, creative ideas and spotlighting the significant role of women in the economy.

"I learned a lot during the workshops, especially how to work in a more efficient way within a group and how to make a presentation and manage time. Even if we are not among the winners' groups, I believe that it was an excellent and enriching experience."

Zineb
University of Algiers student

Pakistan's Humqadam

> I thoroughly enjoyed working at MMBL. The three months I spent here have prepared me to accept any challenges head-on. I am thankful to MMBL for giving me this excellent learning opportunity and gain an understanding of microfinance and digital banking.

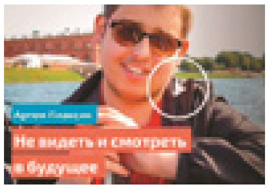
Aamir Aziz
Humqadam programme participant

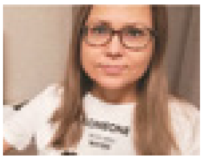
Disabilities should not prevent people from realising their career ambitions. That's the inspiration behind Humqadam, an award-winning programme run by VEON's digital bank in Pakistan, Mobilink Microfinance Bank (MMBL), which helps people with disabilities develop essential digital and financial skills to support them in the corporate world.

Humqadam trainees with a variety of physical disabilities are given the opportunity to work across multiple MMBL departments based on their skillsets. During this rotation, they undergo an intensive three-month training programme, undertake projects and receive mentoring from team leaders. Nine individuals were onboarded as part of the first Humqadam cohort. Throughout, the intensive programme was designed to equip the trainees with digital and financial tools essential for success, whilst enabling each to be evaluated for a possible permanent employment position at MMBL.

In February 2021, Humqadam was awarded 'Diversity & Inclusion Leader' in Pakistan's annual CSR Awards, organised by The Professionals Network. The awards recognise leading corporations and NGOs for their innovative and outstanding efforts to bring about positive socioeconomic change in Pakistan.

Beeline's Everland & BeeInclusion





Technology can play a powerful role in increasing inclusion by helping to make accessible areas of life, work and wellness that were previously closed to those with disabilities. This belief drives Everland, an innovative online platform created by Beeline Russia to help disabled professionals improve skills and vocational opportunities.

In 2019, Beeline was the first Russian company to join The Valuable 500, a global business movement that promotes inclusion and equal opportunities. 2019 also saw Beeline contributing to the launch of Everland, an innovative online platform for disabled professionals to improve their skills and generate new business projects. By December 2020 Everland had 650 verified users, with over 200 subsequently finding paid work.

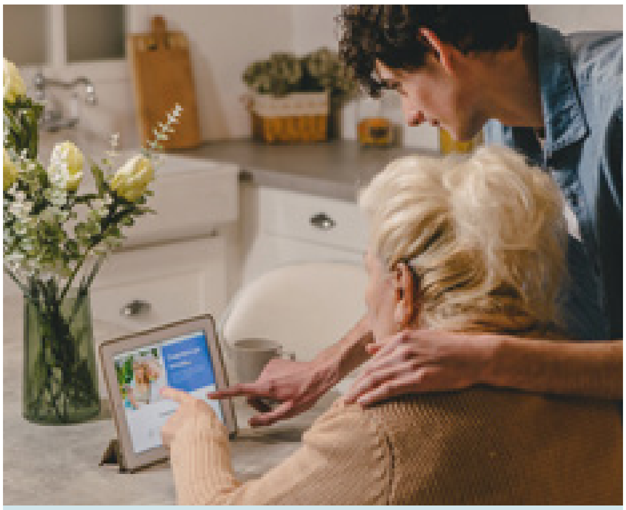
In 2020, we took this to a new level with the launch of BeeInclusion.ru, an integrated ecosystem to help improve the quality of life for people with disabilities. The platform includes Everland, but adds projects covering art, technology and wellness.

These included a photo project, Disabled Doesn't Mean Alone, a yoga programme for the blind and a partnership with the Garage Modern Art Museum in Moscow to develop an app for hearing-impaired children to engage with and learn about art.

BeeInclusion.ru is a demonstration of how, by combining digital connectivity and services, we can boost economic and social participation by those with disabilities. This benefits both their individual well-being and that of the broader economy.

Beeline

Kyivstar's Smartphone for Parents



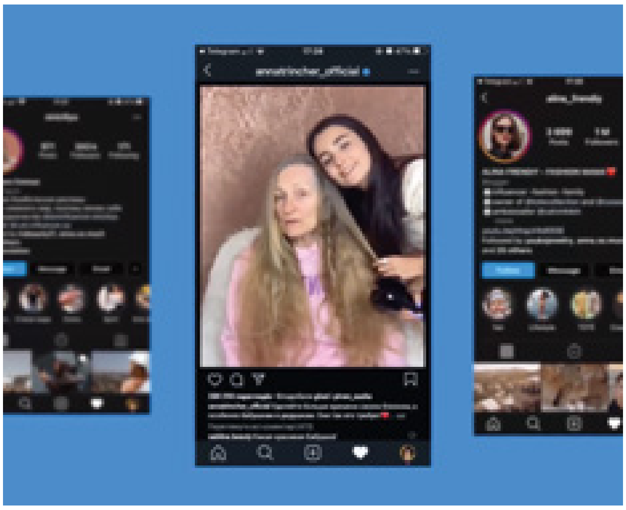
In Ukraine, a lack of digital skills and a general unease about technology have acted as barriers to the use of mobile internet by older generations. Kyivstar set out to change this by creating the first mobile literacy school in Ukraine, known as Smartphone for Parents.

Smartphone for Parents operates on many levels. An online mobile literacy school teaches digital skills through video tutorials. The challenge of technology's generational gap was addressed by partnering with a leading morning TV show for a special segment focused on 'Connecting Generations'. And age-related stereotypes were tackled head on through a media campaign, working with a famous Ukrainian actress to showcase smartphone use on the cover of a leading lifestyle magazine.

Smartphone for Parents has reached an estimated audience of 15 million. It has received a European Excellence Award, an Effie Award and a prestigious X-Ray Marketing award in Ukraine. The project also received a special award for promoting the United Nation's Sustainable Development Goals from Ukraine's Centre for CSR Development.

Impact

- More than 150,000 unique visitors to the online school portal
- More than 100,000 views of video tutorials on YouTube
- 300+ workshop visitors



"Thanks to the Smartphone for Parents project, we have seen that technology can change lives for the better and open up a new world of opportunities for seniors."

Anna Zakharash
Corporate Communications Director,
Kyivstar

Jazz's xlr8 and the National Incubation Centre

The fact that new technologies are being developed and implemented at an unprecedented pace has an impact on human societies and behaviours. As a result, our responsibility to positively impact the world is intricately tied to, and shaped by, how we engage with the technologies of the fourth industrial revolution. It's exciting to be at the forefront of technological revolution at the National Incubation Centre, mentoring startups that will form the core of our knowledge economy in the coming years.

Parvez Abbasi
Project Director, NIC

Now in its fifth year, Pakistan's National Incubation Centre (NIC) is an example of how a successful public-private partnership can help nurture the entrepreneurial talents of one of the world's youngest, most vibrant populations. Home to its xlr8 accelerator programme, Jazz is proud to have co-founded the NIC, which continues to support a growing number of start-ups reach maturity and scale.

A collaboration between Jazz, Teamup and Pakistan's Ministry of Information Technology and Telecommunications, the NIC embodies the Federal government's vision of a digital Pakistan. Founded five years ago, it was the first technology innovation hub of its kind dedicated to developing entrepreneurial talent from across Pakistan.

The NIC provides business start-ups with cost-free workspace in a state-of-the-art incubation facility that brings them together with mentors and investors. Structuring their ideas are a variety of incubation and acceleration programmes, including Jazz xlr8, which onboards selected mature start-ups and provides them with the support and training they require to rapidly scale.

As well as structured mentoring and learning, the NIC provides a variety of market access opportunities and industry linkages designed to nurture ideas and talent. These include access to potential international partnerships with companies such as IBM, Microsoft and AWS.

Inclusivity is a key theme for both the NIC and xlr8. Both have been designed with a strong emphasis on both physical accessibility for disabled people and inclusivity for young people, who make up a significant proportion of xlr8's users, and women, with 55 female entrepreneurs having participated in the programme to date.

During 2019-2020, the NIC took on over 50 start-ups in areas including artificial intelligence, e-commerce, fin-tech and agri-tech. Since 2016, Jazz's xlr8 programme has helped to create over 5,000 jobs through the success of participating businesses, and provides a model of sustainable development for the country, through innovation and tech driven economic growth.

There is positive commercial synergy with Jazz itself, too, which enjoys privileged access to the products and services developed at NIC and has an opportunity to leverage digital products like its leading digital wallet, JazzCash, to the ideas that the NIC incubates.

Banglalink's Code for a Cause

Hackathons are a great way of bringing fine technology minds together to problem solve in a high-energy, collaborative environment. But not all of them have a specific social mission. This was the inspiration behind Banglalink's Code for a Cause, which encouraged individuals to devise technology-based solutions for social challenges facing modern-day Bangladesh.

The goal of our hackathon was to inspire participants to code for a cause, a social one. That meant participants had to think out of the box to devise solutions to particular social challenges facing our communities. It also encouraged participants to think laterally about the nation's various challenges and to embrace sustainable thinking in pursuit of long-term solutions.

125 three-member teams applied with their ideas, from which 25 teams consisting of participants from 13 different universities were invited to a 24-hour hackathon at Tiger's Den, Banglalink's head office.

10 teams battled it out in the finals of the programme, during which they pitched their ideas in front of the judges within a 180-second timeframe. The winning proposal was an ingenious technology platform that delivers chatbot-based legal services for women.

Banglalink's Womentor

Although there are a variety of career opportunities for female engineers in Bangladesh's telecoms sector, the representation of women in its workforce is low. That imbalance inspired Womentor, a workplace programme to enable aspiring female engineering students to learn about opportunities in our industry.

As its name suggests, Womentor is centred around mentorship. The programme is designed for undergraduate female engineering students in their third and fourth year of academic studies, whom we pair with dedicated Banglalink women mentors to learn about our industry workplace.

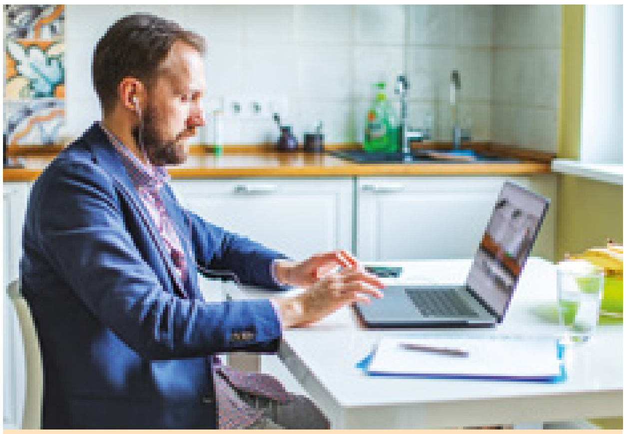
2020 was the first year of the Womentor programme. More than 800 enthusiastic female engineering students applied, from which 70 were shortlisted. These candidates were drawn from 19 different engineering universities, reflecting the diversity of our applicants. 30 were selected for final interview, which were conducted by the mentors themselves, from which 10 successful mentees were selected.

Through Banglalink's Womentor programme, we believe we can build the confidence of aspiring female engineers and empower them to become the corporate leaders of tomorrow. In doing so, we can help to ensure that their considerable talents are brought to bear on the development of our company and the diversity of services we provide to our customers.

"I found the Womentor programme to be unique because it is specially designed for women so it can give me a direct insight to what I will have to face as a female engineer in the corporate world. This programme will not only repare me for the future, but will also reveal shortcomings that I can work on."

Ayantika Bose
Womentor mentee

Beeline University and BeeFree



COVID-related lockdowns have resulted in home-working becoming the new normal for many. BeeFree is one way in which Beeline has eased this transition through a package of services designed to meet the day-to-day needs of many millions of new remote workers.

BeeFree has proved popular with both large and medium-sized businesses. Sales of its remote work solutions increased almost three-fold during March and April 2020. And by the end of 2020, Beeline had connected around 60,000 enterprises across Russia to BeeFree, helping to sustain the jobs and livelihoods that depend on them.

Beeline adopted a similar approach to helping students cope with the complexities of remote study. Here, we partnered with VDNKh, an educational website, to launch Beeline University – a platform housing lectures, webinars and e-courses accessible from home.

As well as courses aiming to provide professional knowledge such as Creativity in Business and Finance for Non-Experts, Beeline University also provided a range of materials to support individuals through the pandemic. This included webinars on how to handle self-isolation and courses on topics ranging from emotional intelligence to managing change.

“We share what we are good at and if it helps people stay motivated and find inspiration in these challenging times, we will be happy to see our expertise proved useful! We present webinars, lectures and online courses for everyone to choose from.”

Ekaterina Podvalnaya
Director of Beeline University

Kazakhstan’s 250+ internet project

Bridging digital divides in Kazakhstan

Bringing high-speed internet connections to communities across our markets is at the heart of VEON’s corporate sustainability strategy. In Kazakhstan, we are proud to be achieving this as part of the nation’s 250+ project, which unites the nation’s three mobile telecom providers in sharing networks to make this a reality.

Introduced in 2020 through the support of the government, the 250+ project aims to extend high-speed internet to all villages with a population of 250 or more. Once complete, the project will see almost 1,000 rural settlements with a combined population of 600,000 offered 3G and 4G connections by all three operators.

Through its participation in 250+ and the company’s broader investments in 3G and 4G networks, Beeline Kazakhstan connected 500 remote villages to the internet in 2020, which are home to around 400,000 people. Of these, around 200 were connected by via fixed broadband access provided by geostationary satellites and 54 were given access to mobile communications and the internet for the first time.

The 250+ project is transforming the digital connectivity of rural communities and providing access to a range of new services. These include distance learning, telemedicine, mobile financial services and access to a variety of government digital resources.

Over time, the extension of high-speed internet into rural areas is expected to accelerate the economic development of the Kazakh countryside, driving e-commerce in the regions and facilitating the adoption of IoT (Internet of Things) technologies in agriculture.

United Nations Sustainable Development Goals

As a responsible company operating in nine developing countries, we embrace the United Nations Sustainable Development Goals (SDGs) as an opportunity to drive socioeconomic change through our services.

We view ourselves as positioned strongly to drive progress in four SDGs:

Quality education

The provision of quality education is vital for improving living standards and achieving sustainable development in our operating countries. We do not limit the scope of our initiatives to children's education. Our operating companies also run programmes that focus on upskilling adults.

62,000
Children

in Ukraine received training as part of '#stop-sexting', a child online protection campaign to educate internet users on online content risks for adolescents.

3,060
Children with disabilities

from 20 institutions in Kazakhstan given access to free high-speed internet to help enable better education, rehabilitation and social inclusion.

98
Universities

in Algeria benefitted from free access to distance learning platforms during COVID-19 lockdowns.

Gender equality

In many of our operating countries, women are underrepresented in most social and professional roles. Balanced gender representation fuels sustainable economies and benefits societies and humanity at large.

38,000
Female students

have been trained on digital skills and literacy through Jazz Smart Schools' interactive, technology-based programme using laptops provided by Jazz, loaded with its learning management software.

240
Start-ups

with female founders participated in a National Health Hackathon in Pakistan.

100
Female technology students

participated in an ideathon dedicated to women's online safety (see page 38).

SUSTAINABLE DEVELOPMENT GOALS

Decent work and economic growth

Millions of people in our operating countries are currently unbanked. By offering reliable and readily available financial services, we play an important role in building digital financial ecosystems, as well as creating new employment paths and opportunities.

650

People with disabilities

have received training to boost their digital skills, confidence and employability through Beeline Russia's Everland programme (see page 39).

5,000

Jobs

have been created by participating businesses at Jazz xlr8, our start-up accelerator programme at Pakistan's National Incubation Centre (see page 41).

100

Student teams

in Kazakhstan and Kyrgyzstan registered for digital projects competitions in cooperation with Enactus, the world's largest experiential learning platform (see page 37).

Industry, innovation and infrastructure

The development and maintenance of our digital services and network infrastructure in our host countries is our fundamental contribution to this goal. We are committed to improving digital access, coverage and connection speeds through continuous investment.

26,000

People rescued

by Liza Alert, a non-profit organisation in Russia powered by Beeline's networks and technology to enable search and rescue operations for missing people (see page 17).

4,500

Flood-affected residents

in the Turkestan region in Kazakhstan received free voice bundles and internet access from Beeline, and more than 400 newly-built houses were connected to our network.

60,000

Enterprises

across Russia were connected to BeeFree, our B2B services platform, helping business customers adjust to remote working during lockdowns.

Understanding our **priorities**

Determining a list of topics and issues most material to our stakeholders is key to defining our financial and social value creation model, as well as to ensuring this is aligned with our future business success.

It also helps to integrate our business and sustainability priorities with the United Nations Sustainable Development Goals (SDGs).

Result of the assessment

1 Impact on society/social involvement
2 Talent management and skills development
3 **Ethics and integrity**
4 Diversity and integrity
5 **Digital inclusion**
6 **Data privacy and cyber security**
7 Quality of services
8 **Corporate governance**
9 Financial performance
10 **Digital innovation**

In 2019, VEON conducted a detailed materiality assessment to determine the topics and issues deemed most material for the success of our business.

The first stage of the assessment included a survey of more than 500 respondents, including employees, investors, regulators, trade bodies and B2B customers. It also involved an analysis of key sustainability topics reported by comparable companies and a review of local and global news sources.

Ten of the highest-graded topics were shared with selected internal and external stakeholders. Their responses helped to generate a ranked list of topics based on the relative contribution of each to VEON's economic, environmental and social impact.

In 2020, the Group undertook a fresh assessment of each topic to determine how the stakeholder impact of our business decisions and outcomes had changed over the past 12 months.

This assessment was undertaken with the supervision of the Group Chief Strategy Officer to ensure appropriate oversight from the Group Executive Committee.

The materiality assessment is the basis of our VEON Materiality Matrix: a graphical demonstration which sets forth key areas of importance to VEON and our stakeholders.

In addition to these material topics, the Group undertakes an annual assessment of three other topics we deem to be fundamental to sustainable business (see table opposite).

Based on the outcome of the 2020 assessment, the following five topics are considered most material to our Company, ranked in order of their importance. Each is discussed in more detail on the pages that follow:

Five material topics:

3 **Ethics and integrity**
5 **Digital inclusion**
6 **Data privacy and cyber security**
8 **Corporate governance**
10 **Digital innovation**

Additional sustainability-related issues:

A **Environmental management**
B **Occupational health and safety**
C **Talent management and skills development**

Ethics and integrity

We firmly believe that better business performance and our success are earned through transparency, honesty and by keeping our promises. VEON accordingly holds its employees and business partners to high governance, ethical and compliance standards. A strong culture of integrity drives better business results and is essential to our success.

13,928

Employees completed annual anti-bribery and corruption training

(mandatory for medium and high-risk employees)

Anti-bribery and anti-corruption

VEON does not tolerate bribery or corruption in its operations or on its behalf and is committed to maintaining an effective compliance programme to manage bribery and corruption risks.

While compliance is everyone's responsibility within VEON, the Group's ethics and compliance programme is managed by dedicated compliance professionals in its headquarters and in each of its operating companies. With oversight and governance from headquarters, operating company compliance personnel tailor their programmes to suit local regulatory requirements and operational needs.

VEON's ethics and compliance staff report to the Chief Internal Audit & Compliance Officer, who reports directly to the Chairman of the Audit & Risk Committee and operationally to the Group Chief Executive Officer.

In addition, VEON's Group Ethics & Compliance Charter mandates an adequately resourced compliance function that provides leadership and oversight for effective implementation of VEON's compliance programme.

We continuously reinforce our commitment to compliance through annual training and awareness campaigns, leadership messages, internal media posts and videos.

In 2020, 13,928 employees completed anti-bribery and corruption training. This training is mandatory for employees identified as medium and high risk.

In addition to this training, the Group's anti-bribery and anti-corruption policy (or locally-adopted equivalent) was made available to all Group employees, including senior management.

VEON's Code of Conduct

VEON's Code of Conduct provides Group-wide standards designed to promote honest and ethical business conduct, full, fair and accurate reporting, compliance with applicable laws, prompt reporting of violations and accountability. We conduct annual online Code of Conduct training for all VEON staff.

Employees across the Group have access to a confidential and, if desired, anonymous externally-supported reporting system for raising compliance concerns, which is accessible by email as well as an internet portal. Reports to this 'SpeakUp' system are assessed and, if appropriate, investigated by internal or external teams.

We maintain a strict anti-retaliation policy and do not tolerate retribution against anyone who reports concerns in good faith.

We also expect our business partners to meet standards of good business conduct, including complying with applicable anti-bribery and anti-corruption laws and regulations and our Business Partner Code of Conduct. In addition, our business partners are subject to risk-based due diligence, which is refreshed periodically.

In 2020, oversight responsibility for the procurement of equipment and services was delegated to the Group's operating companies under VEON's new operating model.

Notwithstanding this new arrangement, the responsibility of our business partners to adhere to the Group's Business Partner Code of Conduct remains unchanged, and all suppliers are assessed in terms of their potential social and environmental risks.

Digital inclusion

For VEON, digital inclusion means empowering people through information and communication technology. We bridge digital divides by providing a variety of connectivity and digital services to those disconnected due to their age, gender, language, physical ability or income.

4G

38%

4G user base penetration

A 10 percentage-point rise in the proportion of our customer base using our 4G networks in 2020

12.3m

Digital wallets

Total number of customers holding digital wallets associated with our digital financial services

Our work to improve inclusion encompasses, among other things, harnessing technology to support those facing physical challenges, providing digital financial services to empower the unbanked, and connecting those in rural areas to the world around them. Additional highlights include providing digital healthcare services to those who would otherwise be unable to access healthcare and empowering the older generation through connectivity.

Removing access barriers from education

An estimated 56% of the information on the internet is in English. This represents a significant barrier for a large proportion of the global population.

For Georgia, a country of four million people, the problem is much worse given that most school students don't learn English as a foreign language. Compounding this is a severe shortage of Georgian-language resources in IT and computer sciences.

To open up new opportunities for promising Georgians, Beeline Georgia partnered with Educare, an educational foundation, to translate 164 of Khan Academy's computer programming lessons into Georgian. The lessons are available online and free to access. Since launching in April 2019, more than 83,000 users have benefitted from the programme.

Connecting with our seniors

In Ukraine, Kyivstar promotes digital inclusion though its award-winning Smartphones for Parents campaign. This multi-stage mobile literacy campaign is aimed at retirees, with the goal of increasing smartphone use and increasing their confidence with new technology.

The programme involves both online and offline components. There are video lectures that teach basic smartphone use, from making calls and sending messages to searching for information online. Over 143,000 people have benefitted from these lectures so far. These are accompanied by educational brochures that are given to customers in Kyivstar stores tailored to those who are new to using smartphones.

Offline elements include in-person workshops run by Kyivstar's own training and development specialists, although our ambitions to continue these throughout 2020 were curtailed due to COVID-19. We hope to start these again once conditions allow so that we can continue to overcome generational barriers to digital inclusion in Ukraine.

For more details on Smartphones for Parents, see page 40 in the Sustainability Case Studies section of this Report.

Spearheading financial inclusion

Many of our operating companies have launched Mobile Financial Services (MFS). Spearheading VEON's ambitions here is JazzCash, which provides a comprehensive range of digital financial services to 12.2 million people in Pakistan.

In a variety of surveys, Pakistan is ranked as the world's most unbanked nation. Close to 80% of its adult population lack access to a bank account; a percentage that is higher for women, who face additional social challenges to financial inclusion.

By delivering banking services to smart and feature phones, JazzCash has the potential to empower individuals to overcome these challenges and benefit from the social and economic opportunities that access to the financial economy enables.

Such a transformation reflects the essence of VEON's corporate sustainability strategy, which is dedicated to ensuring our networks and services deliver long-term value to the societies we serve.

Data privacy and cyber security

Data protection covers the way VEON and our operating companies secure and use personal data. VEON takes the utmost care to comply with data privacy rules, as well as the way in which we handle personal data. We consider proper data protection management as key to maintaining the trust of our customers.

16

Critical incidents across the VEON Group

(managed and solved preventively without negative impact)

~1,800

Events analysed through our Security Operations Centres

(potentially adverse events analysed)

Data privacy

Alongside data privacy laws, we also have our own VEON Group Privacy Policy that sets the minimum data privacy standard across the VEON Group. This standard includes privacy principles such as lawfulness, transparency, data minimisation, retention and security, as well as privacy processes such as privacy assessments, vendor assessments and individual rights processes. Our operating companies ensure that this standard is integrated into their business practices across our Group.

The VEON Group Privacy Policy is also helping us to anticipate future changes in data privacy legislation.

VEON's privacy regulatory landscape is evolving. Where this involves changes to data protection laws, we maintain an open dialogue with lawmakers to discuss lessons we can learn from best practices in countries with more established data protection frameworks. By sharing experiences from more mature data privacy environments, we hope to encourage the creation of more advanced and harmonised data privacy regimes to safeguard the privacy and trust of our customers.

Cyber security

VEON's Global Cyber Security Policy defines the technical and organisational standards we enforce to protect company information and personal data against unauthorised access.

Cyber security is a global threat without boundaries. Organisations that are geographically distributed can leverage their advantage of identifying threats in the preliminary stages of the kill chain. By sharing common indicators of compromise and mitigation actions, it is possible to reduce the impacts of attacks and minimise the time of response.

The telecommunications industry is targeted by a variety of threats and has a broader attack surface than many others.

To tackle these threats, VEON has implemented a Group-wide holistic cyber security strategy, named the VEON Security Programme (VSP), which is based on international security standards and best practices. This strategy encompasses all domains of cyber security practice.

We adopt a continuous improvement process that expands our security perimeter and elevates its minimum baselines at every iteration, with the objective of progressively increasing overall cyber security resilience across our footprint.

In accordance with our operating model, VEON's cyber security strategy prioritises the elevation of security capabilities and operations in all of our business units. This is a progressive evolution which requires the implementation of more sophisticated technical capabilities, the acquisition of local specialised personnel and the integration of our capabilities with our existing technology processes.

In alignment with this strategy, our OpCos are enhancing local preventive security measures and implementing independent Security Operations Centres (SOC) for local incident detection and response capabilities.

In the course of analysing the events identified by VEON's SOC during 2020, we investigated 16 major incidents, each of which were contained in a timely manner and led to no serious consequences.

Corporate governance

Joop Brakenhoff
Group Chief Internal Audit & Compliance Officer

VEON is committed to responsible and effective corporate governance. Our governance arrangements are designed to promote integrity in everything we do.

We approach governance with a mindset of continuous refinement and improvement.

2020 saw an in-depth evaluation of our corporate governance practices and the implementation of a new Group-wide operating model (see Governance Structure on pages 94 to 97 for further discussion). It also saw the appointment of Joop Brakenhoff to the new role of Group Chief Internal Audit and Compliance Officer.

Joop joined VEON from Heineken in January 2019, where as Head of Global Audit he developed the company's new Governance, Risk and Control framework.

Appointed to this new role in July 2020, Joop leads an independent function within the Group that acts as the 'third line' for senior management and the Board on matters related to governance, risk management, compliance and assurance activities across the organisation.

Here, Joop explains the mandate of his team and the progress VEON has made in enhancing its compliance and control functions during 2020.

How does your new role reflect recent changes to the Group's governance model?

The creation of the combined Internal Audit and Compliance function at VEON's headquarters (HQ) marks an important milestone in VEON's compliance journey.

It follows the adoption of a new governance model in the third quarter of 2020. This saw considerable operational authority delegated to each of VEON's nine operating companies alongside a new Governance, Risk and Compliance (GRC) framework to strengthen oversight.

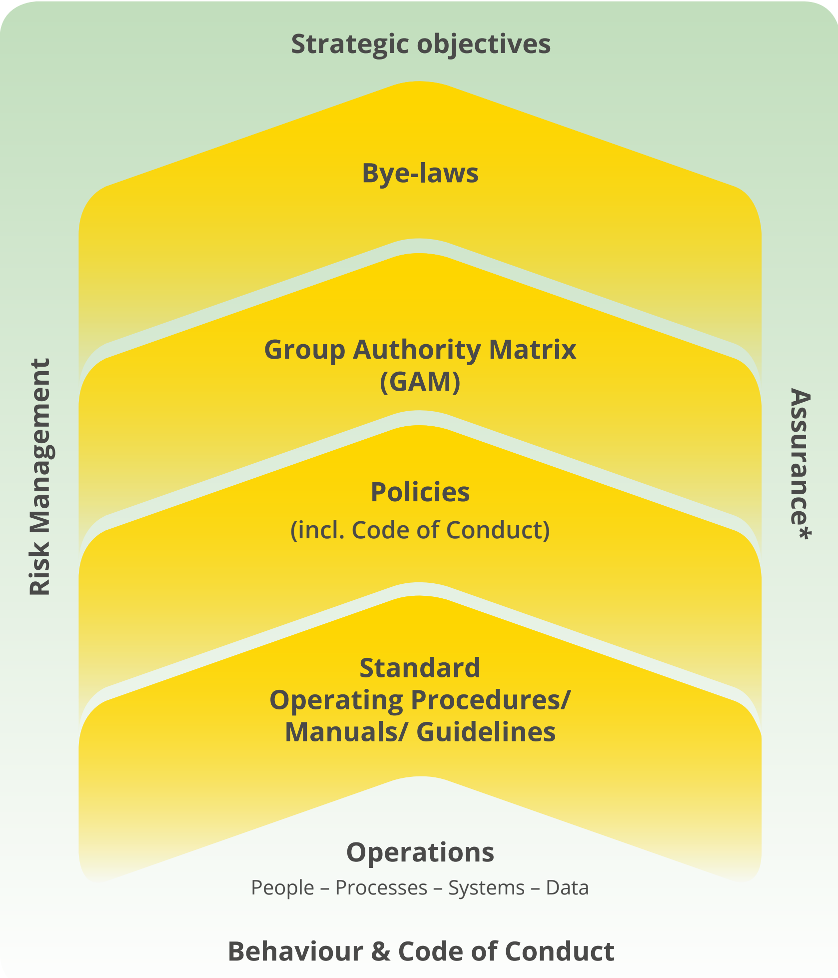
VEON's GRC framework comprises the Company's strategic objectives, risk management activities, Group Authority Matrix (GAM) and Group operating policies.

Together with an operating company (OpCo)-focused governance and meeting structure, alongside local OpCo Boards, People Committees and OpCo Business Risk Committees, Group management is now much closer to our OpCo managers and the day-to-day activities of our local businesses than before. That means we are better able to monitor and support OpCo management teams in realising their strategic objectives within the boundaries set by the GRC framework.

> **There's a vital distinction between being 'in control' and being merely compliant. 'In control' means knowing the risks you are running and how you plan to mitigate them. Compliance alone does not enable that.**

Joop Brakenhoff
Group Chief Internal Audit & Compliance Officer

VEON's Governance, Risk and Compliance (GRC) framework



The GRC framework is VEON's way to organise, govern, monitor and control its business activities, thereby:

- agreeing the level of control between Board, GEC and OpCo management
- defining OpCos' 'freedom within the framework'

* Lines of defence: 1st line/2nd line/3rd line/4th line.

> **"Risk is inherent in everything we do – without risk, there is no business return. The key is to understand the risks we are running and calibrate these carefully with each market opportunity."**

Joop Brakenhoff
Group Chief Internal Audit & Compliance Officer

Underpinning this change was our desire to approach internal audit and compliance with a business mindset. That meant aligning and optimising its various activities and ensuring that we have the resources, competencies and expertise to add value in each of our OpCos where our day-to-day business is conducted.

This follows a long period of improvement for the Group's compliance and governance structures, which was recognised in the successful completion of the Group's compliance monitorship in October 2019.

We embraced this change in our operating model as a journey of continuous self-improvement. Our new governance model symbolises an important waypoint here as the Group moves away from the centralised compliance framework towards a more localised model that empowers our operating businesses to embrace and manage risk across the markets they serve.

What is the remit of the Group Internal Audit & Compliance (IA&C) team?

My HQ IA&C team combines the three functions of Audit, Compliance and Investigations, which together form a key pillar of good governance.

Audit provides us with a highly structured, standardised approach to testing whether we are managing risk in line with our risk appetite across all of our business activities. Risk is inherent in everything we do – without risk, there is no business return. The key is to understand the risks we are running and calibrate these carefully with each market opportunity within operating frameworks that ensure they are successfully managed.

Compliance sets the behavioural tone of our business. It is embodied via our Code of Business Conduct, as well as, for instance, the 'SpeakUp' system for the anonymous reporting of compliance concerns, and our compliance requirements related to bribery and corruption.

Compliance is the glue that binds our day-to-day working practices to the Group's ethics and values and its conduct responsibilities. It enables us to set clear boundaries and empower our employees to make the right choices within these.

Investigations exists to review conduct and behaviours in instances where there is serious doubt around employee behaviour – for instance, as reported via the SpeakUp system – and stands ready to act whenever it is called upon.

How does the Group IA&C team interact with our local operating companies under VEON's new GRC framework?

From a reporting standpoint, the ties between the HQ IA&C team and our local OpCo heads of both Internal Audit and Ethics & Compliance are extremely strong. We act as a team, enabling benchmarking and learning from each other, and the local OpCo heads of Internal Audit and Ethics & Compliance have a double reporting line into me as well as the local OpCo Chief Executive Officers via the OpCo Business Risk Committees. This ensures close functional alignment between us and means, for example, that no changes can be made to local staffing, budgets and related arrangements without Group approval.

From a governance perspective, we are all bound by a single Governance, Risk and Compliance (GRC) framework, which acts as a fundamental organising principle of the Group. This sets out the strategy of the Group which, alongside our risk management activities and the Group Authority Matrix, empowers decision-making.

The GRC framework also sets out policies for key operational activities, detailing the minimum standards to which each OpCo must comply in areas such as employee behaviour, financial conduct, procedures for Group contracting, cybersecurity and data privacy. These policies form part of the charter of our various Business Risk Committees, People Committees and our OpCo Boards, setting common boundaries for behaviour whilst encouraging freedom to operate within these to maximise business opportunity.

Minimum standards mean that we, at the Group level, set the functional requirements, reporting standards and expected behaviours for OpCo management, who then have the freedom and responsibility to conduct business, subject to the GRC framework. This marks a change from our previous operating model and is what we call the 'substance-over-form' principle. We do not aim to describe and prescribe for every possible event. Instead, our approach is to foster a culture of doing the right thing. That means defining clear objectives, roles and responsibilities, maintaining minimum requirements in accordance with our GRC framework, and having transparent discussions about strategy, operations and business dilemmas.

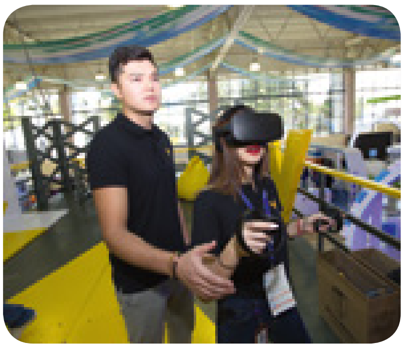
Finally, OpCo management teams provide quarterly certification of compliance with the GRC framework, including an overview of non-compliances and control-deficiencies and actions to remediate the related risks.

How do the Group's compliance and risk management arrangements serve good business outcomes?

There's a vital distinction between being 'in control' and being merely compliant. 'In control' means knowing the risks you are running and how you plan to mitigate them. Compliance alone does not enable that. This represents an important change in mindset – embracing risk as a key ingredient of business growth, rather than an impediment to opportunity.

The key to embracing opportunity is ensuring adverse impacts are mitigated by a fully compliant GRC framework. That, I believe, is a vital component of any successful business – and one I am pleased to see VEON embrace as it embarks on this new phase of its compliance journey.

Digital innovation



Digital innovation is at the heart of our business. Through constant innovation, we are able to provide best-in-class services to our customers across all of our operating countries.

25.8m

Self-care users

total active users of our self-care apps

17.6m

Financial services users

total monthly active users of mobile financial services

TV

7.0m

Content consumers

total monthly active users of our content services

Digital innovation helps us to push what is possible and create greater opportunities for all. Ranging from the everyday, such as app-based management of customer accounts, to the extraordinary, such as pioneering surgical procedures conducted via remote conference, VEON is committed to bringing about opportunities and improvement in lives, lifestyles and livelihoods through its services wherever we operate.

VEON and its technology partners are geared to use our connectivity infrastructure and outreach in socially transformative ways.

Self-care apps are the medium through which we are increasingly connecting our customers with a variety of these opportunities, many of which aim to empower positive socioeconomic outcomes.

Just as our JazzCash app in Pakistan is providing millions of our customers access to financial services for the first time, we see opportunities to connect customers with medical services, vocational opportunities and educational resources using our self-care apps as we expand our ecosystem of services.

Innovation through Make Your Mark

In 2015, VEON launched its Make Your Mark initiative to foster digital innovation and entrepreneurship across our operating countries, equipping individuals with the technological skills and tools they need to enter a competitive global marketplace.

Make Your Mark supports our contribution to two of the UN's Sustainable Development Goals in particular: SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure).

Under Make Your Mark, our operating companies invest in start-up incubators and accelerators, supporting industry, innovation and the development of a solid, sustainable local infrastructure. This offers budding entrepreneurs support to launch and scale business ideas that solve unmet socioeconomic needs and create fulfilling work for others in their country. The growth of their businesses also helps to drive the local economy.

These start-up programmes typically operate under public/private partnerships, such as the Jazz National Incubation Centre in Pakistan, which we run in collaboration with the Ministry of Information Technology and Telecommunication (see page 41 for further details).

Successful start-ups are showcased globally, including at the acclaimed annual Mobile World Congress in Barcelona. We also support local hackathons such as the socially-minded Code for a Cause hackathon in Bangladesh (see page 42), as well as application development competitions and other non-resident programmes to encourage the development of broader digital ecosystems in our operating countries. Supporting these start-ups and entrepreneurs has helped us foster an internal culture of innovation and entrepreneurship.

VEON's Make Your Mark programme simultaneously adds value for society and for our shareholders. By creating economic opportunity for thousands of people, we are building a more sustainable business environment. And by boosting the local digital economy, we create more demand for digital services.

Environmental management

VEON is proud to be a member of the GSMA's Climate Action Taskforce and is planning to align with the organisation's goal of achieving net-zero greenhouse gas (GHG) emissions for the industry by 2050.

By taking this step, we are working towards setting climate action targets for our business that help our industry meet its emissions objectives.

105,896

BTS powered by energy-efficient technology (power-saving, hybrid-diesel free-cooling or outdoor units)

492

Base Transceiver Stations (BTS) powered by renewable technology

(solar or wind energy solutions)

Increasing our energy efficiency

Our support for the GSMA's ambitions corresponds with a variety of existing initiatives to reduce the energy intensity of our business.

We are committed to mitigating the Group's carbon footprint and the rollout of network energy-efficiency measures, which will contribute to a low-carbon economy as well as offer us the potential to reduce our operating costs over time.

We continue to upgrade existing diesel- and petrol-powered units with more energy-efficient, hybrid and renewable energy-powered network equipment and, where practical, increase the number of Base Transceiver Stations (BTS) situated outside to reduce the energy use involved in keeping them cool.

In some markets we share tower capacity with other operators, which has had a direct positive impact on our energy consumption and our environmental footprint.

We keep abreast of local environmental legislation and strive to reduce the environmental impact of our operations through responsible use of natural resources and by reducing waste and emissions.

Lowering our carbon emissions

At the Group level, total CO_2 emissions (scope 1 and 2) rose from 1.25 megatons in 2019 to 1.33 megatons in 2020. However, VEON's CO_2 emissions per unit of traffic decreased from 0.24 tonnes per terabyte in 2019 to 0.15 tonnes in 2020. This 38% decrease reflects the increased capacity of our networks to carry the higher data loads we experienced during 2020 due to COVID-19 lockdowns for relatively small increases in energy consumption. In 2020, the Group's total mobile data traffic rose to 8.6 gigabytes from 5.3 gigabytes in 2019.

CO_2

-38%

Carbon dioxide emissions

Year-on-year change in the Group's CO_2 emissions per unit of data traffic

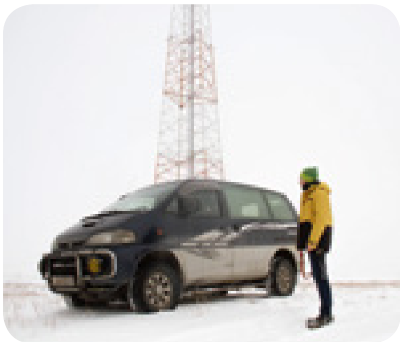
Reducing the carbon footprint of our offices

Our operating companies continue to develop innovative solutions to reduce energy intensity, such as powering telephone exchange stations on solar energy, installing state-of the-art on-grid photovoltaic systems and carrying out training on renewable energy solutions to ensure stakeholders are aware of its carbon- and cost-saving benefits.

Across our organisation, we continued working on reducing the carbon footprint of our offices, with a variety of initiatives including switching to LED lighting.

Additionally, our recent decision to encourage home-working as a permanent change to our HR policy at our Amsterdam headquarters will enable us to make an additional contribution to reducing the carbon footprint of our Group HQ function.

Occupational health and safety



VEON is committed to providing a safe and healthy working environment. We believe this is a responsibility shared by everyone, from our employees to the third parties that we work with. In accordance with our Group Health and Safety Policy, our objective is that there should be no fatalities or injuries as a consequence of VEON's activities.

0.72

Work-related injury rate per million hours

based on the number of high-consequence work-related injuries[1]

Our Group Health and Safety Policy is leadership-endorsed and aims to improve the consistency of our approach to health and safety. It covers everyone to whom we have a duty of care.

Specifically, the Policy sets out 'absolute rules' that apply in all of VEON's operational jurisdictions and makes it everyone's duty to report major incidents to management at our headquarters, as well as at the operating company and the specific business unit level.

For example, the absolute rules include a requirement to always wear protective gear when working on electrical equipment.

Our Group Health and Safety Policy covers all full- and part-time employees, contractors, business partners, customers and members of the general public. It is applicable to those visiting or in close vicinity to our premises, including retail outlets, network locations (for example, radio base stations), warehouse facilities and vehicles.

In terms of the management approach for this policy, our operating markets are encouraged to adhere to international standards such as ISO 45001, which provides a best practice model and sets out an implementation approach across markets.

In addition, occupational health and safety is governed by the different local labour protection laws and regulations of the countries in which we operate. Each of our operating companies has its own health and safety procedures covering specific activities.

1. In 2020, our methodology to calculate work-related injuries was changed to reflect the number of high-consequence work-related injuries, in order to reflect a change in definition introduced by the updated Global Reporting Index (GRI) Standard.

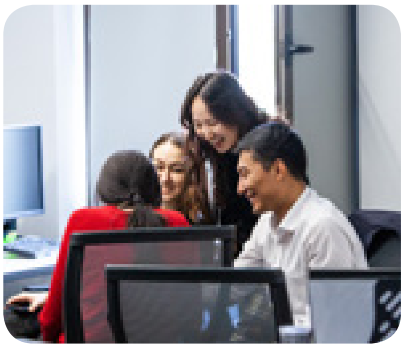
It is important to note that the majority of our employees work in office environments and face a relatively low risk of occupational health and safety hazards, although this is not the case for everyone. We make every effort to carefully manage the personal security of our employees, especially those assigned to network maintenance during challenging conditions (such as replenishing the fuel in generator-powered base stations).

The key main risk areas that VEON identifies within our operations include transportation, working at height, working with electricity, installing and maintaining radio base station equipment and fire prevention.

In 2020, the Group reported three work-related fatalities and 53 high-consequence work-related injuries. The work-related injury rate per million hours was 0.72[1].

One fatality is one too many, and we continue to focus on enhancing our personnel safety protocols in order to reduce the number of work-related incidents and injuries, and to maintain zero work-related fatalities. Individuals (both internally and externally) can report incidents to Local Compliance Officers or Group Compliance, or can submit a question or concern through our SpeakUp platform.

Talent management



VEON's People Strategy is to ensure that we have the talents and capability to deliver our strategy, the reward systems to create long-term value, an effective operating model, and the culture and values that differentiate our execution.

18.7

Average number of training hours per employee

versus 13.6 in 2019

Our People and Organisation (P&O) functions across the Group ensure that we have the right talent in place for each role, and that each employee's talents are nurtured through a range of innovative development schemes to enable VEON to achieve its organisational and business goals. With this in mind, VEON's approach to talent management focuses on the following priorities:

1. Having the right people in the right place, at the right time

VEON's senior management team is actively involved in the selection, development and deployment of strong leaders throughout the business. This robust process has enabled the promotion of internal talent to key leadership roles.

In 2020, 38 appointments were made in leadership roles including 52.6% sourced from internal talent.
To prepare the succession pipeline, employees attend talent reviews at least once per year where they discuss their development and set goals for the year ahead.

2. Supporting a successful Digital Operator and Digital Ventures organisation

Our operating companies are responsible for assessing and adapting our organisation to ensure we stay ahead of our competition, whilst remaining effective and agile in our increasingly complex operating environment. We place great emphasis on developing our culture in line with our business strategy, for which our 'Tone at the Top' programme is a fundamental cornerstone.

To support the deployment and adoption of our new operating model across the organisation, a strategic workforce planning approach has been successfully adopted. This approach ensures sufficient and sustainable capability and capacity within the workforce to deliver on VEON's short and long-term organisational objectives.

3. Working as one team

The P&O community across VEON works together to ensure we leverage expertise and deliver results collectively where we need them. We govern the business through local People Committees, which address both local and global operational and strategic people matters, guided by local independent expertise where required.

In considering the needs of recent hires and appointments, a deep Group-wide team building project is currently underway, involving leadership teams from headquarters and our operating companies, in order to promote the sharing of experiences and the discussion of strategic initiatives and their execution.

How VEON develops talent

At every level in the organisation, we are exploring ways to develop employee talent. The VEON Academy provides digital learning opportunities to VEON's employees through partnerships with world-renowned digital learning providers, as well as through the development of custom content in collaboration with industry experts.

This digital learning portfolio also covers programmes focused on unconscious bias, anti-harassment and building awareness of VEON's Code of Conduct.

The VEON Academy, supported by CrossKnowledge, integrates e-learning content from Coursera and LinkedIn Learning. It provides VEON employees with the opportunity to develop their skill-set and further their education by managing their learning journey at their own pace.

VEON's strong learning culture is demonstrated through the results of our Coursera partnership. In 2020, we had 4,684 course enrolments, resulting in an 88% enrolment rate, well above the telecommunication industry average of 60%. The average learning hours per participant was 17, in line with the telecommunications industry average.

Similarly, for LinkedIn Learning, we had an activation rate of 89%. Over 75,000 courses were viewed with 626,354 videos completed resulting in over 31,000 learning hours spent on the platform.

Mindfulness as a new way of self-awareness at Beeline Georgia

As part of our commitment to making learning accessible and relevant, Beeline Georgia launched an open webinar with one of the most renowned local coaches in response to the COVID-19 pandemic and uncertainties associated with working from home. The webinar, open to all employees, was delivered in an interactive format with the aim of supporting employees' well-being and mental health as they continued working from home. The programme saw a 100% participation rate and exceptional feedback from the employees.

Manager Development Programme at Beeline Kyrgyzstan

In Kyrgyzstan, Beeline designed an online learning programme for all its managers on how organisational values and behaviours should be role-modelled amid uncertain times. The aim of the programme was to enable managers to become effective mentors to their teams and improve employee morale, motivation and connection within both the team and the organisation.

Diversity and inclusion at VEON

VEON is an equal opportunity employer and diversity is critical to the way we do business. Across our operations, we actively recruit and promote a diverse workforce and ensure all employees feel empowered to succeed at work, irrespective of their gender, ethnicity or sexual orientation.

In March 2021, we implemented a Group Diversity and Inclusion policy to formalise our commitment to these values at Board of Directors level and throughout the organisation.

To reinforce this commitment, employees' feedback related to the workplace and management practices is captured through focused surveys. All employees are invited to complete these surveys and to contribute to turning the findings into action. Participation rates have been encouragingly high and exceeded 80% across the Group in 2020.

VEON strictly prohibits any form of discrimination or harassment. Employees who believe they have been discriminated against or harassed are encouraged to report any incidents that violate VEON's Code of Conduct and may do so via our SpeakUp channels. All contacts and investigations are treated confidentially.

VEON's Code of Conduct policy also strictly prohibits retaliation against any employee who has submitted a concern in good faith, or participated in an investigation.

Building a diverse workforce

VEON's workforce comprises more than 40 nationalities. This provides richness of perspectives and opportunities for cross-cultural growth. Additionally, 44% of our employees globally are female. We are providing more women with the opportunity to join our business by providing benefits such as day-care allowances and transportation.

VEON also benefits from the representation of diverse age groups at different management levels within the organisation. Young, high-potential employees who have proven their qualities and capabilities are actively promoted to leadership roles. Through global workforce mobility, we build diverse teams and promote cross-market experiences.

Realising the importance of being flexible about how, when and where work gets done, VEON also offers programmes that help employees with their work-life balance. These programmes include flexible working arrangements and the option for home working, which has taken on greater significance throughout the

COVID-19 pandemic, with 64% of our Group-wide workforce working from home since March 2020.

Home working is an arrangement we are working diligently to support. We are in the process of devising a new policy at our Amsterdam HQ to formalise this as a permanent feature of our working practices going forward.

Together, these benefits contribute to employee satisfaction and retention, whilst increasing productivity across VEON's footprint.

VEON's commitment to continuous improvement

To ensure that VEON continues to promote a diverse and inclusive workplace where all employees can reach their full potential, we are focused on development and progression paths and continuous listening. Our business leaders at all levels are committed to the collective goal of advancing diversity and inclusion across the organisation. We are also focused on increasing the level of transparency around these initiatives and sharing our progress with our stakeholders.

Human rights

VEON operates across numerous emerging market countries and is committed to human rights as a core value intrinsic to how we conduct our business activities. Customer privacy, appropriate labour practices, health and safety, equal employment opportunities, diversity, anti-bribery, and anti-corruption are considered key considerations of how we drive our business.

Where applicable, we work together with legitimately established unions which duly represent members of our workforce on matters including employee remuneration and welfare. We respect the various regulatory and cultural approaches to employees' freedom of association and collective bargaining paired together within the framework of national laws and regulations of the countries in which we operate.

Furthermore, we do not impose restrictions or limitations on employees' freedom to associate, unionise, or to request collective bargaining.

"In VEON we value all differences and all voices are heard. The diversity of our people is fundamental to the range of talents, backgrounds and perspectives we nurture. This will make people want to work for us, and ensure that we better serve the communities in which we operate, that we better serve our customers and that we make better, less biased decisions leading towards better performance."

Michael Schulz
Group Chief People Officer

In markets where unions or work councils are established and represent members of our workforce, including Kyrgyzstan, Ukraine and the Netherlands, we work together on matters including employee remuneration and welfare. In addition, our employees in Algeria are covered by a collective bargaining arrangement.

VEON's broader continued commitment to human rights is demonstrated throughout our Group's business principles and policies. Human rights issues are integral aspects of both the Group Code of Conduct and Business Partner Code of Conduct, which all suppliers are required to comply with in order to work with our companies. The Group Health and Safety Policy also provides guidelines to maintain a safe and effective working environment for all VEON employees and third parties.

Performance Summary

2020 was a challenging year for the Group operationally as COVID-19 lockdowns interrupted our retail operations and resulted in major shifts in demand for our services. The Group's financial performance reflects the extremes of the year and our response to its challenges, which helped to bring about a return to growth in the fourth quarter.

Performance Summary

2020 Financial Review	**62**
Markets Review	**66**
How We Manage Risks	**80**
Our Principal Risks	**84**

2020 financial review

“The turbulence of 2020 tested all of us, but we are pleased that through evolving our products and business practices whilst maintaining financial prudence, VEON is now returning to growth from a position of capital strength.”

Serkan Okandan
Group Chief Financial Officer

Serkan Okandan

2020 was an exceptional year for economies and businesses worldwide as the COVID-19 pandemic brought significant disruptions to society and commerce. The containment and mitigation measures implemented worldwide to combat the virus impacted our operations and financial performance before a return to more normal trading conditions at the end of the year.

COVID-19: impact and recovery

The second quarter of 2020 saw the full revenue impact on our operations as lockdowns were imposed across our markets in response to COVID-19. These resulted in material disruption to our retail operations, with store closures impacting net subscriber gains and airtime sales. Restrictions on travel also resulted in a significant decline in roaming revenues and the loss of migrant customers from our subscriber base, particularly in Russia.

The impact of lockdown measures was not universally negative for our business. Demand for our data services remained strong, enabling us to continue to grow our data revenues at a double-digit pace. These increased by 15% in local currency terms in 2020, helped by the addition of another 20 million 4G customers, taking our total 4G subscriber base to 80 million by the end of December.

We also experienced a shift in data traffic from mobile to fixed networks as lockdowns encouraged home working and schooling alongside a greater use of devices through our domestic broadband services, which helped our fixed-line businesses to significantly outgrow our mobile service revenues in all major markets. Although our markets remained impacted by lockdown measures throughout the second half of the year, all operations saw a recovery in performance as our local businesses built resilience to pandemic-related restrictions. This included a greater reliance on digital channels to engage with our customers, reflected in a 76% rise in the Group's self-care app user base during 2020.

Financial performance

Following sharp falls early in the pandemic, the subsequent revenue recovery meant that Group local currency revenues declined by 1.6% for the year as a whole. The Group also exited 2020 with encouraging signs of a full recovery in business conditions amongst our faster-growing markets, led by Ukraine and Kazakhstan which returned to pre-pandemic local currency revenue growth rates of 15% and 20% in Q4 respectively.

As we entered 2021, Russia remained in an early-stage recovery given the network challenges we face there. That said, the sequential trend in revenues there is directionally similar. Beeline's 2% year-on-year decline in Q4 revenue was a marked improvement on the 7% decline recorded in Q3, and the first quarter of 2021 saw a return to growth, with local currency revenues increasing by 1.4% year-on-year in spite of one less trading day compared with Q1 2020. This is consistent with the return to growth for Beeline in the first half of 2021 that we anticipated in our Russia turnaround strategy.

Considerable progress was made in reducing our corporate overhead further during 2020. This amounted to USD 167 million, a 38% fall from FY 2019's USD 268 million, as our new operating model delegated greater authority to our operating companies and enabled us to reduce our HQ costs further. Offsetting this, higher costs relating to our accelerated network investment activities contributed to a 2.1% decline in local currency Group EBITDA. These costs were prevalent in Russia, where the transition of network maintenance activities in-house resulted in a temporary rise in Beeline's operating expenses. Higher network investment was reflected in the Group's operational capex, which rose by 8.5% to USD 1.9 billion in FY 2020, corresponding to capex intensity[1] of 23.7%, versus 19.6% in FY 2019.

Delivering on our guidance

Our revenue, EBITDA and capex outcomes matched our revised Group financial guidance, which we adjusted downwards at the second quarter stage to reflect our expectations of a low to mid-single-digit local currency decline in both revenue and EBITDA in FY 2020 alongside capex intensity of between 22-24%.

An increase in demand for the US dollar, in part due to the COVID-19 pandemic, led to weakness in the currencies in which VEON operates. This impacted our reported Group revenue and EBITDA, which declined by 10.0% and 18.1% respectively in the financial year.

Encouraged by the return to growth seen during the fourth quarter and the first half of 2021, we have since set progressively stronger financial guidance for FY 2021. We now anticipate high single-digit growth in revenue and mid to high single-digit growth in EBITDA, both in local currency terms, and capex intensity in the same 22-24% range.

COVID-19 will clearly present further uncertainties for economies in the year ahead and our guidance assumes that the widespread lockdowns we experienced in 2020 do not return. Equally, we see no reason to assume that our businesses will not recover fully – nor that demand for our services will be in any way reduced by a pandemic that has underscored the value of connectivity.

1. Capex intensity is a ratio that is calculated as last twelve months (LTM) operational capex divided by LTM revenue. See Glossary on page 202.

$8.0bn
Reported revenue

$3.5bn
Reported EBITDA

$357m
Equity free cash flow

$2.6bn
Mobile data revenue

Strengthening our balance sheet

2020 was a busy year for Group financing activities, where our priority has been to ensure that the Group remains in a strong financial position throughout this period of macro uncertainty.

Core to our activities was the establishment of a USD 6.5 billion Medium-Term Note (MTN) programme in April. This enabled us to take advantage of favourable capital market conditions three times during 2020 to issue three series of senior unsecured notes under the programme, the proceeds of which were used in part to refinance USD 1.4 billion worth of debt at lower coupons and longer maturities during the year.

Our average cost of debt in multiple currencies stood at 5.9% at the end of 2020, which is a decline of 150 bps year-on-year that saves the Group around USD 100 million in annualised interest expenses. In addition, our average debt maturity has risen by more than a year to 3.5 years over the same period as we pushed out near-term maturities into longer-dated borrowings.

Our two Russian ruble-denominated drawdowns under the MTN programme also enabled us to increase our ruble borrowing to match our ruble revenues more closely. We have also adopted this approach in Ukraine and Kazakhstan, where we entered into local currency loan agreements worth around USD 170 million during the fourth quarter to better match to our revenue footprints in each market.

In addition, the Group refinanced bilateral loan facilities in Russian rubles worth around USD 2.3 billion during 2020, which alongside repayments on existing facilities enabled us to extend the maturity and reduce the financing costs of our ruble borrowings

Collectively, these agreements contributed to a considerable pool of liquidity at the Group's disposal amounting to USD 3.2 billion at the close of 2020, split equally between cash holdings and undrawn credit facilities.

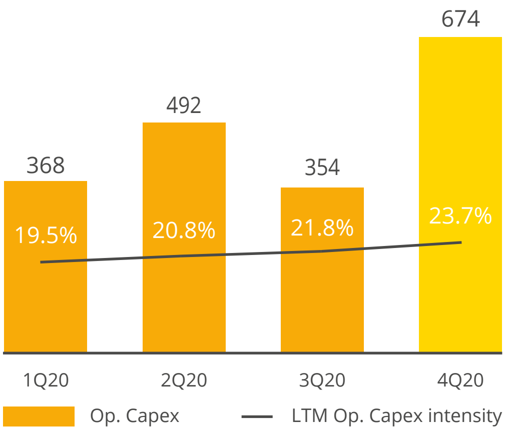
We continue to remain vigilant for market opportunities that enable us to refinance at attractive rates and longer tenors while improving our debt currency mix.

"2020 was a busy year for Group financing activities, where our priority has been to ensure that the Group remains in a strong financial position throughout this period of considerable macro uncertainty."

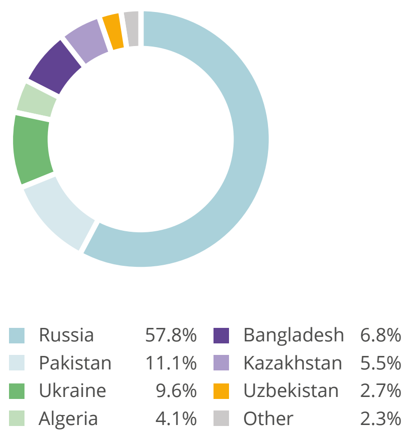
Serkan Okandan
Group Chief Financial Officer

Group net debt declined modestly during the financial year. On a pre-IFRS 16 basis, net debt stood at USD 6.1 billion at the end of FY 2020 against USD 6.3 billion as at end-2019. A decline in last twelve months (LTM) EBITDA resulted in a rise in Group leverage to 2.0x pre-IFRS 16 against 1.7x a year earlier. This, however, remains consistent with our comfort level of around 2.0x, or 2.4x on the IFRS 16 basis that we now adopt for this measure.

Operational Capex (excl. licences) & Capex intensity[1]
(USD million)



FY20 Operational Capex (excl. licences)



1. Last twelve months (LTM) Operational Capex intensity is calculated as last twelve months operational capex divided by last twelve months total revenue.
2. Operational cash flow is EBITDA minus operational capex (see Glossary on page 202).
3. See Glossary on page 202.

Cash flow and dividend

In spite of the year's considerable challenges, our operating businesses demonstrated commendable resilience in terms of cash generation. All of our major markets contributed positively to our operational cash flow[2] in FY 2020, which at the Group level amounted to over USD 1.7 billion.

We have also worked hard to reduce financing costs, which at the end of 2020 were around USD 100 million lower than in 2019 on an annual run-rate basis. This helped offset the impact of the pandemic on our equity free cash flow[3] (EFCF), which after lease payments and licences amounted to USD 357 million for FY 2020, versus USD 934 million in FY 2019.

Anticipating a challenging year for equity free cash flow, we announced at the time of our second quarter results that the Group would be unlikely to pay a dividend for FY 2020. This was subsequently affirmed by the Board at the full-year stage. While it is encouraging to see positive equity free cash flow, our immediate focus remains on prioritising network and digital investments to seize the growth opportunities we see ahead of us.

Our dividend decision also reflected the put option process to move to full ownership of our Pakistan business, which completed in March 2021 (see below), and to simultaneously manage Group leverage within our comfort level of around 2.4x.

Notwithstanding this decision, our dividend policy remains unchanged. This is to pay at least 50% of EFCF after licences while maintaining Net Debt-to-LTM EBITDA at around 2.4x on an IFRS 16 basis, taking into account medium-term investment opportunities.

Simplifying our portfolio

Reducing the complexity of our portfolio of markets has been a longstanding priority for the Group. Here, we made further progress in 2020 through two transactions that reinforced our focus on core growth markets with the potential to raise Group returns over time.

In September, we announced the decision of our business partner in Pakistan, the Dhabi Group (ADG), to exercise its option to sell to VEON its 15% stake in Pakistan Mobile Communications Limited (PMCL), the operating company of our mobile operator, Jazz. This process, which completed in March 2021 and therefore after our audited financial statement date, means that VEON now owns 100% of PMCL and is able to capture the entire economic value of this fast-growing business, including the full value of dividends paid by the Company.

This was followed in October by the sale of one of our smaller businesses, Beeline Armenia, to Team LLC. This transaction was the result of several months of discussions, during which we were impressed by the potential of this new owner to make a positive contribution to the development of the Armenian telecoms market and to continue the excellent work of the Beeline Armenia team.

Our operating portfolio is subject to constant review to ensure it is aligned with the best interests of our shareholders and possesses the potential to maximise long-term returns for the Group. This is reflected in our subsequent announcement in July 2021 that we have exercised our put option to sell the entirety of our stake in our Algerian subsidiary, Djezzy, to the Alergian National Investment Fund. An independent process to establish the fair value for this transaction is ongoing and we shall continue to update the market on progress here and our broader portfolio strategy as opportunities arise.

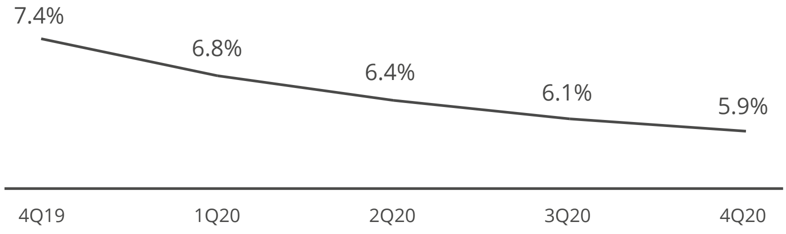
The year ahead

The unforeseen nature of the COVID-19 pandemic underscores the need for all companies to build resilience to sudden changes in operating conditions, and to adapt quickly to shifts in the business climate that may follow. The turbulence of 2020 tested all of us, but we are pleased that through evolving our products and business practices whilst maintaining financial prudence, VEON is now returning to growth from a position of capital strength.

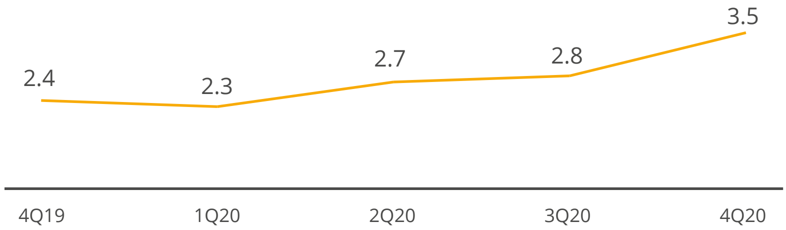
Undoubtedly, the months to come will not be without challenges as the persistence of COVID-19 test society's long-term resilience to the pandemic. Throughout, VEON will continue to play its role in keeping individuals, businesses and communities connected whilst building on the operational recovery the Group is now delivering.

Serkan Okandan
Group Chief Financial Officer

Average cost of debt
(%)



Average maturity of debt
(in years)



Markets review

Russia

Russia is our largest market, contributing 44% of Group EBITDA in 2020. It is a sophisticated, competitive marketplace with a proven customer appetite for the growing range of services offered by our operating company, Beeline, which serves 53 million mobile and fixed-line customers to meet a variety of needs. These range from traditional voice, data and broadband for individuals through to digital media and financial services and an expanding suite of B2B capabilities based on our expertise in AI and big data.

2020 was a year in which Beeline made considerable investments in its 4G networks to address legacy issues of quality and coverage. Under a new senior management team led by Alexander Torbakhov, this ongoing investment programme is the foundation of a turnaround strategy that we anticipate will see the business return to growth during the first half of 2021 after a challenging 18 months operationally.

Recent performance has been encouraging, with Beeline posting positive year-on-year revenue growth in both December 2020 and H1 2021, helped by a significant expansion in our 4G subscriber base, which now accounts for close to 50% of our total mobile customers in Russia.

Beeline ended 2020 with close to twice the number of 4G base stations it had two years ago. Data speeds have improved throughout the country and are as much as 74% faster in Moscow than in 2019, where all of the capital's metro stations are now served by our high-speed networks. Beeline customers also now experience lower dropped call rates and improving call quality.

Taken together, we believe that customer confidence in the experience offered by Beeline is being restored. This is consistent with the reduction in customer churn we recorded during 2020, from a rate of 12.8% in Q4 2019 to 10.6% in Q4 2020.

Alongside network quality, Beeline has transformed its tariff plans in order to offer our customers simpler products that match their changing needs. These include Generation Z, a new innovative tariff plan which allows the user to curate their own offer through our MyBeeline self-care app. It also includes our friends and family offer for groups, where up to three people can share unlimited data use on messaging platforms and stream Beeline TV amongst an array of other services. We have also tightened our content policy to eliminate unwanted services, which we believe will encourage higher levels of customer loyalty over time.

Rising levels of customer engagement with Beeline's services are clear in usage trends for our MyBeeline self-care app, which saw a 27% rise in monthly active users in 2020. Similarly, our new version of Beeline TV, with its advanced big-data driven recommendation engine that tailors content based on customer behaviour metrics, saw its user base grow by one-third to 2.7 million in 2020, with customer watching hours increasing 2.5 times.

Beeline has a thriving fixed-line business, which spurred by home-working grew close to 10% during 2020 and recorded a 41% rise in data traffic. Here, the customer experience is improving through the 200,000 kilometres of fibre we possess which now connects around 30% of our base stations, through which we can serve our retail and business customers with high-speed connectivity.

Russia is home to some of our most advanced B2B capabilities. These include our partnership with Alfa-Bank, one of the nation's leading lenders. Beeline's digital team has developed an AI-driven technology that creates customer profiles based on their interaction with our services, which Alfa is now using to drive its customer onboarding process and credit scoring.

Beeline has also partnered with one of Russia's leading franchises, X5, to provide big data analytics to drive indoor marketing. This brings the ad-based revenue model of social media companies into the store by displaying tailored adverts to individuals at the point of sale (for more details of our partnership activities with X5 and Alfa-Bank, see pages 20 and 21).

Together, these innovative collaborations underscore the potential for our capabilities and expertise to reach far outside the traditional domain for telecom services and transform the relationships we can forge with our business customers.

2020 Performance

In local currency terms, total operating revenue declined by 5.3% year-on-year in 2020, although beneath this was a marked deviation in quarterly growth rates which saw year-on-year revenues decline by 9.8% in Q2 and 6.8% in Q3 before narrowing to minus 2% in Q4 as severe lockdowns were implemented and subsequently eased. On a reported basis, total operating revenue in Russia decreased by 14.8% year-on-year, mainly due to the devaluation of the Russian ruble.

2020 mobile revenue was negatively impacted by a customer base decline in the first half of the year, as well as reduced roaming revenues due to travel restrictions, which were implemented in March 2020.

Meanwhile, fixed-line revenue showed strong positive performance as customers relied more heavily on fixed-line data at home due to lockdown restrictions. Total revenue trends improved in the second half of 2020 as a result of a considerable network investment made in the last 18 months, resulting in a stabilisation of our customer base.

As of December 31, 2020, we had 49.9 million mobile customers in Russia representing a decrease of 8.7% year-on-year. The decline took place in the first half of 2020 and was primarily due to customer perceptions on network quality, as well as a reduction in sales during strict lockdown periods and loss of migrant customers from our subscriber base due to travel restrictions.

Encouragingly, the Beeline team managed to stabilise customer base numbers in Q3 and recorded slight growth in Q4. In addition, Beeline Russia successfully grew its 4G user base, recording 48% penetration of its total mobile base at the end of 2020.

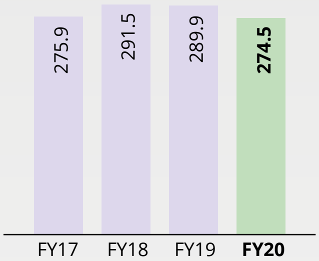
Our mobile ARPU in Russia decreased by 2.1% year-on-year in local currency terms, mainly driven by lower revenues including roaming, stemming from reduced customer travel during the pandemic.

Adjusted EBITDA[1] decreased by 14.9% year-on-year in local currency terms, primarily due to lower revenues, as well as an increase in structural operating expenses related to increased network investments and higher interconnection costs due to the increased ratio of off-net traffic. On a reported basis, Adjusted EBITDA declined by 23.1% year-on-year, reflecting weakness in the Russian ruble versus the US dollar across the period.

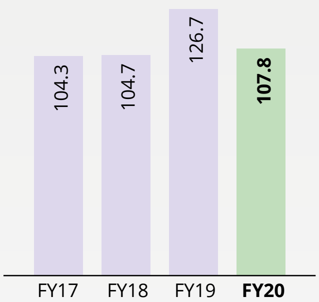
1. Adjusted EBITDA is a non-IFRS financial measure. See Glossary on page 202 for a full definition.

Beeline

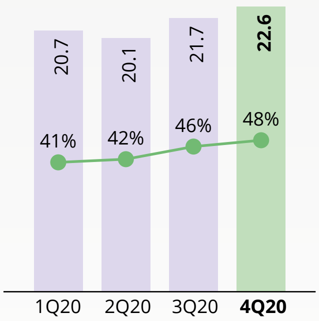
Revenue
(RUB billion)



EBITDA[2]
(RUB billion)



4G user base[3] and penetration
(users in millions and penetration in percentages)



2. VEON adopted IFRS 16 (Leases) for its statutory reporting from January 1, 2019. All EBITDA data prior to that date is depicted here on a pre-IFRS 16 basis, and thereafter includes IFRS 16.
3. % of active 4G data users in total 3 months active customer base (excluding M2M).

Pakistan

66m
Subscribers

56,800
JazzCash total active merchants

12.2m
Total JazzCash monthly active user base

38%
4G customer penetration

With 66 million subscribers, Pakistan is our second largest market by revenues and one of our fastest growing. Our operating company there, Jazz, enjoys market leadership and the industry's fastest 4G network. The nation's young, vibrant population is driving a strong adoption cycle in digital services, which is translating into strong subscriber demand for data, revenues for which grew by 24% year-on-year in 2020 in local currency terms.

Pakistan is home to JazzCash – our leading digital financial services platform, which provides mobile access to banking and payments facilities to one of the world's most unbanked nations. 2020 was an excellent year for this business, during which its monthly active user base grew by two-thirds to 12.2 million and its merchant network expanded to 56,800 monthly active partners. It was also a record year for the total value processed across the platform, which exceeded USD 14 billion.

JazzCash is the foundation stone of our growing ecosystem of digital capabilities in Pakistan, which include our entertainment content platform Jazz TV and the nation's largest mobile health initiative, provided through our local partner BIMA Health. Uptake of these services is being facilitated through our sustained investment in high-speed 4G networks, which delivered services to 38% of our customers at the end of 2020 (up from 26% at the end of 2019), underscoring the considerable growth opportunity we have ahead of us.

2020 Performance

In local currency terms, revenue increased by 0.8% year-on-year, supported by strong mobile data revenue growth as a result of 4G network expansion in 2020, which was partially offset by certain regulatory and tax changes that negatively affected revenue numbers. On a reported basis, revenue decreased by 6.7% year-on-year mainly due to the devaluation of the Pakistan rupee.

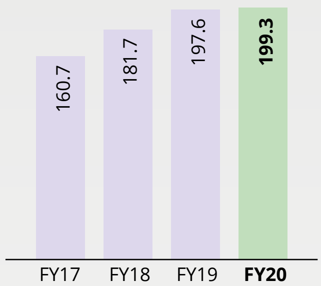
In 2020, we had 66.4 million customers in Pakistan, representing an increase of 9.8% year-on-year driven primarily by growth in mobile data customers, which increased by 13.4% year-on-year, while 4G user penetration in total base increased to 38% at the end of 2020. The increase arose on the back of our continued expansion of our 4G network across Pakistan.

In 2020, our mobile ARPU in Pakistan decreased by 8.5% year-on year in local currency terms, mainly driven by price competition, regulatory and tax charges which affect revenue numbers and reduced activity from the lockdown measures implemented in Pakistan in response to the pandemic.

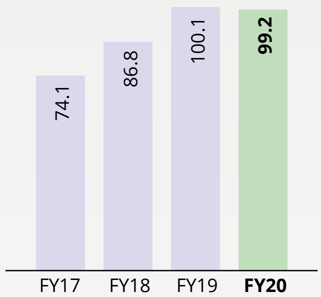
Adjusted EBITDA decreased by 0.9% year-on-year in local currency terms and by 8.4% on a reported basis, which primarily reflects the classification of certain costs for our ex-Warid licence paid in the form of security (under protest) as service costs in 2020, compared to the prior year's amortisation of licences below EBITDA. This impact was offset by the reversal of a provision, with an impact on Adjusted EBITDA of PKR 8.6 billion (USD 52 million), in the third quarter of 2020.

Our leading digital financial services business in Pakistan, JazzCash, recorded strong performance in 2020. Its user base saw 67% year-on-year growth, finishing the 2020 year with 12.2 million monthly active users and 27.4 million registered wallets, an increase of 47% year-on-year.

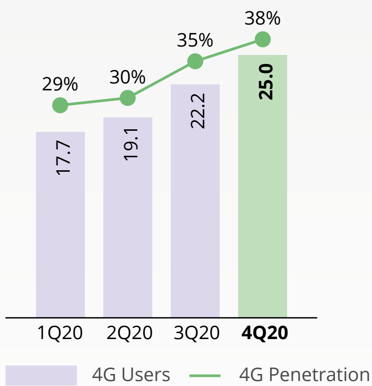
Revenue
(PKR billion)



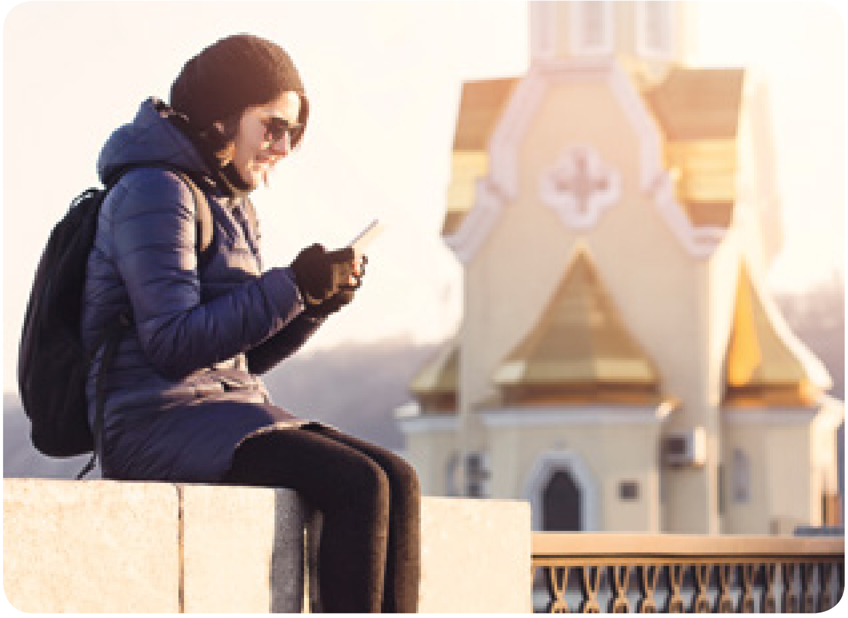
EBITDA
(PKR billion)



4G users and penetration
(million and %)



Ukraine



12.4%

Local currency revenue growth in 2020

22%

Increase in mobile data revenues

19%

Growth in Kyivstar fixed-line services

81%

Growth in MyKyivstar self-care users

Ukraine is a high-growth market in which our operating company, Kyivstar, is the market leader. Kyivstar's success has been founded on a customer-first approach that has enabled us to excel in delivering tailored services to both retail and business customers, which underpinned 12.4% local currency revenue growth in 2020 despite the challenges of the COVID-19 pandemic.

Kyivstar operates one of the Group's most diversified range of digital services. These serve retail customers with products like Doctor Online, mobile payments and Kyivstar TV, as well as B2B customers through a growing range of technology-driven services. This provides the business with a balanced portfolio of growth opportunities in a marketplace with a mature appetite for digital products.

Acknowledging the creativity of Ukraine's vibrant developer community, Kyivstar pioneered an Open API ecosystem in 2020 that allows developers to access data, analytics, scoring capabilities and services in a user-friendly environment.

Alongside the strategic partnership we announced with Microsoft in December 2019 to expand our IoT, big data, AI and cloud capabilities, Kyivstar is committed to engaging with the very best technologists in order to be the connectivity partner of choice for business users.

Kyivstar is both a fixed-line and mobile success story. Fixed-line service revenues grew by 19% in 2020, encouraged by the switch to home-working. Mobile service revenues grew by 12%, which alongside our rapid rollout of 4G services helped to drive a 22% rise in mobile data revenues for the year.

Rates of digital adoption are strong, with the number of our MyKyivstar self-care users rising 81% year-on-year in Q4 alongside a 73% rise in our Kyivstar TV user base, both of which bode well for the future growth of this market-leading business.

The deployment of 4G networks in rural areas was a key strategic priority for Kyivstar in 2020 as the company delivered on its goal to achieve 86% 4G population coverage by the close of the year. As the market's leading mobile operator, Kyivstar played a key role in accelerating the development of the nation's 4G infrastructure by voluntarily returning its 900 MHz spectrum, in order to enable other operators the opportunity to expand 4G coverage across Ukraine.

In 2020, Kyivstar was recognised as the nation's best employer and was the telecom industry's largest taxpayer.

2020 Performance

Revenue increased by 12.4% year-on-year in local currency terms and 7.2% on a reported basis. The rise primarily reflects strong growth in mobile data consumption, owing to strong 4G adoption on the back of our continued focus on 4G connectivity and digitalising solutions for customers. Fixed-line revenue also grew strongly by 18.7% year-on-year as customers continued to draw on fixed-line data at home.

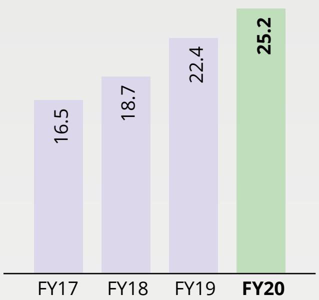
As of December 31, 2020, we had 25.9 million mobile customers in Ukraine representing a decrease of 1.1% year-on-year. The decrease was a result of lower gross additions owing to the closure of stores as a result of lockdown measures, as well as a reduction in multi-SIM users in the market and demographic trends in Ukraine. Our mobile data customers increased by 1.2% year-on-year, spurred by 4G customer growth where penetration reached 36% at the end of 2020.

In 2020, our mobile ARPU in Ukraine increased by 14% year-on-year in local currency terms, primarily due to greater use of our services.

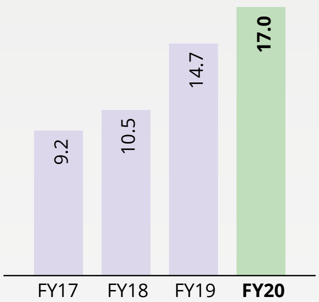
Adjusted EBITDA increased by 15.6% year-on-year in local currency terms and by 10.1% on a reported basis, primarily due to solid revenue performance and lower service and commercial costs. This was offset partially by an increase in structural operating expenses when compared with 2019.

KYIVSTAR

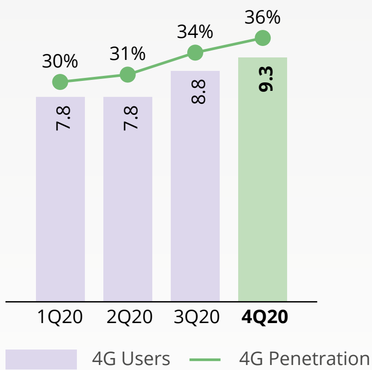
Revenue
(UAH billion)



EBITDA
(UAH billion)



4G users and penetration
(million and %)



Kazakhstan

Beeline Kazakhstan is our fastest-growing operating business and was one of the first to see a full recovery in revenues at the end of 2020 following the challenges of COVID. It also has the highest 4G penetration rate in the Group – 54% at the end of 2020 – which is underpinning strong customer uptake of Beeline's growing range of digital services. These include Beeline TV and our My Beeline self-care app, both of which saw their active user base almost double during the course of 2020.

Kazakhstan is also a fixed-line growth story, where service revenues grew by 27% in 2020 reflecting the increasing popularity of our convergent products that bundle together mobile, fixed and broadband services, which are now taken by one in five of our customers.

Alongside meeting the fixed-line data needs of home-workers, we are also expanding the reach of high-speed connectivity to rural communities. Here, we are proud to be part of the nation's 250-plus programme, through which we are sharing networks with other operators to help bridge digital divides between communities (see page 43 for further details).

Kazakhstan is a market with a bright digital future. It was one of the first markets in which we successfully trialled 5G services back in October 2019.

Although 5G investment remains a distant need for now, the rapid digital adoption we have enabled through products like our digital operator Izi, which now serves 45,000 customers with a fully online and flexible product experience, demonstrates the eagerness of the nation's customers to embrace the very latest digital services our industry can offer.

27%

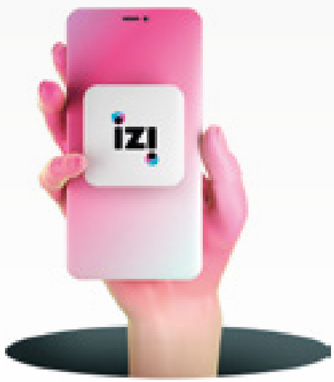
Growth in Beeline Kazakhstan fixed line services

54%

4G penetration rate

14.4%

Rise in local currency ARPU



2020 Performance

Total operating revenue increased by 6.3% year-on-year in local currency terms, primarily due to strong demand for our data services which has been spurred by an expansion of our 4G user base following investment in our 4G network.

Growth in revenue from fixed-line services was also strong, with the popularity of our convergent products contributing to an enlargement of our customer base.

These increases were partially offset by the impact of higher revenue in 2019 stemming from compensation received in relation to termination of a network sharing agreement with Kcell. Adjusted for this compensation Beeline Kazakhstan total revenue in local currency terms increased by 15.3% year-on-year in 2020. Adjusting for currency movements, reported revenue decreased by 1.4% year-on-year.

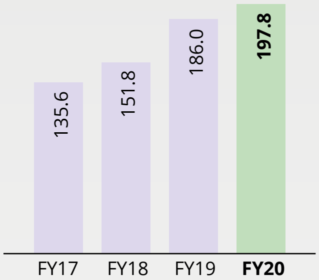
As of December 31, 2020, we had 9.5 million mobile customers in Kazakhstan representing an decrease of 6.9% year-on-year. This decline was mainly due to post IMEI registration barriers resulting in lower gross additions. The number of mobile data customers increased by 4.3% mainly due to improved bundle offers and data services, as well as greater adoption of 4G users, where the penetration rate grew by 13 percentage points year-on-year to reach 54% at the end of 2020.

In 2020, our mobile ARPU in Kazakhstan increased by 14.4% year-on-year in local currency terms, primarily due to growth in data usage.

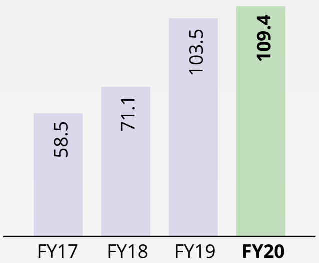
Adjusted EBITDA increased by 5.7% year-on-year in local currency terms, primarily due to higher revenues which were partially offset by increased personnel costs, certain non-income taxes and technology expenses. On a reported basis, Adjusted EBITDA decreased by 1.9% year-on-year reflecting weakness in the Kazakhstani tenge versus the US dollar during 2020.

Beeline

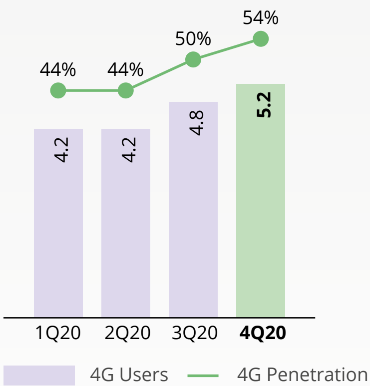
Revenue
(KZT billion)



EBITDA
(KZT billion)



4G users and penetration
(million and %)



Uzbekistan

46%
4G customer penetration

180%
Increase in MyBeeline self-care app users

16%
Rise in operational capex

Increasing mobile data penetration remains the key growth driver of our business in Uzbekistan, where VEON also operates under the Beeline brand. Beeline enjoys a leading market position here, secured through a focus on the loyalty of customers amongst which ARPU opportunities are greatest.

Growing our high-speed 4G networks is our immediate priority in Uzbekistan. Here, our investments during 2020 facilitated a sharp rise in adoption, with our 4G customer base penetration increasing by 11 percentage points to 46%. This offers Beeline considerable opportunity to grow data use and pioneer new digital services, which it is pursuing through similar content and mobile financial services offers as elsewhere, including BeelineTV, where our active user base reached 660,000 in 2020.

The scope to engage our customers around new services is also increasing through the rapid adoption we have seen for our MyBeeline self-care app, the active user base of which grew by over 180% during 2020.

Data demand has been a key growth driver for Beeline Uzbekistan and is likely to remain so for the foreseeable future as smartphone adoption rates rise from their present comparatively low levels. Enabling this opportunity is our considerable investment commitment to 4G deployment reflected in the 16% rise in operational capex we recorded in 2020.

Uzbekistan has been a challenging market in the recent past given tax changes, customer registration requirements and strong competition, but its early-stage nature suggests opportunities ahead which Beeline is well positioned competitively to seize.

2020 Performance

Total revenue decreased by 12.7% year-on-year in local currency terms, primarily due to a decline in our subscriber base as a result of a new excise duty, IMEI registration implementation and strong price competition in the market, as well as weaker business activity due to COVID-19 restrictions. On a reported basis, revenue declined by 23.3% year-on-year.

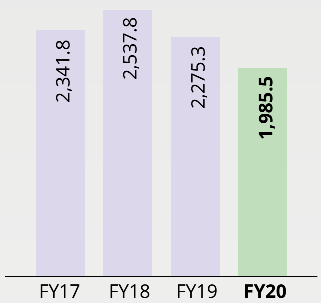
The number of mobile customers decreased by 16% to 6.8 million in 2020. The decrease was the result of a strategic focus on high value customers on the back of strong price competition in the market, resulting in a higher churn rate. Within this, our focus on 4G was reflected in a rise in our 4G user base, which grew by 11% year-on-year.

Mobile ARPU increased by 2% year-on-year in local currency terms, primarily due to our strategic focus on high value customers.

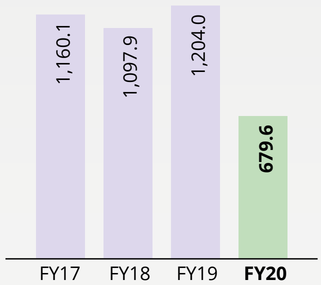
Adjusted EBITDA decreased by 43.6% year-on-year in local currency terms and 50% year-on-year on a reported basis, primarily due to reduced revenues as well as higher structural operating expenses.

Beeline

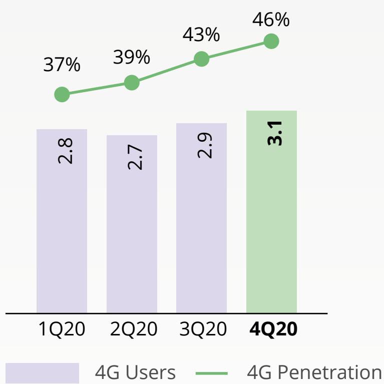
Revenue
(UZS billion)



EBITDA
(UZS billion)



4G users and penetration
(million and %)



Algeria

14m
Djezzy customers

40%
4G customer penetration

19%
Growth in data revenues

Algeria remains a challenging market but is one in which our operating company, Djezzy, has continued to outperform its competitors, successfully gaining revenue share of a market that has experienced an overall contraction in total revenue over the past five years.

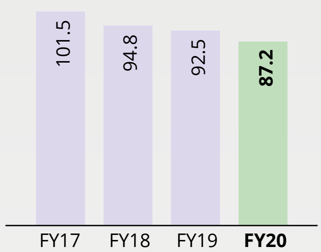
Despite a difficult regulatory context (particularly the recent asymmetric and arbitrary 29% reduction in mobile termination rates in 2019), fierce price competition and already tough macroeconomic conditions that have been exacerbated by COVID, Djezzy managed to maintain its top Net Promoter Score (NPS) spot in the market in 2020.

Djezzy's success has been founded on a segmented approach to the Algerian market that emphasises young people through dedicated, digital-centric product offerings. Key to these relationships is its highly ranked self-care app Djezzy, which was enabled by 2018's Digital Business Support System upgrade and continued to gain adoption amongst our customer base in 2020, where it is used actively by close to a quarter of a million customers.

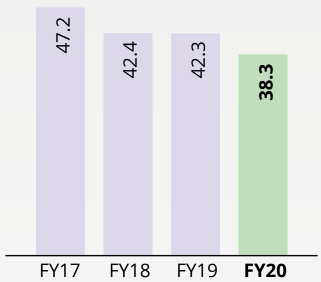
Djezzy grew its share of 4G users strongly over the past year and aspires to secure the highest share of data market opportunities by further expanding its 4G networks. Progress here is demonstrated in Djezzy's subscriber mix: out of Djezzy's 14 million customers, 9 million are data users and 40% of the total are now using 4G, an 8 percentage-point rise from last year. The result was another impressive year for data revenues, which grew by 19% in 2020.

In July 2021, we announced that the Group had exercised its put option to sell its stake in Djezzy. An independent valuation process to determine the fair value of this stake is now underway.

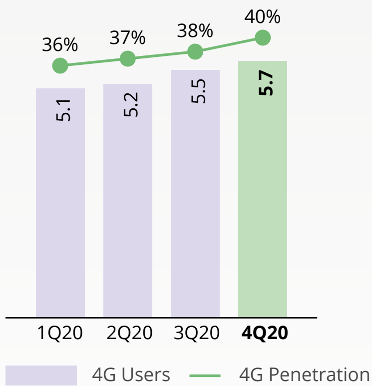
Revenue
(DZD billion)



EBITDA
(DZD billion)



4G users and penetration
(million and %)



2020 Performance

Total revenue decreased by 5.7% year-on-year in local currency terms and 11.1% on a reported basis. This reflected a fall in our subscriber base in an aggressively competitive market and the negative impact of a change in Mobile Termination Rates (MTR), as well as the economic slowdown due to the COVID-19 pandemic. Against this, mobile data revenue growth remained strong, rising by 18.9% year-on-year due to higher usage as a result of our 4G rollout.

As of December 31, 2020, our customer base decreased by 3.4% to 14.1 million year-on-year driven by the overall economic slowdown as a result of the pandemic. Mobile data customers showed a growth of 4.5% year-on-year, mainly due to our 4G rollout and increased demand for data, resulting in a 4G user penetration rate of 40% at the end of 2020.

Mobile ARPU in Algeria was broadly flat (-0.2%) year-on-year in local currency terms. This stable performance reflected our pricing strategy and a more high-value customer base, offset by lower consumption due to a general economic slowdown as described above. On a US dollar basis, mobile ARPU declined by 4.8%.

Adjusted EBITDA decreased by 9.4% year-on-year in local currency and 14.7% year-on-year on a reported basis, primarily due to the decrease in total revenue, with operating expenses remaining relatively stable.

Bangladesh

2.3m

Toffee's monthly active customer base

60%

Population reach of our 4G services

23%

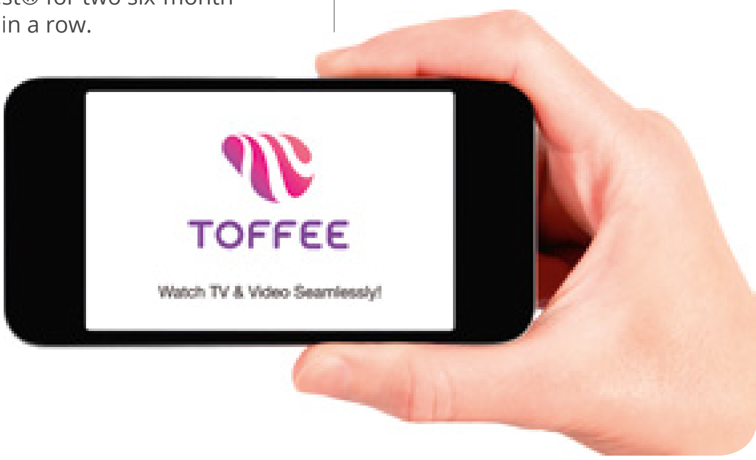
Rise in data revenues

Bangladesh is an early-stage market for mobile and digital services but one that is showing encouraging signs of rapid customer adoption. Here, we enjoy a strong market presence through our operating company, Banglalink, which is actively promoting the use of digital channels to activate top-ups, account management and the adoption of additional services. Our self-care app, MyBanglalink, is playing a key role here and saw its user base triple in size during 2020.

Bangladesh is also home to Toffee – one of the Group's most successful entertainment content services. With its emphasis on sport, local-language and user-generated media, Toffee has proven to be a local success story in a market where other providers have struggled. From launch in November 2020, Toffee ended 2020 with 2.3 million monthly active users – a remarkable achievement in such a short time period.

Until recently a market largely served by 3G networks, Banglalink made a significant investment in 4G infrastructure during 2020, which enabled us to more than double the 4G penetration of our customer base from 11% to 24%. The quality of our networks was recognised twice in 2020 when Banglalink received the Fastest Mobile Network in Bangladesh award by Ookla® Speedtest® for two six-month periods in a row.

Data is the backbone of Banglalink's growth. Our data users continued to grow in 2020 and generated a 23% rise in mobile data revenues. With our 4G networks now covering 60% of Bangladesh's population, we are confident that Banglalink has a promising growth story ahead of it.



2020 Performance

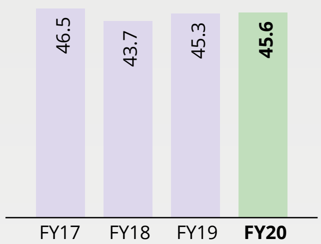
In 2020, total revenue grew slightly by 0.7% year-on-year in local currency terms and was broadly flat with the prior year on a reported basis. Overall, the negative impact of the pandemic crisis was offset by an acceleration in service revenue growth following the acquisition of additional spectrum and enhanced network availability, along with the continued expansion of Banglalink's distribution footprint.

As of December 31, 2020, our number of customers decreased by 1.2% year-on-year to 33.2 million. This was primarily due to lower sales compared with last year as a result of lockdowns. Against this, mobile data customers increased by 5.3% year-on-year, supported by growth in our 4G user base, where penetration reached 24% at the end of 2020.

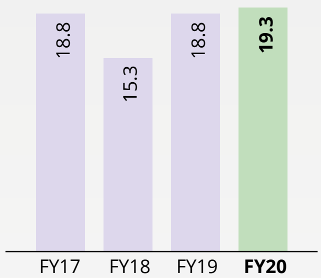
In 2020, our mobile ARPU in Bangladesh remained stable in both local currency and US dollar terms compared with last year.

Adjusted EBITDA increased by 2.9% year-on-year in local currency terms and 2.7% on a reported basis. This principally reflects consistent performance on revenue and operational savings, partially offset by an increase in minimum tax rates which adversely impacted operating expenses.

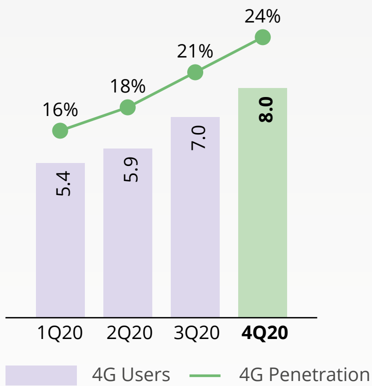
Revenue
(BDT billion)



EBITDA
(BDT billion)



4G users and penetration
(million and %)



How we manage risks

VEON has adopted the relevant criteria from the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and Enterprise Risk Management (ERM) – Integrated Framework (2017) as the foundation of our enterprise risk management approach. Through VEON's ERM framework, our management aims to identify, assess, adequately manage, monitor and report risks that could jeopardise the achievement of our strategic objectives. A unified and consistent ERM framework is used throughout the organisation.

Strengthening our risk culture: three lines of defence

The 'three lines of defence' approach provides a simple and effective way to enhance communications around risk management, governance and control by clarifying roles and responsibilities. VEON has adopted this model to provide reasonable assurance that risks to achieving important objectives are identified and mitigated.

First line of defence

VEON recognises that the first line of defence consists of the business functions which own and are responsible and accountable for directly assessing, controlling and mitigating risks. Since 2016, targeted communication campaigns have been launched globally to foster risk and control awareness across the Group.

In order to embed a culture aligned to our risk appetite and individual responsibilities in relation to risk management, we embarked on an awareness programme in 2019 which continued throughout 2020. This programme involved an awareness campaign using sport, games and the idea of teamwork to highlight the importance of every individual's contribution to effective risk management and a strong control environment, and was launched to reinforce accountability and ownership for risk management and the internal control environment.

Second line of defence

The second line of defence monitors and facilitates the implementation of effective risk management practices and internal controls by the first line of defence. The second line comprises Group Internal Control, Group Enterprise Risk Management, Group Internal Audit & Compliance and Group Legal, amongst other Group functions. The second line supports the business functions in identifying what could go wrong and provides the methods, tools and guidance necessary to support the first line in managing their risks.

As a publicly traded company on a US stock exchange registered with the US Securities and Exchange Commission, we must comply with the Sarbanes Oxley Act (SOX). SOX Section 404 requires that management perform an assessment of the Internal Controls over Financial Reporting (ICFR) to confirm both the design and operational effectiveness of the internal controls.

Our internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of VEON Ltd.'s published consolidated financial statements under generally accepted accounting principles. The VEON ICFR Framework incorporates risk assessment as part of our scoping process, an assessment of the design effectiveness of the required controls, testing of the operating effectiveness of the key control activities and monitoring of our financial reporting at entity-wide and functional levels. For further details, see ITEM 15 – Controls and Procedures in our Form 20-F for the year ended December 31, 2020 filed with the SEC.

Our Group Internal Control department has established and maintains uniform governance, policies and control standards that apply to controlled subsidiaries. Our ICFR testing results are reported into our Board of Directors, Group Risk, Ethics and Assurance Committee (REAC), OpCo business risk committees, OpCo boards of directors and our Audit and Risk Committee at least on a quarterly basis as part of our assurance model.

For a more detailed overview of the governance changes in 2020, see the Governance Structure section on pages 94 to 97 of this Report.

Third line of defence

In addition to its roles under the second line of defence strategy, the Group Internal Audit & Compliance team comprises the third line of defence and is responsible for providing independent assurance to senior management on the effectiveness of the first and second lines. The function conducts ad hoc financial, information technology, strategic and operational audits and special investigations. Throughout, Group Internal Audit & Compliance conducts its activities in a manner based on a continuous evaluation of perceived business risks.

OpCo risk oversight

To ensure strong oversight of and alignment between the three lines of defence, each OpCo is managed by its respective chief operating officer (OpCo CEO) and management team, with oversight by their respective board of directors or equivalent bodies (OpCo Boards) and each OpCo Board has established an OpCo business risk committee (OpCo BRC). Each OpCo BRC is chaired by the Group Chief Financial Officer, his nominee or the Group Chief Internal Audit & Compliance Officer.

The purpose of each OpCo BRC is to consider the overall risk profile of the Group and ensure risk informed decision-making. Each OpCo BRC oversees and aligns the activities of the Group's various risk and assurance functions to coordinate and manage actions efficiently across the Group.

Each of the OpCo Boards is comprised of members of the VEON HQ management team. Certain of our OpCo Boards also draw on the expertise of local advisors who may also serve as independent members of the OpCo Board. Each OpCo's overall risk profile is presented to its OpCo Board regularly and at least once per quarter, accompanied by the recommendations of its OpCo BRC.

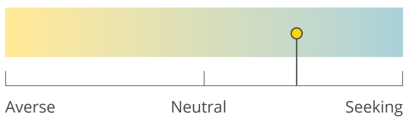
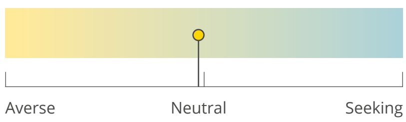
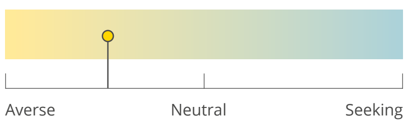
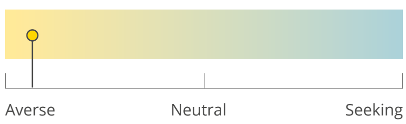
This programme is continuously monitored by OpCo management and the OpCo Boards, and tested by both the relevant OpCo internal audit function and Group Internal Audit & Compliance. The Group Audit and Risk Committee provides ultimate oversight while each OpCo BRC provides active monitoring and engagement with the OpCos on all enterprise risks, control, compliance and assurance matters.

Defining our risk appetite

Defining our risk appetite in line with the COSO Framework, the VEON Enterprise Risk Management (ERM) framework categorises risk into four risk categories: Strategic, Operational, Financial and Compliance.

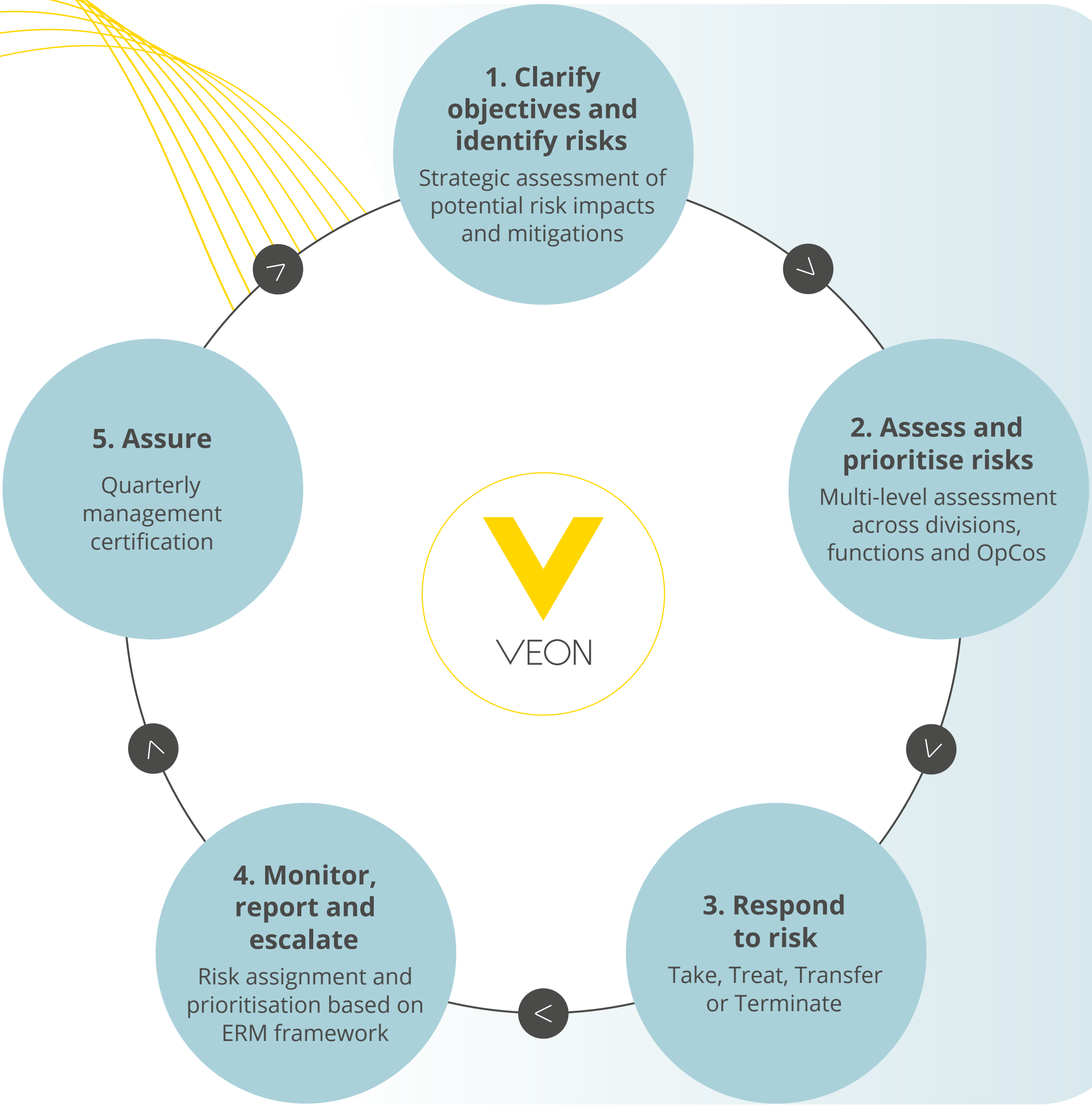
Our risk appetite is defined for each of the four risk categories by considering our business objectives, as well as potential threats to achieving these. On an annual basis, the appetite statements for each category of risk are revised and approved by VEON's Executive Committee and presented to the Audit and Risk Committee. These statements are then integrated into the business through our global policies and procedures and our risk management cycle.

VEON's risk appetite per COSO category

Risk category	Category description	Risk appetite
Strategic risk	Risks arising from strategic changes in the business environment and from adverse strategic business decisions impacting prospective earnings and capital.	
Operational risk	Risks arising from inadequate or failed internal processes, people and systems or external events impacting current operational and financial performance and capital.	
Financial risk	Risks relating to financial loss arising from uncertainties/decisions impacting the financial structure, cash flows and financial instruments of the business, including capital structure, insurance and fiscal structure, which may impair VEON's ability to provide an adequate return.	
Compliance risk	Risks resulting from non-compliance with applicable local and/or international laws and regulations, internal policies and procedures, ethical behaviour, compliance culture and also including legal and regulatory risks that could result in criminal liability.	

Risk management in **execution**

Effective risk management requires a continuous and iterative process and involves the following five steps:



1. Clarify objectives and identify risks:

VEON's strategy is developed with a comprehensive understanding of the strategic and inherent risks involved in doing business. We consider the potential effects of the business context on risk profile as well as possible ways of mitigating the risks we are exposed to.

2. Assess and prioritise risks:

Risks identified as relevant for VEON are assessed in order to understand the severity of each risk to the ability to execute on VEON's strategy and business objectives. The severity of risk is assessed at multiple levels of the business as it may not be the same across divisions, functions and operating companies.

3. Respond to risk:

The assessed severity of the risk is utilised by management to determine an appropriate risk response (Take, Treat, Transfer or Terminate) which may include implementing mitigations, taking into account the risk appetite.

4. Monitor, report and escalate:

VEON's Group CEO and senior management review significant risks assessed and prioritised based on the Group's ERM framework. The top Group risks are also reported to VEON's Board of Directors, in particular with the Audit and Risk Committee (at least on a quarterly basis), to evaluate material Group risks.

VEON's management also monitors and evaluates risk through our Group Risk, Ethics and Assurance Committee (REAC), which is chaired by the Group Chief Financial Officer and includes the Group Directors of each of the assurance departments. Group REAC oversees and aligns the activities of the Group's various risk and assurance functions to coordinate and manage actions efficiently across the Group, which include:

- Advising senior management on matters concerning the risk, ethics and compliance, including an overall risk and assurance vision and strategy.
- Overseeing activities to develop and maintain a fit-for-purpose risk and assurance programme.
- Engaging with VEON's senior management on important developments in the context of risk, ethics and compliance.

The Board of Directors maintains a number of Committees, including the Audit and Risk Committee, which expressly refers to its role in overseeing VEON's ERM framework in its charter.

5. Assure:

On a quarterly basis, through the management certification process, local CEOs and CFOs certify significant risks have been considered and appropriate measures have been taken to manage the identified risks in accordance with the Group's ERM policies and procedures.

Our key risks

Risks table

On the following pages, we summarise the risks we encounter in operating our business and discuss certain mitigation efforts associated with each.

For a more detailed discussion of the risks and uncertainties relating to our business, see Item 3D – Risk Factors of our Annual Report on Form 20-F for the year ended December 31, 2020 filed with the SEC.

The risks listed may not be exhaustive, and additional risks and uncertainties not presently known to VEON, or that it currently deems immaterial, may also have or develop a material adverse effect on its business, operations, financial condition or performance, or other interests.

Prioritisation of strategic, operational and financial risks is based on EBITDA business impact thresholds and likelihood scales from 1 to 5. Once the identified risks are assessed and prioritised based on the above scales, the risk response strategy is decided and mitigating action plans are defined and/or updated.

The outcome of the risk assessment information is captured in our Global GRC Tool. The risk response strategy is determined based on the business context, risk appetite, severity and prioritisation. Furthermore, the risk response must also consider the anticipated costs and benefits commensurate with the severity and prioritisation of the risk and address any obligations and expectations (for example, industry standards, shareholder expectations, etc.).

Prioritisation of some compliance risks such as non-compliance with anti-bribery and corruption laws, and non-compliance with international sanctions and export laws and regulations is performed qualitatively, due to their nature, based on external factors sourced from independent non-governmental reports (where possible) and internal factors sourced from VEON's business processes by the local ethics & compliance and legal teams.

The sequence in which the risks and mitigating actions are presented below is not intended to be in any order of severity, chance or materiality. The following icons are used in the risks table below to provide a qualitative assessment of changes in net risk in 2020 (i.e. each risk once mitigating actions are taken into consideration):

^ Risk increased

= Risk stable

v Risk decreased

KEY RISKS

1. Market

Our business is subject to a variety of market-related risks across our geographies. These include:

- **Foreign exchange-related risks** since a significant proportion of our costs and liabilities are in US dollars and Russian rubles whereas our revenues are in a variety of local currencies.
- **Competition** since we operate in highly competitive markets which may impact our ability to attract and retain customers and achieve our financial targets.
- **Keeping pace with technology** since our future success will depend on our ability to keep pace with investments in current technologies and technological changes in our industry and deploying networks and services that these enable.
- **Macroeconomic developments** given that we operate in a variety of markets that may be subject to adverse economic, political and regulatory factors which may impact the operating environment for our services.
- Implications of the **COVID-19 pandemic**, or those relating to similar public health developments, which may impact our operations and those of our customers and suppliers, as well as the economies in which we operate.

EXAMPLES OF HOW WE MITIGATE

- The Company hedges part of its exposure to fluctuations on the translation into US dollars of the revenues of its foreign operations by holding borrowings in foreign currencies and by the use of foreign exchange swaps and forwards.
- We are monitoring and responding to technology developments and competitor activity that could have an impact on us achieving our goals.
- We continue to engage in dialogue with local industry regulators to ensure we understand the requirements and challenges of local markets and adapt our services accordingly.
- We are continuing to assess and take what we believe are the necessary steps to ensure the continuity of our operations and the safety of our employees during the COVID-19 pandemic.

KEY DEVELOPMENTS IN 2020

- During 2020 the Company used foreign exchange forwards to mitigate foreign currency translation risk related to the Company's net investment in its Russian operating company.
- In April 2020, the Company established a USD 6.5 billion Medium-Term Note (MTN) programme that has since allowed us to increase the proportion of our Russian ruble-denominated borrowings to better match the ruble contribution to our revenues.
- We continued to adapt our marketing strategies to local market conditions, notably in Russia where we simplified our product offers and maintained competitive prices in combination with increasing the transparency of our content policy conditions.
- We continued to attract customers to our shared bundle product and convergence offers while deploying high-speed 4G networks across our markets to enhance the experience of our customers.
- We now have the capacity to launch 4G services in each of our operating markets. We have also acquired new spectrum to boost our network capacity, enhance spectral efficiency and enable the launch of new Radio Access Networks Technologies.
- The second quarter 2020 saw the full impact on our operations of the lockdowns imposed across our markets in response to COVID-19. Throughout the second half of the year, all operations saw a recovery in performance as our local businesses continue building resilience to the restrictions related to COVID-19. Our management has taken appropriate measures to keep our personnel safe and secure. We have not observed any particular material adverse impacts to our business, financial condition and results of operations, other than as described elsewhere in this Report, and Group liquidity is sufficient to fund business operations for at least another 12 months.

Key

^ Increase

= Stable

V Decrease

KEY RISKS

2. Liquidity and capital

Our business requires considerable financial capital in order to invest in the growth opportunities we identify. This requires us to manage a number of risks relating to capital and liquidity. These include:

- **Liquidity risk** since, as a holding company, VEON Ltd. depends on the performance of its subsidiaries and their ability to pay dividends, and may therefore be affected by changes in exchange controls and currency restrictions in the countries in which its subsidiaries operate.
- **Banking and financial counterparty risk** given that the banking systems in many countries in which we operate remain underdeveloped and there are a limited number of creditworthy banks in these countries with which we can conduct business, and currency control requirements restrict activities in certain markets in which we have operations.
- **Debt service risks** given that substantial amounts of indebtedness and higher debt service obligations could materially impact our cash flow and affect our ability to raise additional capital.
- **Access to capital** since a significant rise in our indebtedness would imply higher debt service obligations, which may not be fully covered by our cash flow and could hinder our ability to access capital markets on acceptable terms.

EXAMPLES OF HOW WE MITIGATE

- We have a centralised treasury function whose job is to manage liquidity and funding requirements as well as our exposure to financial and market risks.
- The Company monitors its risk of a shortage of funds using a recurring liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bonds, bank overdrafts, bank loans and lease contracts.
- The Company's policy is to create a balanced debt maturity profile and to use market opportunities to extend the maturity and reduce the cost of its borrowings as they arise.
- We adopt a prudent approach to managing our balance sheet leverage, increasing the level of our local currency borrowing and maintaining borrowing headroom in our revolving credit facilities.
- The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios, so as to secure access to debt and capital markets at all times and to maximise shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions.

KEY DEVELOPMENTS IN 2020

- The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low based on liquidity in the markets the Company has access to, and its recent history of refinancing.
- Under its MTN programme, the Company took advantage of favourable capital market conditions three times during 2020 to issue three series of senior unsecured notes, the proceeds of which were used in part to refinance USD 1.4 billion worth of debt at lower coupons and longer maturities during the year.
- The Company signed three bilateral unsecured loan agreements in Ukraine for an aggregate amount of around USD 146 million. It also signed a bilateral unsecured loan agreement worth approximately USD 25 million in Kazakhstan.
- The Company refinanced bilateral loan facilities in Russia worth around USD 2.3 billion during 2020, which alongside repayments on existing facilities enabled us to extend the maturity and reduce the financing costs of our ruble borrowings.

Key

^ Increase

= Stable

V Decrease

KEY RISKS

3. Operational

Ours is a complex business operating across ten markets at various levels of development and each with a variety of opportunities and challenges. These give rise to operational risks, which include:

- **Challenges in local implementation of our strategic initiatives**, which could be affected by a variety of unforeseen issues, including (but not limited to) technological limitations, regulatory constraints and insufficient customer engagement.
- **Partnership risks** given that we participate in strategic partnerships and joint ventures in a number of our markets, agreements around which may affect our ability to execute on our strategy and, where the consent of our partners is required, to withdraw funds and dividends from these entities. Partnerships could also give rise to reputational and indirect regulatory risks with respect to the behaviours and actions of our partners, as well as risks surrounding losing a partner with important insights in the local market.
- **Cyber-attacks and denials of service**, to which telecoms providers are vulnerable given the open nature of their networks and services, which could result in financial, reputational and legal harm to our business should these succeed in disrupting our services and result in the leakage of customer data or of our intellectual property.
- **Supply chain risks** since we depend on third parties for certain services and products important to our business and there may be unexpected disruptions to supply chains due to a variety of factors, including regulatory (e.g. trade restrictions), natural disasters, war, pandemics and similar unforeseen events.
- **Spectrum and licence rights** given that the success of our operations depends on acquiring and maintaining spectrum and licences in each of our markets, most of which are granted for specified terms with no assurance that they will be renewed once expired, or at what price.
- **Interconnection agreements** with other operators upon which the economic viability of our operations depend. A significant rise in these costs, or a decrease in the interconnection rates we earn, could impact the financial performance of our business, as could adverse local regulation of Mobile Termination Rates (MTRs), which govern the rates at which carriers compensate each other for carrying calls that originate on one another's networks.

EXAMPLES OF HOW WE MITIGATE

- We remain committed to simplifying our business structure, which extends to our local partnerships.
- We monitor and log our network and systems, and keep raising our employees' security awareness through training, and operate a structured vulnerability scanning process within our security operations centres.
- We maintain good bilateral relationships with the regulatory authorities in our operating markets in order to help us understand and adapt to their concerns and needs with respect to local regulation.
- We conduct risk-based due diligence on our business partners and mitigate apparent risks through contractual requirements, representations, indemnities, warranties, etc.
- We regularly monitor the media presence and reputations of our partners and respond accordingly.
- We reduce our reliance on single vendors to the extent possible.

KEY DEVELOPMENTS IN 2020

- Our new Governance, Risk and Compliance ('GRC') framework sets out policies for key operational activities, detailing the minimum standards to which each OpCo must comply in areas such as employee behaviour, financial conduct, procedures for Group contracting, cybersecurity and data privacy. These policies form part of the charter of our various Business Risk Committees, People Committees and our OpCo Boards, setting common boundaries for behaviour whilst encouraging freedom to operate within these to maximise business opportunity.
- In May 2020, VEON announced a partnership between JazzCash and payment technology leader Mastercard that strengthens the payments ecosystem for merchants and customers in Pakistan. The partnership with Mastercard allows merchants to accept digital payments from customers, digitise their supply chain, and move to cashless operations. JazzCash customers will also have access to Mastercard's virtual and branded debit cards that can be used in 55,000 points of sale and ATMs in Pakistan, in addition to JazzCash merchants and e-commerce sites.
- In September 2020 the Dhabi Group exercised its put option to sell VEON its 15% shareholding in Pakistan Mobile Communications Limited (PMCL), the operating company of Pakistan's leading mobile operator, Jazz. The process completed in March 2021 and VEON now owns 100% of PMCL.
- We are enhancing our cyber security strategy with a greater emphasis on local identification and response to cyber threats, which we believe will enable us to better identify potential threats that may impact our business and, consequently, aid us in the implementation of the required security measures to address such threats.
- As part of our initiative to digitise our core telecommunications business, we intend to continue focusing on increasing our capital investment efficiency, including with respect to our IT, network, and distribution costs. We have secured network sharing agreements and intend to maintain our focus on achieving an asset-light business model in certain markets, where we own only the core assets needed to operate our business.

KEY RISKS

4. Legal

Our business is subject to a variety of laws and regulations, including:

- **Unethical or inappropriate behaviour**, which could result in fraud or a breach of regulation or legislation and could, in turn, expose VEON to significant penalties, criminal prosecution and damage to our brand and reputation.
- **Regulation and compliance risks** given that we operate in a highly regulated industry, operate in uncertain regulatory environments and are subject to a large number of laws and regulations, which change from time to time, vary between jurisdictions and can attract considerable costs with respect to regulatory compliance.
- **Unpredictable tax claims, decisions, audits and systems** which could give rise to significant uncertainties and risks that could complicate our tax planning and business decisions.
- **Data privacy** since we collect and process customer personal data, we are subject to an increasing amount of data privacy laws and regulations. In some cases these laws and regulations also bring restrictions on cross border transfers of personal data and surveillance-related requirements to store data and contents of communication for minimum periods. The costs and operating consequences of these laws and regulations may affect the performance of our business.
- **Money laundering** rules which require anti-money laundering (AML) and counter-terrorism financing (CTF) systems and controls due to our expansion of digital financial services (DFS) offerings beyond our core telecommunications services.
- **Financial reporting** requirements under, or changes in, accounting standards and regulatory reviews, including from accounting standard-setting bodies such as the International Accounting Standards Board ("IASB"), the SEC and the Dutch Authority for the Financial Markets (the "AFM"), that could result in changes to accounting regulations that govern the preparation and presentation of our financial statements.
- **Sanctions and export controls** risks since we may be subject to, depending on the transaction or business dealing, laws and regulations prescribed by various jurisdictions, including the United States, the United Kingdom and the European Union. Applicable requirements remain subject to change and may impact our ability to conduct business in certain countries and with certain parties with which we have services, supply or other business arrangements.

EXAMPLES OF HOW WE MITIGATE

- Our Ethics & Compliance and Legal teams maintain oversight and expertise from HQ and rely on dedicated local teams with knowledge of the legal and regulatory requirements of each of our operating markets and supplement with external counsel when required.
- We maintain a privacy programme that includes data privacy controls such as privacy assessments, data breach response processes and individual rights processes, to ensure we comply with EU and local data privacy laws for the collection and processing of personal data for our services, human resource management and compliance processes.
- We maintain appropriate know-your-customer (KYC) and anti-money laundering (AML) controls across our DFS products and services as required by local rules and international best practices.
- We operate a policy of diverse sourcing with respect to equipment suppliers to ensure that we are not overly reliant on any single vendor should a supply disruption arise, including as a consequence of the imposition of sanctions and export controls laws.

Key

^ Increase

= Stable

v Decrease

KEY DEVELOPMENTS IN 2020

- A new governance model was introduced in the third quarter of 2020 at the Group level, which sets the functional requirements, reporting standards and expected behaviours for OpCo management. This defines clear objectives, roles and responsibilities, maintains minimum requirements in accordance with our GRC framework, and promotes transparent discussions about strategy, operations and business dilemmas.
- Alongside our OpCo Business Risk Committees (BRCs), we believe these new arrangements ensure Group management is now much closer to our OpCo managers and key risks they face, and reinforces effective, informed decision-making by the local OpCo Boards and VEON's Board where appropriate.
- With respect to sanctions and export controls, in May and August 2019, and August 2020, the U.S. Department of Commerce, Bureau of Industry and Security (BIS) added Huawei Technologies Company Ltd. and 152 of its affiliates (collectively, "Huawei") to its "Entity List", which prohibits companies globally from directly or indirectly exporting, reexporting or in-country transferring goods, software, and technology that is subject to the EAR to Huawei and from procuring such items from Huawei when they have reason to know of any underlying U.S. export control violations in connection with those items.

4. Legal continued

KEY DEVELOPMENTS IN 2021

- On 7 July 2021, we received a letter from the AFM asserting that the goodwill impairment tests for the cash-generating units in Russia and Algeria had not been applied correctly in the first half of 2020 because our goodwill impairment tests did not take into account all aspects that market participants would take into account in determining the fair value less cost of disposal. We believe that our goodwill impairment tests in the first half of 2020 were performed correctly and that no re-performance of the past impairment tests is necessary, as we informed the AFM on 6 August 2021. However, we can provide no assurance as to the outcome of this comment letter process. As of the date of this report, the AFM's comments remain unresolved. Until these comments are resolved, we cannot determine if we will be required to take an additional goodwill impairment charge or restate or make other changes to our previously issued financial statements. If we are required to take an additional goodwill impairment charge or restate or make other changes to our previously issued financial statements, such circumstances may involve the identification of one or more significant deficiencies or potentially even material weaknesses in our internal control over financial reporting, which could have a potential adverse effect on our net profit (i.e., potential non-cash adjustment).

KEY RISKS

5. Geographical and political

Our geographic footprint subjects us to a variety of political factors and uncertainties which could have a bearing on our business operations. These include:

- **Sanction and export controls risks** since we may be subject to, depending on the transaction or business dealing, laws and regulations prescribed by various jurisdictions, including the United States, the United Kingdom and the European Union. Applicable requirements remain subject to change and may impact our ability to conduct business in certain countries and with certain parties with which we have services, supply or other business arrangements.
- **Emerging markets-related risks** given that our nine operating markets are in the developing world and are subject to a varying degree of political, economic and legal variability around issues such as foreign exchange policy, capital controls and rules on foreign investment.
- **Infrastructure risks** given that the physical infrastructure in some of our markets is in poor condition and may require significant investment by local governments or additional expenditures by us in order to sustain our operations and services.

EXAMPLES OF HOW WE MITIGATE

- We operate a policy of diverse sourcing with respect to equipment suppliers to ensure that we are not overly reliant on any single vendor should a supply disruption arise, including as a consequence of the imposition of sanctions and export controls laws.
- We manage a diverse portfolio of emerging markets businesses, which helps ensure that in the event of a market underperforming for whatever reason its impact on the financial and operating performance of the Group as a whole is limited.
- We act as long-term investors in the network infrastructure of our operating markets and ensure that our networks are adequately served, including through the provision of off-grid power where necessary. By helping to generate economic activity and prosperity within the communities we serve, we believe our operations can act as a positive catalyst for the broader development of the nations that host us.

KEY DEVELOPMENTS IN 2020

- In October 2020, VEON concluded an agreement for the sale of VEON's operating subsidiary in Armenia. The sale of the Armenian operations is in line with VEON's ambition to simplify the Group's structure and enhance its operational focus on markets with attractive long-term growth opportunities.
- With respect to infrastructure risks, on December 30, 2020 the Russian government decree "On licensing of activities in the field of communication services" introduced a new licence requirement to ensure the implementation of requirements related to the stability, security and integrity of the internet. The new provisions came into force on January 1, 2021. The implementation and support of measures to comply with the legislation may lead to substantial investments in the future.

Key

^ Increase

= Stable

V Decrease

OTHER RISKS

6. Environment[1]

The Group's operations are exposed to a variety of risks related to the environment, including, but not limited to, the increased frequency and severity of extreme weather events and regulatory challenges related to moving to a greener economy. We are committed to mitigating the Group's carbon footprint and the rollout of network energy-efficiency measures, which will contribute to a low-carbon economy, as well as offer us the potential to reduce our operating costs over time.

EXAMPLES OF HOW WE MITIGATE

- We continue to upgrade existing diesel- and petrol-powered units with more energy-efficient, hybrid and renewable-energy-powered network equipment and, where practical, increase the number of Base Transceiver Stations (BTS) situated outside to reduce the energy use involved in keeping them cool.
- In some markets we share tower capacity with other operators, which has had a direct positive impact on our energy consumption and our environmental footprint.
- We keep abreast of local environmental legislation and strive to reduce the environmental impact of our operations through responsible use of natural resources and by reducing waste and emissions.

KEY DEVELOPMENTS IN 2020

- At the Group level, total CO_2 emissions (scope 1 and 2) rose from 1.25 megatons in 2019 to 1.33 megatons in 2020. However, VEON's carbon dioxide (CO_2) emissions per unit of traffic decreased from 0.24 tonnes per terabyte in 2019 to 0.15 tonnes in 2020. This 38% decrease reflects the increased capacity of our networks to carry the higher data loads we experienced during 2020 due to COVID-19 lockdowns for relatively small increases in energy consumption. In 2020, the Group's total mobile data traffic rose to 8.6 gigabytes from 5.3 gigabytes in 2019.
- Our operating companies continued to develop innovative solutions to reduce energy intensity, such as powering telephone exchange stations on solar energy, installing state-of-the-art on-grid photovoltaic systems and carrying out trainings on renewable energy solutions to ensure stakeholders are aware of its carbon- and cost-saving benefits.
- Across our organisation, we continued to work on reducing the carbon footprint of our offices, with initiatives ranging from switching to LED lighting to the installation of recycling facilities and launching a digitally-enabled tree planting campaign.

1. Whilst we acknowledge the importance of the environment in the operation of our businesses, the nature of the business activities VEON conducts is not deemed to generate material environmental risks. For full details of our material risks, please see Item 3D – Risk Factors of our Annual Report on Form 20-F for the year ended December 31, 2020 filed with the SEC.

Corporate Governance

VEON is committed to delivering high standards of corporate governance, both now and in the future. Our governance structure is designed to promote integrity in everything we do and we are committed to responsible and effective governance as a core element of our culture.

Corporate Governance

Our Governance Structure	94
Our Board of Directors	98
Our Group Executive Committee	102
Nominating and Corporate Governance Committee	104
Finance Committee	106
Audit and Risk Committee	108
Compensation and Talent Committee	110
Telecommunications Committee	112
Digital and Innovation Committee	114
Remuneration Report	116

Corporate governance

VEON is committed to delivering high standards of corporate governance, both now and in the future. Our governance structure is designed to promote integrity in everything we do and we are committed to responsible and effective governance as a core element of our culture.

VEON's governance structure

VEON appreciates the importance of good corporate governance in supporting the delivery of our strategy. We also recognise our duties to comply with the requirements of our ultimate parent company, a Bermuda corporation listed on NASDAQ and Euronext Amsterdam. We aspire to implement best practice in corporate governance as appropriate to our Company structure and operating model. Our governance structure reinforces integrity by providing appropriate oversight over the decisions we make and the actions we take.

Accordingly, the Company has adopted corporate governance practices and bye-laws which establish clear rules of governance, ranging from matters requiring approval of the Company's shareholders and members of its Board, conflict of interest requirements, and director and management duties and obligations. Details of our governance charters and our Company bye-laws can be found on our website at www.veon.com/investors/governance.

Committees

The Board has established a number of Committees to support it in fulfilling its oversight and governance duties. Each of these Committees operates under a Board-approved charter. These can be found on our website at www.veon.com/investors/governance. These charters set out the purpose, membership, meeting requirement, authorities and responsibilities of each Committee.

The Board has established a Nominating and Corporate Governance Committee, a Finance Committee, an Audit and Risk Committee, a Compensation and Talent Committee, a Telecommunications Committee[2] and a Digital and Innovation Committee.

The Committee reports on pages 104 to 115 set out in more detail how each has fulfilled their duties during the year.

Key corporate governance developments

In 2020, the Board requested the Nominating and Corporate Governance Committee to undertake an in-depth evaluation of our corporate governance practices with a view to extending them beyond the standard and mandatory levels of compliance and thereby achieving a higher level of recognised best practice. We are pleased to report progress has been made and will continue to be made throughout 2021. Details of the various initiatives

1. Committees and Chairs as at December 31, 2020.
2. The Telecommunications Committee was discontinued in June 2021 and its activities assumed by VEON's Board of Directors.

can be found throughout this Governance report and the Committee reports. In summary our priorities have been as follows:

- to enhance disclosures on our corporate governance practices;
- to appoint a director liaison for matters related to investor relations, in order to refine and strengthen engagement with our investors; and
- to implement a Diversity and Inclusion policy to formalise our commitment to diversity and inclusion at Board level and throughout the organisation.

VEON Board of Directors

Composition

During 2020, the Board consisted of 12 members, nine of whom the Board had determined to be independent, which is in compliance with NASDAQ rules[1] and best practice that requires a majority of directors to be independent. This is particularly important for VEON given the representation of a large shareholder on our Board. As described above, in February 2021 we appointed a director liaison for matters related to investor relations in order to facilitate communications with shareholders.

All Board members are elected by our shareholders through a cumulative voting process. Nominations to the Board are managed by its Nominating and Corporate Governance Committee, which during 2020 was led by Peter Derby, an independent member of the Board. The Committee looks to ensure that Board membership consists of individuals with sufficiently diverse and independent backgrounds.

All members of the Board possess relevant industry experience, including all nine independent members in 2020, and have been selected to provide the requisite experience required of our Board Committees. Further details of the Board of Directors can be found in the director biographies on pages 98 to 101 of this report.

Duties and powers

The Company's bye-laws empower the Board to direct the management of the business and the affairs of the Group. Our bye-laws require that the Board approves important matters including, amongst others, the Group's annual budget and audited accounts, organisational or reporting changes to the management structure, significant transactions as well as changes to our share capital or other significant actions.

Moreover, under Bermuda law, the Board has the right to require that any matter comes to the Board for approval and any Board member may bring forward an item for the Board agenda, ensuring that the Board provides appropriate oversight over Group matters.

Operation of the Board

Our Board and Committees meet at least quarterly. In 2020, our Board met 11 times, the Audit and Risk Committee met eight times, the Compensation and Talent Committee met 11 times, the Finance Committee met 14 times, the Nominating and Corporate Governance Committee met 6 times, the Telecommunications Committee met 7 times, and the Digital and Innovation Committee met 3 times.

Board activities

During 2020 the Board met to consider, amongst other things:

- Responses to the COVID-19 pandemic
- Progress in the operational turnaround of Beeline Russia
- Business strategy
- Operational matters

Effectiveness

The Board takes great efforts to ensure its effectiveness to deliver the long-term success of the Company and alignment with the long-term interests of the Company's shareholders. The Nominating and Corporate Governance Committee conducts an annual evaluation of the Board to determine whether it is functioning effectively and meeting its objectives and goals.

VEON's Sustainability team

During 2020, VEON's Sustainability team was part of the Group's Strategy, Communications and Investor Relations department, which reported to the Group Chief Strategy Officer. This ensures that our commitment to sustainability is fully integrated into the Group's communications and investor relations activities.

The team regularly carries out employee communication around the Group's approach to sustainability, reinforcing our commitment to doing business with integrity and transparency. We also share best practices, ongoing challenges and emerging issues across the businesses.

Our operating company Sustainability teams regularly share programmatic updates with their respective senior management. These include major developments as well as any challenges encountered in the implementation of projects.

We publish our sustainability strategy, performance and programmes in our Integrated Annual Report, which also contains information on our environmental, social and governance-related performance. Information on our sustainability programmes and commitments is also available on our website at www.veon.com/sustainability.

VEON's Board of Directors is responsible for decision-making with respect to the Group's environmental, social and governance policies. The Group's Audit and Risk Committee has oversight of VEON's sustainability strategy as set out in our Integrated Annual Report.

1. As determined by the Board in February 2021.

VEON Group's
Amsterdam Headquarters

In doing so, the Committee solicits comments from all directors, the Company's senior executives and everyone else it deems appropriate and reports its conclusions and recommendations for maximising the Board's effectiveness to the Board. A detailed action plan is prepared, and regular updates are reviewed by the Board to ensure implementation.

Succession planning and diversity

The Board conducts succession planning to ensure the Board benefits from the most effective balance and seeks to select the highest calibre of people to be appointed to the Board. As such, we have brought together a group of uniquely qualified individuals.

The Nominating and Corporate Governance Committee regularly reviews Board composition to ensure our Board is as effective as possible. New appointments will continue to be made to ensure that the Board contains the necessary skills, experience, independence and diversity to deliver the sustainable success of the business.

For further information on the responsibilities of the Nominating and Corporate Governance Committee, see page 104.

Executive remuneration

In order to ensure alignment with the long-term interests of the Company's shareholders, the Compensation and Talent Committee periodically evaluates the compensation of Company directors taking into account the competitive landscape, the compensation of directors at other comparable companies and recommendations regarding best practices.

Following review by the Nominating and Corporate Governance Committee, both the Compensation and Talent Committee and the Nominating and Corporate Governance Committee make recommendations to the Board on Board compensation.

More information can be found in the Remuneration report on pages 116 to 123.

Group management

To ensure appropriate oversight, the Board delegates to the Company's Chief Executive Officer the power to manage the Company's business, except in certain important matters that are reserved for Board approval. These include, among others, the Company's annual budget and audited accounts, organisational or reporting changes to the management structure, and significant transactions, as well as changes to our share capital or other significant actions.

To further reinforce integrity and accountability and provide appropriate oversight, the Board has adopted a Group Authority Matrix which identifies matters requiring the approval of the Board, matters requiring the approval of the Group Chief Executive Officer and matters which are within the authority of certain members of the Group Executive Committee. In doing so, the Board ensures that the Group as a whole operates in an efficient, effective and compliant matter while providing that all activities and transactions across the Group are analysed and executed with proper authorities and accountability within a clear framework of compliance and controls. The Group Authority Matrix is reviewed on an annual basis.

Group Executive Committee

The Chief Executive Officer in turn delegates certain matters to members of the Company's Group Executive Committee (GEC). This operates as an advisory committee focused on the management of the business affairs of the Company and its subsidiaries as a whole, including execution of the Group's strategy, driving financial performance and overseeing and coordinating Group-wide initiatives.

As of December 31, 2020, the GEC comprised Kaan Terzioğlu and Sergi Herrero, the Group co-Chief Executive Officers, and their direct reports, including Serkan Okandan, Chief Financial Officer; Alex Kazbegi, Group Chief Strategy Officer; Scott Dresser, Group General Counsel; and Joop Brakenhoff, Group Chief Internal Audit & Compliance Officer. Prior to their appointment as Group co-Chief Executive Officers in March 2020, Kaan Terzioğlu and Sergi Herrero served on the GEC in their respective roles as Chief Operating Officer and Chief Operating Officer, VEON Ventures.

Alex Kazbegi subsequently departed the GEC and the company on March 31, 2021. Sergi Herrero stood down as co-Chief Executive Officer on June 30, 2021, at which point Kaan Terzioğlu became sole Group Chief Executive Officer.

Operating company governance

The Group's commitment to delivering high standards of corporate governance extends to our operating companies.

The Group Authority Matrix empowers the Chief Executive Officer of each of our operating subsidiaries to manage the business and affairs of his or her respective operating company within certain parameters, which are set out in the Matrix.

Each operating company and its Chief Executive Officer are fully accountable for all business and affairs of the operating company, including operational performance and ensuring proper compliance and controls. The Chief Executive Officer of each operating company is also responsible for ensuring that all matters are properly approved in accordance with the Group Authority Matrix, Group policies and the Company's bye-laws.

Each operating company, as required by local law, maintains a Board of Directors or equivalent governing body. These operating company Boards have specific duties and responsibilities under the operating company's organisational documents. The composition of the operating company Boards includes, in part, certain members of the Group Executive Committee, who ensure full compliance with the requirements of the operating company's governing documents and local law. These members also work to create greater clarity on expectations for the operating company Chief Executive Officers and tighten information between the operating company and the Group. In doing so, these members work to promote a culture of collaboration and entrepreneurship between the Group and our operating companies.

Board of Directors[1]

Gennady Gazin

Gennady Gazin has served as Chairman of VEON's Board of Directors since June 2020 and a director of the Company since June 2015. We deem Mr. Gazin to be an independent director. He is a member of VEON's Nominating and Corporate Governance Committee and served as a member of its Finance Committee in 2020.

Mr. Gazin has served as an Affiliate Partner at Lindsay Goldberg, a New York based private equity firm, since 2015; Chairman of the Board at Genesis Philanthropy Group since 2014; and a member of the advisory board of LetterOne Technology LLP since 2015 and DVO Private Equity since 2018.

From 2007 to 2012, Mr. Gazin served as CEO of EastOne, an international investment advisory group. Prior to EastOne, Mr. Gazin worked at McKinsey & Company's New York and Moscow offices for 14 years, during which time he was an active member of the Telecommunications practice and also served as the Senior Partner responsible for McKinsey's CIS practice.

Mr. Gazin started his professional career as a systems and telecommunications engineer at Bell Communications Research/Tellcordia and General Dynamics in the USA.

Mr. Gazin received a Bachelor's degree in Electrical Engineering from Cornell University in 1987, a Master's degree in Electrical Engineering from Stanford University in 1988 and an MBA from the Wharton School of Business at the University of Pennsylvania in 1993.

In June 2021, Mr. Gazin stood down from VEON's Finance Committee and became a member of its Audit & Risk Committee.

Hans-Holger Albrecht

Hans-Holger Albrecht has been a director of VEON Ltd. since June 2020 and we deem him to be an independent director. Mr. Albrecht is a member of VEON's Compensation and Talent Committee and is serving as Chairman of its Digital and Innovation Committee.

Mr. Albrecht has served as the Chairman of the supervisory board of Scout24 AG, a publicly listed operator of online marketplaces in several industries, since 2018. In addition, he has served as a member of the board of directors of Norwegian mobile network operator Ice Group AS since 2015. Mr. Albrecht has also served as a member of the digital advisory board of German retail bank Deutsche Postbank since 2016.

Mr. Albrecht has been the Chief Executive Officer of Deezer Group, a French online music streaming service, since 2015. Mr. Albrecht was the President and Chief Executive Officer of Millicom International Cellular S.A., a telecom and media group offering digital services to over 50 million customers in Africa and Latin America, from 2012-2015, and Modern Times Group MTG AB, a publicly traded Swedish digital entertainment company, from 1998 to 2012.

Mr. Albrecht holds a Doctorate from Ruhr-Universitat Bochum in Germany and a Master of Law from the University of Freilburg.

Osama Bedier

Osama Bedier has been a member of the Board since July 2018 and we deem him to be an independent director. During 2020, Mr. Bedier was a member of VEON's Digital and Innovation Committee.

Mr. Bedier is the founder of Poynt, a credit card processing terminal developed and marketed for small businesses, which was acquired by GoDaddy in February 2021. Mr. Bedier now leads the Commerce Division of GoDaddy. Mr. Bedier also serves on the Board of RS2.

Prior to founding Poynt, Mr. Bedier served as the Vice President of Payments at Google from 2011 to 2013, where he created Google Wallet. Prior to Google, Mr. Bedier spent nine years running product and engineering at PayPal. He has also held engineering leadership roles at eBay, Gateway Computers and AT&T Wireless.

Mr. Bedier holds a Bachelor's degree in Computer Science from University of California, Riverside.

In June 2021, Mr. Bedier stood down as a member of VEON's Board and its Digital & Innovation Committee.

Leonid Boguslavsky

Leonid Boguslavsky has been a director of VEON Ltd. since January 2021 and we deem him to be an independent director. Mr. Boguslavsky is a member of VEON's Digital and Innovation Committee.

Mr. Boguslavsky is an entrepreneur, scientist and venture capitalist and founder of RTP Global (formerly known as ru-Net), which since 2000 has focused on investments in early-stage start-ups across the globe.

Mr. Boguslavsky was a managing partner at PricewaterhouseCoopers (PwC) from 1997 to 2001. Mr. Boguslavsky has served as a Member of the Board of Directors of JSC "AC Rus Media" since 2019; a Member of the Board of Directors of Sberbank PJSC between 2017 and 2021; a Member of the Board of Directors of Super League Holdings Pte. LTD (Singapore) since 2016; and Chairman of the Board of Ivi.ru LLC since 2012.

Mr. Boguslavsky graduated from the Moscow Institute of Transport Engineering (MIIT) in 1973, majoring in Computer Science and Applied Mathematics.

1. All information as at December 31, 2020. Any subsequent changes are detailed at the bottom of each member's biography, where appropriate.

Peter Derby

Peter Derby has been a director of VEON Ltd. since June 2020 and we deem him to be an independent director. During 2020, Mr. Derby served as Chairman of VEON's Nominating and Corporate Governance Committee and as a member of its Audit and Risk Committee.

Mr. Derby currently serves as a partner of investment management company Concinnity Advisors LP, which he founded in 2007. From 2018 to 2011, he was a portfolio manager at Diamondback Advisors NY, LLC. From 2003 to 2005, Mr. Derby served as the Managing Executive for Operations and Management for the U.S. SEC.

In 1989, Mr. Derby participated in the founding of DialogBank, the first private Russian bank to receive an international banking licence, where he served as Chairman of the Board from 1997 to 1998 and as President and CEO from 1991 to 1997.

Mr. Derby also founded the first Russian investment firm in 1991, Troika Dialog, where he served as Chairman of the Board from 1997 to 1998 and as President and CEO from 1991 to 1997. He began his career in banking and finance with roles at Chase Manhattan Bank and later at National Westminster Bank.

Mr. Derby received a Bachelor's degree in Accounting, Finance and International Finance from New York University in 1983.

In June 2021, Mr. Derby stood down from VEON's Board and its Committees.

Mikhail M. Fridman

Mikhail M. Fridman has been a member of the Board since April 2010 and we deem him to be a non-independent director.

Mr. Fridman was a member of the Board of Directors of OJSC VimpelCom from July 2001 until April 2010. He currently serves as the Chairman of the Supervisory Boards of the Alfa Group Consortium and has been a member of the board of directors of JSC Alfa-Bank since 1994 and ABH Holdings S.A. since 2015. Mr. Fridman is also currently a member of the Supervisory Board of X5 RETAIL GROUP N.V.

Mr. Fridman is an international businessman and co-founder of LetterOne, the international investment business, headquartered in Luxembourg. He has been a non-executive director of LetterOne Holdings SA since 2013, LetterOne Investment Holdings SA since 2015 and LetterOne Core Investments SARL since 2019.

Mr. Fridman graduated with first class honours from the Faculty of Non-Ferrous Metals of the Moscow Institute of Steel and Alloys in 1986, and in 1989, together with his partners, founded the Alfa Group Consortium.

Mr. Fridman is an active supporter of Jewish initiatives worldwide, including co-founding the Genesis Prize, which is awarded annually in Jerusalem, and has been dubbed the Jewish Nobel by Time magazine. He also co-founded the Genesis Philanthropy Group, which develops and enhances a sense of Jewish identity among Russian-speaking Jews worldwide.

Amos Genish

Amos Genish has served as a director of VEON Ltd. since June 2020 and we deem him to be an independent director. During 2020, he served as Chairman of VEON's Telecommunications Committee and was a member of its Digital and Innovation Committee.

Since 2019, Mr. Genish has been a Senior Partner and the Head of Digital Retail at the Brazilian investment bank BTG Pactual, and has also served as Chairman of the on-demand mobility company Gett since 2019.

Previously, Mr. Genish served on the board of directors of the Brazilian bank Itau Unibanco Holding S.A. from 2017 to 2019. Mr. Genish also served as the Chief Executive Officer of Telecom Italia from 2017 to 2018, the Chief Convergence Officer of French media conglomerate Vivendi in 2017, and the Chief Executive Officer of Telefonica Brazil, a leading telecom operator in Brazil, from 2015 to 2016.

Mr. Genish co-founded and served as the Chief Executive Officer of Brazilian telecommunications company Global Village Telecom (GVT) from 1999 to 2015. He started his career at KPMG in Israel.

Mr. Genish received a Bachelor's degree in Accounting and Economics from Tel Aviv University in 1986.

In June 2021, Mr. Genish stood down from VEON's Board and its Committees.

Yaroslav Glazunov

Yaroslav Glazunov has been a director of VEON Ltd. since October 2020 and we deem him to be a non-independent director. Mr. Glazunov is serving as Chairman of VEON's Compensation and Talent Committee and is a member of its Nominating and Corporate Governance Committee.

Mr. Glazunov has been in the global leadership advisory business for over 20 years focusing on CEO succession, efficiency and performance and has worked with corporate boards and founders of companies in Europe, India and Russia.

Mr. Glazunov holds a Master's degree in management from Plekhanov University. He previously completed a leadership program at INSEAD in Fontainebleau, France, and an executive program at Singularity University in Silicon Valley, California.

Andrei Gusev

Andrei Gusev has been a member of the Board since April 2014 and we deem him to be a non-independent director. Mr. Gusev is serving as Chairman of VEON's Finance Committee and during 2020 was as a member of its Telecommunications Committee.

Mr. Gusev is a senior partner at LetterOne Technology (UK) LLP, joining in 2014, and was a managing director at Altimo from 2013 to 2014. Mr. Gusev was Chief Executive Officer of X5 Retail Group N.V. from 2011 to 2012 and prior to that, from 2006 to 2010, served as its Director of Business Development and M&A.

From 2001 to 2005, Mr. Gusev served as Managing Director of the Alfa Group with overall responsibility for investment planning. Prior to that, Mr. Gusev worked at Bain & Company and Deloitte Consulting.

Mr. Gusev received an MBA from the Wharton School at the University of Pennsylvania in 2000 and a diploma with honours from the Department of Applied Mathematics and Computer Science at Lomonosov Moscow State University in 1994.

In June 2021, Mr. Gusev stood down from VEON's Telecommunications Committee when this Committee was discontinued.

Gunnar Holt

Gunnar Holt has been a member of the Board since June 2015 and we deem him to be an independent director. During 2020, Mr. Holt served as a member of VEON's Audit and Risk Committee, Finance Committee and Compensation and Talent Committee.

Mr. Holt was a Senior Advisor at Telenor ASA from 2006 to 2017 and previously served as Group Finance Director. From 1995 to 1999, he worked at Aker ASA and Aker RGI ASA, serving as Executive Vice President and CFO. From 1986 to 1995, he held various leadership positions in the Aker Group, including Deputy President of Norwegian Contractors AS, Executive Vice President and Chief Financial Officer of Aker Oil and Gas Technology AS, President of Aker Eiendom AS, and Finance and Accounting Director of Aker Norcem AS. From 1978 to 1986, he served as Executive Officer and Special Advisor in the Norwegian Ministry of Petroleum and Energy. Mr. Holt has served on a number of corporate boards.

Mr. Holt holds a Doctor of Business Administration degree and Advanced Postgraduate Diploma in Management Consultancy from Henley Management College, Brunel University, in the United Kingdom; an MBA from the University of Queensland in Australia; and an MBA in finance from the University of Wisconsin. He also received a Diplomøkonom from The Norwegian School of Management.

In June 2021, Mr. Holt became Chairman of VEON's Nominating & Corporate Governance Committee, and stood down from its Audit & Risk Committee and its Compensation & Talent Committee.

Robert Jan van de Kraats

Robert Jan van de Kraats has been a director of VEON Ltd. since July 2018 and we deem him to be an independent director. On February 16, 2021, Mr. Jan van de Kraats was appointed as director liaison for matters related to investor relations. He serves as Chairman of VEON's Audit and Risk Committee.

Mr. Van de Kraats holds various executive and non-executive roles. He is non-executive Chairman of the Board of TMF Group, a global provider of payroll, accounting, corporate secretarial and alternative investment services. He is a Director of Randstad Beheer. Since 2015, he has been a member of the Supervisory Board, as well as Chairman of the Audit Committee, of Royal Schiphol NV, an aviation company majority held by the Dutch state. Since 2014, he has been a non-executive Director and Chairman of the Audit & Risk Committee of OCI NV, a listed fertiliser and chemicals company. He is also a member of the Advisory Board of Suit Supply, a privately held retailer.

Previously, Mr. Van de Kraats served as the Chief Financial Officer and a member of the Executive Board of Randstad NV from 2001 to 2018, serving as the Vice Chairman of the Executive Board from 2006 to 2018. He also served as a member of the Commission on Dutch Corporate Governance from 2013 to 2017, which designed a new corporate governance code for the Netherlands. In addition, he has served as an adviser to the Dutch Authority for the Financial Markets (AFM).

Steve Pusey

Steve Pusey has been a director of VEON Ltd. since June 2020 and we deem him to be an independent director During 2020, he served as a member of VEON's Telecommunications Committee.

Mr. Pusey has served on the boards of directors of publicly listed British multinational energy and services company Centrica PLC and publicly listed US cybersecurity company FireEye, Inc. since 2015. In addition, Mr. Pusey has also served on the boards of directors of digital product engineering services provider GlobalLogic, Inc, since 2016; Accedian Networks, Inc., a US developer of network communication and application monitoring software and hardware, since 2017; and Canadian middleware manufacturer Solace Systems, Inc. since 2018.

Mr. Pusey has served as a senior adviser to Bridge Growth Partners, an American private equity fund that invests in technology and financial services companies, since 2017. Mr. Pusey previously served on the board of directors of British global semiconductor and software design company ARM Holdings PLC from 2015 to 2016. In addition, Mr. Pusey served as the Group Chief Technology Officer of Vodafone Group PLC from 2006 to 2015. Mr. Pusey held positions of increasing seniority at Nortel Networks from 1982 to 2006, culminating in his appointment as President, Europe of Nortel Networks UK Ltd. in 2005.

Mr. Pusey began his career as an apprentice at British Telecom Plc in 1977.

In June 2021, Mr. Pusey stood down from VEON's Board and its Telecommunications Committee.

New VEON Board members, elected in June 2021

Sergi Herrero

Sergi Herrero was appointed to VEON's Board in June 2021 and we deem him to be a non-independent director. He is a member of VEON's Digital & Innovation Committee.

Mr. Herrero joined VEON in September 2019 to lead VEON Ventures and later served as co-Chief Executive Officer from March 2020 to June 2021.

Prior to joining VEON, Mr. Herrero served as Global Director of Payments and Commerce Partnerships at Facebook, where he helped to build and expand Facebook's successful payments and commerce business. Previously, Mr. Herrero held senior executive positions at the financial services company Square and the French bank BNP-Paribas.

Mr. Herrero currently serves as mentor at Endeavor, the world's leading community of high-impact entrepreneurs. He also serves as venture advisor at THCAP, an early-stage venture capital fund, and as Senior Advisor at Ripplewood, an American private equity firm.

Mr. Herrero holds a Bachelor of Science in Electrical Engineering and a Master of Science in Telecommunication Management, both from Ramon Llull University in Barcelona. He also completed a program in Angel Investing and Venture Capital at Stanford University.

Irene Shvakman

Irene Shvakman was appointed to VEON's Board in June 2021 and we deem her to be an independent director. She is a member of VEON's Compensation & Talent Committee and its Digital & Innovation Committee.

Ms. Shvakman is co-founder and Chairman of Revo Technologies and has more than 25 years of experience in fintech, financial services and technology development.

Since 2017, Ms. Shvakman has served on the Board of Directors of MTS Bank PJSC, prior to which she was a Senior Partner at McKinsey & Company, where she advised top executives at leading banks, insurers, and regulators across emerging markets on strategy, organisation and performance transformation.

Ms. Shvakman holds an MBA from Harvard Business School and a Bachelor of Science in Biochemistry from Brown University in the United States.

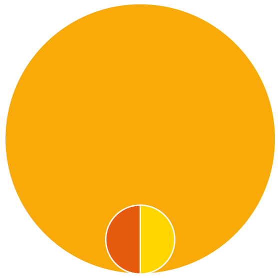
Vasily Sidorov

Vasily Sidorov was appointed to VEON's Board in June 2021 and we deem him to be an independent director. He is a member of VEON's Audit & Risk Committee and its Finance Committee.

Mr. Sidorov has over 25 years' experience in top management and non-executive directorship roles in telecoms, digital and other industries. His executive roles include President and CEO of MTS from 2003-2006; CFO of Svyazinvest (Russia) in 1997-2000; and First VP for Finance & Investments at Sistema-Telecom (Russia) in 2000-2003. He was also a key investor and founder of a number of telecoms-related businesses and non-executive director at a number of tech ventures.

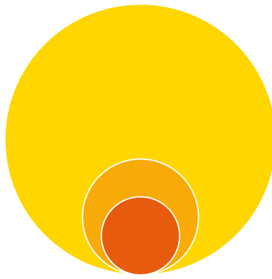
Mr. Sidorov has also served on boards of large public and non-public corporations, such as Russian Railways, Aeroflot and Russian Post. He is currently a principal venture capital, private equity and special situations investor in Russia, Continental Europe, the US, as well as in several frontier markets.

Non-Executive Directors: years of service



- 0-3 years: 66%
- 3-6 years: 17%
- 6-10 years: 17%

Directors: ages



- 41-50: 25%
- 51-60: 58%
- 61-71: 17%

Attendance record for Board of Directors meetings*

During director membership of Board

	TOTAL PARTICIPATED (%)	TOTAL HELD		TOTAL PARTICIPATED (%)	TOTAL HELD
Gennady Gazin	100	11	**Robert Jan van de Kraats**	100	11
Hans-Holger Albrecht[1]	100	8	**Steve Pusey**[1]	100	8
Osama Bedier	100	11	**Ursula Burns**[1]	100	3
Peter Derby[1]	100	8	Sir Julian Horn-Smith[1]	100	3
Mikhail Fridman	100	11	Guillaume Bacuvier[1]	100	3
Amos Genish[1]	100	8	Guy Laurence[1]	100	3
Yaroslav Glazunov[1]	100	2	Mariano de Beer[1]	100	8
Andrei Gusev	100	11	Alexander Pertsovsky[1]	100	9
Gunnar Holt	100	11			

1. Attendee was not a member of the Board of Directors for the entirety of 2020.
* Leonid Boguslavsky was appointed during Q1 2021; as such, his meeting attendance is not noted above.

Group Executive Committee[1]

Kaan Terzioğlu

Chief Executive Officer

Kaan Terzioğlu served as Group co-Chief Executive Officer from March 2020 to June 2021. Previously, he served as a joint Chief Operating Officer of the Company from November 2019, and as a member of the Company's Board from June 2019 until November 2019.

After June 30, 2021 Mr. Terzioğlu became sole CEO of VEON, with overall responsibility for corporate matters and the general operations of the Group.

Mr. Terzioğlu was Turkcell's Chief Executive Officer from April 2015 until March 2019. Mr. Terzioğlu is the recipient of the 2019 Outstanding Contribution Award to the Mobile Industry in Turkey. He has served as a member of the Board of Directors of Digicel since July 2019.

Mr. Terzioğlu has served on the GMSA board, the leading international mobile communication organisation, for three consecutive terms and is currently on the board of the GSMA Foundation focusing on "Mobile Communications for Development". He is also on the advisory board of the World Economic Forum Center for Fourth Industrial Revolution. Mr. Terzioğlu also served as a board member for "Turkey's Car" Initiative and was the chairman of the Mobile Telecommunications Operators Association (m-TOD). From 2012 to 2015, Mr. Terzioğlu served as a member of the board of directors at Akbank, Aksigorta A.Ş., Teknosa Iç ve Diş Ticaret A.Ş. and Carrefoura A.Ş.

Mr. Terzioğlu began his professional life at Arthur Andersen Turkey, and later undertook several roles in information technologies at Arthur Andersen in the United States and Belgium. He graduated from the Department of Business Administration at Boğaziçi University.

Serkan Okandan

Group Chief Financial Officer

Serkan Okandan has served as Group Chief Financial Officer since May 2020.

Mr. Okandan brings more than 25 years' experience to VEON, including as Group CFO at the Etisalat Group and Group Chief Financial Officer at Turkcell.

During his 20 years at the Etisalat Group and Turkcell, telecommunications providers in the Middle East, Eastern Europe, Asia and Africa, Mr. Okandan also held senior management and board positions of subsidiaries in Ukraine and Pakistan.

Mr. Okandan is a graduate of the Faculty of Economics and Administrative Sciences at Bosphorus University in Istanbul, Turkey.

Scott Dresser[2]

Group General Counsel

Scott Dresser has served as VEON's General Counsel since September 2014.

Mr. Dresser brings more than 25 years of experience to VEON, including as General Counsel of Virgin Media in the UK. Mr. Dresser started his career in New York, at both Morgan, Lewis & Bockius LLP and at Lord Day & Lord, Barrett Smith where he advised clients on corporate, mergers and acquisitions and securities matters.

Mr. Dresser has also held positions at BirdLife International (a global conservation organisation) in the role of Vice President of Global Strategic Initiatives; at White Mountains RE Group in the role of Senior Vice President and Associate General Counsel; and as Senior Advisor for Legal and Financial Affairs for the International Global Conservation Fund (an international environmental conservation organisation).

Mr. Dresser is widely recognised as a leading global General Counsel. Chambers lists him as one of the most influential global General Counsels and in 2018 the Financial Times selected him as the top General Counsel in the UK/Europe.

Mr. Dresser studied at the Vanderbilt University School of Law and University of New Hampshire and is a member of both the New York and Connecticut bar. Mr. Dresser is also on the advisory board of BirdLife International.

1. As at September 30, 2021
2. On October 21, 2021 it was announced that Scott will be stepping down as Group General Counsel at the end of 2021, after which he will continue to act as an advisor to the Chairman and the Board.

Michael Schulz

Group Chief People Officer

Michael Schulz was appointed as VEON's Chief People Officer in August 2021 and is a member of VEON's Group Executive Committee.

Michael joined VEON from Puma Energy, where he was Chief People & Culture Officer and worked closely with the company's Board of Directors as a member of its Group Executive Committee.

Prior to Puma Energy, Michael led the Human Resources function for two of Petrofac plc's global Oil & Gas Services businesses, its Turn-Key Facilities business as well as its Engineering Services business as Senior Vice President of Human Resources, based in Dubai.

A lawyer by training, Michael was previously Legal Counsel for BRAAS, a subsidiary of Redland plc and had a wide-ranging career at Lafarge (now Holcim) following the company's acquisition of Redland in 1997, including the role of Legal Counsel in Germany, Vice President of Organisational Effectiveness in Paris and Vice President of Human Resources for Middle East and North Africa, based in Cairo.

Michael graduated from the University Bayreuth, Bavaria, with a degree in Law. He also specialised in parallel in Organisational Psychology and Business Finance. He holds an MSc equivalent in Law from the State of Rhineland Palatine, qualifying him to serve as a solicitor, judge or Attorney at Law.

Joop Brakenhoff

Group Chief Internal Audit & Compliance Officer

Joop Brakenhoff was appointed as Group Chief Internal Audit & Compliance Officer and a member of VEON's Group Executive Committee in July 2020.

Mr. Brakenhoff joined VEON as the Company's Head of Internal Audit in January 2019. Prior to this he was at Heineken International, where he was the head of Global Audit.

Mr. Brakenhoff has also held senior financial and internal audit roles at Royal Ahold, prior to which he was Chief Financial Officer of Burg Industries B.V. and Head of Internal Audit at Heerema International.

Mr. Brakenhoff started his career at KPMG in 1985 where he worked for nine years in a variety of audit roles.

Mr Brakenhoff is a Chartered Accountant (registeraccountant) of the Royal Netherlands Institute of Chartered Accountants (NBA) and a Certified Operational Auditor.

Alex Bolis

Group Head of Corporate Strategy, Communications and Investor Relations

Alex Bolis joined VEON as Group Head of Corporate Strategy, Communications and Investor Relations and was appointed as a member of Group Executive Committee in April 2021.

Mr. Bolis has over 20 years' senior management experience in finance, telecommunications and investor relations. Following a 12-year career in investment banking specialising in securities, treasury and derivatives, Mr. Bolis spent 21 years at Telecom Italia S.p.A. where he held the roles of Group Treasurer, Head of Investor Relations and Strategic Advisor to the CEO, as well as serving as a Board member for a number of the company's subsidiaries.

Mr. Bolis has also served as an advisor in investor relations and shareholder services to listed companies and holds a variety of professional affiliations, including memberships of the Italian Association of Financial Analysts and Italy's NedCommunity.

Mr. Bolis received a degree in Economics and Business Administration from LUISS University, Rome. He has also completed London Business School's Senior Executive Programme and Assogestioni & Assonime's induction programme for board members and statutory auditors, and is an Italian registered CPA (*revisore legale*).

Dmitry Shvets

Group Head of Portfolio Management

Dmitry Shvets joined VEON as Group Head of Portfolio Management and was appointed as a member of Group Executive Committee in April 2021. Dmitry's role includes oversight of VEON's Performance Management and M&A teams.

Mr. Shvets has a private equity background, most recently as Head of Russia and CIS for TPG Capital, where he focused on the operational performance of TPG's portfolio companies and investing activities.

Mr. Shvets has management consulting experience from McKinsey and held a senior management role leading a large operational transformation programme in metals and mining. He also has prior experience in channel management, pricing and distribution in the FMCG industry.

Dmitry graduated from Moscow State Institute of International Relations with Honors and holds an MBA from Goizueta Business School of Emory University.

Nominating and Corporate Governance Committee

Peter Derby
Chair of Nominating and Corporate Governance Committee[1]

Membership and attendance

Chair	Attendance	Appointed
Peter Derby	3/3	June 2020
Members		
Gennady Gazin	6/6	June 2015
Yaroslav Glazunov	1/1	October 2020

1. In May 2021, Mr. Derby informed the Board of his decision not to seek re-election to the Board of Directors at the Group's Annual General Meeting in June 2021, subsequent to which Gunnar Holt has been appointed as Chair of the Nominating and Corporate Governance Committee.

The Committee consists of at least three members of the Board who are appointed or re-appointed annually following the Company's Annual General Meeting. A minimum quorum of two members is required to conduct a meeting.

The Committee may request that any directors, officers or other employees of the Company, or any other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

Role of the Committee

The purpose of the Board's Nominating and Corporate Governance Committee is to assist in the nomination of members of the Board and to advise the Board on the fulfilment of the Board's corporate governance obligations.

The Committee's responsibilities for nominating directors include identifying qualified individuals and making recommendations with respect to new candidates and the re-election of existing directors. In making its recommendations the Committee considers the requirements of the Board and Board Committees in terms of overall Board composition of skills, experience, independence and diversity.

In its governance oversight role, the Committee makes recommendations to the Board on Committee structure, membership and operations and advises the Board on the adoption of corporate governance principles appropriate to the conduct of the Company's business. In doing so, the Committee periodically evaluates the Company's corporate governance processes as well as the Board and its Committees.

For more information please refer to the Committee Charter published on our website at www.veon.com/investors/governance.

Evaluation of performance

As per the Committee Charter the Committee has performed a self-evaluation of its operation and confirms to the Board that it has been effective in discharging its responsibilities. Areas of focus for 2021 have been highlighted in the table opposite.

“The extensions we made to our corporate governance arrangements in 2020 represent significant progress in our ambition to align the Group's governance processes with the highest levels of best practice.”

Peter Derby
Chair of Nominating and Corporate Governance Committee

Key activities of the Committee

Key areas of focus in 2020	Key areas of focus in 2021
Board composition	
• Reviewed and assessed the Group's corporate governance processes in the context of its operations in emerging markets • Recommended to the Board enhancements to the boards of local operating companies to increase local expertise and ensure effective governance • Developed recommendations on Board director slate	• To consider strengthening the Board composition with the appointment of a Lead Independent Director • To achieve gender diversity on the Board • Continue development of recommendation on 2021 Board director slate, taking shareholder views into consideration
Corporate governance	
• Reviewed HQ organisational design and distributed operating model • Reviewed updated governance framework (including new Group Authority Matrix (GAM) and establishment of OpCo Business Risk and People Committees) • Reviewed required bye-law revisions and harmonisation of policies with respect to the updated Group Authority Matrix and associated delegation arrangements	• Continue enhancing corporate governance processes to align with evolving shareholder expectations • Consider environmental, social and corporate governance factors to further enhance the Group's corporate purpose, societal impact and sustainability • Continue oversight over governance model effectiveness at Group and OpCo level (including assessment against best practices) • Continue reviewing amendments to Group bye-laws, authority delegation and status of GRC framework/ policies harmonisation with the GAM
Board performance	
• Conducted an evaluation of the Board with respect to its composition, effectiveness, objectives and goals	• Continue reviewing effectiveness of the Board and its Committees (continuous self-evaluation) • Review effectiveness of OpCo Boards
Performance evaluations	
• Assessed the adequacy of the Committee's Charter	• Continue to assess the adequacy of the Committee's Charter and its ongoing performance
Consultants and advisors	
• Reviewed appointment of local advisors	• Continue reviewing local advisor appointments

Finance Committee

Andrei Gusev
Chair of Finance Committee

Membership and attendance

Chair	Attendance	Appointed
Andrei Gusev	14/14	April 2014
Members		
Gennady Gazin	14/14	June 2015
Gunnar Holt	13/14	June 2017

The Committee consists of at least three members of the Board who are appointed or re-appointed annually following the Company's Annual General Meeting. A minimum quorum of two members is required to conduct a meeting.

The Committee may request that any directors, officers or other employees of the Company, or any other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

Role of the Committee

The Board's Finance Committee advises the Board with respect to the Board's oversight of the Group's business plan, management of the Group's capital structure and the execution of material transactions.

The Committee acts in an advisory capacity to the Board, providing advice and recommendations on these and other matters, including mergers, acquisitions and divestitures, the incurrence of indebtedness and finance policies, as well as on any material litigation.

The Committee also reviews and advises on the Company's dividend policy.

For more information please refer to the Committee Charter published on our website at www.veon.com/investors/governance.

Evaluation of performance

As per the Committee Charter, the Committee has performed a self-evaluation of its operation and confirms to the Board that it has been effective in discharging its responsibilities. Areas of focus for 2021 have been highlighted in the table opposite.

"2020 was a challenging year for the Group given the disruption caused by the COVID-19 pandemic. I am pleased that our business plans and capital structure demonstrated resilience throughout and that we maintained necessary investments in our 4G rollout and have entered 2021 with a return to growth."

Andrei Gusev
Chair of Finance Committee

Key activities of the Committee

Key areas of focus in 2020	Key areas of focus in 2021
Business plan	
• Reviewed and provided advice on investment cases for OpCos, in particular, OpCos' potential for free cash flow generation	• Oversee and advise on development of the Company's 3-year forecast
Budgets and performance	
• Oversaw development of the Company's budget for 2021 • Oversaw and assessed execution of 2020 budget • Assessed the impact and advised on development of mitigation measures for the COVID-19 pandemic	• Oversee development of the Company's budget for 2022 • Oversee and assess execution of 2021 budget • Oversee and assess progress on free cash flow optimisation across the Group
M&A transactions and divestitures	
• Oversaw completion of divestiture of operating company in Armenia • Oversaw developments related to the Company's put option for its subsidiary in Pakistan • Reviewed and advised on implementation of the Company's strategy for towers infrastructure	• Oversee internal restructurings for various operating companies • Oversee developments related to the Company's put option for its subsidiaries in Pakistan and Algeria • Review and advise on implementation of the Company's strategy for towers infrastructure • Oversee participation in spectrum auctions, in particular, in Bangladesh
Financing transactions/indebtedness	
• Oversaw developments for Group capital structure, including the Company's leverage ratio • Oversaw and provided advice on establishment of the Medium-Term Note programme • Oversaw signing of local loan agreements in Russia, Ukraine and Kazakhstan • Reviewed the Company's FX exposure for its debt instruments and assessed mitigation alternatives	• Oversee developments for Group capital structure, including the Company's leverage ratio • Oversee execution of major financing/ refinancing transactions to support the Company's target debt structure
Finance policies	
• Reviewed and advised on VEON Ventures investment strategy • Reviewed Finance and Treasury policies which were updated to support new operating model	• Oversee finalisation of implementation of Group Finance policies
Investor relations	
• Reviewed and assessed opportunities for diversification and growth of investor base	• Review and assess opportunities for diversification and growth of investor base
Dividends	
• Assessed the requirements of the Group's dividend policy against the financial performance of the Company	• Continue to assess the requirements of the Group's dividend policy against 2021 financial performance
Material litigation	
• No particular points to be highlighted	• No particular points to be highlighted

Audit and Risk Committee

Robert Jan van de Kraats
Chair of Audit and Risk Committee

Membership and attendance

Chair	Attendance	Appointed
Robert Jan van de Kraats	8/8	July 2018
Members		
Gunnar Holt	8/8	June 2015
Peter Derby	5/5	August 2020

The Committee consists of at least three members of the Board who are appointed or re-appointed annually following the Company's Annual General Meeting. A minimum quorum of two members is required to conduct a meeting.

The Committee may request that any directors, officers or other employees of the Company, or any other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

Role of the Committee

The Board's Audit and Risk Committee is responsible for overseeing the Group's financial reporting, audit process, compliance programme and systems of enterprise risk management and internal controls.

In overseeing the audit process, the Committee is responsible for the appointment, retention and oversight of the Company's independent auditor, as well as establishing procedures to receive and review complaints related to accounting or audit matters.

The Committee also supervises activities related to our relationships with the US and Dutch authorities with respect to ongoing disclosure requirements and inquiries.

Areas of focus for 2021 have been highlighted in the table opposite.

For more information please refer to the Committee Charter published on our website at www.veon.com/investors/governance.

“2020 was the first year following the completion of our independent compliance monitorship. We now have an effective and sustainable compliance programme in place, which is constantly being improved. This has supported us in mitigating the impacts of the pandemic with resilience.”

Robert Jan van de Kraats
Chair of Audit and Risk Committee

Key activities of the Committee

Key areas of focus in 2020	Key areas of focus in 2021
Oversight of independent auditor	
• Reviewed the effectiveness and independence of the Company's external auditor, PwC, and recommended PwC's reappointment for financial year 2021 • Monitored the volume and value of non-audit services provided • Reviewed and discussed external auditor's proposal for audit services • Reviewed and approved external auditor's fee • Reviewed external auditor's report	• The Committee will continue to review the scope, independence and objectivity of the external auditor • Consider a tender for external audit services • Continue to review all non-audit services conducted by the Company's auditor • Continue reviewing and approving external auditor's fee • Continue reviewing external auditor's report
Oversight of Internal Audit	
• Reviewed reports from the Internal Auditor of findings and agreed on resulting actions • Reviewed the adequacy and effectiveness of the Internal Audit • Reviewed annual audit plan for 2021	• Enhancing the process for reporting and reviewing Internal Audit findings • Resourcing and effectiveness of the Group Internal Audit function in line with the future growth of the business
Oversight of risk management	
• Evaluated the Group's risk management structure and policies and the key risks facing the Group and its OpCos • Oversaw key risks developments and status of mitigation actions • Reviewed JazzCash and Mobilink Microfinance Bank risk profile • Analysed risks associated with contemplated major transactions • Reviewed learnings from behavioural risk assessment • Oversaw the Going Concern analysis in the context of the COVID-19 pandemic	• Continue oversight over Company risk profile (including risk control and management framework, key risk developments and status of mitigation actions) • Continue reviewing risks associated with contemplated major transactions
Oversight of internal controls	
• Evaluated management's evaluation regarding the adequacy of the Group's internal controls over the Group's financial reporting process • Reviewed new governance framework (including scope and schedule of policies)	• Continue evaluating efficiency and adequacy of internal controls and assessment of its findings (including annual SOX scope) • Continue reviewing governance framework (including amendments to Group authority delegation and policies)
Oversight of external financial reporting process	
• Oversaw external reporting (including consolidated IFRS financial statements, quarterly press releases and investor presentations, debt covenants, annual 20-F report and other disclosures) • Analysed Company's impairment process	• Continue oversight over external reporting (including consolidated IFRS financial statements, quarterly press releases and investor presentations, debt covenants, annual 20-F report and other disclosures)
Oversight of Legal, Compliance and Finance departments	
• Reviewed Ethics & Compliance programme implementation and strategy for 2021 • Oversaw the effectiveness of compliance controls • Reviewed major internal investigations • Reviewed material tax exposures and transfer pricing matters • Oversaw renewal of Directors' and Officers' insurance programme	• Continue reviewing implementation of the Company's compliance programme • Continue overseeing the effectiveness of compliance controls • Continue reviewing major internal investigations • Continue reviewing material tax matters and activities • Continue oversight over Directors' and Officers' insurance programme

Compensation and Talent Committee

Yaroslav Glazunov
Chair of Compensation and Talent Committee

Membership and attendance

Chair	Attendance	Appointed
Yaroslav Glazunov	2/2	October 2020
Members		
Gunnar Holt	11/11	June 2015
Hans-Holger Albrecht	6/7	June 2020

The Committee consists of at least three members of the Board who are appointed or re-appointed annually following the Company's Annual General Meeting. A minimum quorum of two members is required to conduct a meeting.

The Committee may request that any directors, officers or other employees of the Company, or any other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

Role of the Committee

The Board's Compensation and Talent Committee advises the Board with respect to the Board's responsibilities in overseeing the selection, performance and compensation of the Company's Chief Executive Officers, their direct reports, and the chief executive officers of the Company's significant subsidiaries.

In addition, the Committee assesses and makes recommendations to the Board on Board member compensation.

The Committee is also responsible for evaluating and approving the Group's director, executive and employee compensation and benefit plans, as well as the administration of the Group's compensation and incentive programmes.

For more information please refer to the Committee Charter published on our website at www.veon.com/investors/governance.

Evaluation of performance

As per the Committee Charter the Committee has performed a self-evaluation of its operation and confirms to the Board that it has been effective in discharging its responsibilities. Areas of focus for 2021 have been highlighted in the table opposite.

"The outcome of the Committee's extensive review of the Group's compensation arrangements in 2020 has ensured that we operate a remuneration policy that aligns the reward of our leadership with shareholder returns through a competitive scheme that attracts and retains talent."

Yaroslav Glazunov
Chair of Compensation and Talent Committee

Key activities of the Committee

Key areas of focus in 2020	Key areas of focus in 2021
Remuneration framework	
• Conducted evaluation and updated directors' compensation taking into account the competitive landscape and compensation of directors at other comparable companies • Reviewed proposed compensation arrangements for a number of new joiners to the senior team, ensuring they are appropriate relative to market benchmarks and aligned with our intended remuneration principles going forward	• Determine parameters and guidelines for critical positions' compensation • Update executives' salary structure and ranges as needed to ensure alignment with current market conditions
Incentive programmes	
• Reviewed terms and conditions for the new tranches of the Group's short- and medium-term incentive programmes to ensure consistency with the Group's goals and objectives • Reviewed the impacts of the COVID-19 pandemic on business performance and adjusted incentive targets to maintain executives' motivation in this context • Coordinated a collaborative effort with other Board committees and HQ executives to develop a set of KPIs for the 2021 Annual Bonus, including calibrating robust performance targets to ensure they provide challenging yet achievable objectives over a range of performance scenarios	• Review terms and conditions for the new tranches of the Group's long- and short-term incentive programmes to ensure consistency with the Group's goals and objectives • Define corporate goals and objectives relevant to executives' compensation • Determine results of the vesting tranches of the Group's long- and short-term incentive programmes
Performance assessment	
• Reviewed performance against Key Performance Indicators in 2020 to determine Annual Performance Bonus payouts for the Co-CEOs, ensuring awards are commensurate with overall business performance	• Consider regular ELT review and assessment from a general performance and team dynamics perspective • Review and assess annual performance of Group Chief Executive Officers against agreed 2020 performance indicators and overall Group performance in the last year • Evaluate the performance of the Company's senior executives in relation to 2020 short-term incentives
Talent management and succession planning	
• No particular topics to highlight	• Review and advise on Group approach and annual cycle for talent development and succession planning • Review and validate successors for the Company's executives and employees in other critical positions
Key appointments	
• Approved final candidates and remuneration terms for key positions	• Approve final candidates and remuneration terms for key positions as needed
Operating model and governance	
• Oversaw establishment of People Committees in OpCos as part of the rollout of the Group's new operating model	• Review conduct of People Committees in OpCos

Telecommunications Committee

Amos Genish
Chair of Telecommunications Committee

Membership and attendance

Chair	Attendance	Appointed
Amos Genish	7/7	June 2020
Members		
Andrei Gusev	7/7	April 2014
Steve Pusey	7/7	June 2020

This Committee was operational in 2020 and consisted of at least three members of the Board who were appointed or re-appointed following the Company's Annual General Meeting. A minimum quorum of two members was required to conduct a meeting.

The Committee could request that any directors, officers or other employees of the Company, or any other persons whose advice and counsel was sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

Role of the Committee

The purpose of the Board's Telecommunications Committee was to assist and advise the Board on oversight of the operations and business strategy of the Company's telecommunications business, including the operational and technological capabilities associated with that strategy.

Evaluation of performance

As per the Committee Charter, the Committee has performed a self-evaluation of its operation and confirms to the Board that it has been effective in discharging its responsibilities.

Recent developments

In June 2021, following the departure from the Board of the Committee's Chair, Amos Genish, the Telecommunications Committee has been discontinued and its activities assumed by VEON's Board of Directors.

"The considerable investment the Group is making in its 4G networks positions VEON strongly for future growth with one of the leading telecommunications infrastructure portfolios in the emerging markets."

Amos Genish
Chair of Telecommunications Committee

Key activities of the Committee

Key areas of focus in 2020	Key areas of focus in 2021
Strategy and business plan	
• Reviewed and provided advice on investment cases for the Group's OpCos	• Oversee and advise on updated Group telecommunications strategy
Business performance	
• Oversaw development of the Company's budget for 2021 • Oversaw and assessed execution of 2020 budget	• Oversee development of the Company's budget for 2022 • Oversee and assess execution of 2021 budget • Oversee and provide advice on turnaround plan in Russia • Oversee and assess progress on cost optimisation across the Group
Network and IT strategy, key contracts and vendors	
• Assessed operational risks associated with sanctions, reviewed and advised on development of vendor strategy in this context • Reviewed and made recommendations to the Board on approval for key tenders and procurement decisions by VEON's operating companies • Reviewed and advised on implementation of the Company's strategy for towers infrastructure	• Review and advise on development and implementation of vendor strategy in the context of sanctions imposed on vendors • Review and make recommendations to the Board on approvals for key tenders and procurement decisions of VEON's OpCos • Review and monitor execution of network and IT strategy for the Group's larger OpCos • Review and advise on implementation of the Company's strategy for towers infrastructure
Spectrum, licences and regulatory matters	
• No particular topics to be highlighted	• Oversee implementation of the Company's spectrum strategy, including participation in forthcoming new spectrum auctions
Overarching business operations competencies	
• Oversaw update of the Company's procurement policy to align with the Group's new decentralised operating model	• Oversee development of necessary capacities in the Group's OpCos, including technology, procurement and cybersecurity functions

Digital and Innovation Committee

Hans-Holger Albrecht
Chair of Digital and Innovation Committee

Membership and attendance

Chair	Attendance	Appointed
Hans-Holger Albrecht	3/3	June 2020
Members		
Osama Bedier	3/3	July 2018
Amos Genish	3/3	June 2020
Leonid Boguslavsky	n/a	January 2021

The Committee consists of at least three members of the Board who are appointed or re-appointed annually following the Company's Annual General Meeting. A minimum quorum of two members is required to conduct a meeting.

The Committee may request that any directors, officers or other employees of the Company, or any other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

Role of the Committee

The purpose of the Board's Digital and Innovation Committee is to assist and advise the Board on the development of the Company's digital strategy and digital initiatives. In relation to the digital strategy there is a focus on technical and commercial innovations, priorities and allocation of resources. The Committee also reviews and makes recommendations to the Board on measurement and tracking to assess the success of innovation efforts.

For more information please refer to the Committee Charter published on our website at www.veon.com/investors/governance.

Evaluation of performance

As per the Committee Charter, the Committee has performed a self-evaluation of its operation and confirms to the Board that it has been effective in discharging its responsibilities. Areas of focus for 2021 have been highlighted in the table opposite.

“VEON has an exciting future as a fully converged digital operator, harnessing lifestyle needs to innovative services that can entertain, inform and empower. I am pleased with the progress our Committee has made in its first six months of operation in helping to steer the Group towards its ambitious digital goals.”

Hans-Holger Albrecht
Chair of Digital and Innovation Committee

Following our June 2021 AGM, the Digital and Innovation Committee's composition was updated as follows: H.H. Albrecht (Chair), S. Herrero, L. Boguslavsky and I. Shvakman.

Further strengthened by the contributions of its new members, its current main tasks are to monitor, review, consider and make recommendations to the Board regarding:

- the digital strategy of the VEON Group and its operating Subsidiaries ("OpCos"), with a focus on technical and commercial innovations, priorities and allocation of resources;
- measurement and tracking of the success of innovation efforts;
- sales, acquisitions, mergers, reorganisations, joint ventures and other transactions with regard to the Digital lines of business which require Board approval under the Company's Bye-laws, Group Authority Matrix/ Delegation or otherwise (provided that the necessary conditions, such as covenants and financing availability are met, and risks are mitigated from a financial perspective as would be reported by the Company CFO);
- budget, business plan (provided that necessary conditions, such as covenants and financing availability are met, and risks are mitigated from a financial perspective) and operational and financial performance of Digital lines of business;
- other material partnerships and transactions with regard to the Digital lines of business;
- performance of external VEON Ventures investments;
- utilisation of data assets and commercial use cases for commercial purposes.

Key activities of the Committee

Key areas of focus in 2020	Key areas of focus in 2021
Digital/ Ventures strategy/ business plan and budget	
• Reviewed Ventures strategy (aimed at driving high-growth digital businesses) • Reviewed Ventures investment thesis • Reviewed Digital budget	• Continue reviewing strategy, business plan, budget and KPIs for Group digital portfolio
Digital business performance	
• Oversaw key developments and performance of Ventures/ Digital businesses	• Continue overseeing key developments and performance of Ventures/ Digital businesses
Investments and transactions	
• Reviewed key terms and provided recommendation on global partnership with Mastercard • Reviewed investments in ShopUp in Bangladesh • Reviewed external M&A opportunities in Digital space	• Continue reviewing M&A investment opportunities in Digital • Continue reviewing proposed major transactions should they arise (including rationale and key terms)
Key projects	
• Reviewed JazzCash 2021 strategy / business plan • Reviewed 2021 strategy and financial plan for Mobilink Microfinance Bank	• Continue reviewing JazzCash performance, strategy, growth and acceleration plans • Continue reviewing performance, strategy, growth/ acceleration plans for other key digital businesses in fintech, content and other digital domains

Remuneration report

Yaroslav Glazunov

As Chairman of VEON's Compensation and Talent Committee, I am pleased to present the Committee's report on the remuneration of the Company's directors and senior executives.

As our Group Chairman, Gennady Gazin, explains in his statement on pages 4 to 7 of this report, 2020 was a year of significant change for the Board and leadership team of VEON. This included a renewed commitment to reinforcing governance standards, which provide a firm foundation for the delivery of our strategy and for unlocking value.

Remuneration governance is a crucial component of this effort. The Compensation and Talent Committee is comprised of three highly experienced non-executive directors, two of whom we deem to be independent and all bring strong skills from a range of relevant backgrounds, including experience of VEON's recent leadership history, deep expertise in the media and technology sector, broad familiarity with Board and governance practices at international companies and knowledge of shareholder objectives.

We have worked together energetically in the short time since I took up the position of Chairman in October 2020, with frequent informal dialogue as well as our formal meetings. We consult closely with VEON's Chairman and several Board members have also contributed to our work where their professional backgrounds or Committee linkages are relevant. As our discussions have progressed, we have received advice from the independent remuneration advisers Pearl Meyer, including detailed benchmarking on remuneration.

The main part of this Remuneration report covers remuneration during 2020, which presents a somewhat complicated picture. Due to various changes in our leadership team, we have included information about outgoing directors as well as incumbents, including individuals holding multiple roles during the year.

As we look to the future, our intention is that in next year's report you will see a much clearer picture, with more stability in the team and a strong and transparent linkage of pay to performance, alongside associated disclosures.

In the latter part of 2020 and early 2021, the Compensation and Talent Committee undertook a review of our executive compensation arrangements. Based on the findings of this review, we are designing a new incentive programme including a share-based Long-Term Incentive Plan with the following main aims:

- To increase the alignment of executives' interests with sustainable shareholder value creation by increasing the proportion of pay which is delivered in the form of VEON shares, and introducing a requirement for executives to build up and maintain a meaningful personal shareholding – including for two years after leaving the Company.
- To increase the linkage of pay to performance – especially long-term performance at the Group level – to motivate and challenge our senior leaders.
- To streamline incentives to focus leadership team members on consistent goals, providing a clear linkage to business strategy, and promoting teamwork and collaboration.
- To implement incentive designs guided by international best practices, including ensuring that robust malus and clawback arrangements are in place.
- To simplify incentive designs to improve transparency, both internally and externally.

I look forward to sharing the full details of our new programme with you in due course.

“2020 saw renewed commitment to reinforcing governance standards, which provide a firm foundation for the delivery of our strategy and for unlocking value. Remuneration governance is a crucial component of this.”

Yaroslav Glazunov
Chairman, Compensation and Talent Committee

Our approach to remuneration from 2020

2020 saw a modification of the Group's remuneration arrangements with the introduction of a new Mid-Term Incentive Plan (MTIP) to replace the Long-Term Incentivisation Plan (LTIP), which was introduced in 2018. Alongside our existing Short-Term Incentive (STI) scheme, the MTIP became the primary scheme for aligning the Group's success with the remuneration of its senior managers.

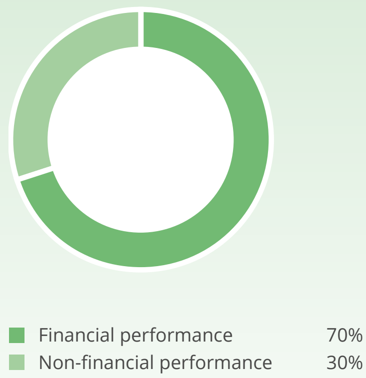
Short-Term Incentive scheme

Financial performance

KPI	Definition	Weight
Total operating revenue	Group performance against budget targets for total revenue In USD based on Budget FX rates	25%
EBITDA	Group performance against budget targets for reported EBITDA post-IFRS 16 In USD based on Budget FX rates	25%
Reported equity free cash flow	Group performance against budget targets for free cash flow before fin. act., excl. licences and other investing flows and management fees In USD based on actual FX rates	20%

Non-financial performance

Functional objectives	Tailor-made per Function, developed by Function Heads and validated by Chairman and CEOs and relevant Board Committees.	30%



Mid-Term Incentive Plan

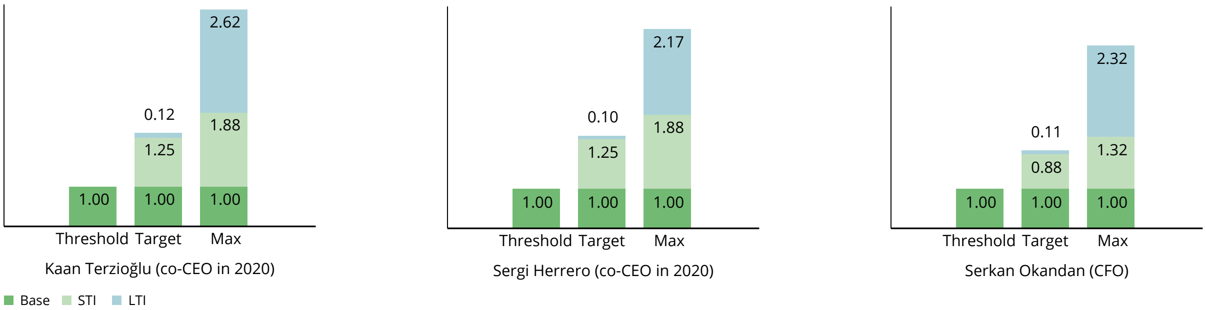
The objective of the MTIP plan is to align the remuneration of our senior managers with total shareholder returns in a competitive scheme that attracts and retains talent

- **Attractive**
- **Competitive**
- **Affordable and funded**
- **Simple and understandable**

Remuneration mix under a range of performance scenarios

CEOs and CFO remuneration composition

The following graphs illustrate the mix of base salary, Short-Term Incentives and Long-Term Incentives that would result under three different performance scenarios, according to the Group's 2020 remuneration policy, for the Group co-CEOs at the time and the Group CFO. All illustrations are expressed as a multiple of the base salaries, based on three performance scenarios: (i) below threshold; (ii) at target; and (iii) maximum.



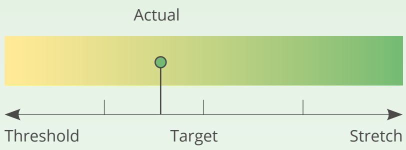
2020 Short-Term Incentive (STI) scheme

The Company's Short-Term Incentive (STI) scheme provides cash payouts to eligible and participating employees based on the achievement of established Key Performance Indicators (KPIs) over the period of one calendar year. KPIs are set every year at the beginning of the year and evaluated in the first quarter of the following year.

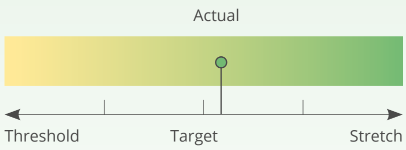
70% of the value of the award is weighted towards the financial and operational results of the Company, or the affiliated entity, and the remaining 30% on individual targets that are agreed with the participant at the start of the performance period based on his or her specific role and activities.

Financial performance

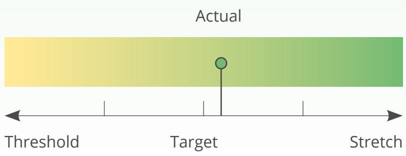
Total operating revenue



EBITDA



Reported equity free cash flow



Payout curves

Threshold	Target	Stretch
50% payout	100% payout	150% payout
80% achievement	100% achievement	110% achievement

Linear payout between the threshold and target and target and stretch

- All financial KPIs can be overachieved if the trigger is met
- Maximum payout on Functional objectives is 100%
- Maximum mathematical achievement is 135%

Overachievement trigger

For any payout of KPI above 100%, service revenue KPI must be achieved at least at threshold level (80%)

Long-Term Incentives (LTI) and Mid-Term Incentive Plan (MTIP)

2018

To stimulate and reward leadership efforts that result in sustainable success, value growth cash-based multi-year incentive plans ('LTI Plans') were designed for members of our recognised leadership community and were introduced in 2018.

The participants in the LTI Plans were eligible to receive cash pay-outs after the end of each relevant award performance period. For senior management, vesting was based on the attainment of certain KPIs based on an absolute share price performance target.

In her capacity as Executive Chairman and CEO, Ursula Burns' vesting was based on total return per share and could be exercised at any time during a defined exercise period, subject to the Company's insider trading policy.

Performance and qualifying period was 3 years, from January 1, 2018 up to and including December 31, 2020.

The qualifying KPI for the LTI Plans was the absolute performance of VEON's share price (excluding any accounting for dividends paid during the performance period). Participants had an opportunity to receive a payout in the range of 0% to 200% of their nominal entitlement, based on the level of share price performance versus a target threshold. The threshold level was set at 3 USD/share, starting with payout at 0%, with a linear progression in payout up to 200% at 6 USD/share, at which the scheme was capped. An on-target payout was set at 4.5 USD/share.

The programme was subject to the VEON Compliance Gateway, which ensures the highest level of ethical behaviour of all participants in order to receive an award.

The Plans have vested, and the payout was nil, as threshold level share price was not reached.

2020

In 2020, VEON has launched the Mid-Term Incentive Plan, which is designed to attract and retain individuals deemed to be critical to the business, align incentives with delivering value to shareholders and motivate the support of new ventures. In addition, the plan has been designed to promote transparency and simplicity in how we incentivise and reward our people.

The performance period is 2 years, from January 1, 2020 up to and including December 31, 2021.

The plan is designed to mimic Total Shareholder Return (TSR) through the Share Appreciation Right plan, with inclusion of dividends paid over the performance period. The strike price for the plan has been determined as the trailing average of VEON's share price during December 2019. The plan has cliff vesting and it is automatically exercised on 31 December 2021, with the end price being determined as the trailing average price over December 2021. The plan has caps set at 50% annual growth in share price and a dividend payout of 30 cents annually.

The programme is subject to the VEON Compliance Gateway, which ensures the highest level of ethical behaviour of all participants in order to receive an award.

In December 2020, VEON's Compensation and Talent Committee has set the strike price of the Plan at 2.16 USD.

GEC members	MTIP units
Kaan Terzioğlu	1,500,000
Sergi Herrero	1,000,000
Serkan Okandan	1,300,000
Joop Brakenhoff	400,000
Scott Dresser	1,000,000

DFS Incentive plan

We also operate an additional 8-year incentive plan linked to our Digital Financial Services (DFS) business in Pakistan. Attracting, motivating and retaining the right people to lead this business is crucial and requires us to compete for talent against start-up companies offering highly leveraged value-sharing incentives. We have therefore designed and implemented a focused incentive programme which motivates key team members in the Ventures business through participation in the value creation of this high-growth area of the Company. As well as key personnel in our Ventures business, both our former co-CEO and current CEO also participate in this incentivisation programme.

2018-2020 GEC members' compensation[1]

2020

		Short-term employee benefits			Long-term employee benefits	Share-based payments	Termination benefits	Grand total
		Base salary	Bonus[2]	Other				
Membership in 2020:								
Kaan Terzioğlu[3]	EUR	1,323,000	472,151	439,657	—	—	—	2,234,808
Sergi Herrero[3,4]	GBP	1,050,000	451,233	1,918,050	—	—	—	3,419,283
Scott Dresser[5]	EUR	1,300,000	2,950,000	24,100	—	—	—	4,274,100
Serkan Okandan[6]	EUR	864,000	—	297,341	—	—	—	1,161,341
Alex Kazbegi	EUR	553,500	700,000	104,124	—	—	—	1,357,624
Joop Brakenhoff[7]	EUR	224,100	—	39,908	—	—	—	264,008
Former members:								
Murat Kirkgoz	EUR	211,600	249,464	40,360	—	—	—	501,424
Jacky Simmonds	EUR	382,441	1,012,500	110,719	—	—	765,775	2,271,435
Joshua Drew	EUR	187,931	826,560	143,461	—	—	657,188	1,815,141
Kjell Johnsen	EUR	—	3,277,500	299,333	—	—	—	3,576,833
Trond Westlie	EUR	16,810	1,236,353	212,631	—	—	—	1,465,794
Ursula Burns	EUR	1,162,750	9,363,600	554,328	—	—	—	11,080,677
Yogesh Malik	EUR	553,712	775,400	236,225	—	—	917,715	2,483,052

1. The information in this table does not reconcile to Note 21 of the Consolidated Financial Statements included within this report given the information is presented on a cash basis (versus an accrual basis). The values do not include compensation awarded prior to each individual's tenure on the Group Executive Committee.
2. All bonus values relate to year of payment as opposed to year of award, details of which are disclosed in the Consolidated Financial Statements.
3. Mr. Herrero joined VEON September 1, 2019 and Mr. Terzioğlu joined VEON on November 1, 2019; as such, their bonus payments received in 2020 in respect of 2019 service were proportionally lower.
4. Mr. Herrero's payment under 'Other' reflects a buyout of a forfeited long-term incentive award from his previous employment.
5. Mr. Dresser's total bonus payment includes a retention bonus as well as an annual performance bonus.
6. Mr. Okandan joined the Group and was appointed to the GEC on May 1, 2020.
7. Mr. Brakenhoff was appointed to his current GEC role on July 1, 2020.

2019

		Short-term employee benefits			Long-term employee benefits	Share-based payments	Termination benefits	Grand total
		Base salary	Bonus[1]	Other				
Ursula Burns	EUR	5,500,000	8,263,690	1,146,503	—	—	—	14,910,193
Sergi Herrero	GBP	300,000	—	1,368,477	—	—	—	1,668,477
Kaan Terzioğlu	EUR	220,500	—	105,999	—	—	—	326,449
Alex Kazbegi	EUR	394,795	—	677,662	—	—	—	1,072,456
Jacky Simmonds	EUR	750,000	1,219,002	24,100	—	—	—	1,993,102
Joshua Drew	EUR	650,000	628,972	74,050	—	—	—	1,353,022
Kjell Johnsen	EUR	1,250,000	3,766,855	46,857	—	—	—	5,063,712
Murat Kirkgoz	EUR	264,500	—	35,750	—	—	—	300,250
Scott Dresser	EUR	1,300,000	2,470,653	29,100	—	—	—	3,799,753
Trond Westlie	EUR	1,500,000	1,412,613	24,100	—	—	—	2,936,713
Yogesh Malik	EUR	900,000	1,308,879	55,960	—	—	—	2,264,839

2018

		Short-term employee benefits			Long-term employee benefits	Share-based payments	Termination benefits	Grand total
		Base salary	Bonus	Other				
Ursula Burns	EUR	4,602,902	—	104,645	—	—	—	4,707,547
Jean-Yves Charlier	EUR	1,902,600	7,717,900	489,070	—	—	1,340,278	11,449,848
Trond Westlie	EUR	1,500,000	127,313	21,695	—	—	—	1,649,008
Kjell Johnsen	EUR	1.425,000	—	70,442	—	—	—	1,495,442
Scott Dresser	EUR	1,233,333	405,899	927,489	—	—	—	2,566,721

1. All bonus values relate to year of payment as opposed to year of award.

GEC service contracts

Individual	Position	Start date	Term	End of contract	Non compete (months)	Non solicitation (months)
Membership in 2020:						
K Terzioğlu	Group Co-Chief Executive Officer	01-Nov-19	3 years	31-Oct-22	6	6
S Herrero	Group Co-Chief Executive Officer	02-Sep-19	Permanent	indefinite	6	12
S Okandan[1]	Group Chief Financial Officer	01-May-20	3 years	30-Apr-23	6	6
S Dresser	Group General Counsel	01-Sep-14	Permanent	indefinite	6	12
A Kazbegi[2]	Group Chief Strategy Officer	18-Feb-19	3 years	13-Jan-22	6	6
Joop Brakenhoff[3]	Chief Internal Audit & Compliance Officer	15-Jan-19	Permanent	indefinite	6	6
Former members:						
Ursula Burns[4]	Group Executive Chairman/CEO	15-Mar-18	2 years	15-Mar-20	–	–
Jacky Simmonds[5]	Group Chief People Officer	01-Jan-18	3 years	31-Dec-20	6	12
Murat Kirkgoz[6]	Chief Finance Officer (Former Acting)	01-Dec-16	Permanent	indefinite	N/A	N/A
Joshua Drew[7]	Group Chief Compliance Officer	01-Jul-16	Permanent	indefinite	6	12
Kjell Johnsen[8]	Group Chief Operations Officer	01-Aug-16	Permanent	indefinite	6	6
Trond Westlie[9]	Group Chief Financial Officer	01-Oct-17	3 years	30-Sep-20	6	12
Yogesh Malik[10]	Group Chief Technology Officer	01-May-14	Permanent	indefinite	6	12

1. Joined GEC (and VEON) on May 1, 2020.
2. GEC member until March 31, 2020.
3. Joined GEC on July 1, 2020.
4. Served as CEO, Chairman and GEC member until March 1, 2020 and as Chairman until June 1, 2020.
5. GEC member until June 30, 2020.
6. GEC member until April 31, 2020.
7. GEC member until May 31, 2020.
8. GEC member until October 31, 2019.
9. GEC member until December 31, 2019.
10. GEC member until June 30, 2020.

All current GEC members may give their notice no earlier than 3 months.

The Company may give executives notice no earlier than 6 months.

No GEC member has a contractual severance provision in their employment agreement.

Compensation of Board of Directors[1]

In whole euros	Retainer 2020	Retainer 2019	Committees 2020	Committees 2019	Other compensation 2020	Other compensation 2019	Total 2020	Total 2019
Hans Holger Albrecht	204,167	—	72,917	—	—	—	**277,084**	—
Guillaume Bacuvier	105,114	250,000	23,125	53,909	—	—	**128,239**	303,909
Osama Bedier	308,333	250,000	68,750	25,000	—	—	**377,083**	275,000
Ursula Burns	323,864	—	—	5,952	—	—	**323,864**	5,952
Mariano De Beer	204,167	—	87,500	—	—	—	**291,667**	—
Peter Derby	204,167	—	87,500	—	—	—	**291,667**	—
Mikhail Fridman	60,417	40,000	—	—	—	—	**60,417**	40,000
Gennady Gazin	629,167	250,000	33,333	80,000	—	—	**662,500**	330,000
Amos Genish	204,167	—	87,500	—	—	—	**291,667**	—
Yaroslav Glazunov	13,350	—	—	—	—	—	**13,350**	—
Andrei Gusev[2]	60,417	40,000	—	—	500,000	750,000	**560,417**	790,000
Gunnar Holt	308,333	250,000	118,750	69,643	—	—	**427,083**	319,643
Sir Julian Horn-Smith	105,114	250,000	10,511	25,000	—	—	**115,625**	275,000
Robert Jan van de Kraats	308,333	250,000	85,417	30,000	—	—	**393,750**	280,000
Guy Laurence	104,167	250,000	12,500	30,000	—	—	**116,667**	280,000
Alexander Pertsovsky	47,917	40,000	—	—	—	—	**47,917**	40,000
Steve Pusey	204,167	—	58,333	—	—	—	**262,500**	—
Kaan Terzioğlu	—	92,708	—	9,063	—	—	—	101,771
Total compensation	**3,395,361**	**1,962,708**	**746,136**	**328,567**	**500,000**	**750,000**	**4,641,497**	**3,041,275**

1. The information in this table does not reconcile to Note 21 of the Consolidated Financial Statements included within this report given the information is presented on a cash basis (versus an accrual basis). Each Board member is elected annually at the Company's Annual General Meeting of shareholders.
2. Mr. Gusev's Other compensation includes discretionary awards for his personal contribution to certain Group M&A transactions, awarded with oversight from the Compensation and Talent Committee.

Changes in Board of Directors

Ursula Burns was appointed Group CEO and Chairman of the VEON Ltd. Board of Directors on December 12, 2018. Accordingly, her total compensation for 2019 and until March 1, 2020 has been included in the GEC members' compensation tables, except for payments received in respect of her role on Board Committees. Ursula Burns stepped down as Group CEO on March 1, 2020, and later stepped down as Chairman on June 1, 2020.

Consolidated Financial Statements

Independent Auditor's Opinion	125
Consolidated Income Statement	127
Consolidated Statement Of Comprehensive Income	128
Consolidated Statement Of Financial Position	129
Consolidated Statement Of Changes In Equity	130
Consolidated Statement Of Cash Flows	132
General Information About The Group	133
1 General Information	133
Operating Activities Of The Group	135
2 Segment Information	135
3 Operating Revenue	137
4 Selling, General And Administrative Expenses	140
5 Trade And Other Receivables	141
6 Other Assets And Liabilities	143
7 Provisions And Contingent Liabilities	144
8 Income Taxes	148
Investing Activities Of The Group	154
9 Significant Transactions	154
10 Impairment Of Assets	155
11 Property And Equipment	160
12 Intangible Assets	163
13 Investments In Subsidiaries	166
Financing Activities Of The Group	168
14 Other non-operating gain / (loss	168
15 Investments, Debt and Derivatives	169
16 Cash And Cash Equivalents	177
17 Financial Risk Management	178
18 Issued Capital And Reserves	182
19 Earnings Per Share	183
20 Dividends Paid And Proposed	183
Additional Information	185
21 Related Parties	185
22 Events After The Reporting Period	190
23 Basis Of Preparation Of The Consolidated Financial Statements	190
24 Significant Accounting Policies	191

pwc

Independent auditor's report

To: the board of directors of VEON Ltd.

Report on the summary financial statements for 2020

Our opinion

In our opinion, the accompanying summary financial statements for 2020 of VEON Ltd., are consistent, in all material respects, with the audited financial statements, in accordance with the basis described in note 1 of the summary financial statements. The summary financial statements are included in the Integrated Annual Report 2020 on pages 124 through 191 within the Financial Information section.

The summary financial statements

The summary financial statements of VEON Ltd., Bermuda, derived from the audited financial statements for 2020, comprise:

- the Consolidated Statement of Financial Position as at 31 December 2020;
- the Consolidated Income Statement and the Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended; and
- the related notes to the consolidated financial statements, comprising the significant accountings policies and other explanatory information.

The summary financial statements do not contain all elements of the audited financial statements as required by Part 9 of Book 2 of the Dutch Civil Code. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of VEON Ltd. and the auditor's report thereon.

The audited financial statements and the summary financial statements do not reflect the events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our auditor's report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 15 March 2021. That report also includes:

- The communication of key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the audited financial statements of the current period.

pwc

Responsibilities of the board of directors for the summary financial statements

The board of directors is responsible for the preparation of the summary financial statements in accordance with the basis described in note 1 of the summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements (as required by Part 9 of Book 2 of the Dutch Civil Code) based on our procedures, which we conducted in accordance with Dutch Law, including the Dutch Standard 810 'Engagements to report on summary financial statements'.

Amsterdam, The Netherlands, 26 October 2021
PricewaterhouseCoopers Accountants N.V.

W.J. van der Molen RA

Consolidated Income Statement

For The Years Ended December 31

(In millions of U.S. dollars, except per share amounts)	Note	2020	2019	2018
Service revenues		7,471	8,240	8,526
Sale of equipment and accessories		392	465	427
Other revenues / other income		117	158	133
Total operating revenues	3	**7,980**	**8,863**	**9,086**
Other operating income	9	5	350	—
Service costs		(1,508)	(1,554)	(1,701)
Cost of equipment and accessories		(382)	(479)	(415)
Selling, general and administrative expenses	4	(2,641)	(2,965)	(3,697)
Depreciation	11	(1,576)	(1,652)	(1,339)
Amortization	12	(343)	(394)	(495)
Impairment (loss) / reversal	10	(785)	(108)	(858)
Gain / (loss) on disposal of non-current assets		(37)	(43)	(57)
Gain / (loss) on disposal of subsidiaries	9	(78)	1	30
Operating profit		**635**	**2,019**	**554**
Finance costs		(683)	(892)	(816)
Finance income		23	53	67
Other non-operating gain / (loss)	14	111	21	(68)
Net foreign exchange gain / (loss)		(60)	(20)	15
Profit / (loss) before tax from continuing operations		**26**	**1,181**	**(248)**
Income tax expense	8	(342)	(498)	(369)
Profit / (loss) from continuing operations		**(316)**	**683**	**(617)**
Profit / (loss) after tax from discontinued operations	9	—	—	(300)
Gain / (loss) on disposal of discontinued operations	9	—	—	1,279
Profit / (loss) for the period		**(316)**	**683**	**362**
Attributable to:				
The owners of the parent (continuing operations)		(349)	621	(397)
The owners of the parent (discontinued operations)		—	—	979
Non-controlling interest		33	62	(220)
		(316)	**683**	**362**
Basic and diluted gain / (loss) per share attributable to ordinary equity holders of the parent:				
From continuing operations	19	($0.20)	$0.36	($0.23)
From discontinued operations	19	$0.00	$0.00	$0.56
Total	19	($0.20)	$0.36	$0.33

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the years ended December 31

(In millions of U.S. dollars)	Note	**2020**	2019	2018
Profit / (loss)		**(316)**	683	362
Items that may be reclassified to profit or loss				
Foreign currency translation		(623)	49	(819)
Share of other comprehensive income / (loss) of Italy Joint Venture		—	—	(18)
Other		1	26	(7)
Items reclassified to profit or loss				
Reclassification of accumulated foreign currency translation reserve to profit or loss upon disposal of foreign operation	9	96	—	(79)
Reclassification of accumulated share of other comprehensive income / (loss) of Italy Joint Venture to profit or loss	9	—	—	31
Other	15	(15)	(19)	5
Other comprehensive income / (loss) for the period, net of tax		**(541)**	**56**	**(887)**
Total comprehensive income / (loss) for the period, net of tax		**(857)**	**739**	**(525)**
Attributable to:				
The owners of the parent		(800)	733	(138)
Non-controlling interests		(57)	6	(387)
		(857)	**739**	**(525)**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

as of December 31

(In millions of U.S. dollars)	Note	**2020**	2019
Assets			
Non-current assets			
Property and equipment	11	6,879	7,340
Intangible assets	12	4,152	5,688
Investments and derivatives	15	305	235
Deferred tax assets	8	186	134
Other assets	6	179	163
Total non-current assets		**11,701**	**13,560**
Current assets			
Inventories		111	169
Trade and other receivables	5	572	628
Investments and derivatives	15	165	82
Current income tax assets	8	73	16
Other assets	6	335	354
Cash and cash equivalents	16	1,594	1,250
Total current assets		**2,850**	**2,499**
Total assets		**14,551**	**16,059**
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent	18	163	1,226
Non-controlling interests		850	994
Total equity		**1,013**	**2,220**
Non-current liabilities			
Debt and derivatives	15	8,832	7,759
Provisions	7	141	138
Deferred tax liabilities	8	127	141
Other liabilities	6	28	33
Total non-current liabilities		**9,128**	**8,071**
Current liabilities			
Trade and other payables		1,977	1,847
Debt and derivatives	15	1,224	2,585
Provisions	7	151	222
Current income tax payables	8	175	102
Other liabilities	6	883	1,012
Total current liabilities		**4,410**	**5,768**
Total equity and liabilities		**14,551**	**16,059**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended December 31, 2020

(In millions of U.S. dollars)	Note	Number of shares outstanding	Attributable to equity owners of the parent: Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit *	Foreign currency translation	Total	Non-controlling interests	Total equity
As of January 1, 2020		**1,749,127,404**	**2**	**12,753**	**(1,887)**	**(1,330)**	**(8,312)**	**1,226**	**994**	**2,220**
Profit / (loss) for the period		—	—	—	—	(349)	—	(349)	33	(316)
Other comprehensive income / (loss)		—	—	—	(10)	(4)	(437)	(451)	(90)	(541)
Total comprehensive income / (loss)		**—**	**—**	**—**	**(10)**	**(353)**	**(437)**	**(800)**	**(57)**	**(857)**
Dividends declared	20	—	—	—	—	(262)	—	(262)	(87)	(349)
Other		—	—	—	(1)	26	(26)	(1)	—	(1)
As of December 31, 2020		**1,749,127,404**	**2**	**12,753**	**(1,898)**	**(1,919)**	**(8,775)**	**163**	**850**	**1,013**

for the year ended December 31, 2019

(In millions of U.S. dollars)	Note	Number of shares outstanding	Attributable to equity owners of the parent: Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit *	Foreign currency translation	Total	Non-controlling interests	Total equity
As of December 31, 2018		**1,749,127,404**	**2**	**12,753**	**743**	**(1,412)**	**(8,416)**	**3,670**	**(891)**	**2,779**
Adjustments due to new accounting standards		—	—	—	—	(3)	—	(3)	(1)	(4)
As of January 1, 2019		**1,749,127,404**	**2**	**12,753**	**743**	**(1,415)**	**(8,416)**	**3,667**	**(892)**	**2,775**
Profit / (loss) for the period		—	—	—	—	621	—	621	62	683
Other comprehensive income / (loss)		—	—	—	6	1	105	112	(56)	56
Total comprehensive income / (loss)		**—**	**—**	**—**	**6**	**622**	**105**	**733**	**6**	**739**
Dividends declared	20	—	—	—	—	(525)	—	(525)	(108)	(633)
Changes in ownership interest in a subsidiary that do not result in a loss of control	9	—	—	—	(2,594)	—	—	(2,594)	1,986	(608)
Other		—	—	—	(42)	(12)	(1)	(55)	2	(53)
As of December 31, 2019		**1,749,127,404**	**2**	**12,753**	**(1,887)**	**(1,330)**	**(8,312)**	**1,226**	**994**	**2,220**

* Certain of the consolidated entities by VEON Ltd. are restricted from remitting funds in the form of cash dividends or loans by a variety of regulations, contractual or local statutory requirements.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended December 31, 2018

			Attributable to equity owners of the parent							
(In millions of U.S. dollars, except for share amounts)	Note	Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit *	Foreign currency translation	Total	Non-controlling interests	Total equity
As of December 31, 2017		**1,749,127,404**	**2**	**12,753**	**729**	**(1,486)**	**(7,667)**	**4,331**	**(441)**	**3,890**
Adjustments due to new accounting standards		—	—	—	—	46	—	46	11	57
As of January 1, 2018		**1,749,127,404**	**2**	**12,753**	**729**	**(1,440)**	**(7,667)**	**4,377**	**(430)**	**3,947**
Profit / (loss) for the period		—	—	—	—	582	—	582	(220)	362
Other comprehensive income		—	—	—	11	5	(736)	(720)	(167)	(887)
Total comprehensive income		**—**	**—**	**—**	**11**	**587**	**(736)**	**(138)**	**(387)**	**(525)**
Dividends declared	20	—	—	—	—	(509)	—	(509)	(93)	(602)
Others		—	—	—	3	(50)	(13)	(60)	19	(41)
As of December 31, 2018		**1,749,127,404**	**2**	**12,753**	**743**	**(1,412)**	**(8,416)**	**3,670**	**(891)**	**2,779**

* Certain of the consolidated entities by VEON Ltd. are restricted from remitting funds in the form of cash dividends or loans by a variety of regulations, contractual or local statutory requirements.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the years ended December 31

(In millions of U.S. dollars)	Note	**2020**	2019	2018
Operating activities				
Profit / (loss) before tax from continuing operations		26	1,181	(248)
Non-cash adjustments to reconcile profit before tax to net cash flows				
Depreciation, amortization and impairment loss / (reversal)		2,704	2,154	2,692
(Gain) / loss on disposal of non-current assets		37	43	57
(Gain) / loss on disposal of subsidiaries		78	(1)	(30)
Finance costs		683	892	816
Finance income		(23)	(53)	(67)
Other non-operating (gain) / loss		(111)	(21)	68
Net foreign exchange (gain) / loss		60	20	(15)
Changes in trade and other receivables and prepayments		(107)	(224)	96
Changes in inventories		40	(28)	(88)
Changes in trade and other payables		94	52	274
Changes in provisions, pensions and other		(29)	106	40
Interest paid	15	(644)	(714)	(736)
Interest received		23	58	60
Income tax paid		(388)	(516)	(404)
Net cash flows from operating activities		**2,443**	**2,949**	**2,515**
Investing activities				
Purchase of property, plant and equipment and intangible assets		(1,778)	(1,683)	(1,948)
Payments on deposits		(142)	(922)	(32)
Receipts from deposits		69	698	1,066
Proceeds from sale of Italy Joint Venture		—	—	2,830
Receipts from / (investment in) financial assets		(89)	(9)	62
Other proceeds from investing activities, net		30	28	19
Net cash flows from / (used in) investing activities		**(1,910)**	**(1,888)**	**1,997**
Financing activities				
Proceeds from borrowings, net of fees paid *	15	4,621	2,610	807
Repayment of debt	15	(4,376)	(2,978)	(4,122)
Acquisition of non-controlling interest	9	(1)	(613)	—
Dividends paid to owners of the parent	20	(259)	(520)	(508)
Dividends paid to non-controlling interests		(88)	(138)	(93)
Net cash flows from / (used in) financing activities		**(103)**	**(1,639)**	**(3,916)**
Net increase / (decrease) in cash and cash equivalents		430	(578)	596
Net foreign exchange difference		(48)	(9)	(119)
Cash and cash equivalents at beginning of period		1,204	1,791	1,314
Cash and cash equivalents at end of period, net of overdraft **	16	**1,586**	**1,204**	**1,791**

* Fees paid for borrowings were US$29 (2019: US$23, 2018: US$64).
** Overdrawn amount was US$8 (2019: US$46).

The accompanying notes are an integral part of these consolidated financial statements.

General information about the Group

1 General information

VEON Ltd. (**"VEON"**, the **"Company"**, and together with its consolidated subsidiaries, the **"Group"** or **"we"**) was incorporated in Bermuda on June 5, 2009. The registered office of VEON is Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda. VEON's headquarters and the principal place of business are located at Claude Debussylaan 88, 1082 MD Amsterdam, the Netherlands.

VEON generates revenue from the provision of voice, data and other telecommunication services through a range of mobile and fixed-line technologies, as well as selling equipment and accessories.

VEON's American Depository Shares (**"ADSs"**) are listed on the NASDAQ Global Select Market and VEON's common shares are listed on Euronext Amsterdam, the regulated market of Euronext Amsterdam N.V. (**"Euronext Amsterdam"**).

The consolidated financial statements were authorized by the Board of Directors for issuance on March 15, 2021. The Company has the ability to amend and reissue the consolidated financial statements.

The consolidated financial statements presented in this report ("summary financial statements") are a summary of the complete financial statements included in our Dutch Annual Report 2020, which also includes the Company financial statements and other information and is available on our website. Reading the summary financial statements is not a substitute for reading the complete financial statements of VEON Ltd.

The consolidated financial statements are presented in United States dollars (**"U.S. dollar"** or **"US$"**). In these Notes, U.S. dollar amounts are presented in millions, except for share and per share (or ADS) amounts and as otherwise indicated.

Major developments during the year ended December 31, 2020

Financing activities

In July 2020, VEON successfully refinanced its existing RUB30 billion (US$422) bilateral term loan agreement with VTB Bank. For further details, refer to Note 15.

In June 2020, VEON Holdings B.V. entered into a new RUB bilateral term loan agreement with Sberbank for a total amount of RUB100 billion (US$1,450), which was used to refinance the existing Sberbank facilities. For further details please refer to Note 15.

In April 2020, VEON established a Global Medium Term Note program for the issuance of bonds in multiple currencies, with a limit equivalent to US$6,500. In June, September and November 2020, VEON issued senior unsecured notes of RUB20 billion (US$288), RUB10 billion (US$135), and US$1.25 billion respectively, under the program. For further details, refer to Note 15.

Coronavirus outbreak

The global outbreak of COVID-19 and associated containment and mitigation measures implemented worldwide have had a sustained impact on our operations and financial performance.

The second quarter saw the full impact on our operations of the lockdowns imposed across our markets in response to COVID-19. This resulted in material disruption to our retail operations following store closures, impacting gross connections and airtime sales. Restrictions on travel resulted in a significant decline in roaming revenues and the loss of migrant customers from our subscriber base, particularly in Russia.

Although VEON's operations remained impacted by lockdown measures throughout the second half of the year, all operations saw a recovery in the performance as our local businesses continue building resilience to the restrictions related to COVID-19. Demand for our data services remains strong, enabling us to continue to grow our data revenues. We also experienced a shift in data traffic from mobile to fixed networks as lockdowns encouraged remote working and home schooling alongside a greater use of devices through our domestic broadband services.

An increase in demand for hard currencies, in part due to COVID-19, resulted in the devaluation of exchange rates in the countries in which VEON operates. As such, during the year ended December 31, 2020, the book value of assets and liabilities of our foreign operations, in U.S. dollar terms, decreased significantly, with a corresponding loss of US$623 recorded against the foreign currency translation reserve in Other Comprehensive Income.

Our management has taken appropriate measures to keep our personnel safe and secure. As of the date of these financial statements, other than as described above, we have not observed any particular material adverse impacts to our business, financial condition, and results of operations. The group liquidity is sufficient to fund the business operations for at least another 12 months.

Other developments

In October 2020, VEON concluded an agreement for the sale of its operating subsidiary in Armenia, to Team LLC for a consideration of US$51. For further details please refer to Note 9.

In September 2020, the Dhabi Group exercised its put option to sell us its 15% shareholding in Pakistan Mobile Communications Ltd (**"PMCL"**), the Company's subsidiary in Pakistan. For further details please refer to Note 15.

In the third quarter of 2020, VEON recorded impairment losses in respect of its operations in Russia and Kyrgyzstan of US$723 and US$64, respectively. For further details please refer to Note 10.

Operating activities of the Group

2 Segment information

Management analyzes the Company's operating segments separately because of different economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies. All the segments are grouped and analyzed as three main markets - our cornerstone, our growth engines and our frontier markets - representing the Company's strategy and capital allocation framework.

Management evaluates the performance of the Company's segments on a regular basis, primarily based on earnings before interest, tax, depreciation, amortization, impairment, gain / loss on disposals of non-current assets, other non-operating gains / losses and share of profit / loss of joint ventures and associates (**"Adjusted EBITDA"**) along with assessing the capital expenditures excluding certain costs such as those for telecommunication licenses and right-of-use assets (**"CAPEX excl. licenses and ROU"**). Management does not analyze assets or liabilities by reportable segments.

In 2019, the Company adopted the new accounting standard IFRS 16 Leases. Accordingly, operating lease expenses are no longer recorded in the income statement but are instead considered in recording a lease liability in the statement of financial position. The Company applied a modified retrospective approach, which means that prior period comparatives were not restated. As a result, Adjusted EBITDA in 2020 and 2019 is not comparable to Adjusted EBITDA in 2018.

In 2020, the Company has chosen to present results from remaining operating segments in 'Other frontier markets', separately to 'HQ and eliminations'. Prior year comparatives have been adjusted to conform to current year presentation.

Financial information by reportable segment for the periods ended December 31 is presented in the following tables. Inter-segment transactions between segments are not material, and are made on terms which are comparable to transactions with third parties.

	Total revenue			Adjusted EBITDA			CAPEX excl licenses and ROU		
	2020	2019	2018	**2020**	2019	2018	**2020**	2019	2018
Our cornerstone									
Russia	3,819	4,481	4,654	1,504	1,957	1,677	1,017	976	742
Our growth engines									
Pakistan	1,233	1,321	1,494	612	669	714	249	213	199
Ukraine	933	870	688	630	572	387	179	156	115
Kazakhstan	479	486	441	265	270	206	119	108	66
Uzbekistan	198	258	315	68	136	136	52	53	39
Our frontier markets									
Algeria	689	775	813	302	354	363	95	108	107
Bangladesh	537	537	521	228	222	183	126	82	93
Other frontier markets	125	172	201	22	63	54	33	38	43
Other									
HQ and eliminations	(33)	(37)	(41)	(177)	(28)	(447)	19	7	11
Total segments	**7,980**	**8,863**	**9,086**	**3,454**	**4,215**	**3,273**	**1,889**	**1,741**	**1,415**

The following table provides the reconciliation of consolidated Profit / (loss) before tax from continuing operations to Adjusted EBITDA for the years ended December 31:

	2020	2019	2018
Profit / (loss) before tax from continuing operations	**26**	**1,181**	**(248)**
Depreciation	1,576	1,652	1,339
Amortization	343	394	495
Impairment loss / (reversal)	785	108	858
(Gain) / loss on disposal of non-current assets	37	43	57
(Gain) / loss on disposal of subsidiaries	78	(1)	(30)
Finance costs	683	892	816
Finance income	(23)	(53)	(67)
Other non-operating (gain) / loss	(111)	(21)	68
Net foreign exchange (gain) / loss	60	20	(15)
Total Segments Adjusted EBITDA	**3,454**	**4,215**	**3,273**

3 Operating revenue

VEON generates revenue from the provision of voice, data and other telecommunication services through a range of wireless, fixed and broadband Internet services, as well as selling equipment and accessories. Products and services may be sold separately or in bundled packages.

Revenue from contracts with customers

The table below provides a breakdown of revenue from contracts with customers for the years ended December 31.In 2020, the Company has presented 'Service revenue' (Mobile and Fixed) separately from 'Sale of equipment and accessories' and 'Other revenue', for each reportable segment. Prior year comparatives have been adjusted to conform to current year presentation.

	Service revenue						Sale of Equipment and accessories			Other revenue			Total revenue		
	Mobile			Fixed											
	2020	2019	2018	**2020**	2019	2018	**2020**	2019	2018	**2020**	2019	2018	**2020**	2019	2018
Our cornerstone															
Russia	2,917	3,485	3,679	523	539	566	366	446	396	13	11	13	3,819	4,481	4,654
Our growth engines															
Pakistan	1,134	1,229	1,391	—	—	—	11	6	8	88	86	95	1,233	1,321	1,494
Ukraine	869	812	641	59	52	44	—	—	—	5	6	3	933	870	688
Kazakhstan	392	379	363	78	66	73	7	2	4	2	39	1	479	486	441
Uzbekistan	196	255	312	1	2	2	—	—	—	1	1	1	198	258	315
Our frontier markets															
Algeria	685	771	801	—	—	—	4	2	4	—	2	8	689	775	813
Bangladesh	527	525	504	—	—	—	—	1	5	10	11	12	537	537	521
Other frontier markets	102	135	159	19	27	32	4	8	10	—	2	—	125	172	201
Other															
HQ and eliminations	(31)	(37)	(41)	—	—	—	—	—	—	(2)	—	—	(33)	(37)	(41)
Total segments	**6,791**	**7,554**	**7,809**	**680**	**686**	**717**	**392**	**465**	**427**	**117**	**158**	**133**	**7,980**	**8,863**	**9,086**

Assets and liabilities arising from contracts with customers

The following table provides a breakdown of contract balances and capitalized customer acquisition costs.

	December 31, 2020	December 31, 2019
Contract balances		
Receivables (billed)	728	748
Contract assets (unbilled)	41	38
Contract liabilities	(233)	(243)
Capitalized costs		
Customer acquisition costs	128	101

Accounting Policies

Revenue from contracts with customers

Service revenue

Service revenue includes revenue from airtime charges from contract and prepaid customers, monthly contract fees, interconnect revenue, roaming charges and charges for value added services (**"VAS"**). VAS includes short messages, multimedia messages, caller number identification, call waiting, data transmission, mobile internet, downloadable content, mobile finance services, machine-to-machine and other services. The content revenue relating to VAS is presented net of related costs when the VEON's performance obligation is to arrange the provision of the services by another party (VEON acts as an agent), and gross when VEON is primarily responsible for fulfilling the obligation to provide such services to the customer.

Revenue for services with a fixed term, including fixed-term tariff plans and monthly subscriptions, is recognized on a straight-line basis over time. For pay-as-you-use plans, in which the customer is charged based on actual usage, revenue is recognized on a usage basis. Some tariff plans allow customers to rollover unused services to the following period. For such tariff plans, revenue is generally recognized on a usage basis.

For contracts which include multiple service components (such as voice, text, data), revenue is allocated based on stand-alone selling price of each performance obligation. The stand-alone selling price for these services is usually determined with reference to the price charged per service under a pay-as-you-use plan to similar customers.

Upfront fees, including activation or connection fees, are recognized on a straight-line basis over the contract term. For contracts with an indefinite term (for example, prepaid contracts), revenue from upfront fees is recognized over the average customer life.

Revenue from other operators, including interconnect and roaming charges, is recognized based on the price specified in the contract, net of any estimated retrospective volume discounts. Accumulated experience is used to estimate and provide for the discounts.

All service revenue is recognized over time.

Sale of equipment and accessories
Equipment and accessories are usually sold to customers on a stand-alone basis, or together with service bundles. Where sold together with service bundles, revenue is allocated pro-rata, based on the stand-alone selling price of the equipment and the service bundle.

The vast majority of equipment and accessories sales pertain to mobile handsets and accessories. Revenue for mobile handsets and accessories is recognized when the equipment is sold to a customer, or, if sold via an intermediary, when the intermediary has taken control of the device and the intermediary has no remaining right of return. Revenue for fixed-line equipment is not recognized until installation and testing of such equipment are completed and the equipment is accepted by the customer.

All revenue from sale of equipment and accessories is recognized at a point in time.

Contract balances

Receivables and contracts assets mostly relate to amounts due from other operators and postpaid customers. Contract assets, often referred to as 'Accrued receivables,' are transferred to Receivables when the rights become unconditional, which usually occurs when the Group issues an invoice to the customer.

Contract liabilities, often referred to as 'Deferred revenue', relate primarily to non-refundable cash received from prepaid customers for fixed-term tariff plans or pay-as-you-use tariff plans. Contract liabilities are presented as 'Long-term deferred revenue', 'Short-term deferred revenue' and 'Customer advances' in Note 6. All current contract liabilities outstanding at the beginning of the year have been recognized as revenue during the year.

Customer acquisition costs

Certain incremental costs incurred in acquiring a contract with a customer (**"customer acquisition costs"**), are deferred in the consolidated statement of financial position, within 'Other assets' (see Note 6). Such costs generally relate to commissions paid to third-party dealers and are amortized on a straight-line basis over the average customer life, within 'Selling, general and administrative expenses'.

The Group applies the practical expedient available for customer acquisition costs for which the amortization would have been shorter than 12 months. Such costs relate primarily to commissions paid to third-parties upon top-up of prepaid credit by customers and sale of top-up cards.

Source of Estimation Uncertainty

Average customer life

Management estimates the average customer life for revenue (such as upfront fees) from contracts with an indefinite term and for customer acquisition costs. The average customer life is calculated based on historical data, specifically churn rates which are impacted by relevant country or market characteristics, customer demographic and the nature and terms of the product (such as mobile and fixed line, prepaid and postpaid).

4 Selling, general and administrative expenses

Selling, general and administrative expenses consisted of the following items for the years ended December 31:

	2020	2019	2018
Network and IT costs	797	791	1,176
Personnel costs	815	875	889
Customer associated costs	653	720	867
Losses on receivables	62	66	62
Taxes, other than income taxes	57	158	217
Other	257	355	486
Total selling, general and administrative expenses	**2,641**	**2,965**	**3,697**

In 2020, our subsidiary in Pakistan recorded a gain of PKR8.6 billion (US$52) in 'Taxes, other than income taxes', relating to the reversal of a non-income tax provision. Refer to Note 7 for further details.

Leases

On January 1, 2019, the Company adopted IFRS 16 Leases. The Company applied a modified retrospective approach, which means that prior period comparatives were not restated.

Lease expenses are no longer recorded in the income statement but are instead considered in recording a lease liability in the statement of financial position (see Note 15), except for short-term leases and leases for low value items which are immediately expensed as incurred. Total operating lease expense recognized in accordance with IAS 17 Leases in the consolidated income statement, primarily within "Network and IT costs", amounted to US$425 in 2018.

Accounting policies

Customer associated costs

Customer associated costs relate primarily to commissions paid to third-party dealers and marketing expenses. Certain dealer commissions are initially capitalized in the consolidated statement of financial position and subsequently amortized within "Customer associated costs", see Note 3 for further details.

5 Trade and Other Receivables

Trade and other receivables consisted of the following items as of December 31:

	2020	2019
Trade receivables (gross)*	769	786
Expected credit losses	(198)	(176)
Trade receivables (net)	**571**	**610**
Other receivable, net of expected credit losses allowance	1	18
Total trade and other receivables	**572**	**628**

* Includes contract assets (unbilled receivables), see Note 3 for further details.

The following table summarizes the movement in the allowance for expected credit losses for the years ended December 31:

	2020	2019
Balance as of January 1	**176**	**171**
Accruals for expected credit losses	62	66
Recoveries	(7)	(8)
Accounts receivable written off	(16)	(31)
Reclassification	—	(24)
Foreign currency translation adjustment	(17)	2
Balance as of December 31	**198**	**176**

Set out below is the information about the Group's trade receivables (including contract assets) using a provision matrix:

	Contract assets	Current	Days past due < 30 days	Days past due Between 31 and 120 days	Days past due > 120 days	Total
December 31, 2020						
Expected loss rate, %	1.0%	1.3%	13.6%	40.7%	92.6%	
Trade receivables	41	468	44	27	189	769
Expected credit losses	—	(6)	(6)	(11)	(175)	(198)
Trade receivables, net	**41**	**462**	**38**	**16**	**14**	**571**
December 31, 2019						
Expected loss rate, %	1.1%	1.6%	4.9%	36.5%	86.9%	
Trade receivables	38	446	82	52	168	786
Expected credit losses	—	(7)	(4)	(19)	(146)	(176)
Trade receivables, net	**38**	**439**	**78**	**33**	**22**	**610**

Accounting policies

Trade and other receivables

Trade and other receivables are measured at amortized cost and include invoiced amounts less expected credit losses.

Expected credit losses

The expected credit loss allowance (**"ECL"**) is recognized for all receivables measured at amortized cost at each reporting date. This means that an ECL is recognized for all receivables even though there may not be objective evidence that the trade receivable has been impaired.

VEON applies the simplified approach (i.e. provision matrix) for calculating a lifetime ECL for its trade and other receivables, including unbilled receivables (contract assets). The provision matrix is based on the historical credit loss experience over the life of the trade receivables and is adjusted for forward-looking estimates if relevant. The provision matrix is reviewed on a quarterly basis.

6 Other assets and liabilities

other assets consisted of the following items as of December 31:

	2020	2019
Other non-current assets		
Customer acquisition costs (see Note 3)	128	101
Tax advances (non-income tax)	33	30
Other non-financial assets	18	32
Total other non-current assets	**179**	**163**
Other current assets		
Advances to suppliers	91	111
Input value added tax	159	158
Prepaid taxes	43	45
Other assets	42	40
Total other current assets	**335**	**354**

Other liabilities consisted of the following items as of December 31:

	2020	2019
Other non-current liabilities		
Long-term deferred revenue (see Note 3)	17	18
Other liabilities	11	15
Total other non-current liabilities	**28**	**33**
Other current liabilities		
Taxes payable (non-income tax)	372	411
Short-term deferred revenue (see Note 3)	158	161
Customer advances (see Note 3)	58	64
Other payments to authorities	95	97
Due to employees	168	197
Other liabilities	32	82
Total other current liabilities	**883**	**1,012**

7 Provisions and contingent liabilities

Provisions

The following table summarizes the movement in provisions for the years ended December 31:

	Non-income tax provisions	Decommissioning provision	Legal provision	Other provisions	**Total**
As of January 1, 2019	**150**	**93**	**44**	**57**	**344**
Arising during the year	79	28	3	70	**180**
Utilized	(105)	(1)	(6)	(51)	**(163)**
Unused amounts reversed	(4)	—	(15)	—	**(19)**
Transfer and reclassification	5	5	(1)	(2)	7
Discount rate adjustment and imputed interest (change in estimate)	—	8	—	—	**8**
Translation adjustments and other	1	5	1	(4)	**3**
As of December 31, 2019	**126**	**138**	**26**	**70**	**360**
Non-current	—	138	—	—	**138**
Current	126	—	26	70	**222**
As of January 1, 2020	**126**	**138**	**26**	**70**	**360**
Arising during the year	24	10	—	1	**35**
Utilized	(48)	(1)	—	(22)	**(71)**
Unused amounts reversed	(10)	—	(3)	(6)	**(19)**
Transfer and reclassification	—	—	—	—	**—**
Discount rate adjustment and imputed interest (change in estimate)	—	9	—	—	**9**
Translation adjustments and other	(6)	(15)	(1)	—	**(22)**
As of December 31, 2020	**86**	**141**	**22**	**43**	**292**
Non-current	—	141	—	—	**141**
Current	86	—	22	43	**151**

The timing of payments in respect of provisions is, with some exceptions, not contractually fixed and cannot be estimated with certainty. In addition, with respect to legal proceedings, given inherent uncertainties, there can be no guarantee that the ultimate outcome will be in line with VEON's current expectations.

See 'Sources of estimation uncertainty' below in this Note 7 for further details regarding assumptions and sources of uncertainty. For further details regarding risks associated with income tax and non-income tax positions, please refer to 'Sources of estimation uncertainty' in Note 8.

In 2020, as a result of a change in estimate, Pakistan Mobile Communications Limited (**"PMCL"**) reversed a non-income tax provision of PKR11.2 billion (US$68), of which PKR8.6 billion (US$52) was recorded as a gain in Selling, general and administration expenses.

The Group has recognized a provision for decommissioning obligations associated with future dismantling of its towers in various jurisdictions.

Contingent liabilities

The Group had contingent liabilities as of December 31, 2020 as set out below.

VEON - Securities Class Action

On November 4, 2015, a class action lawsuit was filed in the United States against VEON and certain of its then current and former officers by Charles Kux-Kardos, on behalf of himself and other investors in the Company alleging certain violations of the U.S. federal securities laws in connection with the Company's public disclosures relating to its operations in Uzbekistan. On December 4, 2015, a second complaint was filed by Westway Alliance Corp. that asserts essentially the same claims in connection with essentially the same disclosures.

On April 27, 2016, the court consolidated the two actions and appointed Westway as lead plaintiff. On May 6, 2016, a motion for reconsideration was filed on the appointment of Westway as lead plaintiff and on September 26, 2016, the court affirmed the selection of Westway as the lead plaintiff. An amended complaint was filed on December 9, 2016.

On September 19, 2017, the Court in the Southern District of New York rendered a decision granting in part VEON's motion to dismiss the Amended Complaint.

On February 9, 2018, VEON filed its Answer and Affirmative Defenses to the allegations that remain in the Amended Complaint after the Court's September 19, 2017 Order. Motions to dismiss were filed by all the individual defendants on February 9, 2018. On April 13, 2018, plaintiff dismissed its claims voluntarily against one of the individual defendants. On August 30, 2018, the Court granted the motions to dismiss by all of the individual defendants remaining in the action, and the time for appeal has now expired. On May 17, 2019, VEON filed a motion for judgment on the pleadings, arguing that Westway lacked standing as a result of the September 19, 2017 order because it had not purchased any securities on or after the date of the earliest alleged misstatement. On May 21, 2019, the Rosen Law Firm submitted a letter to the Court on behalf of Boris Lvov seeking a pre-motion conference for leave to file a motion to intervene and substitute Lvov as lead plaintiff. On May 24, 2019, Westway filed a letter opposing Mr. Lvov's request, and VEON filed a letter taking no position. Westway filed its opposition to VEON's motion on June 17, 2019, and VEON filed its reply papers on June 28, 2019. On April 17, 2020, the Court denied Westway's motion and ordered VEON's motion to proceed. On March 31, 2020, VEON's motion for judgment on the pleadings was denied without prejudice. Westway filed its Second Amended Complaint on April 14, 2020, adding three additional named plaintiffs and allegations that VEON lacked adequate internal controls as of the start date of the Alleged Class Period and had a duty to disclose that fact to investors no later than December 4, 2010. On May 15, 2020, VEON filed a motion to dismiss the Second Amended Complaint.

On March 11, 2021, the Court granted VEON's motion to dismiss the Second Amended Complaint, holding that VEON had no duty to disclose information concerning its internal controls as of the start date of the Alleged Class Period, and that Westway therefore lacked standing to bring any claims against VEON as Lead Plaintiff or otherwise. The Court ordered that the Lead Plaintiff selection process be reopened, and that any motions for appointment as Lead Plaintiff be filed by April 8, 2021. The Company intends to vigorously defend the action at all phases of the proceedings.

VAT on Replacement SIMs

SIM Cards Issued June 2009 to December 2011

On April 1, 2012, the National Board of Revenue (**"NBR"**) issued a demand to Banglalink Digital Communications Limited (**"Banglalink"**) for BDT 7.74 billion (US$91) for unpaid SIM tax (VAT and supplementary duty). The NBR alleged that Banglalink evaded SIM tax on new SIM cards by issuing them as replacements. On the basis of 5 random SIM card purchases made by the NBR, the NBR concluded that all SIM card replacements issued by Banglalink between June 2009 and December 2011 (7,021,834 in total) were new SIM connections and subject to tax. Similar notices were sent to three other operators in Bangladesh. Banglalink and the other operators filed separate petitions in the High Court, which stayed enforcement of the demands.

In an attempt to assist the NBR in resolving the dispute, the Government ordered the NBR to form a Review Committee comprised of the NBR, the Commissioner of Taxes (**"LTU"**), Bangladesh Telecommunication Regulatory Commission (**"BTRC"**), Association of Mobile Telecom Operators of Bangladesh (**"AMTOB"**) and the operators (including Banglalink). The Review Committee identified a methodology to determine the amount of unpaid SIM tax and, after analyzing 1,200 randomly selected SIM cards issued Banglalink, determined that only 4.83% were incorrectly registered as replacements. The Review Committee's interim report was signed off by all the parties, however, the Convenor of the Review Committee reneged on the interim report and unilaterally published a final report that was not based on the interim report or the findings of the Review Committee. The operators objected to the final report.

The NBR Chairman and operators' representative agreed that the BTRC would prepare further guidelines for verification of SIM users. Although the BTRC submitted its guidelines (under which Banglalink's exposure was determined to be 8.5% of the original demand), the Convenor of the Review Committee submitted a supplementary report which disregarded the BTRC's guidelines and assessed Banglalink's liability for SIM tax to be BDT 7.62 billion (US$90). The operators refused to sign the supplementary report.

On May 18, 2015, Banglalink received an updated demand from the LTU claiming Banglalink had incorrectly issued 6,887,633 SIM cards as replacement SIM cards between June 2009 and December 2011 and required Banglalink to pay BDT 5.32 billion (US$63) in SIM tax. The demand also stated that interest may be payable. Similar demands were sent to the other operators.

On June 25, 2015, Banglalink filed an application to the High Court to stay the updated demand, and a stay was granted. On August 13, 2015, Banglalink filed its appeal against the demand before the Appellate Tribunal and deposited 10% of the amount demanded in order to proceed. The other operators also appealed their demands. On May 26, 2016, Banglalink presented its legal arguments and on September 28, 2016, the appeals of all the operators were heard together.

The Bangladesh Appellate Tribunal rejected the appeal of Banglalink and all other operators on June 22, 2017. On July 11, 2017, Banglalink filed an appeal of the Appellate Tribunal's judgment with the High Court Division of the Supreme Court of Bangladesh. The appeal is pending.

SIM Cards Issued July 2012 to June 2015
On November 20, 2017, the LTU issued a final demand to Banglalink for BDT 1.69 billion (US$20) for unpaid tax on SIM card replacements issued by Banglalink between July 2012 and June 2015. On February 20, 2018, Banglalink filed its appeal against this demand before the Appellate Tribunal and deposited 10% of the amount demanded in order to proceed. By its judgment dated February 10, 2020, the Appellate Tribunal rejected Banglalink's appeal. Banglalink appealed to the High Court Division. Before hearing the appeal, the Court suo moto took up as a preliminary question whether, based on new law, the matter is subject to an appeal or an application for revision. On March 2, 2021, the Court determined that an application for revision is the correct procedure and dismissed the appeal. Banglalink will file an appeal before the Appellate Division and is obligated to deposit 10% of the disputed amount in order to continue its challenge. As of December 31, 2020, the Company has recorded a provision of US$11 (2019: US$11).

Dispute concerning sale of Telecel Globe Limited

Global Telecom Holding S.A.E. ("GTH") and Niel Natural Resources Investments S.A. ("Niel") entered into a Share Purchase Agreement on March 28, 2013, as amended from time to time (the "SPA") in relation to the proposed purchase by Niel of GTH's majority stake in Telecel Globe Limited ("Telecel") and telecommunications operations in the Central African Republic and Burundi. The parties subsequently entered into three amendments to the original SPA between April and August 2013 due to Niel's failure to timely close the intended transaction. Pursuant to the terms of the amendments, the parties extended the Longstop Date each time in exchange for payments of deposits by Niel. As Niel ultimately failed to close the intended transaction, the deposits paid to GTH were not refunded, which was in accordance with the terms of the SPA which is no longer in force. GTH completed the sale of Telecel in October 2014, to another purchaser for consideration less than had been agreed with Niel.

During 2019, Niel commenced legal activities in relation to the deposit monies retained by GTH. For further details, refer to the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2019.

In June 2020, a settlement agreement was reached between GTH and Niel, which was subject to Niel's satisfaction of certain conditions precedent, whereby GTH would pay US$9 to Niel to resolve all claims and counterclaims at issue in the dispute, as well as associated proceedings brought by Niel in the Netherlands and Egypt. The US$41 remainder of the value deferred on the balance sheet was released to profit and loss, within 'Other non-operating gain / (loss)'.

In November 2020, the conditions of the settlement agreement were met and the settlement payment of US$9 from GTH to Niel was made.

Other contingencies and uncertainties

In addition to the individual matters mentioned above, the Company is involved in other disputes, litigation and regulatory inquiries and investigations, both pending and threatened, in the ordinary course of its business. The Company's dispute with the Pakistan Telecommunication Authority over its license renewal in Pakistan, explained in Note 15 below, is an example of such a matter. The total value of all other individual contingencies that are able to be quantified and are above US$5, other than disclosed above, amounts to US$484 (2019: US$69). Due to the high level of estimation uncertainty, as described in 'Source of estimation uncertainty' in this Note 7 and in Note 8, it is not practicable for the Company to reliably estimate the financial effect for certain contingencies and therefore no financial effect has been included within the preceding disclosure. The Company does not expect any liability arising from these contingencies to have a material effect on the results of operations, liquidity, capital resources or financial position of the Company. Furthermore, the Company believes it has provided for all probable liabilities arising in the ordinary course of its business.

For the ongoing matters described above, where the Company has concluded that the potential loss arising from a negative outcome in the matter cannot be estimated, the Company has not recorded an accrual for the potential loss. However, in the event a loss is incurred, it may have an adverse effect on the results of operations, liquidity, capital resources, or financial position of the Company.

Accounting policies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are discounted using a current pre-tax rate if the time value of money is significant. Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Source of estimation uncertainty

The Group is involved in various legal proceedings, disputes and claims, including regulatory discussions related to the Group's business, licenses, tax positions and investments, and the outcomes of these are subject to significant uncertainty. Management evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Unanticipated events or changes in these factors may require the Group to increase or decrease the amount recorded for a matter that has not been previously recorded because it was not considered probable.

In the ordinary course of business, VEON may be party to various legal and tax proceedings, including as it relates to compliance with the rules of the telecom regulators in the countries in which VEON operates, competition law and anti-bribery and corruption laws, including the U.S. Foreign Corrupt Practices Act (**"FCPA"**). Non-compliance with such rules and laws may cause VEON to be subject to claims, some of which may relate to the developing markets and evolving fiscal and regulatory environments in which VEON operates. In the opinion of management, VEON's liability, if any, in all pending litigation, other legal proceeding or other matters, other than what is discussed in this Note, will not have a material effect upon the financial condition, results of operations or liquidity of VEON.

8 Income taxes

Current income tax is the expected tax expense, payable or receivable on taxable income or loss for the period, using tax rates enacted or substantively enacted at reporting date, and any adjustment to tax payable in respect of previous years.

Income tax payable

Current income tax payable consisted of the following items as of December 31:

	2020	2019
Current tax payable	30	36
Uncertain tax provisions	145	66
Total income tax payable	**175**	**102**

The balance of uncertain tax provisions is shown net of income tax assets which can be utilized to offset future tax charges should they arise, resulting in a reduction of the current period provision by US$10 (2019: US$51), with the gross amount being US$155 (2019: US$117).

VEON is involved in a number of disputes, litigation and regulatory proceedings in the ordinary course of its business, pertaining to income tax claims. The total value of these individual contingencies that are able to be quantified amounts to US$112. Due to the high level of estimation uncertainty, as described in 'Source of estimation uncertainty' disclosed below in this Note 8, it is not practicable for the Company to reliably estimate the financial effect for certain contingencies and therefore no financial effect has been included within the preceding disclosure. The Company does not expect any liability arising from these contingencies to have a material effect on the results of operations, liquidity, capital resources or financial position of the Company, however we note that an unfavorable outcome of some or all of the specific matters could have a material adverse impact on results of operations or cash flows for a particular period. This assessment is based on our current understanding of relevant facts and circumstances. As such, our view of these matters is subject to inherent uncertainties and may change in the future. For further details on with respect to VEON's uncertain tax provisions and tax risks, please refer to the 'Accounting policies' and 'Source of estimation uncertainty' disclosed below in this Note 8.

Income tax assets

The Company reported current income tax assets of US$73 (2019: US$16).

These tax assets mainly relate to advance tax payments in our operating companies which can only be offset against income tax liabilities in that relevant jurisdiction, in fiscal periods subsequent to balance sheet date.

Income tax expense

Income tax expense consisted of the following for the years ended December 31:

	2020	2019	2018
Current income taxes			
Current year	404	495	477
Adjustments in respect of previous years	(1)	5	9
Total current income taxes	**403**	**500**	**486**
Deferred income taxes			
Movement of temporary differences and losses	(72)	(36)	(152)
Changes in tax rates	—	(1)	6
Changes in recognized deferred tax assets	2	39	—
Adjustments in respect of previous years	9	3	28
Other	—	(7)	1
Total deferred tax expense / (benefit)	**(61)**	**(2)**	**(117)**
Income tax expense	**342**	**498**	**369**

Effective tax rate

The table below outlines the reconciliation between the statutory tax rate in the Netherlands (25%) and the effective income tax rates for the Group, together with the corresponding amounts, for the years ended December 31:

	2020	2019	2018	Explanatory notes
Profit / (loss) before tax from continuing operations	**26**	**1,181**	**(248)**	
Income tax benefit / (expense) at statutory tax rate (25%)	(7)	(295)	62	
Difference due to the effects of:				
Different tax rates in different jurisdictions	(28)	20	89	Certain jurisdictions in which VEON operates have income tax rates which are different to the Dutch statutory tax rate of 25%. Profitability in countries with higher tax rates (including Pakistan, Algeria and Bangladesh) has a negative impact on the effective tax rate.
Non-deductible expenses	(210)	(90)	(120)	The Group incurs certain expenses which are non-deductible in the relevant jurisdiction. In 2020, as in previous years, such expenses include impairment losses (unless resulting in a change in temporary differences), certain non-income tax charges (i.e. minimum tax regimes) and some intra-group expenses (i.e. interest on internal loans).
Non-taxable income	37	5	49	The Group earns certain income which is non-taxable in the relevant jurisdiction. In 2020, non-taxable income included the revaluation of contingent consideration liability, as well as a gain relating to the settlement in connection with the dispute concerning the sale of Telecel Globe Limited. For further details, refer to Note 15 and Note 7, respectively.
Adjustments in respect of previous years	(3)	(49)	(39)	The effect of prior year adjustments mainly relates to updated tax positions.
Movements in (un)recognized deferred tax assets	(89)	(13)	(354)	Movements in (un)recognized deferred tax assets are primarily caused by tax losses and other credits for which no deferred tax asset has been recognized. This primarily occurs in holding entities in the Netherlands (2020: US$101, 2019: US$42, 2018: US$147) and in GTH (2020: nil, 2019: US$43, 2018: US$213.
Withholding taxes	(56)	(50)	45	Withholding taxes are recognized to the extent that dividends from foreign operations are expected to be paid in the foreseeable future. In 2020, similar to previous years, expenses relating to withholding taxes were primarily influenced by dividends expected from Russia, Algeria and Pakistan.
Uncertain tax positions	(1)	6	(17)	The tax legislation in the markets in which VEON operates is unpredictable and gives rise to significant uncertainties (see 'Source of estimation uncertainty' below). Movements in uncertain tax positions stem from such uncertainties. The impact of movements in uncertain tax positions is presented net of any corresponding deferred tax assets recognized.
Change in income tax rate	—	1	(6)	Changes in tax rates impact the valuation of existing temporary differences. The nominal tax rates did not change in our operating jurisdictions in 2020. Nominal tax rate changes occurred in Pakistan in 2019 and 2018 and Uzbekistan in 2018.
Other	15	(33)	(78)	In 2019, the Group recorded an increase in income tax liabilities of US$29 as a result of the settlement with the Egyptian Tax Authority for outstanding tax liabilities for GTH. Refer to Note 7 for further details.
Income tax benefit / (expense)	**(342)**	**(498)**	**(369)**	
Effective tax rate	1,315.4%	42.2%	–148.8%	

Deferred taxes

The Group reported the following deferred tax assets and liabilities in the statement of financial position as of December 31:

	2020	2019
Deferred tax assets	**186**	134
Deferred tax liabilities	**(127)**	(141)
Net deferred tax position	**59**	(7)

The following table shows the movements of net deferred tax positions in 2020:

		Movement in deferred taxes		
	Opening balance	Net income statement movement	Other movements	**Closing balance**
Property and equipment	(288)	(23)	37	(274)
Intangible assets	(38)	19	5	(14)
Trade receivables	47	1	(5)	43
Provisions	31	1	(4)	28
Accounts payable	156	7	(23)	140
Withholding tax on undistributed earnings	(52)	(8)	—	(60)
Tax losses and other balances carried forwards	2,026	113	82	2,221
Non-recognized deferred tax assets	(1,894)	(46)	(85)	(2,025)
Other	5	(3)	(2)	—
Net deferred tax positions	**(7)**	**61**	**5**	**59**

The following table shows the movements of net deferred tax positions in 2019:

		Movement in deferred taxes		
	Opening balance	Net income statement movement	Other movements	Closing balance
Property and equipment	(275)	5	(18)	(288)
Intangible assets	(60)	22	—	(38)
Trade receivables	32	16	(1)	47
Provisions	30	2	(1)	31
Accounts payable	113	11	32	156
Withholding tax on undistributed earnings	(50)	(2)	—	(52)
Tax losses and other balances carried forwards	2,173	(68)	(79)	2,026
Non-recognized deferred tax assets	(1,955)	—	61	(1,894)
Other	9	12	(16)	5
Net deferred tax positions	**17**	**(2)**	**(22)**	**(7)**

Unused tax losses and other credits carried forwards

VEON recognizes a deferred tax asset for unused tax losses and other credits carried forwards, to the extent that it is probable that the deferred tax asset will be utilized. The amount and expiry date of unused tax losses and other carry forwards for which no deferred tax asset is recognized are as follows:

As of December 31, 2020	0-5 years	6-10 years	More than 10 years	Indefinite	Total
Tax losses expiry					
Recognized losses	—	(107)	—	(172)	(279)
Recognized DTA	—	27	—	49	76
Non-recognized losses	(1,546)	(1,006)	—	(6,660)	(9,212)
Non-recognized DTA	387	252	—	1,272	1,911
Other credits carried forwards expiry					
Recognized credits	(19)	(102)	—	—	(121)
Recognized DTA	19	102	—	—	121
Non-recognized credits	—	—	—	(492)	(492)
Non-recognized DTA	—	—	—	115	115

As of As of December 31, 2019	0-5 years	6-10 years	More than 10 years	Indefinite	Total
Tax losses expiry					
Recognized losses	—	—	—	(280)	(280)
Recognized DTA	—	—	—	73	73
Non-recognized losses	(1,292)	(1,645)	—	(6,486)	(9,423)
Non-recognized DTA	279	357	—	1,258	1,894
Other credits carried forwards expiry					
Recognized credits	(13)	(46)	—	—	(59)
Recognized DTA	13	46	—	—	59
Non-recognized credits	—	—	—	(143)	(143)
Non-recognized DTA	—	—	—	31	31

Losses mainly relate to our holding entities in Luxembourg (2020: US$6,285; 2019: US$6,052) and the Netherlands (2020: US$2,659; 2019: US$2,937).

VEON reports the tax effect of the existence of undistributed profits that will be distributed in the foreseeable future. The Company has a deferred tax liability of US$60 (2019: US$52), relating to the tax effect of the undistributed profits that will be distributed in the foreseeable future, primarily in its Russian, Algerian and Pakistan operations.

As of December 31, 2020, undistributed earnings of VEON's foreign subsidiaries (outside the Netherlands) which are indefinitely invested and will not be distributed in the foreseeable future, amounted to US$5,241 (2019: US$6,194). Accordingly, no deferred tax liability is recognized for this amount of undistributed profits.

Accounting policies

Income taxes

Income tax expense represents the aggregate amount determined on the profit for the period based on current tax and deferred tax. In cases where the tax relates to items that are charged to other comprehensive income or directly to equity, the tax is also charged respectively to other comprehensive income or directly to equity.

Uncertain tax positions

The Group's policy is to comply with the applicable tax regulations in the jurisdictions in which its operations are subject to income taxes. The Group's estimates of current income tax expense and liabilities are calculated assuming that all tax computations filed by the Company's subsidiaries will be subject to a review or audit by the relevant tax authorities. Uncertain tax positions are generally assessed individually, using the most likely outcome method. The Company and the relevant tax authorities may have different interpretations of how regulations should be applied to actual transactions (refer below for details regarding risks and uncertainties)

Deferred taxation

Deferred taxes are recognized using the liability method and thus are computed as the taxes recoverable or payable in future periods in respect of deductible or taxable temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements.

Source of estimation uncertainty

Tax risks

The tax legislation in the markets in which VEON operates is unpredictable and gives rise to significant uncertainties, which could complicate our tax planning and business decisions. Tax laws in many of the emerging markets in which we operate have been in force for a relatively short period of time as compared to tax laws in more developed market economies. Tax authorities in our markets are often somewhat less advanced in their interpretation of tax laws, as well as in their enforcement and tax collection methods.

Any sudden and unforeseen amendments of tax laws or changes in the tax authorities' interpretations of the respective tax laws and/or double tax treaties, could have a material adverse effect on our future results of operations, cash flows or the amounts of dividends available for distribution to shareholders in a particular period (e.g. introduction of transfer pricing rules, Controlled Foreign Operation (**"CFC"**) legislation and more strict tax residency rules).

Management believes that VEON has paid or accrued all taxes that are applicable. Where uncertainty exists, VEON has accrued tax liabilities based on management's best estimate. From time to time, we may also identify tax contingencies for which we have not recorded an accrual. Such unaccrued tax contingencies could materialize and require us to pay additional amounts of tax. The potential financial effect of such tax contingencies are disclosed in Note 7 and above in this Note 8, unless not practicable to do so.

Uncertain tax positions

Uncertain tax positions are recognized when it is probable that a tax position will not be sustained. The expected resolution of uncertain tax positions is based upon management's judgment of the likelihood of sustaining a position taken through tax audits, tax courts and/or arbitration, if necessary. Circumstances and interpretations of the amount or likelihood of sustaining a position may change through the settlement process. Furthermore, the resolution of uncertain tax positions is not always within the control of the Group and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Group operates. Issues can, and often do, take many years to resolve.

Recoverability of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that the assets will be realized. Significant judgment is required to determine the amount that can be recognized and depends foremost on the expected timing, level of taxable profits, tax planning strategies and the existence of taxable temporary differences. Estimates made relate primarily to losses carried forward in some of the Group's foreign operations. When an entity has a history of recent losses, the deferred tax asset arising from unused tax losses is recognized only to the extent that there is convincing evidence that sufficient future taxable profit will be generated. Estimated future taxable profit is not considered such evidence unless that entity has demonstrated the ability by generating significant taxable profit for the current year or there are certain other events providing sufficient evidence of future taxable profit. New transactions and the introduction of new tax rules may also affect judgments due to uncertainty concerning the interpretation of the rules and any transitional rules.

Investing activities of the Group

9 Significant transactions

Significant transactions in 2020

Sale of Armenian operations

In October 2020, VEON concluded an agreement for the sale of its operating subsidiary in Armenia, to Team LLC for a consideration of US$51. Accordingly the net carrying value of assets amounting US$33 were derecognized along with reclassification of cumulative foreign currency translation reserve of US$96 to profit and loss, resulting in the net loss of US$78.

GTH restructuring

In 2020, VEON continued the restructuring of Global Telecom Holding S.A.E. (**"GTH"**) which commenced in 2019 (see further details below), with the intragroup transfer of Mobilink Bank and GTH Finance B.V. completed in March and April 2020, respectively. As the operating assets of GTH had previously been, and will continue to be, fully consolidated within the balance sheet of the VEON Group, there was no material impact on these consolidated financial statements stemming from these intragroup transfers. The intragroup transfer for Djezzy is continuing.

Significant transactions in 2019 and 2018

Mandatory tender offer for shares of GTH

In August 2019, VEON completed the purchase of 1,914,322,110 shares, representing approximately 40.55% of GTH's issued shares, in connection with its Mandatory Tender Offer ("MTO") which had commenced in July 2019. The total price for the purchase of such shares was EGP 9,725 million (approximately US$587), reflecting the offer price per share of EGP 5.08. Following the completion of the MTO and as a result of further purchases by GTH, as of December 31, 2019, VEON and GTH hold approximately 99.54% of GTH's total outstanding equity. The MTO was funded by a combination of cash on hand and utilization of undrawn credit facilities (refer to Note 15 for further details).

These transactions represent a purchase of non-controlling interests ("NCI") without a change of control. Consequently, the difference between the book value of NCI (negative value of US$1,986) and the cost of acquisition (US$608) was recorded directly within 'Other capital reserves' in the statement of changes in equity (loss of US$2,594).

Following the successful completion of the MTO, VEON continued with the restructuring of GTH, which included successful delisting of GTH's shares from the Egyptian Exchange and the approval by GTH shareholders of VEON's offer to acquire substantially all of the operating assets of GTH, both of which occurred on September 9, 2019.

Following that approval, VEON completed the intragroup transfers of Jazz, Banglalink and Med Cable. The operating assets of GTH had previously been, and will continue to be, fully consolidated within the balance sheet of the VEON Group, and as such, there is no material impact on these consolidated financial statements stemming from these asset transfers.

Revised technology infrastructure partnership with Ericsson

In February 2019, the Company announced a revised arrangement with Ericsson to upgrade its core IT systems in several countries in the coming years and to release Ericsson from the development and delivery of the Full Stack Revenue Manager Solution. This revised arrangement enables VEON to continue upgrading IT infrastructure with new digital business support systems (DBSS) using existing software from Ericsson which is already deployed in certain operating companies within VEON. The parties signed binding terms to vary the existing agreements and as a result VEON received US$350 during the first half of 2019. The settlement amount was recorded in the income statement within 'Other operating income'.

Termination of network sharing in Kazakhstan

In April 2019, the Group received a settlement amount of US$38 from Kcell Joint Stock Company (“Kcell”), related to the termination of the network sharing agreement between Kcell and our subsidiary in Kazakhstan. This amount has been recorded in “Other revenue/other income” within the consolidated income statement.

Sale of Italy Joint Venture

In July 2018, VEON entered into an agreement with CK Hutchison Holdings Ltd for the sale of its 50% stake in the Italy Joint Venture. In September 2018 the transaction was completed, and cash consideration was received in the amount of EUR 2,450 (US$2,830).

Share of profit / (loss) of the Italy Joint Venture for 2018 and 2017 was reclassified to “Profit / (loss) after tax from discontinued operations.”

The effect of the disposal is detailed below:

	2018
Cash consideration received	**2,830**
Derecognition of assets classified as held for sale	(1,599)
Release cumulative share of other comprehensive income / (loss) of Italy Joint Venture	(31)
Release cumulative foreign currency translation reserve related to Italy Joint Venture	79
Gain / (loss) on disposal of discontinued operations	**1,279**

10 Impairment of assets

Property and equipment and intangible assets are tested regularly for impairment. The Company assesses, at the end of each reporting period, whether there exist any indicators that an asset may be impaired (i.e. asset becoming idle, damaged or no longer in use). If there are such indicators, the Company estimates the recoverable amount of the asset. Impairment losses of continuing operations are recognized in the income statement in a separate line item.

Goodwill is tested for impairment annually (at September 30) or when circumstances indicate the carrying value may be impaired. Refer to Note 12 for an overview of the carrying value of goodwill per cash-generating unit (“CGU”). The Company’s impairment test is primarily based on fair value less cost of disposal calculations (Level 3 in the fair value hierarchy) using a discounted cash flow model, based on cash flow projections from business plans prepared by management. The Company considers the relationship between its market capitalization and its book value, as well as weighted average cost of capital and the quarterly financial performances of each CGU when reviewing for indicators of impairment in interim periods. In addition to the above, the Company also considered the impact of COVID-19 when reviewing for indicators of impairment (refer to Note 1).

Impairment losses in 2020

In recent years, Beeline Russia has seen a decline in its subscriber and revenue market share on the back of competitive pressures in the market, which have impacted both revenues and profitability. This underperformance has negatively impacted the fair value of our Russian business, and over time has eroded the existing headroom over the book value of the business. The impact of a weaker Russian ruble, along with ongoing COVID lockdowns and associated travel restrictions, have had a negative impact on consumer spending, which weakened particularly during the third quarter of 2020. Together with a slower than anticipated recovery in Beeline’s ARPU, which has in turn impacted our future projected revenue, a revision to our previous estimates has been deemed necessary.

Based on these revisions, VEON recorded an impairment of US$723 against the carrying value of goodwill in Russia in the third quarter of 2020. The recoverable amount of the CGU of US$3,001 was determined based on fair value less costs of disposal calculations (Level 3 in the fair value hierarchy) using a discounted cash flow model, based on cash flow projections from business plans prepared by management.

Also in the third quarter of 2020, due to the unstable political environment and uncertainties arising with respect to the recoverability of our operating assets in Kyrgyzstan, VEON has fully impaired the carrying value of all operating assets of Kyrgyzstan. As a result, the Company recorded a total impairment loss of US$64.

Additionally, in regard with the Company's commitment to network modernization, the Company continuously re-evaluates the plans for its existing network, primarily with respect to equipment purchased but not installed, and consequently recorded an impairment loss of US$5.

	Property and equipment	Intangible assets	Goodwill	Other	**Total impairment**
2020					
Russia	—	—	723	—	723
Kyrgyzstan	38	8	—	18	64
Other	5	—	—	(7)	(2)
	43	**8**	**723**	**11**	**785**

Impairment losses in 2019 and 2018

Due to operational performance of operating companies and the Company's continuous re-evaluation of its equipment purchased but not installed, in 2019 and 2018 the Company recorded an impairment of US$108 and US$858, respectively. Impairment losses were allocated first to the existing carrying value of goodwill, and then subsequently to property and equipment and intangible assets based on relative carrying values.

	Property and equipment	Intangible assets	Goodwill	**Total impairment**
2019				
Kyrgyzstan	33	3	54	90
Other	18	—	—	18
	51	**3**	**54**	**108**
2018				
Algeria	—	—	125	125
Armenia	46	10	25	81
Bangladesh	**221**	**230**	**—**	**451**
Georgia	31	19	—	50
Kyrgyzstan	—	—	74	74
Other	37	40	—	77
	335	**299**	**224**	**858**

Key assumptions

The recoverable amounts of CGUs have been determined based on fair value less costs of disposal calculations, using cash flow projections from business plans prepared by management.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGUs. These budgets and forecast calculations are prepared for a period of five years. A long-term growth rate is applied to project future cash flows after the fifth year.

The tables below show key assumptions used in fair value less costs of disposal calculations for CGUs with material goodwill or those CGUs for which an impairment has been recognized.

Discount rates

Discount rates are initially determined in US dollars based on the risk-free rate for 20-year maturity bonds of the United States Treasury, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific CGU relative to the market as a whole.

The equity market risk premium and small capitalization premium is sourced from independent market analysts. The systematic risk, beta, represents the median of the raw betas of the entities comparable in size and geographic footprint with the ones of the Company (**"Peer Group"**). The debt risk premium is based on the median of Standard & Poor's long-term credit rating of the Peer Group. The weighted average cost of capital is determined based on target debt-to-equity ratios representing the median historical five year capital structure for each entity from the Peer Group.

The discount rate in functional currency of a CGU is adjusted for the long-term inflation forecast of the respective country in which the business operates, as well as applicable country risk premium.

	Discount rate (local currency)		
	2020	2019	2018
Russia	10.1%	9.1%	10.3%
Algeria	11.6%	10.4%	11.1%
Pakistan	18.2%	14.5%	14.4%
Bangladesh	—	—	12.2%
Kazakhstan	10.3%	9.2%	8.4%
Kyrgyzstan *	—	14.1%	14.8%
Uzbekistan	13.8%	14.5%	13.1%
Armenia	—	—	12.5%
Georgia	—	—	10.6%

* In 2020, VEON fully impaired the carrying value of all operating assets of Kyrgyzstan, therefore discount rate was not determined.

Revenue growth rates

The revenue growth rates during the forecast period vary based on numerous factors, including size of market, GDP (Gross Domestic Product), foreign currency projections, traffic growth, market share and others. A long-term growth rate into perpetuity is estimated based on a percentage that is lower than or equal to the country long-term inflation forecast, depending on the CGU.

	Average annual revenue growth rate during forecast period			Terminal growth rate		
	2020	2019	2018	**2020**	2019	2018
Russia	4.3%	1.4%	1.1%	1.8%	1.6%	1.3%
Algeria	4.3%	1.0%	0.7%	1.0%	1.0%	0.9%
Pakistan	9.7%	3.9%	3.5%	5.8%	2.7%	4.0%
Bangladesh	—	—	0.6%	—	—	4.0%
Kazakhstan	5.3%	5.3%	2.8%	3.1%	3.3%	1.1%
Kyrgyzstan *	—	1.6%	2.8%	—	5.0%	5.0%
Uzbekistan	3.2%	4.1%	5.5%	5.1%	6.0%	6.3%
Armenia	—	—	0.2%	—	—	0.8%
Georgia	—	—	2.1%	—	—	3.0%

* In 2020, VEON fully impaired the carrying value of all operating assets of Kyrgyzstan, therefore revenue growth rates were not determined.

Operating margin

The Company estimates operating margin based on pre-IFRS 16 Adjusted EBITDA divided by Total Operating Revenue for each CGU and each future year. The forecasted operating margin is based on the budget and forecast calculations and assumes cost optimization initiatives which are part of on-going operations, as well as regulatory and technological changes known to date, such as telecommunication license issues and price regulation among others.

	Average operating margin during the forecast period			Terminal period operating margin		
	2020	2019	2018	**2020**	2019	2018
Russia	31.2%	34.7%	34.6%	35.7%	34.5%	34.7%
Algeria	39.9%	42.6%	44.0%	40.4%	43.1%	45.0%
Pakistan	42.0%	47.3%	47.9%	44.6%	47.3%	49.1%
Bangladesh	—	—	35.4%	—	—	35.7%
Kazakhstan	49.5%	49.9%	46.5%	50.0%	50.1%	46.7%
Kyrgyzstan *	—	31.4%	39.9%	—	33.0%	39.0%
Uzbekistan	34.0%	51.4%	43.9%	34.0%	52.4%	44.1%
Armenia	—	—	23.6%	—	—	23.4%
Georgia	—	—	24.5%	—	—	25.6%

* In 2020, VEON fully impaired the carrying value of all operating assets of Kyrgyzstan, therefore operating margin assumptions were not determined.

CAPEX

CAPEX is defined as purchases of property and equipment and intangible assets excluding licenses, goodwill and right-of-use assets. The cash flow forecasts for capital expenditures are based on the budget and forecast calculations and include the network roll-outs plans and license requirements.

The cash flow forecasts for license and spectrum payments for each operating company for the initial five years include amounts for expected renewals and newly available spectrum. Beyond that period, a long-run cost of spectrum is assumed. Payments for right-of-use assets are considered in the operating margin as described above.

	Average CAPEX as a percentage of revenue during the forecast period			Terminal period CAPEX as a percentage of revenue		
	2020	2019	2018	**2020**	2019	2018
Russia	27.9%	19.9%	19.8%	21.0%	18.5%	15.0%
Algeria	15.2%	12.5%	15.1%	14.0%	12.0%	14.0%
Pakistan	19.6%	17.2%	16.7%	18.9%	17.1%	14.0%
Bangladesh	—	—	14.9%	—	—	12.0%
Kazakhstan	19.8%	20.0%	17.7%	19.0%	19.5%	17.0%
Kyrgyzstan *	—	26.9%	17.2%	—	20.0%	15.0%
Uzbekistan	21.4%	19.4%	16.2%	21.0%	20.1%	16.2%
Armenia	—	—	21.0%	—	—	14.0%
Georgia	—	—	23.8%	—	—	14.0%

* In 2020, VEON fully impaired the carrying value of all operating assets of Kyrgyzstan, therefore CAPEX assumptions were not determined.

Sensitivity to changes in assumptions

The following table illustrates the potential additional impairment for the Russia CGU and the potential impairment or remaining headroom for the Algeria CGU if certain key parameters would adversely change by one percentage point within both the explicit forecast and terminal periods ('+/- 1.0 pp'), as well as the change in key assumptions required in order for the recoverable amount of the CGU to be equal to its book value ('Break-even').

Any additional adverse changes in the key parameters by more than one percentage point would increase the amount of impairment exposure approximately proportionally.

	Russia			Algeria		
Sensitivity analysis	Assumption used *	+/- 1.0 pp	Break-even **	Assumption used *	+/- 1.0 pp	Break-even
Discount rate	**10.1%**	**11.1%**	**10.1%**	**11.6%**	**12.6%**	**12.2%**
Change in key assumption	0.0 pp	1.0 pp	0.0 pp	0.0 pp	1.0 pp	0.6 pp
Headroom / (impairment)	—	(473)	—	75	(44)	—
Average annual revenue growth rate	**3.9%**	**2.9%**	**3.9%**	**3.8%**	**2.8%**	**2.9%**
Change in key assumption	0.0 pp	(1.0) pp	0.0 pp	0.0 pp	(1.0) pp	(0.9) pp
Headroom / (impairment)	—	(250)	—	75	(12)	—
Average operating margin	**32.0%**	**31.0%**	**32.0%**	**40.0%**	**39.0%**	**38.7%**
Change in key assumption	0.0 pp	(1.0) pp	0.0 pp	0.0 pp	(1.0) pp	(1.3) pp
Headroom / (impairment)	—	(375)	—	75	19	—
Average CAPEX / revenue	**26.8%**	**27.8%**	**26.8%**	**15.0%**	**16.0%**	**16.4%**
Change in key assumption	0.0 pp	1.0 pp	0.0 pp	0.0 pp	1.0 pp	1.4 pp
Headroom / (impairment)	—	(380)	—	75	22	—

* Combined average based on explicit forecast period of five years (2021-2025) and terminal period (2026), excludes intervening period of 2020.
** Following the recognition of an impairment loss in the third quarter of 2020, the book value of the Russia CGU is equal to its recoverable amount. As such, the 'break-even' assumptions for the Russia are equivalent to the Assumptions used.

Source of estimation uncertainty

The Group has significant investments in property and equipment, intangible assets, goodwill and other investments.

Estimating recoverable amounts of assets and CGUs must, in part, be based on management's evaluations, including the determination of the appropriate CGUs, the relevant discount rate, estimation of future performance, the revenue-generating capacity of assets, timing and amount of future purchases of property and equipment, assumptions of future market conditions and the long-term growth rate into perpetuity (terminal value). In doing this, management needs to assume a market participant perspective. Changing the assumptions selected by management, in particular, the discount rate and growth rate assumptions used to estimate the recoverable amounts of assets, could significantly impact the Group's impairment evaluation and hence results.

A significant part of the Group's operations is in countries with emerging markets. The political and economic situation in these countries may change rapidly and recession may potentially have a significant impact on these countries. On-going recessionary effects in the world economy and increased macroeconomic risks impact our assessment of cash flow forecasts and the discount rates applied.

There are significant variations between different markets with respect to growth, mobile penetration, average revenue per user (**"ARPU"**), market share and similar parameters, resulting in differences in operating margins. The future development of operating margins is important in the Group's impairment assessments, and the long-term estimates of these margins are highly uncertain. This is particularly the case for emerging markets that are not yet in a mature phase.

11 Property and equipment

The following table summarizes the movement in the net book value of property and equipment for the years ended December 31:

Net book value	Telecommunications equipment	Land, buildings and constructions	Office and other equipment	Equipment not installed and assets under construction	Right-of-use assets	Total
As of January 1, 2019	**3,937**	**202**	**393**	**329**	**2,023**	**6,884**
Additions	80	—	8	1,453	299*	**1,840***
Disposals	(36)	(1)	(6)	(7)	(35)	**(85)**
Depreciation charge for the year	(1,032)	(33)	(139)	—	(448)	**(1,652)**
Impairment	(30)	(1)	(3)	(17)	—	**(51)**
Transfers	1,210	29	131	(1,370)	—	**—**
Translation adjustment	177	20	33	28	146	**404**
As of December 31, 2019	**4,306**	**216**	**417**	**416**	**1,985**	**7,340**
Additions	47	2	32	1,626	446	**2,153**
Disposals	(50)	(5)	(10)	(12)	(14)	**(91)**
Depreciation charge for the year	(1,009)	(28)	(123)	—	(416)	**(1,576)**
Impairment	(28)	(1)	(2)	(7)	(5)	**(43)**
Transfers	1,282	5	111	(1,396)	(2)	**—**
Translation adjustment	(498)	(30)	(57)	(59)	(260)	**(904)**
As of December 31, 2020	**4,050**	**159**	**368**	**568**	**1,734**	**6,879**
Cost	10,893	377	1,330	687	2,526	**15,813**
Accumulated depreciation and impairment	(6,843)	(218)	(962)	(119)	(792)	**(8,934)**

* Prior year comparatives have been re-presented to conform with current year presentation.

There were no material changes in estimates related to property and equipment in 2020 other than the impairment described in Note 10 of US$43 (2019: US$51) and lease term reassessments in Russia and Ukraine (included in 'Additions') which had the effect of increasing right-of-use assets by US$181. Please refer to Note 15 for more information regarding Source of estimation uncertainty for lease terms.

During 2020, VEON acquired property and equipment in the amount of US$601 (2019: US$480), which were not paid for as of year-end.

Property and equipment pledged as security for bank borrowings amounts to US$865 as of December 31, 2020 (2019: US$652), and primarily relate to securities for borrowings of PMCL.

The following table summarizes the movement in the net book value of right-of-use assets (**"ROU"**) for the year ended December 31:

Net book value	ROU - Telecommunications Equipment	ROU - Land, Buildings and Constructions	ROU - Office and Other Equipment	Total
As of January 1, 2019	**1,601**	**415**	**7**	**2,023**
Additions	236	63	—	**299**
Disposals	(27)	(6)	(2)	**(35)**
Depreciation charge for the year	(306)	(140)	(2)	**(448)**
Impairment	—	—	—	**—**
Transfers	18	(18)	—	**—**
Translation adjustment	116	30	—	**146**
As of December 31, 2019	**1,638**	**344**	**3**	**1,985**
Additions	339	102	5	**446**
Disposals	(14)	—	—	**(14)**
Depreciation charge for the year	(309)	(105)	(2)	**(416)**
Impairment	(1)	(4)	—	**(5)**
Transfers	—	(2)	—	**(2)**
Translation adjustment	(217)	(42)	(1)	**(260)**
As of December 31, 2020	**1,436**	**293**	**5**	**1,734**
Cost	2,021	496	9	**2,526**
Accumulated depreciation and impairment	(585)	(203)	(4)	**(792)**

Commitments

Capital commitments for the future purchase of equipment are as follows as of December 31:

	2020	2019
Less than 1 year	747	677
Between 1 and 5 years	19	19
Total commitments	**766**	**696**

Capital commitments arising from telecommunications licenses

VEON's ability to generate revenue in the countries it operates is dependent upon the operation of the wireless telecommunications networks authorized under its various licenses for GSM-900/1800, "3G" (UMTS / WCDMA) mobile radiotelephony communications services and "4G" (LTE).

Under the license agreements, operating companies are subject to certain commitments, such as territory or population coverage, level of capital expenditures, and number of base stations to be fulfilled within a certain timeframe. If we are found to be involved in practices that do not comply with applicable laws or regulations, we may be exposed to significant fines, the risk of prosecution or the suspension or loss of our licenses, frequency allocations, authorizations or various permissions, any of which could harm our business, financial condition, results of operations, or cash flows.

After expiration of the license, our operating companies might be subject to additional payments for renewals, as well as new license capital and other commitments.

Accounting policies

Property and equipment is stated at cost, net of any accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The useful of life of VEON's assets generally fall within the following ranges:

Class of property and equipment	Useful life
Telecommunication equipment	3 – 20 years
Buildings and constructions	10 – 50 years
Office and other equipment	3 – 10 years
Right-of-use assets	Equivalent lease term

Each asset's residual value, useful life and method of depreciation is reviewed at the end of each financial year and adjusted prospectively, if necessary.

Source of estimation uncertainty

Depreciation and amortization of non-current assets

Depreciation and amortization expenses are based on management estimates of useful life, residual value and amortization method of property and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the amortization or depreciation charges. Technological developments are difficult to predict and our views on the trends and pace of developments may change over time. Some of the assets and technologies in which the Group invested several years ago are still in use and provide the basis for new technologies.

The useful lives of property and equipment and intangible assets are reviewed at least annually, taking into consideration the factors mentioned above and all other relevant factors. Estimated useful lives for similar types of assets may vary between different entities in the Group due to local factors such as growth rate, maturity of the market, historical and expected replacements or transfer of assets and quality of components used. Estimated useful life for right-of-use assets is directly impacted by the equivalent lease term, refer to Note 15 for more information regarding Source of estimation uncertainty for lease terms.

12 Intangible assets

The following table summarizes the movement in the net book value of intangible assets for the years ended December 31:

Net book value	Telecommunication licenses, frequencies & permissions	Software	Brands and trademarks	Customer relationships	Other intangible assets	Goodwill	Total
As of January 1, 2019	**1,195**	**264**	**178**	**177**	**25**	**3,816**	**5,655**
							—
Additions	50	177	—	—	12	—	**239**
Disposals	—	—	—	—	(2)	—	**(2)**
Amortization charge for the year	(159)	(155)	(30)	(42)	(8)	—	**(394)**
Impairment	(3)	—	—	—	—	(54)	**(57)**
Transfer	—	8	—	—	(8)	—	**—**
Translation adjustment	17	22	1	7	3	197	**247**
							—
As of December 31, 2019	**1,100**	**316**	**149**	**142**	**22**	**3,959**	**5,688**
Additions	53	188	3	5	5	13	**267**
Disposals	—	(6)	—	—	—	—	**(6)**
Amortization charge for the year	(139)	(159)	(23)	(15)	(7)	—	**(343)**
Impairment	(5)	(3)	—	—	—	(723)	**(731)**
Transfer	—	6	—	—	(6)	—	**—**
Translation adjustment	(88)	(41)	(12)	(16)	1	(567)	**(723)**
As of December 31, 2020	**921**	**301**	**117**	**116**	**15**	**2,682**	**4,152**
Cost	2,170	1,041	457	1,530	148	4,845	10,191
Accumulated amortization and impairment	(1,249)	(740)	(340)	(1,414)	(133)	(2,163)	(6,039)

During 2020, there were no material change in estimates related to intangible assets other than the impairment described in Note 10 of US$731 (2019: US$57).

During 2020, VEON acquired intangible assets in the amount of US$56 (2019: US$49), which were not yet paid for as of year-end.

Goodwill

During the year, the movement in goodwill for the Group, per CGU, consisted of the following:

CGU	December 31, 2020	Impairment	Translation adjustment	Addition	December 31, 2019
Russia	1,131	(723)	(424)	13	2,265
Algeria	1,053	—	(114)	—	1,167
Pakistan	324	—	(11)	—	335
Kazakhstan	140	—	(14)	—	154
Uzbekistan	34	—	(4)	—	38
Total	**2,682**	**(723)**	**(567)**	**13**	**3,959**

CGU	December 31, 2019	Impairment	Translation adjustment	December 31, 2018
Russia	2,265	—	247	2,018
Algeria	1,167	—	(9)	1,176
Pakistan	335	—	(36)	371
Kazakhstan	154	—	1	153
Kyrgyzstan	—	(54)	—	54
Uzbekistan	38	—	(6)	44
Total	**3,959**	**(54)**	**197**	**3,816**

Commitments

Capital commitments for the future purchase of intangible assets are as follows as of December 31:

	2020	2019
Less than 1 year	31	77
Between 1 and 5 years	—	5
Total commitments	**31**	**82**

Accounting policies

Intangible assets acquired separately are carried at cost less accumulated amortization and impairment losses.

Intangible assets with a finite useful life are generally amortized with the straight-line method over the estimated useful life of the intangible asset. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least annually and fall within the following ranges:

Class of intangible asset	Useful life
Telecommunications licenses, frequencies and permissions	3-20 years
Software	3-10 years
Brands and trademarks	3-15 years
Customer relationships	10-21 years
Other intangible assets	4-10 years

Goodwill is recognized for the future economic benefits arising from net assets acquired that are not individually identified and separately recognized. Goodwill is not amortized but is tested for impairment annually and as necessary when circumstances indicate that the carrying value may be impaired, see Note 10 for further details.

Source of estimation uncertainty

Refer also to Note 11 for further details regarding source of estimation uncertainty.

Depreciation and amortization of non-current assets

Estimates in the evaluation of useful lives for intangible assets include, but are not limited to, the estimated average customer relationship based on churn, the remaining license or concession period and the expected developments in technology and markets.

The actual economic lives of intangible assets may be different than estimated useful lives, thereby resulting in a different carrying value of intangible assets with finite lives. We continue to evaluate the amortization period for intangible assets with finite lives to determine whether events or circumstances warrant revised amortization periods. A change in estimated useful lives is a change in accounting estimate, and depreciation and amortization charges are adjusted prospectively.

13 Investments in subsidiaries

The Company held investments in material subsidiaries for the years ended December 31 as detailed in the table below. The equity interest presented represents the economic rights available to the Company.

			Equity interest held by the Group	
Name of significant subsidiary	Country of incorporation	Nature of subsidiary	**2020**	2019
VEON Amsterdam B.V.	Netherlands	Holding	100.0%	100.0%
VEON Holdings B.V.	Netherlands	Holding	100.0%	100.0%
PJSC VimpelCom	Russia	Operating	100.0%	100.0%
JSC “Kyivstar”	Ukraine	Operating	100.0%	100.0%
LLP “KaR-Tel”	Kazakhstan	Operating	75.0%	75.0%
LLC “Unitel”	Uzbekistan	Operating	100.0%	100.0%
LLC “VEON Georgia”	Georgia	Operating	80.0%	80.0%
CJSC “VEON Armenia”	Armenia	Operating	—	100.0%
LLC “Sky Mobile”	Kyrgyzstan	Operating	50.1%	50.1%
VEON Luxembourg Holdings S.à r.l.	Luxembourg	Holding	100.0%	100.0%
VEON Luxembourg Finance Holdings S.à r.l.	Luxembourg	Holding	100.0%	100.0%
VEON Luxembourg Finance S.A.	Luxembourg	Holding	100.0%	100.0%
Global Telecom Holding S.A.E	Egypt	Holding	99.6%	99.5%
Omnium Telecom Algérie S.p.A.*	Algeria	Holding	45.4%	45.4%
Optimum Telecom Algeria S.p.A.*	Algeria	Operating	45.4%	45.4%
Pakistan Mobile Communications Limited	Pakistan	Operating	85.0%	85.0%
Banglalink Digital Communications Limited	Bangladesh	Operating	100.0%	100.0%

* The Group has concluded that it controls Omnium Telecom Algérie S.p.A and Optimum Telecom Algeria S.p.A, see ‘Significant accounting judgments’ below for further details.

The Company is subject to legal restrictions to distribute accumulated profits from Algeria by virtue of local shareholding agreement (i.e. it is allowed only to distribute 42.5% of current year profit), and the rest is restricted

Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests (“NCIs”) is provided below:

	Equity interest held by NCIs		Book values of material NCIs (USD millions)		Profit / (loss) attributable to material NCIs (USD millions)	
Name of significant subsidiary	**2020**	2019	**2020**	2019	**2020**	2019
LLP “KaR-Tel” (“Kar-Tel”)	25.0%	25.0%	97	106	26	27
Omnium Telecom Algérie S.p.A. (“OTA”)	54.4%	54.4%	783	871	43	55

The summarized financial information of these subsidiaries before intercompany eliminations for the years ended December 31 are detailed below.

Summarized income statement

	Kar-Tel			OTA		
	2020	2019	2018	**2020**	2019	2018
Operating revenue	446	461	410	689	775	813
Operating expenses	(316)	(319)	(319)	(564)	(621)	(754)
Other (expenses) / income	4	(6)	6	(17)	(17)	(11)
Profit / (loss) before tax	**134**	**136**	**97**	**108**	**137**	**48**
Income tax expense	(28)	(29)	(20)	(29)	(36)	(47)
Profit / (loss) for the year	**106**	**107**	**77**	**79**	**101**	**1**
Total comprehensive income / (loss)	**106**	**107**	**77**	**79**	**101**	**1**
Attributed to NCIs	26	27	19	43	55	1
Dividends paid to NCIs	**—**	**—**	**—**	**46**	**69**	**76**

Summarized statement of financial position

	Kar-Tel		OTA	
	2020	2019	**2020**	2019
Property and equipment	276	271	492	600
Intangible assets	94	86	116	158
Other non-current assets	162	185	1,071	1,187
Trade and other receivables	21	18	31	34
Cash and cash equivalents	37	39	67	67
Other current assets	31	12	50	42
Debt and derivatives	(75)	(63)	(102)	(134)
Provisions	(6)	(6)	(23)	(22)
Other liabilities	(152)	(119)	(267)	(334)
Total equity	**388**	**423**	**1,435**	**1,598**
Attributed to:				
Equity holders of the parent	291	317	652	727
Non-controlling interests	97	106	783	871

Summarized statement of cash flows

	Kar-Tel			OTA		
	2020	2019	2018	**2020**	2019	2018
Net operating cash flows	184	199	148	211	305	245
Net investing cash flows	(88)	(84)	(42)	(102)	(84)	(118)
Net financing cash flows	(97)	(104)	(90)	(103)	(205)	(193)
Net foreign exchange difference	(2)	—	(3)	(5)	(1)	(5)
Net increase / (decrease) in cash equivalents	(3)	11	13	1	15	(71)

Significant accounting judgments

Control over subsidiaries

Subsidiaries, which are those entities over which the Company is deemed to have control, are consolidated. In certain circumstances, significant judgment is required to assess if the Company is deemed to have control over entities where the Company's ownership interest does not exceed 50%. The Group has concluded that it controls Omnium Telecom Algérie S.p.A and Optimum Telecom Algeria S.p.A even though its subsidiary, Global Telecom Holding S.A.E. owned less than 50% of the ordinary shares. This is because the Company can exercise operational control through terms of a shareholders' agreement. Our partner in Algeria can acquire our shares at fair market value under call option arrangements exercisable solely at its discretion between October 1, 2021 and December 31, 2021. Concurrently, we have a right to require our partner in Algeria to acquire our shares under put option arrangements exercisable solely at our discretion between July 1, 2021 and September 30, 2021. Both option arrangements did not have any impact on our ability to consolidate Omnium Telecom Algérie S.p.A and Optimum Telecom Algeria S.p.A.

Financing activities of the Group

14 Other non-operating gain / (loss)

Other non-operating gains / (losses) consisted of the following for the years ended December 31:

	2020	2019	2018
Ineffective portion of hedging activities *	15	20	8
Change of fair value of other derivatives	6	(17)	(58)
Gain /(loss) from money market funds *	12	21	—
Loss from early debt redemption	—	—	(30)
Other gains / (losses)	78	(3)	12
Other non-operating gain / (loss), net	**111**	**21**	**(68)**

* Prior year comparatives have been re-presented to conform with current year presentation.

Included in 'Other gains / (losses)' in 2020 is a gain of US$41 relating to the revaluation of contingent consideration liability, as well as a gain of US$41 relating to the settlement in connection with the dispute concerning the sale of Telecel Globe Limited. For further details, refer to Note 15 and Note 7, respectively.

15 Investments, debt and derivatives

Investments and derivative assets

The Company holds the following investments and derivatives as of December 31:

	Carrying value	
	2020	2019
At fair value		
Derivatives not designated as hedges	20	11
Derivatives designated as net investment hedges	3	—
Investments in debt instruments *	75	34
Other	8	—
	106	**45**
At amortized cost		
Security deposits and cash collateral	325	256
Other investments	39	16
	364	**272**
Total investments and derivatives	**470**	**317**
Non-current	305	235
Current	165	82

* Investments in debt instruments relate to government bonds or bills and are measured at fair value through other comprehensive income (with recycling).

Security deposits

The ex-Warid license renewal was due in May 2019. Pursuant to directions from the Islamabad High Court, the Pakistan Telecommunication Authority (**"PTA"**) issued a license renewal decision on July 22, 2019 requiring payment of US$40 per MHz for 900 MHz spectrum and US$30 per MHz for 1800 MHz spectrum, equating to an aggregate price of approximately US$450 (excluding applicable taxes of approximately 13%). On August 17, 2019, Jazz appealed the PTA's order to the Islamabad High Court. On August 21, 2019, the Islamabad High Court suspended the PTA's order pending the outcome of the appeal and subject to Jazz making payment in the form of security (under protest) as per the options given in the PTA's order.

In September 2019, Jazz deposited approximately US$225 in order to maintain its appeal in the Islamabad High Court regarding the PTA's underlying decision on the license renewal. There were no specific terms and conditions attached to the deposit. The deposit is recorded as a non-current financial asset in the statement of financial position.

In May, 2020 a further US$57 was paid under protest, presented within 'Receipts from / (payment on) deposits' in the statement of cash flows. The most recent hearing on this matter was concluded before the Islamabad High Court on March 1, 2021 and a judgment is now pending.

Debt and derivatives

The Company holds the following outstanding debt and derivatives as of December 31:

	Carrying value	
	2020	2019
At fair value		
Derivatives not designated as hedges	52	52
Derivatives designated as net investment hedges	1	161
Contingent consideration	—	41
	53	**254**
At amortized cost		
Principal amount outstanding	7,678	7,519
Interest accrued	85	79
Discounts, unamortized fees, hedge basis adjustment	(5)	(10)
Bank loans and bonds	7,758	7,588
Lease liabilities	1,912	2,083
Put-option liability over non-controlling interest	273	342
Other financial liabilities	60	77
	10,003	**10,090**
Total debt and derivatives	**10,056**	**10,344**
Non-current	8,832	7,759
Current	1,224	2,585

Bank loans and bonds

The Company had the following principal amounts outstanding for interest-bearing loans and bonds at December 31:

						Principal amount outstanding	
Borrower	Type of debt	Guarantor	Currency	Interest rate	Maturity	**2020**	2019
VEON Holdings	Loans	None	RUB	8.75% to 10.0%	2022	—	2,303
VEON Holdings	Loans	None	RUB	7.35% to 7.50%	2024-2025	812	—
VEON Holdings	Loans	None	RUB	CBR Key Rate + 1.85% to 2.20%	2023-2025	1,083	—
VEON Holdings	Notes	None	US$	5.95%	2023	529	529
VEON Holdings	Notes	None	US$	3.95% to 4.95%	2024	533	1,133
VEON Holdings	Notes	PJSC VimpelCom	US$	7.50%	2022	417	417
VEON Holdings	Notes	None	US$	3.38%	2027	1,250	—
VEON Holdings	Notes	None	US$	7.25%	2023	700	—
VEON Holdings	Notes	None	RUB	6.30% to 6.50 %	2025	406	—
VEON Holdings	Notes	None	US$	4.00%	2025	1,000	700
GTH Finance B.V.	Notes	VEON Holdings	US$	6.25% to 7.25%	2020-2023	—	1,200
PJSC VimpelCom, via VIP Finance Ireland	Eurobonds	None	US$	7.75 %	2021	262	262
PMCL	Loans	None	PKR	6mKIBOR + 0.35%	2022	111	192
PMCL	Loans	None	PKR	6mKIBOR + 0.8%	2020	—	34
PMCL	Loan	EKN *	US$	6mLIBOR + 1.9%	2020	—	75
PMCL	Loan	None	PKR	6mKIBOR + 0.55%	2026	273	121
PMCL	Loan	None	PKR	6mKIBOR	2023	29	41
Banglalink	Loan	None	US$	3mLIBOR + 2.50%	2020	—	300
Banglalink	Loans	None	BDT	Average bank deposit rate + 3.0% to 4.25%	2021-2022	80	116
PJSC Kyivstar	Loans	None	UAH	NBU Key rate + 3.00%	2021-2023	56	—
PJSC Kyivstar	Loans	None	UAH	10.15% to 11.00%	2023-2025	85	—
	Other bank loans and bonds					52	96
	Total bank loans and bonds					7,678	7,519

* Exportkreditnämnden (The Swedish Export Credit Agency).

Significant changes in debt and derivatives

Reconciliation of cash flows from financing activities

	Bank loans and bonds	Lease liabilities	Total
Balance as of January 1, 2019	**7,366**	**1,999**	**9,365**
Cash flows			
Proceeds from borrowings, net of fees paid	2,610	—	**2,610**
Repayment of debt	(2,612)	(366)	**(2,978)**
Interest paid	(566)	(148)	**(714)**
Non-cash movements			
Interest and fee accruals	599	178	**777**
Lease additions, disposals, impairment and modifications	—	262	**262**
Foreign currency translation	193	158	**351**
Other non-cash movements	(2)	—	**(2)**
Balance as of December 31, 2019	**7,588**	**2,083**	**9,671**
Cash flows			
Proceeds from borrowings, net of fees paid	4,621	—	**4,621**
Repayment of debt	(4,054)	(322)	**(4,376)**
Interest paid	(494)	(150)	**(644)**
Non-cash movements			
Interest and fee accruals	546	156	**702**
Lease additions, disposals, impairment and modifications	—	432	**432**
Foreign currency translation	(398)	(286)	**(684)**
Other non-cash movements	(51)	—	**(51)**
Balance as of December 31, 2020	**7,758**	**1,913**	**9,671**

Financing activities in 2020

Optional early redemption of US$600 million 3.95% Senior notes due June 2021

In December 2020, VEON Holdings B.V. completed optional early redemption of all of its outstanding US$600 million 3.95% Senior Notes due June 2021, pursuant to Condition 5.3 of the 2021 Notes. The Notes were redeemed in full at a redemption price equal to 101.00% of the principal amount thereof, plus accrued and unpaid interest and additional amounts due thereon.

Financing activities in Ukraine

In December 2020, VEON's operating company in Ukraine, Kyivstar, signed three bilateral unsecured loan agreements with Raiffeisen Bank Aval Joint Stock Company ("Raiffeisen"), Joint Stock Company Alfa-Bank ("Alfa-Bank") and Joint Stock Company OTP Bank (**"OTP"**), for an aggregate amount of UAH4.1 billion (US$146). The loan agreement with Raiffeisen has a 5-year term with a fixed interest rate of 11.00% and the loan agreements with Alfa-Bank and OTP each have a 3-year term with a floating rate equal to NBU Key Rate + 3.00% and a fixed interest rate of 10.15% respectively.

Exercise of 15% PMCL put option

In September 2020, the Dhabi Group exercised its put option to sell us its 15% shareholding in PMCL, the Company's subsidiary in Pakistan. VEON updated the fair value of its put option liability following the completion of an independent valuation process which determined a fair value for the shareholding of US$273, resulting in a gain of US$59 recorded in 'Finance costs' within the Consolidated Income Statement. Completion of the transfer remains subject to the conclusion of the contractual transfer mechanics with the Dhabi Group. Once the transaction is completed, VEON will indirectly own 100% of PMCL.

Global Medium Term Note program

In April 2020, VEON Holdings B.V. established a Global Medium Term Note program for the issuance of bonds (the "MTN Program"), with a program limit of US$6,500, or the equivalent thereof in other currencies. In June, September and November 2020, VEON Holdings B.V. issued senior unsecured notes of RUB20 billion (US$288), RUB10 billion (US$135) and US$1.25 billion, respectively, under the MTN Program, maturing in June 2025, September 2025 and November 2027.

Refinancing of loan agreement with VTB

In July 2020, VEON Holdings B.V. successfully refinanced its existing RUB30 billion (US$422), bilateral term loan agreement with VTB Bank. This refinancing extended the final maturity of the existing loan between VTB Bank and VEON Holdings B.V. to July 2025 and amended the interest cost from a fixed rate of 8.75% to floating rate equal to CBR Key Rate + 1.85 p.p.

Refinancing of loan agreement with Sberbank

In June 2020, VEON Holdings B.V. entered into a new RUB bilateral term loan agreement with Sberbank. The agreement comprises four facilities for a total amount of RUB100 billion (US$1,450) with final maturity dates ranging between two and four years. Shortly after the agreement was signed, VEON Holdings B.V. fully utilized three facilities for a total amount of RUB87.5 billion (US$1,281) and used the proceeds to prepay all outstanding amounts under the Sberbank term facilities agreement signed in May 2017.

In July 2020, VEON drew down the remaining RUB12.5 billion available under the facility agreement. Subsequently, in September 2020, VEON repaid one of the facilities of RUB20 billion, originally maturing in June 2022, in full with no fees. The repaid facility cannot be re-borrowed.

Contingent consideration

In 2015, International Wireless Communications Pakistan Limited and Pakistan Mobile Communications Ltd ("PMCL"), each indirect subsidiaries of the Company, signed an agreement with Warid Telecom Pakistan LLC and Bank Alfalah Limited, to combine their operations in Pakistan. In July 2016, the transaction was closed and PMCL acquired 100% of the voting shares in Warid Telecom (Pvt) Limited ("Warid") for a consideration of 15% of the shares in PMCL. As a result, VEON gained control over Warid.

As part of the share purchase agreement, an earn-out payment was agreed in the event that a tower transaction is effected by PMCL within four years from the acquisition date. The earn-out would also apply if another telecommunications operator in Pakistan effects a tower transaction, provided the transaction meets certain parameters, in the same timeframe. The contingent consideration would be settled with a transfer of PMCL shares.

As of June 2020, the probability of completion of a tower deal in Pakistan prior to the relevant deadline, upon which contingent consideration would be paid, became remote. As a result, the fair value of Contingent consideration was revised downwards to zero, with a corresponding gain of US$41 recognized in the consolidated income statement.

Extension and extinguishment of Banglalink syndicated loan

In April 2020, Banglalink Digital Communications Limited, a wholly-owned subsidiary, extended the maturity of its US$300 syndicated loan by an additional two years to 2022. Following this extension, VEON Digital Amsterdam B.V., the Company's wholly-owned subsidiary, acquired the loan from the original lenders, leading to extinguishment of this financial liability within VEON's consolidated financial statements. No material transactional costs were incurred.

Drawdowns under the Revolving Credit Facility

In March 2020, VEON Holdings B.V., the Company's wholly-owned subsidiary, executed two drawdowns under its existing revolving credit facility for an aggregate amount of US$600. Although these drawdowns are short-term in nature, VEON Holdings B.V. has an enforceable right to roll them over until final maturity date of the facility in February 2022. All outstanding drawdowns under this facility have been fully repaid during June 2020 (US$100) and July 2020 (US$500). In March 2021, VEON entered into a new multi-currency revolving credit facility agreement, refer to Note 22 for further details.

Refinancing of RUB debt - AO "Alfa-Bank"

In March 2020, VEON Holdings B.V. amended and restated the existing facility with AO "Alfa-Bank", increasing its size and utilization from RUB17.5 billion to RUB30 billion (US$165). Following this amendment and restatement, the final maturity of this facility has been set to March 2025.

GTH bonds prepayment

In February 2020, GTH Finance B.V., the Company's subsidiary, repaid at par the US$500 6.25% bonds, originally maturing April, 2020.

US$300 tap issuance of existing senior notes

In January 2020, VEON Holdings B.V., issued US$300 in senior unsecured notes due 2025, which are consolidated and form a single series with the US$700 4.00% senior notes due in 2025 issued by VEON Holdings B.V. in October 2019. VEON used the net proceeds of the tap issuance to refinance certain existing outstanding debt.

Financing activities in 2019

VEON Holdings BV new notes

In October 2019, VEON Holdings issued US$700 4.00% senior unsecured notes due 2025. The net proceeds of the notes issued have been used primarily to refinance drawings on the revolving credit facility used to fund the MTO for GTH.

Pakistan Mobile Communications Limited new bilateral term facility

In June 2019, PMCL entered into a bilateral secured PKR 14,369 million (approximately US$92) term facility with a local bank. The facility has a tenor of 7 years and bears interest at 6-month KIBOR increased by a margin of 0.75% per annum. The security is based on terms comparable with PMCL's existing debt.

Pakistan Mobile Communications Limited new syndicated term facility and Islamic facility

In June 2019, PMCL entered into a secured syndicated term facility and an Islamic financing facility for a joint amount of up to PKR 45,000 million (approximately US$287) and a period of up to 7 years. The cost of both facilities corresponds to 6-month KIBOR increased by a margin of 0.75% per annum. The security is based on terms comparable with PMCL's existing debt.

Banglalink Digital Communications Limited new syndicated term facility agreement

In April 2019, Banglalink entered into a new US$300 syndicated term facility agreement with several international banks. The facility is guaranteed by VEON Holdings for nil consideration. The facility has a tenor of 12 months with extension options for another 24 months upon agreement with the lenders, and was used to refinance the principal amount of Banglalink's US$300 bond that matured in May 2019.

Fair values

As of December 31, 2020, the carrying amounts of all financial assets and liabilities are equal to or approximate their respective fair values as shown in the table at the beginning of this note, with the exception of:

- 'Bank loans and bonds, including interest accrued', for which fair value is equal to US$8,031 (2019: US$7,887); and
- 'Lease liabilities', for which fair value has not been determined.

As of December 31, 2020 and December 31, 2019, all of the Group's financial instruments carried at fair value in the statement of financial position were measured based on Level 2 inputs, except for the Contingent consideration, for which fair value is classified as Level 3.

All movements in Contingent consideration in the years ended December 31, 2020 and 2019 relate to changes in fair value, which are unrealized, and are recorded in "Other non-operating gain / (loss)" within the consolidated income statement.

Fair values are estimated based on quoted market prices for our bonds, derived from market prices or by discounting contractual cash flows at the rate applicable for the instruments with similar maturity and risk profile. Observable inputs (Level 2) used in valuation techniques include interbank interest rates, bond yields, swap curves, basis swap spreads, foreign exchange rates and credit default spreads.

On a quarterly basis, the Company reviews if there are any indicators for a possible transfer between fair value hierarchy levels. This depends on how the Company is able to obtain the underlying input parameters when assessing the fair valuations.

During the years ended December 31, 2020 and 2019, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Hedge accounting

The following table sets out the Company's hedging instruments designated as net investment hedges as of December 31:

Hedging instruments*	Designated rate	Excluded component	Hedged item	Currency	Aggregated designated nominal value of hedged items, million 2020	2019
Foreign currency forward contracts	Forward	foreign currency basis spread	PJSC VimpelCom	RUB	26,758 **	88,220 **

* Refer to the Debt and Derivatives section above in this Note for information regarding the carrying amounts of the hedging instruments.
** Hedging instruments have a weighted average term to maturity of 1 year as of December 31, 2020 (2019: 1 year).

There is an economic relationship between the hedged net investments and the hedging instruments due to the translation risk inherent in the hedged items that matches the foreign exchange risk of the hedging instruments. The hedge ratio for each of the above relationships was set at 1:1 as the underlying risk of the hedging instruments is identical to the hedged risk and the nominal value of hedging instruments has not exceeded the amounts of respective net investments. Hedge ineffectiveness might arise from:

- the value of a net investment falling below the related designated nominal value of the hedging instrument, or
- counterparties' credit risk impacting the hedging instrument but not the hedged net investment.

During the periods covered by these consolidated financial statements, the amount of ineffectiveness was immaterial.

During 2020, the fair values of the Company's derivatives designated as net investment hedges increased due to depreciation of the Russian ruble, resulting in a US$178gain recorded against the foreign currency translation reserve. This gain partially offset the translation loss related to our foreign operations described in Note 1.

Impact of hedge accounting on equity

The below table sets out the reconciliation of each component of equity and the analysis of other comprehensive income (all of which are attributable to the equity owners of the parent):

	Foreign currency translation reserve	Cost of hedging reserve **
As of January 1, 2019	**(8,416)**	**5**
Foreign currency revaluation of the foreign operations and other	332	—
Effective portion of foreign currency revaluation of the hedging instruments *	(228)	—
Change in fair value of foreign currency basis spreads	—	23
Amortization of time-period related foreign currency basis spreads	—	(19)
As of December 31, 2019	**(8,312)**	**9**
Foreign currency revaluation of the foreign operations	(615)	—
Effective portion of foreign currency revaluation of the hedging instruments *	178	—
Change in fair value of foreign currency basis spreads	—	7
Amortization of time-period related foreign currency basis spreads	—	(15)
Other movements in foreign currency translation reserve	(26)	—
As of December 31, 2020	**(8,775)**	**1**

* Amounts represent the changes in fair value of the hedging instruments and closely approximate the changes in value of the hedged items used to recognize hedge ineffectiveness.
** Movements in the cost of hedging reserve are included within "Other" in respective section of statement of other comprehensive income.

Accounting policies and sources of estimation uncertainty

Put options over non-controlling interest

Put options over non-controlling interest of a subsidiary are accounted for as financial liabilities in the Company's consolidated financial statements. The put-option redemption liability is measured at the discounted redemption amount. Interest over the put-option redemption liability will accrue in line with the effective interest rate method, until the options have been exercised or are expired.

Derivative contracts

VEON enters into derivative contracts, including swaps and forward contracts, to manage certain foreign currency and interest rate exposures. Any derivative instruments for which no hedge accounting is applied are recorded at fair value with any fair value changes recognized directly in profit or loss. Although some of the derivatives entered into by the Company have not been designated in hedge accounting relationships, they act as economic hedges and offset the underlying transactions when they occur.

Hedges of a net investment

The Company applies net investment hedge accounting to mitigate foreign currency translation risk related to the Company's investments in foreign operations. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income within the "Foreign currency translation" line item. Where the hedging instrument's foreign currency retranslation is greater (in absolute terms) than that of the hedged item, the excess amount is recorded in profit or loss as ineffectiveness. The gain or loss on the hedging instrument relating to the effective portion of the hedge that has been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment on the disposal or partial disposal of the foreign operation. Cash flows arising from derivative instruments for which hedge accounting is applied are reported in the statement of cash flows within the line item where the underlying cash flows of the hedged item are recorded.

Fair value of financial instruments
All financial assets and liabilities are measured at amortized cost, except those which are measured at fair value as presented within this Note.

Where the fair value of financial assets and liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques, including discounted cash flows models. The inputs to these models are taken from observable markets, but when this is not possible, a degree of judgment is required in establishing fair values. The judgments include considerations regarding inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Measurement of lease liabilities
Lease liabilities are measured upon initial recognition at the present value of the future lease and related fixed services payments over the lease term, discounted with the country specific incremental borrowing rate as the rate implicit in the lease is generally not available. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

A significant portion of the lease contracts included within Company's lease portfolio includes lease contracts which are extendable through mutual agreement between VEON and the lessor, or lease contracts which are cancellable by the Company immediately or on short notice. The Company includes these cancellable future lease periods within the assessed lease term, which increases the future lease payments used in determining the lease liability upon initial recognition.

The Company continuously assesses whether a revision of lease terms is required due to a change in management judgment regarding, for example, the exercise of extension and/or termination options. VEON's determination of the lease term is based on facts and circumstances related to the underlying leased asset and lease contracts.

16 Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents are comprised of cash at bank and on hand and highly liquid investments that are readily convertible to known amounts of cash, are subject to only an insignificant risk of changes in value and have an original maturity of less than three months.

Cash and cash equivalents consisted of the following items as of December 31:

	2020	2019
Cash and cash equivalents at banks and on hand	694	932
Cash equivalents with original maturity of less than three months	900	318
Cash and cash equivalents	**1,594**	**1,250**
Less overdrafts	(8)	(46)
Cash and cash equivalents, net of overdrafts, as presented in the consolidated statement of cash flows	**1,586**	**1,204**

Cash at bank earns interest at floating rates based on bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The imposition of currency exchange controls or other similar restrictions on currency convertibility in the countries in which VEON operates could limit VEON's ability to convert local currencies or repatriate local cash in a timely manner or at all, as well as remit dividends from the respective countries. As of December 31, 2020, there were no restricted cash and cash equivalent balances (2019: nil).

Cash balances include investments in money market funds of US$543 (2019: US$155), which are carried at fair value through profit or loss with gains presented within 'Other non-operating gain / (loss)' within the consolidated income statement.

As of December 31, 2020, some bank accounts forming part of a cash pooling program and being an integral part of the Company's cash management remained overdrawn by US$8 (2019: US$46). Even though the total balance of the cash pool remained positive, the Company has no legally enforceable right of set-off and therefore the overdrawn accounts are presented as debt and derivatives within the statement of financial position. At the same time, because the overdrawn accounts are an integral part of the Company's cash management, they were included as cash and cash equivalents within the statement of cash flows.

17 Financial risk management

The Group's principal financial liabilities consist of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, cash and short-term deposits that are derived directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Company's Board of Directors manages these risks with support of the treasury function, who proposes the appropriate financial risk governance framework for the Group, identifies and measures financial risks and suggests mitigating actions. The Company's Board of Directors, supported by its Finance Committee, approves the financial risk management framework and oversees its enforcement.

Interest rate risk

The Company is exposed to the risk of changes in market interest rates primarily due to the its long-term debt obligations. The Company manages its interest rate risk exposure through a portfolio of fixed and variable rate borrowings and hedging activities.

As of December 31, 2020, approximately 79% of the Company's borrowings are at a fixed rate of interest (2019: 91%).

The Group is exposed to possible changes in interest rates on variable interest loans and borrowings, partially mitigated through related derivative financial instruments, cash and cash equivalents and current deposits. With all other variables held constant, the Company's profit before tax is affected through changes in the floating rate of borrowings while the Company's equity is affected through the impact of a parallel shift of the yield curve on the fair value of hedging derivatives. An increase or decrease of 100 basis points in interest rates would have an immaterial impact on the Company's income statement and other comprehensive income.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the debt denominated in currencies other than the functional currency of the relevant entity, the Company's operating activities (predominantly capital expenditures at subsidiary level denominated in a different currency from the subsidiary's functional currency) and the Company's net investments in foreign subsidiaries.

The Company manages its foreign currency risk by selectively hedging committed exposures.

The Company hedges part of its exposure to fluctuations on the translation into U.S. dollars of its foreign operations by holding the borrowings in foreign currencies or by foreign exchange swaps and forwards. During the periods covered by these financial statements, the Company used foreign exchange forwards to mitigate foreign currency translation risk related to the Company's net investment in PJSC VimpelCom.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a possible change in exchange rates against the US dollar with all other variables held constant. Additional sensitivity changes to the indicated currencies are expected to be approximately proportionate. The table shows the effect on the Company's profit before tax (due to changes in the value of monetary assets and liabilities, including foreign currency derivatives) and equity (due to application of hedge accounting or existence of quasi equity loans). The Company's exposure to foreign currency changes for all other currencies is not material.

	Effect on profit / (loss) before tax		Effect on other comprehensive income	
Change in foreign exchange rate against US$	10% depreciation	10% appreciation	10% depreciation	10% appreciation
2020				
Russian Ruble	35	(39)	32	(39)
Bangladeshi Taka	(30)	33	—	—
Pakistani Rupee	(4)	4	—	—
Georgian Lari	(36)	40	—	—
Other currencies (net)	8	(9)	4	(4)
2019				
Russian Ruble	(9)	11	119	(145)
Bangladeshi Taka	(27)	30	—	—
Pakistani Rupee	(10)	11	—	—
Georgian Lari	(36)	39	—	—
Other currencies (net)	(4)	5	—	—

Credit risk

The Company is exposed to credit risk from its operating activities (primarily from trade receivables), and from its treasury activities, including deposits with banks and financial institutions, derivative financial instruments and other financial instruments. See Note 16 for further information on restrictions on cash balances.

Trade receivables consist of amounts due from customers for airtime usage and amounts due from dealers and customers for equipment sales. VEON's credit risk arising from the services the Company provides to customers is mitigated to a large extent due to the majority of its active customers being subscribed to a prepaid service as of December 31, 2020 and 2019, and accordingly not giving rise to credit risk. For postpaid services, in certain circumstances, VEON requires deposits as collateral for airtime usage. Equipment sales are typically paid in advance of delivery, except for equipment sold to dealers on credit terms.

VEON's credit risk arising from its trade receivables from dealers is mitigated due to the risk being spread across a large number of dealers. Management periodically reviews the history of payments and credit worthiness of the dealers. The Company also has receivables from other local and international operators from interconnect and roaming services provided to their customers, as well as receivables from customers using fixed-line services, such as business services, wholesale services and services to residents. Receivables from other operators for roaming services are settled through clearing houses, which helps to mitigate credit risk in this regard.

VEON holds available cash in bank accounts, as well as other financial assets with financial institutions in countries where it operates. To manage credit risk associated with such asset holdings, VEON allocates its available cash to a variety of local banks and local affiliates of international banks within the limits set forth by its treasury policy. Management periodically reviews the creditworthiness of the banks with which it holds assets. In respect of financial instruments used by the Company's treasury function, the aggregate credit risk the Group may have with one counterparty is managed by reference to, amongst others, the long-term credit ratings assigned for that counterparty by Moody's, Fitch Ratings and Standard & Poor's and CDS spreads of that counterparty. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

Value Added Tax (**"VAT"**) is recoverable from tax authorities by offsetting it against VAT payable to the tax authorities on VEON's revenue or direct cash receipts from the tax authorities. Management periodically reviews the recoverability of the balance of input value added tax and believes it is fully recoverable.

VEON issues advances to a variety of its vendors of property and equipment for its network development. The contractual arrangements with the most significant vendors provide for equipment financing in respect of certain deliveries of equipment. VEON periodically reviews the financial position of vendors and their compliance with the contract terms.

The Company's maximum exposure to credit risk for the components of the statement of financial position at December 31, 2020 and 2019 is the carrying amount as illustrated in Note 5, Note 15, Note 16 and within this Note 17.

Liquidity risk
The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bonds, bank overdrafts, bank loans and lease contracts. The Company's policy is to create a balanced debt maturity profile. As of December 31, 2020, 5% of the Company's debt (2019: 21%) will mature in less than one year based on the carrying value of bank loans, bonds and other borrowings reflected in the financial statements. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low based on liquidity in the markets the Company has access to, and recent history of refinancing. The Company believes that access to sources of funding is sufficiently available and the Company's policy is to diversify the funding sources where possible.

Available facilities
The Company had the following available facilities as of December 31:

	Amounts in millions of transactional currency				US$ equivalent amounts		
	Final availability period	Facility amount	Utilized	Available	**Facility amount**	Utilized	**Available**
2020							
VEON Holdings B.V. – Revolving Credit Facility *	Feb 2022	US$1,585 *	—	US$1,585	1,585	—	1,585
PMCL - Term Facility	Sep 2021	PKR 14,369	PKR 9,999	PKR 4,370	90	62	28
Kartel - Term Facility	Nov 2023	KZT 10,000	KZT 5,000	KZT 5,000	24	12	12

* Facility amount of US$1,586 is available until February 2021. Subsequently, a reduced facility amount of US$1,382 is available until February 2022. In March 2021, VEON entered into a new multi-currency revolving credit facility agreement, refer to Note 22 for further details.

	Amounts in millions of transactional currency				US$ equivalent amounts		
	Final availability period	Facility amount	Utilized	Available	Facility amount	Utilized	Available
2019							
VEON Holdings B.V. – Revolving Credit Facility *	Feb 2022	US$1,688	—	US$1,688	1,688	—	1,688
PMCL - Syndicated Term Facility and Islamic Finance Facility	Mar 2020	PKR 45,000	PKR 15,885	PKR 29,115	291	103	188
PMCL - Term Facility	Sep 2020	PKR 14,369	PKR 2,963	PKR 11,406	93	19	74

* Facility amount of US$1,688 is available until February 2020. Subsequently a reduced facility amount of US$1,586 is available until February 2021. In March 2021, VEON entered into a new multi-currency revolving credit facility agreement, refer to Note 22 for further details.

Maturity profile

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. Payments related to variable interest rate financial liabilities and derivatives are included based on the interest rates and foreign currency exchange rates applicable as of December 31, 2020 and 2019, respectively. The total amounts in the table differ from the carrying amounts as stated in Note 15 as the below table includes both undiscounted principal amounts and interest while the carrying amounts are measured using the effective interest rate method.

	Less than 1 year	1-3 years	3-5 years	More than 5 years	**Total**
As of December 31, 2020					
Bank loans and bonds	842	3,803	3,123	1,408	9,176
Lease liabilities	525	896	639	239	2,299
Derivative financial liabilities					
Gross cash inflows	(228)	—	—	—	(228)
Gross cash outflows	237	—	—	—	237
Trade and other payables	1,977	—	—	—	1,977
Other financial liabilities	—	60	—	—	60
Warid non-controlling interest put option liability	273	—	—	—	273
Total financial liabilities	3,626	4,759	3,762	1,647	13,794
Related derivatives financial assets					
Gross cash inflows	152	—	—	—	152
Gross cash outflows	(149)	—	—	—	(149)
Related derivative financial assets	3	—	—	—	3
Total financial liabilities, net of derivative assets	**3,629**	**4,759**	**3,762**	**1,647**	**13,797**

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
As of December 31, 2019					
Bank loans and bonds	2,100	3,909	2,009	794	8,812
Lease liabilities	581	920	728	420	2,649
Derivative financial liabilities					
Gross cash inflows	(1,150)	(378)	—	—	(1,528)
Gross cash outflows	1,311	483	—	—	1,794
Trade and other payables *	1,847	—	—	—	1,847
Other financial liabilities	41	77	—	—	118
Warid non-controlling interest put option liability	342	—	—	—	342
Total financial liabilities	5,072	5,011	2,737	1,214	14,034
Related derivatives financial assets					
Gross cash inflows	(273)	—	—	—	(273)
Gross cash outflows	262	—	—	—	262
Related derivative financial assets	(11)	—	—	—	(11)
Total financial liabilities, net of derivative assets	5,061	5,011	2,737	1,214	14,023

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios, so as to secure access to debt and capital markets at all times and maximize shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Current credit ratings of the Company support its capital structure objectives. Since 2019, VEON's dividend policy targets paying at least 50% of prior year Equity Free Cash Flow after licenses. There were no changes made in the Company's objectives, policies or processes for managing capital during 2020.

The Net Debt to Adjusted EBITDA ratio is an important measure used by the Company to assess its capital structure. Net Debt represents the principal amount of interest-bearing debt less cash and cash equivalents and bank deposits. Adjusted EBITDA is defined as last twelve months earnings before interest, tax, depreciation, amortization and impairment, loss on disposals of non-current assets, other non-operating losses and share of profit / (loss) of joint ventures. For reconciliation of 'Profit / (loss) before tax from continuing operations' to 'Adjusted EBITDA,' refer to Note 2. VEON's internal target is to keep Net Debt to Adjusted EBITDA at around 2.0x on the basis of the so called "GAAP freeze" principle, i.e. under the IAS 17 framework, which is equivalent to 2.4x on the post-IFRS 16 basis.

Further, this ratio is included as a financial covenant in the credit facilities of the Company. For most of our credit facilities the Net Debt to Adjusted EBITDA ratio is calculated at consolidated level of VEON Ltd. and is "pro-forma" adjusted for acquisitions and divestments of any business bought or sold during the relevant period. Under these credit facilities, the Company is required to maintain the Net Debt to Adjusted EBITDA ratio below 3.5x (on the basis of the so called "GAAP freeze" principle). The Company has not breached any financial covenants during the period covered by these financial statements.

18 Issued capital and reserves

the following table details the common shares of the Company as of December 31:

	2020	2019
Authorized common shares (nominal value of US$0.001 per share)	1,849,190,667	1,849,190,667
Issued shares, including 7,603,731 shares held by a subsidiary of the Company	1,756,731,135	1,756,731,135

The holders of common shares are, subject to our by-laws and Bermuda law, generally entitled to enjoy all the rights attaching to common shares. All issued shares are fully paid-up.

As of December 31, 2020, the Company's largest shareholders and remaining free float are as follows:

Shareholder	Common shares	% of common and voting shares
L1T VIP Holdings S.à r.l. ("LetterOne")	840,625,001	47.9%
Stichting Administratiekantoor Mobile Telecommunications Investor *	145,947,562	8.3%
Free Float, including 7,603,731 shares held by a subsidiary of the Company	770,158,572	43.8%
Total outstanding common shares	**1,756,731,135**	**100.0%**

* LetterOne is the holder of the depositary receipts issued by Stichting and is therefore entitled to the economic benefits (dividend payments, other distributions and sale proceeds) of such depositary receipts and, indirectly, of the 145,947,562 common shares represented by the depositary receipts. According to the conditions of administration entered into between Stichting and LetterOne ("Conditions of Administration") in connection with the transfer of 145,947,562 ADSs from LetterOne to Stichting on March 29, 2016, Stichting has the power to vote and direct the voting of, and the power to dispose and direct the disposition of, the ADSs, in its sole discretion, in accordance with the Conditions of Administration and Stichting's articles of association.

Nature and purpose of reserves
Other capital reserves are mainly used to recognize the results of transactions that do not result in a change of control with non-controlling interest (see Note 13). The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries, net of any related hedging activities (see Note 15).

19 Earnings per share

earnings per common share for all periods presented has been determined by dividing profit available to common shareholders by the weighted average number of common shares outstanding during the period.

The following table sets forth the computation of basic and diluted earnings per share for continuing operations, for the years ended December 31:

Continuing operations	2020	2019	2018
(In millions of U.S. dollars, except share and per share amounts)			
Numerator:			
Profit / (loss) for the period attributable to the owners of the parent	(349)	621	(397)
Denominator:			
Weighted average common shares outstanding for basic earnings per share (in millions)	1,749	1,749	1,749
Denominator for diluted earnings per share (in millions)	1,749	1,749	1,749
Basic (loss) / earnings per share	**($0.20)**	**$0.36**	**($0.23)**
Diluted (loss) / earnings per share	**($0.20)**	**$0.36**	**($0.23)**

The following table sets forth the computation of basic and diluted earnings per share for discontinued operations, for the years ended December 31:

Discontinued operations	2020	2019	2018
(In millions of U.S. dollars, except share and per share amounts)			
Numerator:			
Profit / (loss) for the period attributable to the owners of the parent	—	—	979
Denominator:			
Weighted average common shares outstanding for basic earnings per share (in millions)	1,749	1,749	1,749
Denominator for diluted earnings per share (in millions)	1,749	1,749	1,749
Basic (loss) / earnings per share	**$0.00**	**$0.00**	**$0.56**
Diluted (loss) / earnings per share	**$0.00**	**$0.00**	**$0.56**

20 Dividends paid and proposed

Pursuant to Bermuda law, VEON is restricted from declaring or paying a dividend if there are reasonable grounds for believing that

a. VEON is, or would after the payment be, unable to pay its liabilities as they become due, or
b. the realizable value of VEON assets would, as a result of the dividend, be less than the aggregate of VEON liabilities.

There were no dividends declared by VEON in respect of the year 2020. The following table provides an overview of dividends announced by VEON in respect of the year 2019:

	Dividends declared	Dividends paid	Dividends, US$ cents per share
Final for 2019	February 2020	March 2020	15
Interim for 2019	August 2019	August 2019	13

The Company makes appropriate tax withholdings of up to 15% when the dividends are being paid to the Company's share depository, The Bank of New York Mellon. For ordinary shareholders at Euronext Amsterdam, dividends are paid in euro.

Dividends declared to non-controlling interests

During 2020, 2019 and 2018, certain subsidiaries of the Company declared dividends, of which a portion was paid or payable to non-controlling interests as shown in the table below:

Name of subsidiary	2020	2019	2018
Omnium Telecom Algeria S.p.A	45	69	76
VIP Kazakhstan Holding AG	24	24	—
TNS Plus LLP	16	12	13
Other	2	3	4
Total dividends declared to non-controlling interests	**87**	**108**	**93**

In 2020, PMCL, a subsidiary of the Company, declared dividends to its shareholders, of which US$25 (2019: US$24, 2018: US$11) was declared to non-controlling shareholders of PMCL. Dividends declared to non-controlling interests of PMCL reduces the principal amount of the put-option liability over non-controlling interest on the date of declaration. As of December 31, 2020, there is no remaining amount payable to non-controlling interests (2019: none, 2018: US$7).

Additional information

21 Related parties

As of December 31, 2020, the Company has no ultimate controlling shareholder. See also Note 18 for details regarding ownership structure.

Compensation to directors and senior managers of the company

The following table sets forth the total compensation paid to our directors and senior managers, who are considered to be key management of the company:

	2020	2019	2018
Short-term employee benefits	35	48	33
Long-term employee benefits	1	—	—
Share-based payments	—	3	—
Termination benefits	4	—	2
Total compensation to directors and senior management *	**40**	**51**	**35**

* The number of directors and senior managers vary from year to year. Total compensation paid to directors and senior management approximates the amount charged in the consolidated income statement for that year.

Under the Company's bye-laws, the Board of Directors of the Company established a compensation and talent committee, which has the overall responsibility for approving and evaluating the compensation and benefit plans, policies and programs of the Company's directors, officers and employees and for supervising the administration of the Company's equity incentive plans and other compensation and incentive programs.

Compensation of Key Senior Managers

The following table sets forth the total remuneration expense to the key senior managers in 2020 and 2019 (gross amounts in whole euro and whole US$ equivalents). For further details on compensation and changes to key senior managers, please refer to the Explanatory notes below.

	Kaan Terzioglu	Sergi Herrero	Ursula Burns	Serkan Okandan	Trond Westlie	Murat Kirkgoz	Kjell Johnsen	Scott Dresser	Alex Kazbegi	Joop Brakenhoff
In whole euros	Group Co-CEO	Group Co-CEO	Group CEO	Group CFO	Group CFO	Deputy Group CFO	Group COO	Group General Counsel	Chief Strategy Officer	Chief Internal Audit & Compliance Officer
2020										
Short-term employee benefits										
Base salary	1,323,000	1,181,368	1,162,750	864,000	16,810	211,600	—	1,300,000	553,500	224,100
Annual incentive	930,418	769,643	540,984	525,730	—	80,302	—	2,300,000	338,378	147,813
Other	439,657	2,158,022	554,328	297,341	212,631	40,360	299,333	24,100	104,124	39,908
Long-term employee benefits	76,366	706,925	—	—	—	—	—	—	—	—
Share-based payments	88,056	58,707	111,403	76,316	(217,080)	(7,954)	(217,080)	(65,526)	—	8,775
Termination benefits	—	—	—	—	—	—	—	—	—	—
Total remuneration expense *	**2,857,497**	**4,874,665**	**2,369,465**	**1,763,387**	**12,361**	**324,308**	**82,253**	**3,558,574**	**996,002**	**420,596**
2019										
Short-term employee benefits										
Base salary	220,500	342,036	5,500,000	—	1,500,000	264,500	1,250,000	1,300,000	394,795	—
Annual incentive	472,151	514,460	10,461,000	—	1,455,216	211,713	4,184,355	2,258,882	700,000	—
Other	105,999	1,560,229	1,146,503	—	24,100	35,750	46,857	29,100	677,662	—
Long-term employee benefits	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	64,842	8,242	(828,047)	(697,504)	—	—
Termination benefits	—	—	—	—	—	—	—	—	—	—
Total remuneration expense	**798,650**	**2,416,725**	**17,107,503**	**—**	**3,044,158**	**520,205**	**4,653,165**	**2,890,478**	**1,772,457**	**—**

* Total remuneration expense for 2020 excludes accrued payroll taxes of EUR9 million (US$10) recorded in 'Selling, general and administrative expenses' incurred by the Company pertaining to payments made to Ursula Burns, Kjell Johnson.

	Kaan Terzioglu	Sergi Herrero	Ursula Burns	Serkan Okandan	Trond Westlie	Murat Kirkgoz	Kjell Johnsen	Scott Dresser	Alex Kazbegi	Joop Brakenhoff
In whole US dollars	Group Co-CEO	Group Co-CEO	Group CEO	Group CFO	Group CFO	Deputy Group CFO	Group COO	Group General Counsel	Chief Strategy Officer	Chief Internal Audit & Compliance Officer
2020										
Short-term employee benefits										
Base salary	1,508,380	1,346,902	1,325,676	985,064	19,165	241,250	—	1,482,157	631,057	255,501
Annual incentive	1,060,789	877,486	616,787	599,396	—	91,554	—	2,622,278	385,792	168,525
Other	501,262	2,460,406	632,001	339,005	242,425	46,015	341,276	27,477	118,714	45,500
Long-term employee benefits	87,066	805,980	—	—	—	—	—	—	—	—
Share-based payments	100,394	66,933	127,013	87,009	(247,497)	(9,069)	(247,497)	(74,708)	—	10,005
Termination benefits	—	—	—	—	—	—	—	—	—	—
Total remuneration expense *	**3,257,891**	**5,557,707**	**2,701,477**	**2,010,474**	**14,093**	**369,750**	**93,779**	**4,057,204**	**1,135,563**	**479,531**
2019										
Short-term employee benefits										
Base salary	246,782	382,805	6,155,568	—	1,678,791	296,027	1,398,993	1,454,952	441,852	—
Annual incentive	528,429	575,781	11,707,890	—	1,628,669	236,948	4,683,106	2,528,128	783,436	—
Other	118,633	1,746,199	1,283,159	—	26,973	40,011	52,442	32,569	758,435	—
Long-term employee benefits	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	72,571	9,224	(926,745)	(780,642)	—	—
Termination benefits	—	—	—	—	—	—	—	—	—	—
Total remuneration expense	**893,844**	**2,704,785**	**19,146,617**	**—**	**3,407,004**	**582,210**	**5,207,796**	**3,235,007**	**1,983,723**	**—**

* Total remuneration expense for 2020 excludes accrued payroll taxes of EUR9 million (US$10) recorded in 'Selling, general and administrative expenses' incurred by the Company pertaining to payments made to Ursula Burns, Kjell Johnson.

Explanatory notes

Base salary includes any holiday allowances pursuant to the terms of an individual's employment agreement. Annual incentive expense includes amounts accrued under the short-term incentive in respect of performance during the current year, as well as any special recognition bonus. Other short-term employee benefits include certain allowances (for example, pension allowance or reimbursement of certain losses etc.) and support (for example, relocation support).

Share-based payments expense relates to amounts accrued under the value growth cash-based multi-year incentive plans, see below for further details.

Changes in Key Senior Managers

Ursula Burns stepped down as Group CEO with effect from March 1, 2020. Sergi Herrero and Kaan Terzioğlu were appointed as Co-CEOs with effective from March 1, 2020, having previously served as Joint COOs since September 2, 2019 and November 1, 2019, respectively.

On May 1, 2020, Serkan Okandan joined VEON as Group CFO. Trond Westlie stepped down from the role of Group CFO on September 30, 2019. Murat Kirkgoz served as Deputy Group CFO from August 1, 2019 to April 30, 2020.

Kjell Johnsen stepped down from the role of Group COO on November 1, 2019.

The Key Senior Managers of VEON include Group (co-)CEOs, Group CFO, Group COO and Group General Counsel. In addition to the Key Senior Managers disclosed, VEON has also voluntarily disclosed other senior managers. Alex Kazbegi was appointed Group Chief Strategy Officer effective from February 18, 2019, and Joop Brakenhoff was appointed Group Chief Internal Audit & Compliance Officer, effective July 1, 2020.

Compensation of Board of Directors

The following table sets forth the total remuneration expense to the members of the Board of Directors members in 2020 and 2019 (gross amounts in whole euro and whole US dollar equivalents). For details on changes in Board of Directors, please refer to explanations below.

	Retainer		Committees		Other compensation		Total	
In whole euros	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Hans Holger Albrecht	204,167	—	72,917	—	—	—	**277,084**	—
Guillaume Bacuvier	105,114	250,000	23,125	53,909	**—**	—	**128,239**	303,909
Osama Bedier	308,333	250,000	68,750	25,000	**—**	—	**377,083**	275,000
Ursula Burns	323,864	—	—	5,952	**—**	—	**323,864**	5,952
Mariano De Beer	204,167	—	87,500	—	**—**	—	**291,667**	—
Peter Derby	204,167	—	87,500	—	**—**	—	**291,667**	—
Mikhail Fridman	60,417	40,000	—	—	—	—	**60,417**	40,000
Gennady Gazin	629,167	250,000	33,333	80,000	**—**	—	**662,500**	330,000
Amos Genish	204,167	—	87,500	—	**—**	—	**291,667**	—
Yaroslav Glazunov	13,350	—	—	—	**—**	—	**13,350**	—
Andrei Gusev	60,417	40,000	—	—	500,000	750,000	**560,417**	790,000
Gunnar Holt	308,333	250,000	118,750	69,643	**—**	—	**427,083**	319,643
Sir Julian Horn-Smith	105,114	250,000	10,511	25,000	**—**	—	**115,625**	275,000
Robert Jan van de Kraats	308,333	250,000	85,417	30,000	**—**	—	**393,750**	280,000
Guy Laurence	104,167	250,000	12,500	30,000	**—**	—	**116,667**	280,000
Alexander Pertsovsky	47,917	40,000	—	—	—	—	**47,917**	40,000
Steve Pusey	204,167	—	58,333	—	**—**	—	**262,500**	—
Kaan Terzioglu	—	92,708	—	9,063	**—**	—	**—**	101,771
Total compensation	**3,395,361**	**1,962,708**	**746,136**	**328,567**	**500,000**	**750,000**	**4,641,497**	**3,041,275**

	Retainer		Committees		Other compensation		Total	
In whole US dollars	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Hans Holger Albrecht	232,775	—	83,134	—	—	—	**315,909**	—
Guillaume Bacuvier	119,843	279,799	26,365	60,335	—	—	**146,208**	340,134
Osama Bedier	351,537	279,799	78,383	27,980	—	—	**429,920**	307,779
Ursula Burns	369,244	—	—	6,661	—	—	**369,244**	6,661
Mariano De Beer	232,775	—	99,761	—	—	—	**332,536**	—
Peter Derby	232,775	—	99,761	—	—	—	**332,536**	—
Mikhail Fridman	68,883	44,768	—	—	—	—	**68,883**	44,768
Gennady Gazin	717,326	279,799	38,004	89,536	—	—	**755,330**	369,335
Amos Genish	232,775	—	99,761	—	—	—	**332,536**	—
Yaroslav Glazunov	15,221	—	—	—	—	—	**15,221**	—
Andrei Gusev	68,883	44,768	—	—	570,060	839,396	**638,943**	884,164
Gunnar Holt	351,537	279,799	135,389	77,944	—	—	**486,926**	357,743
Sir Julian Horn-Smith	119,843	279,799	11,984	27,980	—	—	**131,827**	307,779
Robert Jan van de Kraats	351,537	279,799	97,386	33,576	—	—	**448,923**	313,375
Guy Laurence	118,763	279,799	14,252	33,576	—	—	**133,015**	313,375
Alexander Pertsovsky	54,631	44,768	—	—	—	—	**54,631**	44,768
Steve Pusey	232,775	—	66,507	—	—	—	**299,282**	—
Kaan Terzioglu	—	103,758	—	10,143	—	—	—	113,901
Total compensation	**3,871,123**	**2,196,655**	**850,687**	**367,731**	**570,060**	**839,396**	**5,291,870**	**3,403,782**

Changes in Board of Directors

Ursula Burns was appointed Group CEO and Chairman of the VEON Ltd. board of directors on December 12, 2018. Accordingly, her total compensation for 2019 and until March 1, 2020, has been included in the section "Compensation of Key Senior Managers" above, except for payments received in respect of her role on Board Committees. Ursula Burns stepped down as Group CEO on March 1, 2020, and later stepped down as Chairman on June 1, 2020.

On June 1, 2020 VEON announced the results of the elections conducted at its Annual General Meeting of Shareholders. Shareholders elected five new members to the Company's Board of Directors, Hans Holger Albrecht, Mariano De Beer, Peter Derby, Amos Genish and Stephen Pusey, as well as seven previously serving directors: Osama Bedier, Mikhail M. Fridman, Gennady Gazin, Andrei Gusev, Gunnar Holt, Robert Jan van de Kraats and Alexander Pertsovsky.

Following the election of the directors, Gennady Gazin was appointed as Chairman of VEON's Board of Directors, effective June 1, 2020.

Value growth cash-based multi-year incentive plans

To stimulate and reward leadership efforts that result in sustainable success, value growth cash-based multi-year incentive plan (**"Incentive Plans"**) were designed for members of our recognized leadership community. The participants in the Incentive Plans may receive cash payouts after the end of each relevant award performance period.

Vesting is based on the attainment of certain Key Performance Indicators (**"KPIs"**), such as absolute share price, total return per share or value growth of certain VEON businesses. Options may be exercised by the participant at any time during a defined exercise period, subject to the Company's insider trading policy.

Short Term Incentive Scheme

The Company's Short Term Incentive (**"STI"**) Scheme provides cash pay-outs to participating employees based on the achievement of established KPIs over the period of one calendar year. KPIs are set every year at the beginning of the year and evaluated in the first quarter of the next year. The KPIs are partially based on the financial and operational results (such as total operating revenue, EBITDA and equity free cash flow) of the Company, or the affiliated entity employing the employee, and partially based on individual targets that are agreed upon with the participant at the start of the performance period based on his or her specific role and activities. The weight of each KPI is decided on an individual basis.

Pay-out of the STI award is scheduled in March of the year following the assessment year and is subject to continued active employment during the year of assessment (except in limited “good leaver” circumstances in which case there is a pro-rata reduction) and is also subject to a pro-rata reduction if the participant commenced employment after the start of the year of assessment. Pay-out of the STI award is dependent upon final approval by the compensation and talent committee.

22 Events after the reporting period

VEON enters into a US$1,250 multi-currency revolving credit facility agreement

In March 2021, VEON successfully entered into a new multi-currency revolving credit facility agreement (the “RCF”) of US$1,250. The RCF replaces the revolving credit facility signed in February 2017, which is now cancelled. The RCF has an initial tenor of three years, with the Company having the right to request two one-year extensions, subject to lender consent. International banks from Asia, Europe and the US have committed to the RCF. The new RCF caters for USD LIBOR cessation with the secured overnight financing rate (SOFR) administered by the Federal Reserve Bank of New York agreed as the replacement risk free rate with credit adjustment spreads agreed for interest periods with a one month, three months and six month tenor. SOFR will apply to interest periods commencing on and from October 31, 2021 (or earlier if USD LIBOR is no longer published or ceases to be representative prior to that date). The Company will have the option to make each drawdown in either U.S. dollars or euro.

VEON subsidiary Banglalink successfully acquires 9.4MHz in spectrum auction

In March 2021, Banglalink, the Company’s wholly-owned subsidiary in Bangladesh, acquired 4.4MHz spectrum in the 1800MHz band and 5MHz spectrum in 2100MHz band following successful bids at an auction held by the BTRC. The newly acquired spectrum will see Banglalink increase its total spectrum holding from 30.6MHz to 40MHz. Banglalink will invest approximately BDT 10 billion (US$115) to purchase the spectrum.

23 Basis of preparation of the consolidated financial statements

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (**“IFRS”**) as issued by the International Accounting Standards Board and adopted by the European Union, effective at the time of preparing the consolidated financial statements and applied by VEON.

The consolidated income statement has been presented based on the nature of the expense, other than ‘Selling, general and administrative expenses’, which has been presented based on the function of the expense.

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise disclosed.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Company has control. Please refer to Note 13 for a list of significant subsidiaries.

Intercompany transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group’s accounting policies.

When the Group ceases to consolidate a subsidiary due to loss of control, the related subsidiary’s assets (including goodwill), liabilities, non-controlling interest and other components of equity are de-recognized. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss. Any consideration received is recognized at fair value, and any investment retained is re-measured to its fair value, and this fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest. Any resultant gain or loss is recognized in the income statement.

Foreign currency translation

The consolidated financial statements of the Group are presented in U.S. dollars. Each entity in the Group determines its own functional currency and amounts included in the financial statements of each entity are measured using that functional currency.

Upon consolidation, the assets and liabilities measured in the functional currency are translated into U.S. dollars at exchange rates prevailing on the balance sheet date; whereas income and expenses are generally translated into U.S. dollars at historical monthly average exchange rates. Foreign currency translation adjustments resulting from the process of translating financial statements into U.S. dollars are reported in other comprehensive income and accumulated within a separate component of equity.

24 Significant accounting policies

Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements has required management to apply accounting policies and methodologies based on complex and subjective judgments, as well as estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances. The use of these judgments, estimates and assumptions affects the amounts reported in these consolidated financial statements. The final amounts for items for which estimates and assumptions were made in the consolidated financial statements may differ from those reported in these statements due to the uncertainties that characterize the assumptions and conditions on which the estimates are based.

The sources of uncertainty identified by the Group are described together with the applicable Note, as follows:

Significant accounting judgment / source of estimation uncertainty	Described in
Revenue recognition	Note 3
Deferred tax assets and uncertain tax positions	Note 8
Provisions and contingent liabilities	Note 7
Impairment of non-current assets	Note 10
Control over subsidiaries	Note 13
Depreciation and amortization of non-current assets	Note 11 and Note 12
Fair value of financial instruments	Note 15
Measurement of lease liabilities	Note 15

New standards and interpretations

Not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on VEON financial statements in current or future reporting periods or on foreseeable future transactions.

Adopted in 2020

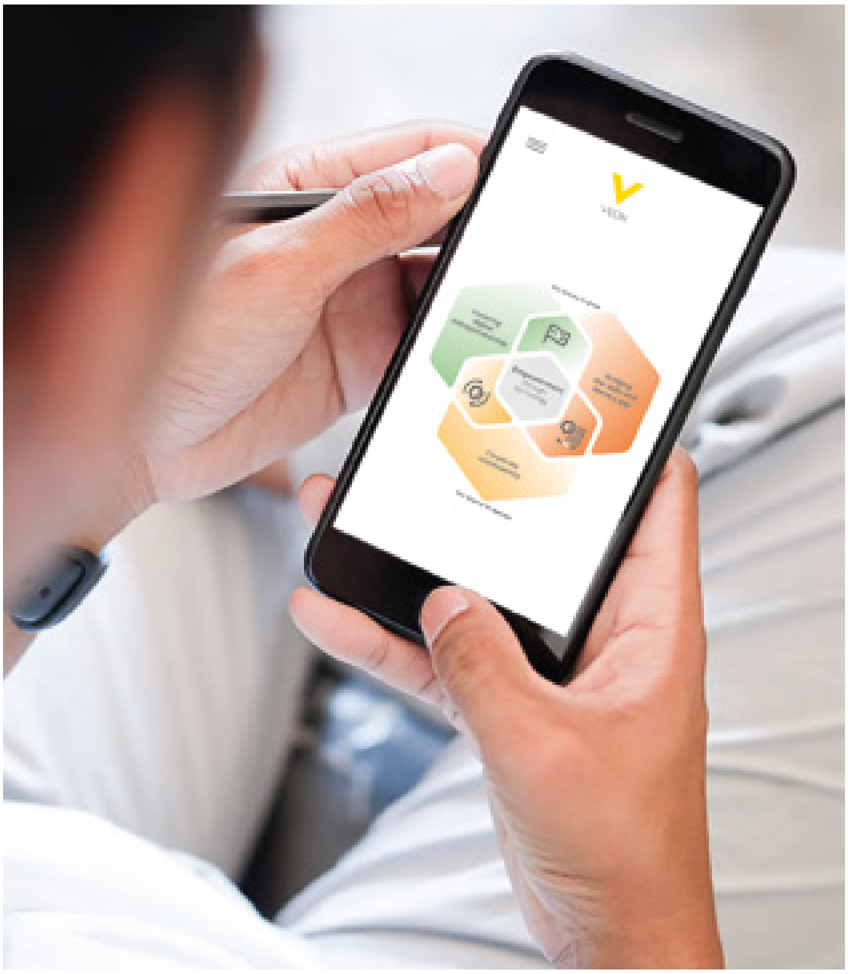
A number of new and amended standards became effective as of January 1, 2020, which did not have a material impact on VEON financial statements. The Group has not early adopted any other standards, interpretations or amendments that have been issued but have not yet become effective.

In May 2020, the IASB issued an amendment to IFRS 16 'Leases', providing an option to apply a practical expedient in respect of accounting for certain rent concessions arising as a direct consequence of COVID-19, such as rent holidays and temporary rent reductions. Under this amendment, which became effective in 2020, lessees are exempted from having to consider whether these rent concessions are lease modifications. The Group has chosen not to apply the practical expedient available, and will therefore account for any rent concessions as lease modifications.

Amsterdam, March 15, 2021
VEON Ltd.

About this report

This is VEON's second Integrated Annual Report. The report presents our operational and financial performance alongside our policies and business activities with regard to sustainability during 2020, along with information about related events and achievements. This report is intended for various stakeholders including our investors, employees, customers, suppliers, business partners and governments and regulators.



This report has been compiled in accordance with the framework of the International Integrated Reporting Council (IIRC) and attempts to demonstrate the impact of our business operations and social initiatives clearly and holistically.

Our approach to sustainability and reporting is guided by the principles of stakeholder engagement and materiality of the Global Reporting Initiative (GRI), both for this report and for the supporting materials that can be found on our website www.veon.com/sustainability/reports-data.

Reporting scope

VEON's Integrated Annual Report covers the 2020 calendar year. The report applies only to the geographical markets where we had active operations until 31 December 2020.

Our scope of reporting does not include markets where businesses were sold during the financial year, businesses where we control less than 50% of the equity, businesses where we do not have management control, or businesses that represent less than 0.15% of our service revenue.

A list of significant subsidiaries can be found in our Form 20-F (filed with the US Securities and Exchange Commission) or on our website.

Stakeholders and materiality

A range of stakeholders have legitimate expectations for how our Company operates and creates value. By engaging with them on a regular basis we can understand and evaluate issues and revisit our strategy, business plans and policies. We explain our approach to stakeholder engagement on pages 30 and 31.

We determine our priorities by assessing the materiality of individual topics to our business activities, and their importance to our stakeholders in a context broader than captured by traditional measures of financial materiality.

The prioritised issues are discussed with the relevant members of the management and the Global Executive Committee. The materiality assessment and its outcomes are applicable to all entities explained in the reporting scope. We explain our approach and the results on page 47. and discuss the material topics on pages 48 to 54.

Reporting guidelines

This report has been prepared in accordance with GRI Standards: Core option. Moreover, we include specific elements of the IIRC Framework; for example, a value creation model.

We set out the reporting scope and boundaries for each material topics in the GRI Content Index which can also be found on our website at www.veon.com/sustainability/reports-data.

Data quality

This report was developed according to the reporting principles defined by GRI Standards.

The sustainability reporting system is integrated into our broader financial reporting system, including internal controls. We have implemented several control measures to secure the quality of our data consolidation and reporting, including:

- Controls within the reporting software to ‘lock’ data once it has been approved at different levels to prevent unauthorised changes and map an internal audit trail.
- Clear division of responsibilities between data custodians (responsible for providing initial data), finance teams (responsible for the data entry and reporting process), and corporate responsibility teams at operating company level (responsible for checking data quality and content).
- An external auditor providing assurance on a selection of material KPIs.

Each year, we perform a comprehensive internal check on our KPIs and update our reporting procedures to ensure that our indicators are most relevant to our business. These changes in processes are updated annually in our Sustainability Reporting Manual. The manual is an important internal document for key points of contact at both our operating companies and headquarters. It includes definitions, as well as instructions on how to source the data.

Within the Sustainability Programme Framework, we continue to report on the goals identified in the prior year’s report and report on KPIs such as the number of start-ups supported, beneficiaries of donated ICT equipment and mLiteracy programme participants on a cumulative basis.

In 2020, a different approach was used in calculating work-related injuries. Due to a different definition used in classification of injuries introduced by the updated GRI Standard, the injury rate is based on high-consequence work-related injuries.

Independent assurance

VEON’s senior stakeholders need to be able to rely on sustainability information as a basis for their decisions. Trustworthy information strengthens confidence in our Company, our markets and our ability to generate long-term value.

In order to ensure we have reliable information with respect to non-financial information, we have requested an independent third party to provide assurance for the following set of KPIs:

- Security incidents managed preventively and solved without major negative impact
- Number of employees that completed anti-corruption and anti-bribery training
- Number of one-month-active accounts/digital wallets
- Number of active users of self-care applications (MAU)
- Board meeting attendance

The assurance statement can be found on page 196.

Relevant data assumptions and estimates

Within our sustainability reporting process, there are relevant data assumptions and estimates to indicate. Below, you will find an explanation on several of our most important assumptions.

Environmental footprint

Regarding the data we collect for capturing our environmental footprint, we are focused on improving the measurement of our Scope 1 (network) and Scope 2 (non-network) carbon emissions, and have not yet started to quantify our Scope 3 emissions.

In several operating companies, we have outsourcing agreements relating to the building, management and maintenance of our network assets. We have attempted to record the key impacts such as energy consumption and relevant health and safety performance of contractors when on VEON premises.

We have made certain assumptions and estimations in relation to our energy use and carbon footprint. The bulk of our energy consumption comes from our base stations, some of which are not connected to national power grids.

This means that we must estimate consumption based on a mixture of invoice information and knowledge of technical capabilities of different types of equipment.

For several of our businesses, we estimate energy consumption for the final period of the year as invoices are not yet available. We have done this through reference to other invoices received during the year and for the same period in the previous year.

We have calculated carbon dioxide equivalent emissions arising from energy purchased from national electricity grids with reference to conversion factors provided by the International Energy Agency. Sustainability reporting-related information as well as non-financial data is retrieved from each of the operating companies during the process of data collection.

The importance of uniformity of data was emphasised. However, local systems and different measuring methods and calculation approaches may result in some uncertainties.

Third-party data

Across our reporting process for the Integrated Annual Report, we do not intend to report on the broader impacts of outsourcing partners or suppliers as these issues should be included in their own sustainability reporting.

This statement is applicable for all key performance indicators that we collect and include in each year’s report.

Variances in individual operating company methods

Each year we update and streamline the KPI reporting definitions in our Group Sustainability Reporting Manual.

However, we acknowledge that KPI reporting in some instances cannot be completely aligned, as the definitions of certain indicators inevitably vary per country and across some operating companies.

One example of this is that a ‘leaver’ is classified differently in various regions; in some this entails a person who has left the Company permanently whereas in other regions a ‘leaver’ can also refer to a person who is on maternity leave for an extended period of time. Thus, it is important to disclose and be aware of such differences in definitions between regions.

Net Promoter Score (NPS)

NPS is a widely used alternative to traditional customer-satisfaction surveys. Respondents are asked how likely they would be to recommend the company on a scale of one to 10. If they give a score of nine or more, they are considered a promoter. They are a detractor if they give a score of six or less. NPS is the difference between the percentage of promoters and detractors.

Our sustainability standards

GRI Sustainability Reporting Standards

The GRI Sustainability Reporting Standards (GRI Standards) are the most widely adopted global standards for sustainability reporting. The GRI Standards are designed to be used by organisations to understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being.

Aligning our reporting with the GRI Standards provides a holistic picture of both our sustainability programmes and our wider business. The GRI Standards help us to showcase how VEON empowers local communities and helps to safeguard the environment, while at the same time thriving economically through improving governance and stakeholder relations, enhancing reputations and building trust. The GRI Standards also help us to contribute to a sustainable global economy by driving greater transparency in corporate reporting and communications.

The Dutch Transparency Benchmark

The Dutch Transparency Benchmark assesses transparency in corporate social reporting. It is a study of the qualitative and quantitative development of corporate social reporting among the largest companies in the Netherlands.

The government of the Netherlands, where VEON is headquartered, requires companies to be transparent about their corporate social responsibility (CSR) policies and activities. The Ministry of Economic Affairs and Climate Policy uses the Transparency Benchmark to provide an insight into the manner in which the largest Dutch companies report their CSR activities.

VEON participates in the Dutch Transparency Benchmark assessment. In 2019, VEON demonstrated significant improvement in its score, from position 80 in 2017 up to position 32 in 2019.

The Dow Jones Sustainability Index (DJSI)

The Dow Jones Sustainability Index is the first global sustainability benchmark of indices. The focus of the Dow Jones Indices is to evaluate the sustainability of various publicly traded companies.

VEON participated in the DJSI for the first time in 2019. The goal of participating is to demonstrate VEON’s sustainability commitment and performance to investors and other stakeholders, as well as to gain insights into our positioning relative to our industry peers and determine the most effective areas for improvement.

The UN Sustainable Development Goals

Reporting on our impact on and progress regarding the UN Sustainable Development Goals helps us to showcase how our individual sustainability programmes and initiatives contribute to wider global goals around inclusive, environmentally and ethically sound advancement. Additionally, it also brings our reporting in line with industry best practices.

MSCI ESG Ratings

VEON engages with a variety of agencies that assess our sustainability credentials. We were delighted to have received an upgrade from ‘BBB’ to ‘A’ from MSCI ESG Ratings in their most recent assessment dated June 2021, which cited our recent improvements in corporate governance as a particular area of improvement. Details of these can be found on pages 51 to 53 and pages 94 to 97 in this report.

Challenge Sustainability

Independent Assurance Statement

Scope of engagement

Challenge Sustainability Limited ("Challenge Sustainability", "us" or "we") were commissioned by VEON Amsterdam B.V. ("VEON") with the objective to provide assurance of specified Subject Matter (defined below) within VEON's Integrated Annual Report 2020 (the "Report"), for the reporting year ended 31st December 2020. Our agreed objective was to obtain a 'reasonable' level of assurance for the Subject Matter, to meet the requirements of the International Standard on Assurance Engagements (ISAE) 3000 revised.

Subject Matter

The scope and boundary of our work is restricted to the following key performance indicators as reported on specific pages of the Report:

- Security incidents managed preventively and solved without major negative impact (pages 50, 198)
- Number of employees that completed anti-corruption and anti-bribery training (pages 48, 198)
- Number of 1 month-active accounts/digital wallets (pages 1, 49, 68, 198)
- Number of active users of self-care apps (MAU) (pages 1, 27, 35, 54, 199)
- Board meeting attendance table (page 101)

In addition, we reviewed VEON's process for determining materiality, as described on page 45. To assess the Subject Matter, which includes an assessment of the risk of material misstatement in the Report, we have used VEON's Sustainability Reporting Manual (the "**Reporting Criteria**"), which are based on the GRI Sustainability Reporting Standards of the Global Reporting Initiative. The Management of VEON are responsible for preparing the Report in accordance with the Reporting Criteria. We have not performed any work, and do not express any conclusion, on any other information that may be published in the Report or on VEON's website for the current reporting period or for previous periods.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, in our opinion, the Subject Matter is fairly stated and has been prepared, in all material respects, in accordance with the Reporting Criteria. This conclusion relates only to the Subject Matter, and is to be read in the context of this Assurance Statement, in particular the inherent limitations explained below.

Responsibilities of the Management of VEON

The Management of VEON has sole responsibility for preparing and presenting the Subject Matter in accordance with VEON's Sustainability Reporting Manual. VEON's responsibilities also include maintaining effective internal controls over the information and data, resulting in the preparation of the Subject Matter in a way that is free from material misstatements.

Responsibilities of Challenge Sustainability

Our responsibility is to plan and perform our work to obtain assurance over whether the Subject Matter has been prepared in accordance with the Reporting Criteria and to report to VEON in the form of an independent assurance conclusion, based on the work performed and the evidence obtained. The intended users of this assurance statement are VEON and its stakeholders. We do not accept, or assume responsibility to anyone else, except to VEON for our work, for the conclusions that we have reached. We have not been responsible for the preparation of the Report.

Standards and level of assurance

For the **Subject Matter**, we performed our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain a specified level of assurance. A reasonable level of assurance means that we aimed to reduce the assurance engagement risk (the risk that an inappropriate conclusion is expressed when the information on the subject matter is materially misstated) to an acceptably low level, but not reduced to nil. A reasonable assurance engagement includes examining, on a test basis, evidence supporting the Subject Matter in the Report. We have evaluated the processes for collecting and consolidating the Subject Matter and performed testing on a sample basis to evaluate whether the Subject Matter is reported according to the Reporting Criteria.

Inherent Limitations

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities.

Our assurance relies on the premise that the data and information provided to us by VEON have been provided in good faith. Challenge Sustainability expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

Our competence, independence and quality control

Challenge Sustainability has established policies and procedures that are designed to ensure that our team maintain independence and integrity. Challenge Sustainability had no additional engagement with VEON during the reporting year that would constitute a conflict of interest or otherwise compromise our independence. This engagement was carried out by an independent team of sustainability assurance professionals. Further information on our competencies and experience can be found at www.challengesustainability.com.

Basis of our conclusion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Subject Matter. Our work included, but was not restricted to:

- Assessing the appropriateness of the Reporting Criteria for the Subject Matter;
- Reviewing the effectiveness of internal controls and the processes for collecting and consolidating relevant data and information;
- Conducting remote interviews with VEON's Management to obtain an understanding of the key processes, systems and controls in place to generate, aggregate and report relevant data and information;
- Remote meetings with staff at VEON's Head Office to review the processes for gathering and consolidating relevant data and information and checking its consolidation;
- Examining, on a sample basis, source evidence to support the reported Subject Matter, specifically to establish the relationship between data and information aggregated at Head Office level, with the data and information gathered at Operating Company level, with samples of data from Operating Companies chosen on the base of market size and geographical location;
- Reviewing the evidence, measurements and their scope provided to us by VEON for the Subject Matter to assess whether it was prepared in line with the Reporting Criteria; and
- Reviewing the Report and narrative accompanying the Subject Matter in the Report with regards to the Reporting Criteria.

For and on behalf of:

Challenge Sustainability Limited

Jon Woodhead, Director **Rob Pearson, Director**

United Kingdom, 26th October 2021

Key data and information

Table 1

Ethics & Integrity

	2020	2019
Training about anti-corruption (and bribery) policies and procedures		
The percentage of GEC members and GEC minus 1 that received training about anti-corruption (and bribery) policies and procedures	**100%**	73%
Percentage of OpCo CEOs and CEOs minus 1 that received training about anti-corruption (and bribery) policies and procedures (%)	**85%**	78%
The total number of employees that received training about anti-corruption (and bribery) policies and procedures*	**13,928**	6,279
Percentage of employees that received training about anti-corruption (and bribery) policies and procedures (%)	**32%**	21%
Incidents of breaches of Code of Conduct and actions taken		
Total number of SpeakUp reports	**884**	1,166
Percentage of substantiated SpeakUp reports	**41.3%**	44.8%
Total number of internal disciplinary actions related to SpeakUp reports	**468**	456

* In 2020 the employees who received training were selected from medium and high risk functions.

Table 2

Digital Inclusion

	2020	2019	2018
Number of digital wallets (millions)	**12.3**	7.3	n/a
Digital skills and literacy			
Number of educational institutions with free or subsidised internet connections	**200**	184	n/a
Number of individuals benefitting from donated ICT equipment	**42,100**	56,026	28,600
# of individuals benefitting from mobile literacy and skills development programmes	**81,095**	120,010	125,800
# of individuals enrolled in traditional education and skills development initiatives	**41,825**	73,080	14,333

Table 3

Data Privacy and Cyber Security

	2020	2019	2018
Progress of additional security measures implemented	**94%**	91%	89%
Potentially adverse events analysed	**~1,800**	~2,000	120
Critical incidents managed preventively and solved without major negative impact	**16**	12	10
Notifications from external cyber intelligence services	**31**	15	5
Internally identified compromises that resulted in a breach and exfiltration of data	**47**	0	1
Reports from outside parties and substantiated by the organisation	**3**	1	0
Complaints from regulatory bodies	**118**	2	2

Table 4

Digital Innovation

	2020	2019	2018
Monthly active users of self-care apps and web-services (millions)	**30.1**	19.6	n/a
Make your Mark			
Number of people attending entrepreneurship educational events	**5,109**	11,080	n/a
Number of people entering digital entrepreneur competitions	**19,592**	44,249	20,279
Number of start-ups supported	**35**	183	652
Number of hackathons conducted	**9**	12	16

Table 5

Environmental Performance

	2020	2019	2018
Total CO_2 emissions (megatons)	**1.33**	1.25	0.8
CO_2 emissions scope 1 (megatons)	**0.14**	0.16	0.16
CO_2 emissions scope 2 (megatons)	**1.18**	1.1	0.65
Number of BTS with solar and / or wind energy technology	**492**	472	475
Number of BTS with free-cooling technology	**16,247**	15,968	15,037
Number of BTS with hybrid-diesel technology	**13,012**	13,451	11,354
Number of BTS which are outdoor sites	**40,932**	35,267	28,884
Number of BTS which use power-saving technology	**35,705**	21,601	31,225
Energy use (MWh millions)			
Network (base stations and related buildings and equipment)	**2.42**	2.24	1.62
Offices and other buildings	**0.31**	0.34	0.36
Vehicles	**0.02**	0.02	0.02

Table 6

Occupational Health and Safety

	2020	2019	2018
Number of work-related fatal accidents	**3**	0	2
Number of incidents resulting in lost days*	**n/a**	116	127
Number of work-related special security incidents	**5**	2	1
Number of high-consequence work-related injuries**	**53**	n/a	n/a
Work-related injury rate per million hours	**0.72*** **	1.38	1.57

* The KPI is replaced by the new KPI.
** This is the new reporting KPI.
*** The injury frequency rate for 2020 is based on the number of high-consequence work-related injuries.

Table 7

Talent Management and Skills Development

	2020	2019	2018
Percentage of employees covered by collective bargaining agreements	**7%**	10%	12%
Average # of training hours per employee	**18.7**	13.6	n/a
Amount spent on employee training and development activities (USD million)	**2.3**	6.7	n/a
Annual employee turnover rate (%)	**42%**	43%	41%
New employee hires			
Russia	**13,714**	16,675	20,969
Pakistan	**592**	554	288
Algeria	**40**	39	92
Bangladesh	**41**	78	160
Ukraine	**611**	1,232	722
Uzbekistan	**286**	269	492
Kazakhstan*	**793**	915	n/a
HQ	**12**	39	98
Others	**117**	472	993
Total	**16,206**	**20,273**	**23,814**
Number of employees			
Russia	**26,453**	28,003	28,570
Pakistan	**4,539**	4,325	4,424
Algeria	**2.747**	2,781	2,866
Bangladesh	**1,137**	1,200	1,120
Ukraine	**3,628**	3,527	2,754
Uzbekistan	**1,604**	1,594	1,563
Kazakhstan*	**2,521**	2,142	n/a
HQ	**187**	286	507
Others	**824**	2,634	4,328
Total	**43,639**	**46,492**	**46,132**

* The number of employees in Kazakhstan for the year ended December 31, 2018 was included in 'Others'. For the year ended December 31, 2019, as Kazakhstan is a reportable segment, the total number of employees in Kazakhstan is reported separately.

Table 8

Diversity, Equality and Discrimination

	2020	2019	2018
Proportion of female senior leaders (%)	**22%**	22%	24%
Proportion of senior management hired from the local community (%)	**72%**	62%	n/a
Percentage of employees who are male	**56%**	56%	63%
Percentage of employees who are female	**44%**	44%	37%
Percentage of employees who are aged under 30	**39%**	43%	n/a
Percentage of employees who are aged between 30 and 50	**56%**	52%	n/a
Percentage of employees who are aged over 50	**5%**	5%	n/a
Number of employees with self-identified disabilities	**68**	90	n/a

Table 9

Quality of Services

	2020	2019	2018
Voice call drop rate (%)	**0.4%**	0.51%	0.61%
Improvement in voice call drop rate (%)	**21.6%**	16.4%	n/a
Voice Inaccessibility (%)	**1.2%**	0.77%	0.92%
Data Inaccessibility (%)	**0.21%**	0.4%	0.49%
The number of markets ranked first or second in their market (leaders)	**4**	5	4
The number of markets improving relative NPS	**0**	2	5
Total base stations (Physical Sites)	**270,514**	265,841	231,807
Total sites - 2G (Physical Sites)	**96,534**	105,710	102,078
Total sites - 3G (Physical Sites)	**84,320**	84,183	79,107
Total sites - 4G (Physical Sites)	**89,660**	75,948	50,622
Active mobile voice subscribers (3 months) (millions)	**209.1**	212.4	209.9
Active data subscribers (3 months) (millions of fixed-line customers)	**4.3**	4.2	3.8
Total mobile data traffic (including voice) (GByte)	**8.6**	5.3	3.1
MBOU (Mega Byte of Use) (per country)			
Total Russia	**8,591**	5,497	3,630
Total Algeria	**4,952**	3,198	1,743
Total Pakistan	**3,736**	2,083	1,129
Total Bangladesh	**2,339**	1,314	789
Total Ukraine	**5,284**	3,667	2,142
Total Kazakhstan	**9,692**	5,951	4,120
Total Uzbekistan	**3,524**	2,222	1,100
Total Kyrgyzstan	**10,377**	6,021	3,575
Total Armenia	**n/a**	1,925	1,635
Total Georgia	**3,804**	3,093	2,085

	4G			3G			2G		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Network Population Coverage									
Total Russia	**88%**	86%	74%	**93%**	93%	95%	**94%**	94%	97%
Total Algeria	**52%**	38%	27%	**76%**	75%	77%	**96%**	96%	96%
Total Bangladesh	**60%**	29%	17%	**75%**	72%	72%	**96%**	95%	95%
Total Pakistan	**59%**	52%	34%	**62%**	60%	52%	**77%**	75%	75%
Total Kazakhstan	**76%**	68%	60%	**86%**	83%	76%	**98%**	92%	92%
Total Uzbekistan	**52%**	26%	25%	**75%**	75%	70%	**92%**	92%	91%
Total Kyrgyzstan	**90%**	89%	59%	**86%**	86%	62%	**98%**	98%	88%
Total Georgia	**90%**	90%	90%	**75%**	75%	75%	**89%**	89%	89%
Total Armenia	**n/a**	58%	46%	**n/a**	87%	85%	**n/a**	99%	99%
Total Ukraine	**86%**	74%	51%	**75%**	75%	75%	**98%**	98%	98%

Glossary of financial terms

Adjusted EBITDA (or EBITDA) is a non-IFRS financial measure. We calculate Adjusted EBITDA as profit/loss before interest, tax, depreciation, amortisation, impairment, gain/loss on disposals of non-current assets, other non-operating gains/losses and share of profit/loss of joint ventures and associates. Adjusted EBITDA should not be considered in isolation or as a substitute for analysis of our results as reported under IFRS.

Capex is defined as purchases of property and equipment and intangible assets excluding licences, goodwill and right-of-use assets. **Operational capex** is Capex excluding capitalised leases.

Capex intensity is a ratio that is calculated as last twelve months (LTM) operational capex divided by LTM revenue.

Equity free cash flow (EFCF) is a non-IFRS measure and is defined as free cash flow from operating activities less cash flow used in investing activities, after licence payments and lease payments (principal amount), excluding M&A transactions, inflow/outflow of deposits, financial assets and other one-off items. In our Group reporting after January 1, 2021, EFCF also excludes balance movements in Pakistan banking, which in doing so we believe better reflects the operational performance of our Pakistan business.

Gross debt is calculated as the sum of long-term notional debt and short-term notional debt including capitalised leases**.**

Local currency trends (growth/decline) in revenue and EBITDA are non-IFRS financial measures that reflect changes in Revenue and EBITDA, excluding foreign currency movements and other factors, such as businesses under liquidation, disposals, mergers and acquisitions.

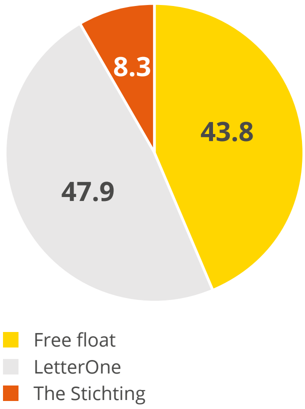
Net debt is a non-IFRS financial measure and is calculated as the sum of interest bearing long-term debt including capitalised leases and short-term notional debt minus cash and cash equivalents, long-term and short-term deposits. Net debt should not be considered in isolation as an alternative to long-term debt and short-term debt, or any other measure of the Company's financial position.

Operational cash flow is EBITDA minus operational capex, where operational capital expenditures (operational capex) is calculated as capex excluding purchases of new spectrum licences and capitalised leases.

Shareholder information

Current shareholding structure

(Percentages as at March 1, 2021)



Corporate headquarters

Claude Debussylaan 88
1082 MD Amsterdam
Netherlands

Contact information

Investor Relations
Nik Kershaw
ir@veon.com

Current shareholding structure

Percentages as of March 1, 2021

Shareholder	Common shares	% of common and voting shares
Free Float[1]	770,158,572	43.8%
LetterOne[2]	840,625,001	47.9%
The Stichting[3]	145,947,562	8.3%
Total	**1,756,731,135**	**100%**

Certain figures and percentages that appear in this table have been subject to rounding adjustments. As a result, certain numerical figures shown as totals may not be exact arithmetic aggregations of the figures that precede or follow them.

1. Free float shares include treasury shares; for more information please refer to Form 20-F.
2. As reported on Schedule 13D, Amendment No. 20, filed on September 13, 2019, by L1T VIP Holdings S.à r.l. ("L1T"), Letterone Core Investments S.à r.l. ("LCIS") and Letterone Investment Holdings S.A. ("LetterOne") with the SEC, L1T is the direct beneficial owner of 840,625,001 common shares. LCIS is the sole shareholder of L1T, and LetterOne is the sole shareholder of LCIS and, in such capacity, each of L1T, LCIS and LetterOne may be deemed to be the beneficial owner of the 840,625,001 common shares held for the account of L1T. Each of L1T, LCIS and LetterOne is a Luxembourg company, with its principal business to function as a holding company.
3. As reported on Schedule 13G, filed on April 1, 2016, by Stichting with the SEC, Stichting is the direct beneficial owner of 145,947,562 of VEON Ltd.'s common shares. LetterOne is the holder of the depositary receipts issued by Stichting and is therefore entitled to the economic benefits (dividend payments, other distributions and sale proceeds) of such depositary receipts and, indirectly, of the 145,947,562 common shares represented by the depositary receipts. According to the conditions of administration entered into between Stichting and LetterOne ("Conditions of Administration") in connection with the transfer of 145,947,562 ADSs from LetterOne to Stichting on March 29, 2016, Stichting has the power to vote and direct the voting of, and the power to dispose and direct the disposition of, the ADSs, in its sole discretion, in accordance with the Conditions of Administration and Stichting's articles of association. Stichting is a foundation incorporated under the laws of the Netherlands. The common shares held by Stichting represent approximately 8.31% of VEON Ltd.'s issued and outstanding shares.

$3.1bn

Market capitalisation as at March 1, 2021

NASDAQ Ticker: VEON

Nasdaq

EURONEXT AMSTERDAM Ticker: VEON

EURONEXT

Report disclaimer

Cautionary note regarding forward-looking statements

This Integrated Annual Report 2020 ("Report") contains estimates and forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). These estimates and forward-looking statements are mainly based on our current expectations and estimates of future events and trends, which affect or may affect our businesses and operations.

Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to numerous risks and uncertainties and are made in light of information currently available to us. In addition to the factors discussed in the section of this Report entitled "Managing Our Risks", please refer to Item 3D. – Risk Factors of our annual report on Form 20-F for the year ended December 31, 2020 filed with the SEC on March 15, 2021 ("Form 20-F") for further discussion relating to factors that may adversely affect our results as indicated in forward-looking statements. You should read this Report completely and with the understanding that our actual future results may be materially different and worse from what we expect. All statements other than statements of historical fact are forward-looking statements. The words "may," "might," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "seek," "believe," "estimate," "predict," "potential," "continue," "contemplate," "possible" and similar words are intended to identify estimates and forward-looking statements.

Our estimates and forward-looking statements may be influenced by various factors, including, without limitation:

- our ability to implement and execute our strategic priorities successfully and to achieve the expected benefits from our existing and future transactions;
- our assessment of the impact of the COVID-19 pandemic on our operations and financial condition;
- our targets and strategic initiatives in the various countries in which we operate;
- our ability to develop new revenue streams and achieve portfolio and asset optimisations, improve customer experience and optimise our capital structure;
- our ability to generate sufficient cash flow to meet our debt service obligations, our expectations regarding working capital and the repayment of our debt and our projected capital requirements;
- our plans regarding our dividend payments and policies, as well as our ability to receive dividends, distributions, loans, transfers or other payments or guarantees from our subsidiaries;
- our expectations regarding our capital and operational expenditures in and after 2021;
- our goals regarding value, experience and service for our customers, as well as our ability to retain and attract customers and to maintain and expand our market share positions;
- our plans to develop, provide and expand our products and services, including operational and network development, optimisation and investment, such as expectations regarding the expansion or roll-out and benefits of 3G, 4G/LTE and 5G networks or other networks, broadband services and integrated products and services, such as fixed-mobile convergence; and digital services in the areas of financial technology, digital advertising and entertainment;
- our expectations as to pricing for our products and services in the future, improving our ARPU and our future costs and operating results;
- our ability to meet licence requirements, to obtain, maintain, renew or extend licences, frequency allocations and frequency channels and to obtain related regulatory approvals;
- our plans regarding marketing and distribution of our products and services, including customer loyalty programmes;
- our expectations regarding our competitive strengths, customer demands, market trends and future developments in the industry and markets in which we operate;
- our expectations regarding management changes; and
- other statements regarding matters that are not historical facts.

These statements are management's best assessment of our strategic and financial position and of future market conditions, trends and other potential developments. While they are based on sources believed to be reliable and on our management's current knowledge and best belief, they are merely estimates or predictions and cannot be relied upon. We cannot assure you that future results will be achieved. The risks and uncertainties that may cause our actual results to differ materially from the results indicated, expressed or implied in the forward-looking statements used in this Report include, without limitation:

- risks relating to changes in political, economic and social conditions in each of the countries in which we operate and where laws are applicable to us (including as a result of armed conflict) such as any harm, reputational or otherwise, that may arise due to changing social norms, our business involvement in a particular jurisdiction or an otherwise unforeseen development in science or technology;
- in each of the countries in which we operate and where laws are applicable to us, risks relating to legislation, regulation, taxation and currency, including costs of compliance, currency and exchange controls, currency fluctuations, and abrupt changes to laws, regulations, decrees and decisions governing the telecommunications industry and taxation, laws on foreign investment, anti-corruption and anti-terror laws, economic sanctions, data privacy, anti-money laundering, antitrust, national security and lawful interception and their official interpretation by governmental and other regulatory bodies and courts;
- risks related to the impact of export controls, sanctions, international trade regulation, customs and technology regulation on our ability, and the ability of important third-party suppliers to procure goods, software or technology necessary to provide services to our customers, particularly services related to the production and delivery of supplies, support services, software, and equipment sourced from these suppliers – for example, between April and July 2018, the U.S. Department of Commerce, Bureau of Industry and Security ("BIS") imposed a Denial Order against ZTE Corporation ("ZTE") under the Export Administration Regulations ("EAR") which prohibited transactions with ZTE during this time that involved goods, software or technology subject to the EAR and could have led to service degradation and disruption in certain markets, and in May and August 2019, and August 2020, BIS added Huawei Technologies Company Ltd. and 152 of its affiliates (collectively, "Huawei") to its "Entity List", which prohibits companies globally from directly or indirectly exporting, reexporting or in-country transferring goods, software, and technology that is subject to the EAR to Huawei and from procuring such items from Huawei when they have reason to know of any underlying U.S. export control violations in connection with those items;
- risks related to the ongoing COVID-19 pandemic, such as adverse impacts on our financial performance resulting from lockdown restrictions, changes in customer trends and the broader macroeconomic impact of the pandemic on our countries of operation;
- risks relating to a failure to meet expectations regarding various strategic initiatives, including, but not limited to, changes to our portfolio of operating companies, product and technology offerings, development of networks and customer services;
- risks related to solvency and other cash flow issues, including our ability to raise the necessary additional capital and incur additional indebtedness, the ability of our subsidiaries to make dividend payments, our ability to develop additional sources of revenue and unforeseen disruptions in our revenue streams;
- risks that the adjudications by the various regulatory agencies or other parties with whom we are involved in legal challenges, license and regulatory disputes, tax disputes or appeals may not result in a final resolution in our favour or that we are unsuccessful in our defence of material litigation claims or are unable to settle such claims;
- risks relating to financial reporting requirements under, or changes in, accounting standards and regulatory reviews, including from accounting standard-setting bodies such as the International Accounting Standards Board ("IASB"), the SEC and the Dutch Authority for the Financial Markets (the "AFM"), that could result in changes to accounting regulations that govern the preparation and presentation of our financial statements. In the event of any such change in accounting standards or interpretation thereof, or unfavorable regulatory review relating to our financial reporting, we may be required to restate or make other changes to our previously issued financial statements and such circumstances may involve the

identification of one or more significant deficiencies or potentially even material weaknesses in our internal control over financial reporting – for example, we are currently engaged in a comment letter process with the AFM regarding our financial statements as of and for the six and three-month periods ended June 30, 2020 in which the AFM has indicated that our goodwill impairment tests may have been applied incorrectly and an additional goodwill impairment charge may be necessary, and the outcome of this process could require us to restate previously issued financial statements and may result in other adverse consequences including a potential significant deficiency or material weakness in our internal control over financial reporting and a potential adverse effect on our net profit (i.e., potential non-cash adjustment).
- risks relating to our company and its operations in each of the countries in which we operate and where laws are applicable to us, including demand for and market acceptance of our products and services, regulatory uncertainty regarding our licences, frequency allocations and numbering capacity, constraints on our spectrum capacity, access to additional bands of spectrum required to meet demand for existing products and service offerings or additional spectrum required from new products and services and new technologies, availability of line capacity, fibre capacity, international gateway access, intellectual property rights protection, labour issues, interconnection agreements, equipment failures and competitive product and pricing pressures;
- risks related to developments from competition, unforeseen or otherwise, in each of the countries in which we operate and where laws are applicable to us, including our ability to keep pace with technological change and evolving industry standards;
- risks related to the activities of our strategic shareholders, lenders, employees, joint venture partners, representatives, agents, suppliers, customers and other third parties;
- risks associated with our existing and future transactions, including with respect to realising the expected synergies of closed transactions, satisfying closing conditions for new transactions, obtaining regulatory approvals, implementing remedies and assuming related liabilities;
- risks associated with data protection, data breaches, cyber-attacks or systems and network disruptions, or the perception of such attacks or failures in each of the countries in which we operate, including the costs associated with such events and the reputational harm that could arise therefrom;
- risks related to the ownership of our American Depositary Receipts, including those associated with VEON Ltd.'s status as a Bermuda company and a foreign private issuer; and
- other risks and uncertainties as set forth in Item 3D. – Risk Factors contained in our Annual Report on Form 20-F.

These factors and the other risk factors described in Item 3D. – Risk Factors contained in our Annual Report on Form 20-F are not necessarily all of the factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our future results. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Under no circumstances should the inclusion of such forward-looking statements in this Report be regarded as a representation or warranty by us or any other person with respect to the achievement of results set out in such statements or that the underlying assumptions used will in fact be the case. Therefore, you are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements included in this Report are made only as of the date of this Report. We cannot assure you that any projected results or events will be achieved.

Except to the extent required by law, we disclaim any obligation to update or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C022913

This report is printed on paper certified in accordance with the FSC® (Forest Stewardship Council®) and is recyclable and acid-free.

Pureprint Ltd is FSC® certified and ISO 14001 certified showing that it is committed to all round excellence and improving environmental performance is an important part of this strategy.

Pureprint Ltd aims to reduce at source the effect its operations have on the environment and is committed to continual improvement, prevention of pollution and compliance with any legislation or industry standards.

Pureprint Ltd is a Carbon / Neutral® Printing Company.

Designed and produced by Black Sun Plc
www.blacksunplc.com

VEON