



# VEON Sustainability Report 2018

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INSIDE THIS REPORT

# Contents

<b>Chairman and CEO's Message</b>	<b>03</b>	<b>Our Commitment to Sustainable Business</b>	<b>36</b>
		Our Commitment to Sustainable Business	37
		Digital Inclusion	38
<b>2018 Overview</b>	<b>05</b>	Occupational Health and Safety	40
Business Overview	06	Data Privacy and Cyber Security	41
Impact on Society	07	Service Quality	42
		Responsible Supply Chain	44
		Talent Management	45
		Environmental Performance	46
<b>About VEON</b>	<b>08</b>	<b>Our Progress on The Sustainable Development Goals</b>	<b>47</b>
VEON at a Glance	09	VEON and the SDGs	48
Business Strategy	10	SDG 4: Quality Education	49
VEON's Culture and Values	11	SDG 8: Decent Work and Economic Growth	50
Value Creation Approach	12	SDG 9: Industry, Innovation and Infrastructure	51
Sustainability Strategy	15		
Sustainability Programme Framework	16		
Stakeholder Engagement	17		
Engaging Through Global and Local Memberships	19		
Materiality Assessment	20		
<b>Corporate Governance</b>	<b>21</b>	<b>About This Report</b>	<b>52</b>
Managing our Risks	23		
Ethics, Transparency and Governance	24	<b>Independent Assurance Statement</b>	<b>55</b>
<b>Fostering Digital Entrepreneurship</b>	<b>25</b>	<b>Definitions of Material Topics</b>	<b>57</b>
Introducing Make Your Mark	26		
Case Studies	27	<b>Report Disclaimer</b>	<b>63</b>
<b>Bridging the Skills and Literacy Gap</b>	<b>31</b>	<b>Contact</b>	<b>65</b>
Developing Digital Skills and Literacy	32		
Case Studies	33		




**Pakistan: Supporting Digital Innovation** 27



**Algeria: Inspiring Future Innovators** 28



**Bangladesh: Incubating Entrepreneurial Success** 29



**Armenia: Cultivating Collaboration** 30



**Ukraine: Sparking Creative Thinking** 33



**Pakistan: Smart Schools Offer Bright Future** 34



**Kyrgyzstan: Widening Knowledge Horizons** 35



**Bangladesh: Empowering the Digital Left-Behinds** 35



**Russia: Technology to reunite** 51

**How to use this interactive PDF**

- Select the navigation tabs at the top of each page to jump to the start of that section
- Select from the contents list or highlighted text throughout the report



CHAIRMAN AND CEO'S MESSAGE

# Seizing the Opportunities of the Digital Age

2018 was a landmark year for VEON during which we delivered on our financial targets, strengthened our financial foundations and repositioned our business for growth in the dynamic markets in which we operate. VEON is now stronger and better placed to help all our stakeholders seize the increasing opportunities of the digital age.

I am proud that during the past year we continued to see the positive impact of our sustainability programme. Many of our ten markets have young and growing populations with relatively low smartphone use and internet availability when compared to, for example, Europe or the United States.

This offers commercial opportunities for VEON but can also present challenges, at times, for local communities.

Our sustainability strategy centres on fostering digital entrepreneurs, addressing digital literacy gaps and encouraging greater sustainability in those countries where we operate. I have seen for myself just how impactful our sustainability programme is.

2018 RESULTS

**9.1 billion**

Total revenue (USD)

**46,132**

Number of employees

**1.4 billion**

Capex excl. licences (USD)

**3.3 billion**

EBITDA (USD)



From using digital tools to improve education outcomes for young women in Pakistan and those in rural Ukraine to supporting start-ups in Bangladesh and Armenia – not to mention dozens of other programmes – it is clear to me that VEON is a force for good in the communities where we operate.

VEON fully supports the UN Sustainable Development Goals (SDGs), and I am pleased we are making progress on delivering against three of these where we can have the greatest impact: quality education; decent work and economic growth and industry, innovation and infrastructure.

Effective corporate governance remains at the core of VEON's corporate culture and we have a governance structure that promotes integrity in everything we do. Our culture is centred on clearly defined values and supported by a robust set of controls and compliance framework. We see this as integral to achieving our goal of an organisation with the highest standards of ethics, integrity and compliance.

This year is the first time that VEON has sought independent assurance for our Sustainability Report – a further sign of our transparency and commitment to responsible business.

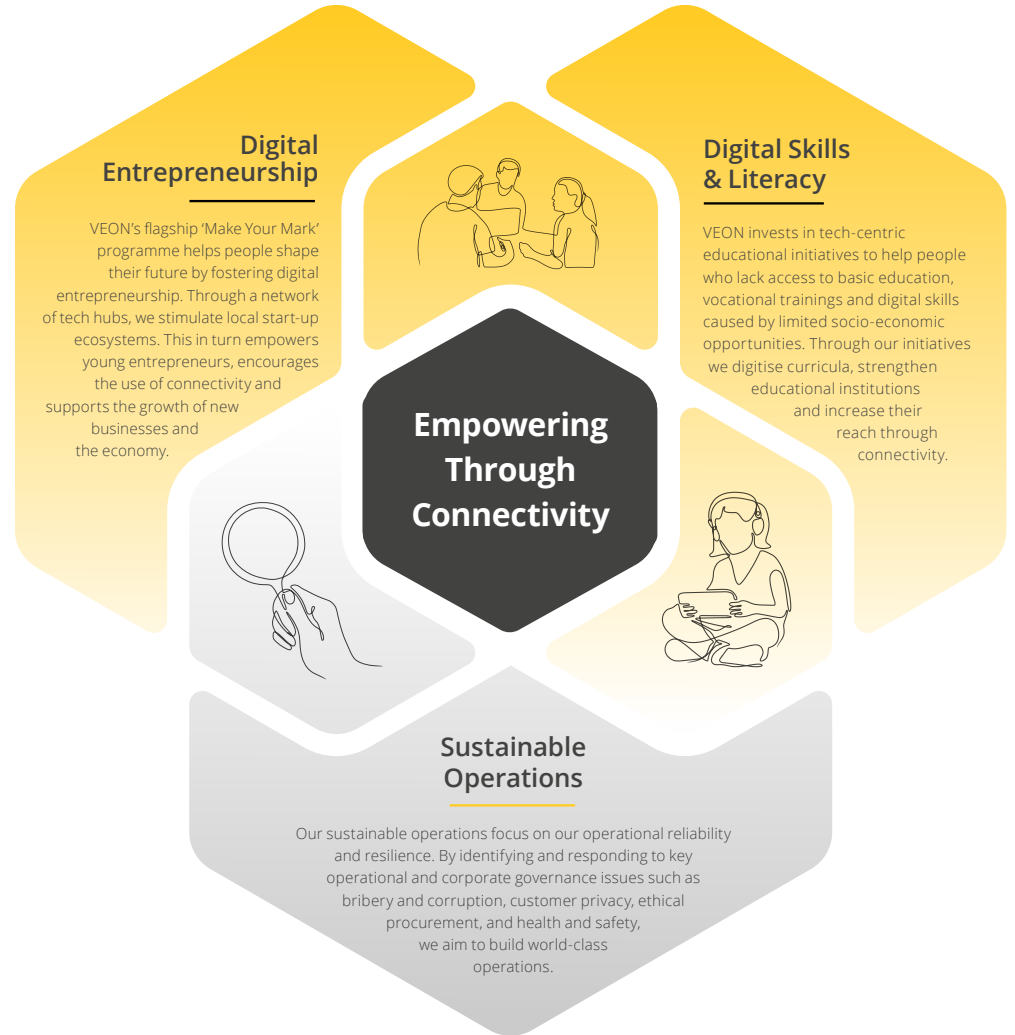
VEON is focused on maximising the exciting opportunities afforded by the adoption of digital technologies across our markets for all our stakeholders.

I look forward to seeing our efforts to build a sustainable and responsible business flourish in 2019 and beyond.

**Ursula Burns**  
Chairman and CEO



## VEON's Sustainability Strategy



# 2018 Overview

Выбирай

Тарифы

Покупайте

Девайсы

Аксессуары

Смартфоны

Оставайтесь на связи

4g Internet

Билайн ТВ Интернет

Бизнес

# Билайн®

окупашь смартфон, получаешь больше

Улетно стабильный интернет

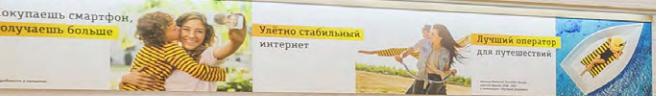
Лучший оператор для путешествий

Смартфоны

Оставайтесь на связи

4g Internet

Бизнес



2018 OVERVIEW

# Business Overview

VEON focused on four strategic priorities in 2018 with the aim of creating greater value for our shareholders. We sought to simplify our structure, increase our operational focus on emerging markets, strengthen our balance sheet and continue our commitment to a progressive dividend. We made strong progress on all four priorities in 2018 and met our full-year financial targets.



2018 OVERVIEW

# Impact on Society

## Q1

- Jazz in Pakistan announced that 24 start-ups, chosen from more than 700 applicants, joined its 2018 incubation programme at the National Incubation Center.
- VEON showcased ten of its most promising start-ups at the annual 4YFN event at Mobile World Congress in Barcelona.



“Joining the Ecole Nationale Polytechnique (ENP) Incubator has been a life-changing experience for me”

**Ramzi Ikouirene**  
Founder of the start-up ELITE INC

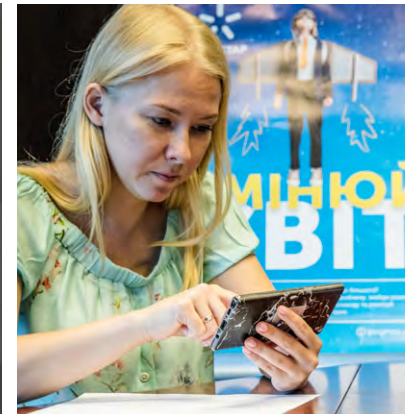
“Jazz National Incubation Center has been vital for Mauqa Online. It allows us to work with Pakistan’s top mobile banking service and meet investors”

**Mustafa Muhammad**  
Co-founder of start-up Mauqa Online



## Q2

- Beeline Russia supported the annual International Collegiate Programming Competition, a platform for budding entrepreneurs to address socio-economic challenges using IT and digital tools.
- Beeline Kazakhstan partnered with the annual Enactus World Cup, providing mentoring to the participating teams of more than 5,000 university students.



## Q3

- Kyivstar in Ukraine trained more than 2,000 young people from 75 schools in entrepreneurship and innovation through its mobile interactive learning programme, GoCamp.
- Djezzy in Algeria announced the first start-ups to join its programme at the Ecole Nationale Polytechnique Incubator in Algiers.

## Q4

- Banglalink in Bangladesh launched IT Incubator 2.0 that supports entrepreneurs seeking to stimulate the economy. Six start-ups were selected from 200 applicants.
- VEON organised Digithon 2018 to encourage greater internal innovation, entrepreneurialism and collaboration. 60 employees from across the Group participated in the 24-hour event.



“The support of Beeline Russia has been invaluable in finding thousands of missing people each year”

**Grigory Sergeyev**  
Chairman of Russia’s Liza Alert service



# About VEON





ABOUT VEON

# VEON at a Glance

VEON provides essential communications and digital services to **210 million customers** in **10 countries**.

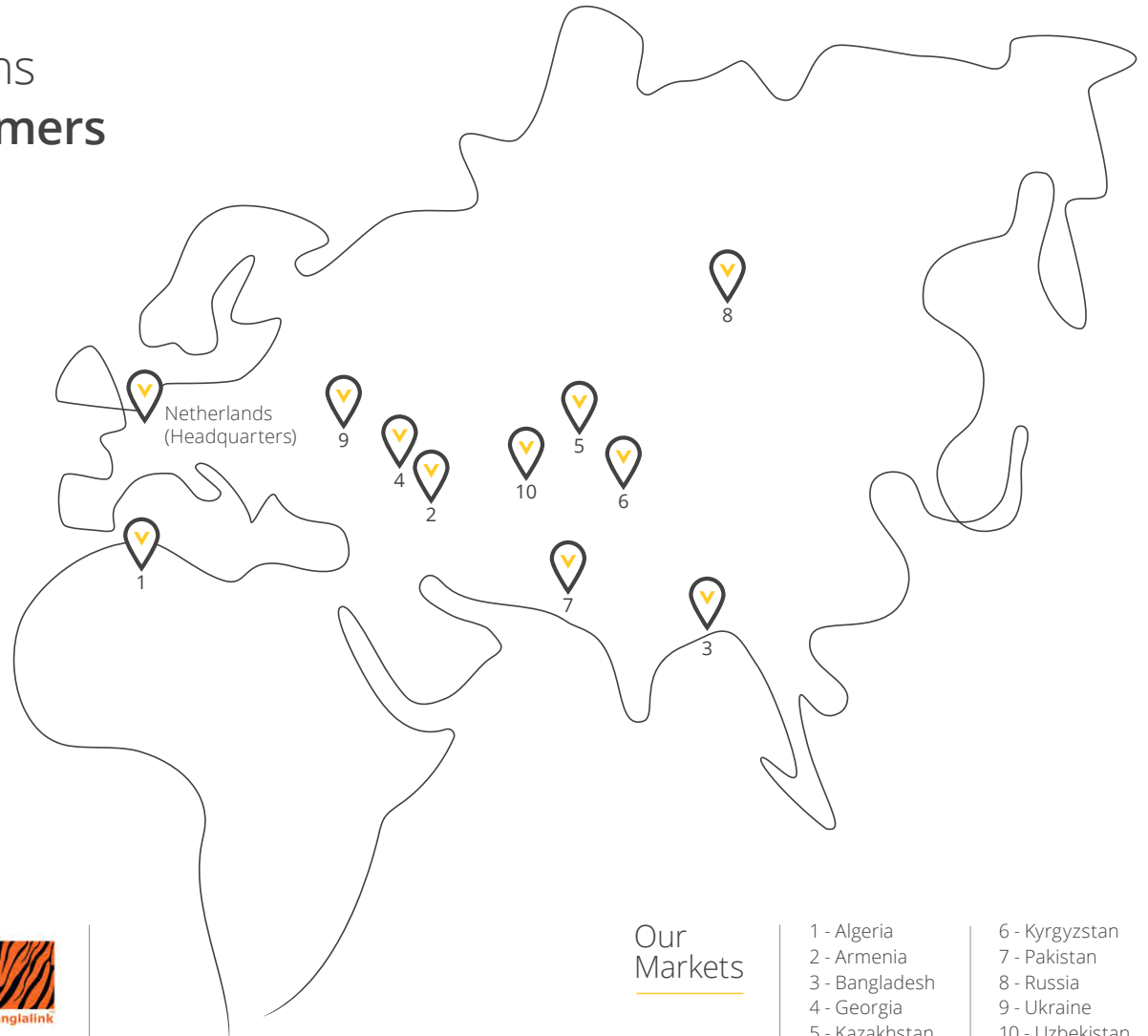
VEON is headquartered in the Netherlands and operates in Algeria, Armenia, Bangladesh, Georgia, Kazakhstan, Kyrgyzstan, Pakistan, Russia, Ukraine and Uzbekistan.

## 10%

of the global population covered by our networks

## 210 million

Total active subscribers



Our Brands



Our Markets

- 1 - Algeria
- 2 - Armenia
- 3 - Bangladesh
- 4 - Georgia
- 5 - Kazakhstan

- 6 - Kyrgyzstan
- 7 - Pakistan
- 8 - Russia
- 9 - Ukraine
- 10 - Uzbekistan

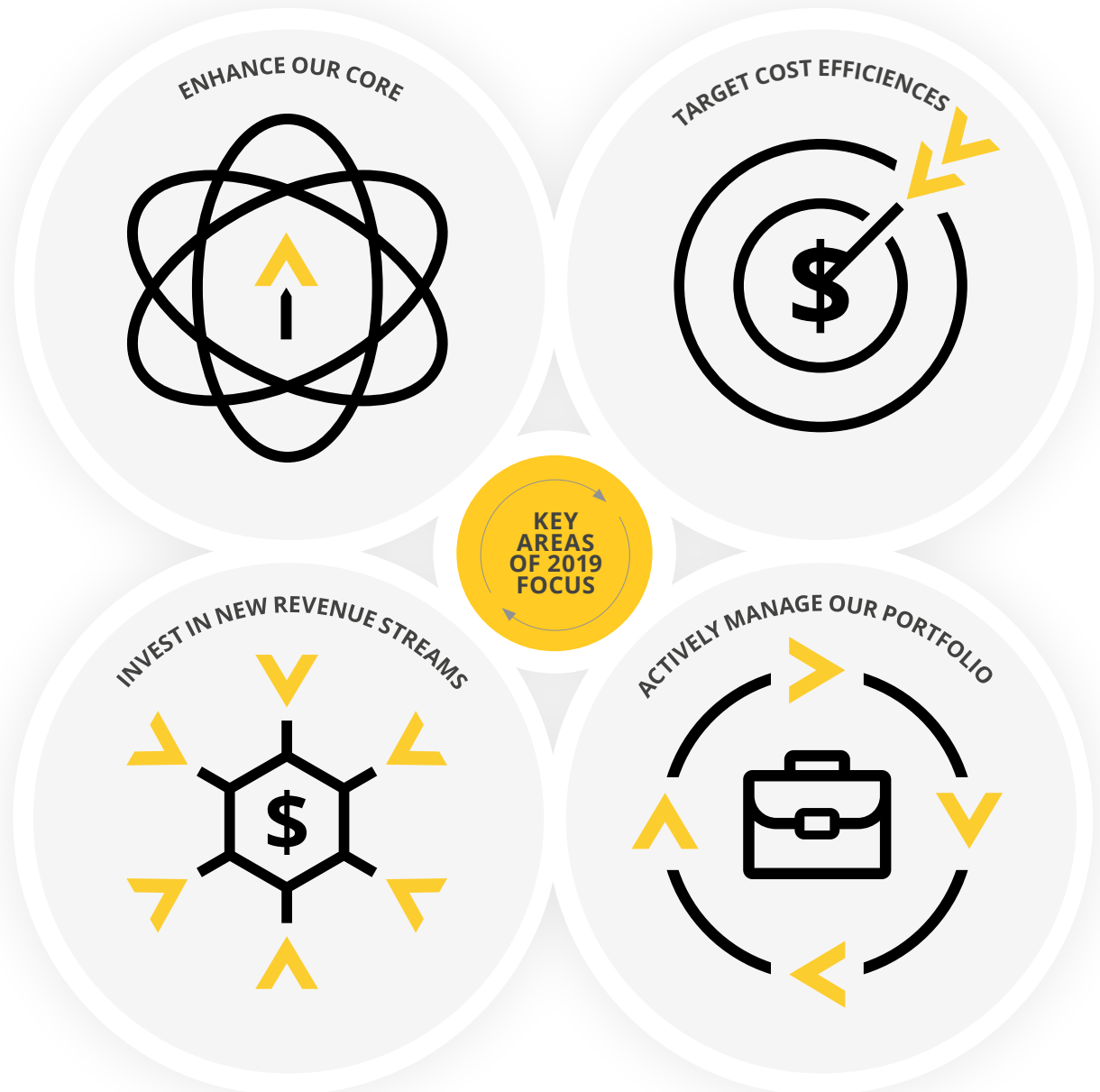
ABOUT VEON

# VEON's Strategic Focus in 2019

As VEON looks to further capture the growth opportunities in our markets, our strategic focus in 2019 is on four areas. Firstly, we are committed to enhancing our core telecommunications business, with increased investment to improve our networks, invest in Digital Business Support Systems and the deployment of improved customer engagement tools. Secondly, we are continuing to target cost efficiencies both at our corporate headquarters and in our operating companies.

Thirdly, we are actively managing our portfolio to maximise shareholder returns and exploring ways to further simplify our Group structure. Lastly, at the operating company level, we are focused on serving emerging demand for digital services and developing new revenue streams to monetise our investment in digital technologies.

Underpinning all of this is our commitment to sustainability, ensuring our operations are run safely and ethically while fostering digital entrepreneurship and greater digital skills and literacy.



## ABOUT VEON

# VEON's Culture and Values

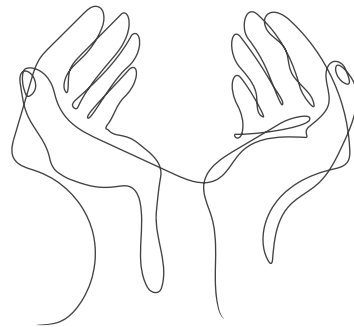
## Cultural transformation

To further advance our global cultural transformation initiatives, we have introduced structural changes in the way we assess and recognise our people. Our performance management approach captures feedback based on an assessment of employees' adherence to our culture and values. This is to ensure that our employees live the values while pursuing their respective business objectives.

At the core of our transformation is a global community of cultural ambassadors in our markets. We invited additional employees from various functions to become ambassadors in 2018 to ensure a broader representation of our workforce, making the community more inclusive.

## VEON Values

- > Entrepreneurial
- > Innovative
- > Customer Obsessed
- > Collaborative
- > Truthful



## VEON Global Digithon 2018

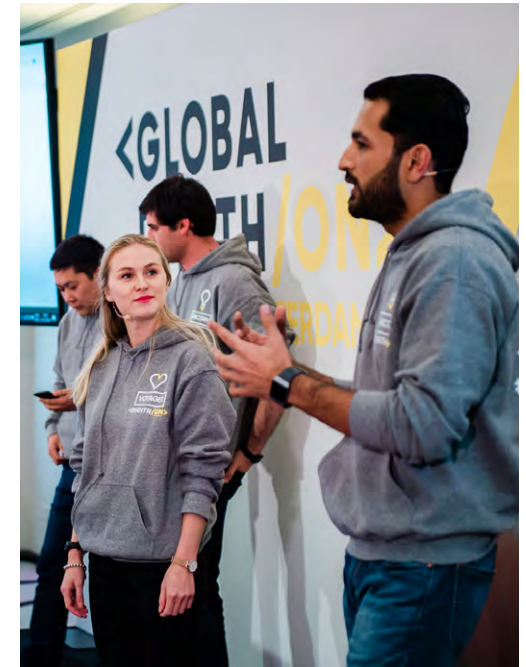
The Global Digithon is a VEON corporate hackathon, now in its third year, where employees develop innovative solutions to real-world business challenges.

This event began with local Digithons hosted by each operating company and VEON's headquarters in Amsterdam. The winners of each operating company's own internal innovation competitions were invited to Amsterdam where they formed cross-market teams to compete in the VEON Global Digithon.

A total of 60 employees took part in a 24-hour hackathon and were tasked with developing an innovative solution to make self-care apps the touchpoint of choice for our customers.

“Imagine being able to connect instantly and feeling as a team that together you can move mountains! You're discussing crazy ideas with your team members – committed, passionate and with a fabulous sense of humour. You work passionately to create an idea that unites you – that was exactly the feeling I got working together with my multicultural team”

**Olga Bilyachenko**  
Headquarters Amsterdam



## Diversity and Inclusion Campaign

In summer 2018, VEON HQ launched its first 'BE FREE – BE PROUD – BE A HERO' diversity and inclusion campaign. It focused on numerous aspects of diversity including race, nationality, sexual orientation, age and gender.

The goals of the campaign were to engage employees in a dialogue on diversity and inclusion, and to cultivate a climate of respect and inclusion. The campaign was a celebration of VEON's diverse workforce.

Employees had a chance to participate in 14 different masterclasses, informal social events, and speaker-moderated discussions.

ABOUT VEON

# How VEON Creates Value

## VEON and the International Integrated Reporting Council (IIRC) Capitals

VEON recognises the importance of the guiding principles of the International Integrated Reporting Framework. Our value chain takes key societal and economic issues into account so that we can be a source of sustainable, long-term value for each capital.

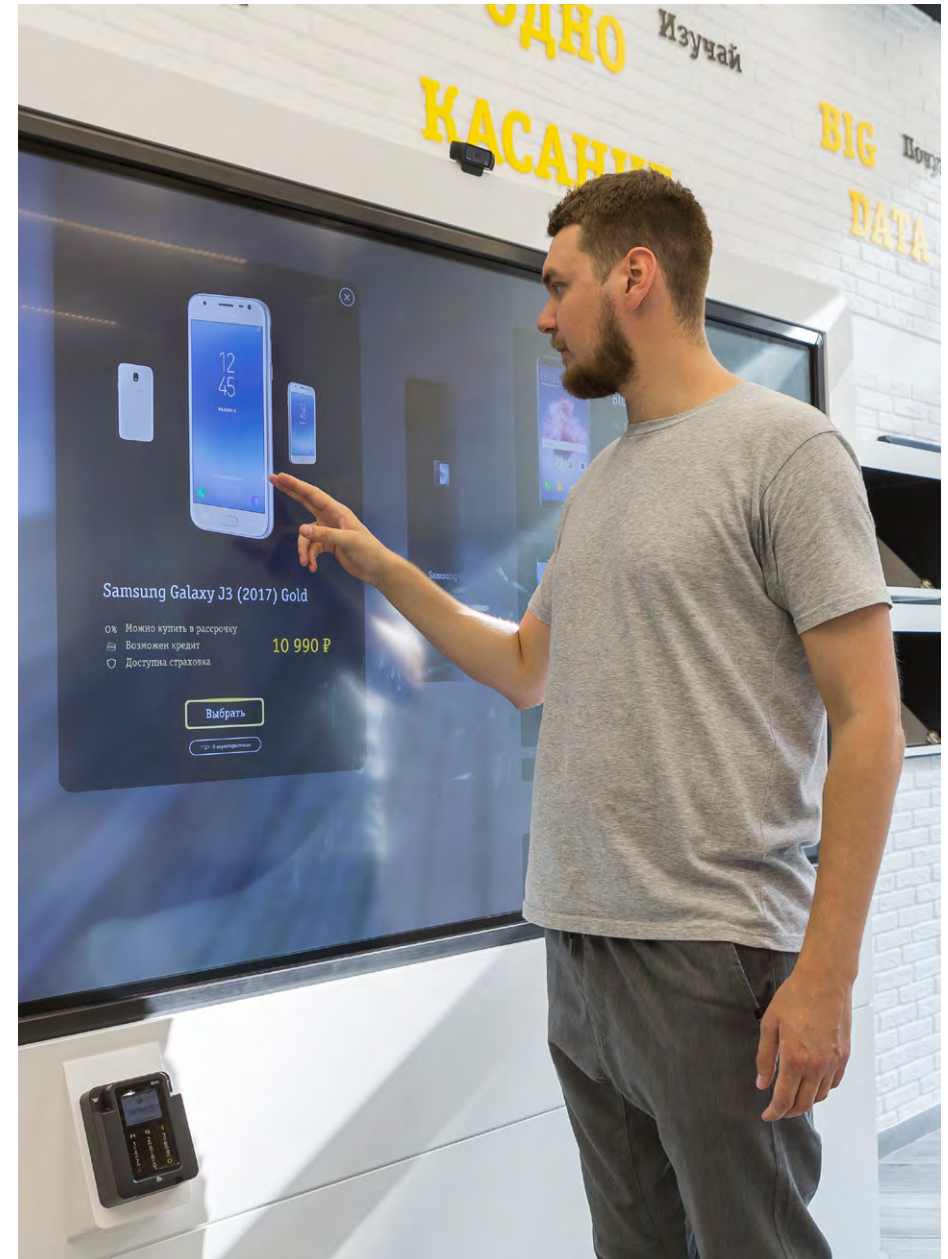
Our approach towards value creation is driven by sector relevant IIRC capitals which form the basis for this year's revamped value creation model. These capitals illustrate VEON's interaction with our external environment, and the resulting [social and economic value](#) creation over time.

In our value creation model, we provide insights into how VEON's capitals help create opportunities for us and our key stakeholders. For example, VEON's flagship 'Make Your Mark' programme helps people shape their own future and, at the same time, creates a digital ecosystem that stimulates demand for our data and digital services.

We also acknowledge risks such as the carbon footprint of our extensive network. Our base stations, for example, are partially powered through conventional fossil fuels which has an adverse environmental impact. To decrease our emissions, we apply a series of [energy efficiency and management measures](#) across our network infrastructure.

We operate in competitive markets, and we realise the telecommunications industry is highly capital intensive. The quality of our services and therefore our overall commercial success depends to a significant degree on our ability to keep pace with new developments in technology. This requires developing and innovating products, services and processes which will require additional capital in the future.

For each of the IIRC capitals, we define the crucial factors in both the short and long term.



**Human & Intellectual Capital**

We create human capital by providing training and development opportunities to our employees. As our business grows, we seek to recruit new talent. These activities are conducted in accordance with our [talent and performance management strategy](#).

VEON generates intellectual capital by investing in both product and employee development. We invest in knowledge systems to support our effectiveness and productivity. This, in turn, allows us to enhance the quality of our products and services. We recognise that if we are unable to hire, retain or motivate key personnel, we risk not maintaining our competitive position.

Across our markets, we support a variety of digital literacy and education programmes. These initiatives are helping to build digital inclusion and empowering members of our communities to earn livelihoods for themselves and their families.

**Short-term focus:**

- Seeking new talent to help grow our digital business
- Retaining key employees of the merged or acquired businesses
- Supporting the development of our tech-hubs and smart schools

**Long-term focus:**

- Training and developing our existing work force to meet future business demands
- Creating compensation plans to attract prospective employees, and retaining our existing staff
- Investing in mobile-based literacy initiatives to bridge the digital divide

**Financial Capital**

We invest the Group's financial capital in order to equip and strengthen our operating businesses, enabling each to offer products and services that benefit our customers and the wider societies we operate in. Financial capital is allocated in order to generate long-term returns that match the expectations and needs of our investors.

We strive for continuous improvement to help ensure we operate as efficiently as we can through a business structure that best matches the needs of both our customers and our capital providers. We reward our shareholders for their long-term support of our business through a sustainable dividend. Simultaneously, we are exposed to foreign currency exchange loss and currency fluctuation risks which may impact our reported financial performance.

**Short-term focus:**

- Delivering solid operational results by providing best-in-class services matched to the demands of our customers.
- Offering new technologies to enrich the experience of our customers and forge long-term relationships with them based on an understanding of their needs.

**Long-term focus:**

- Investing in connectivity infrastructure by working with governments and relevant authorities
- Investing in digital financial services to empower the economically disenfranchised

Further information on our dividend policy and financial performance can be found in our [Form 20-E](#).

**Social & Relationship Capital**

We create social and relationship capital by working closely and collaboratively with key stakeholders with the aim to build trust. Our engagements with governments, business partners and our communities are proactive and transparent, helping us to work in a mutually beneficial manner.

In many of the markets where we operate, the application of laws and regulations is often unclear and may result in unpredictable outcomes. We recognise that non-transparent associations create an operational risk for the company.

Within the company, our global workforce shares five core corporate values: customer-obsessed, entrepreneurial, innovative, collaborative and truthful. These values are deeply ingrained in VEON's identity, guiding the way we do business and interact with colleagues, business partners, and customers.

**Short-term focus:**

- Engaging with business partners to form 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:**

- Pursuing proactive industry dialogue to position VEON and our operating companies as a credible entity
- Working with governments and regulators to seek more conducive business conditions
- Operating ethically and with integrity, and requiring our partners to do the same

**Digital & Technological Capital**

Our digital and technological capital includes network infrastructure, customer data management systems and online retail channels. We have introduced self-service and self-care applications allowing customers in various markets to manage their mobile accounts from their phones in real-time. A large proportion of people in several of our markets remains unbanked. Realising this as an opportunity, we develop digital financial services that offer a variety of modern financial tools. These include online and mobile money transfers, bill payments, e-commerce, insurances, debit cards and international remittances.

At the same time, we understand that our business prospects may be harmed in the event of cyber-attacks or severe systems and network failures. We strive to protect the privacy and protection of our customers' data while simultaneously ensuring that we deliver good quality and reliable digital services. This includes an ongoing security risk management programme, prioritising the protection of strategic assets and identification of high-risk vendors.

**Short-term focus:**

- Building and offering self-care applications to digitise the customer experience
- Priming new market segments by offering digital services such as mobile health, mobile education and mobile agriculture
- Improving the quality of our services to reduce churn and improve new customer acquisitions

**Long-term focus:**

- Building community support to safeguard technology and business infrastructure in remote rural locations within our markets
- Adopting strong internal policies and practices to safeguard data privacy and security of our customers

## HOW VEON CREATES VALUE

# Empowerment Through Technology

**VISION**

We deploy technology to improve lives and communities in our operating countries

**STRATEGY**

Evolve from operating solely as a telecommunications company into a broader business that leverages new technology platforms to better serve our customers.

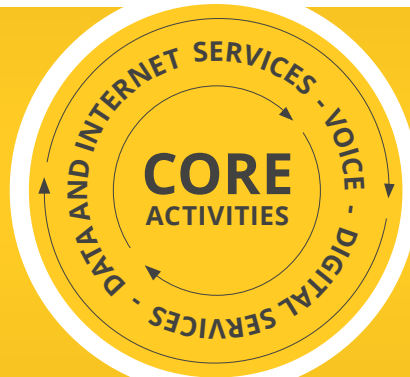
**MATERIAL TOPICS****ETHICS AND INTEGRITY****DATA PRIVACY AND CYBER SECURITY****QUALITY OF SERVICES****FINANCIAL PERFORMANCE****INPUT**

Human & Intellectual capital

Social & Relationship capital

Digital & Technological capital

Financial capital

**OUTPUT****3 billion** mobile data traffic (GB)**652** start-ups supported**9.1 billion** revenue (USD)**125,800** mLiteracy learners**OUTCOME****Digital Entrepreneurship**

20,279 Participants in competitions and events

**Digital Skills & Literacy**28,600 Beneficiaries of donated ICT equipment  
125,800 New enrolments in mLiteracy programmes**Sustainable Operations**475 Base stations using alternative energy  
47.2% Average smartphone penetration**IMPACT**

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Promote inclusive and sustainable economic growth, full and productive employment and decent work for all



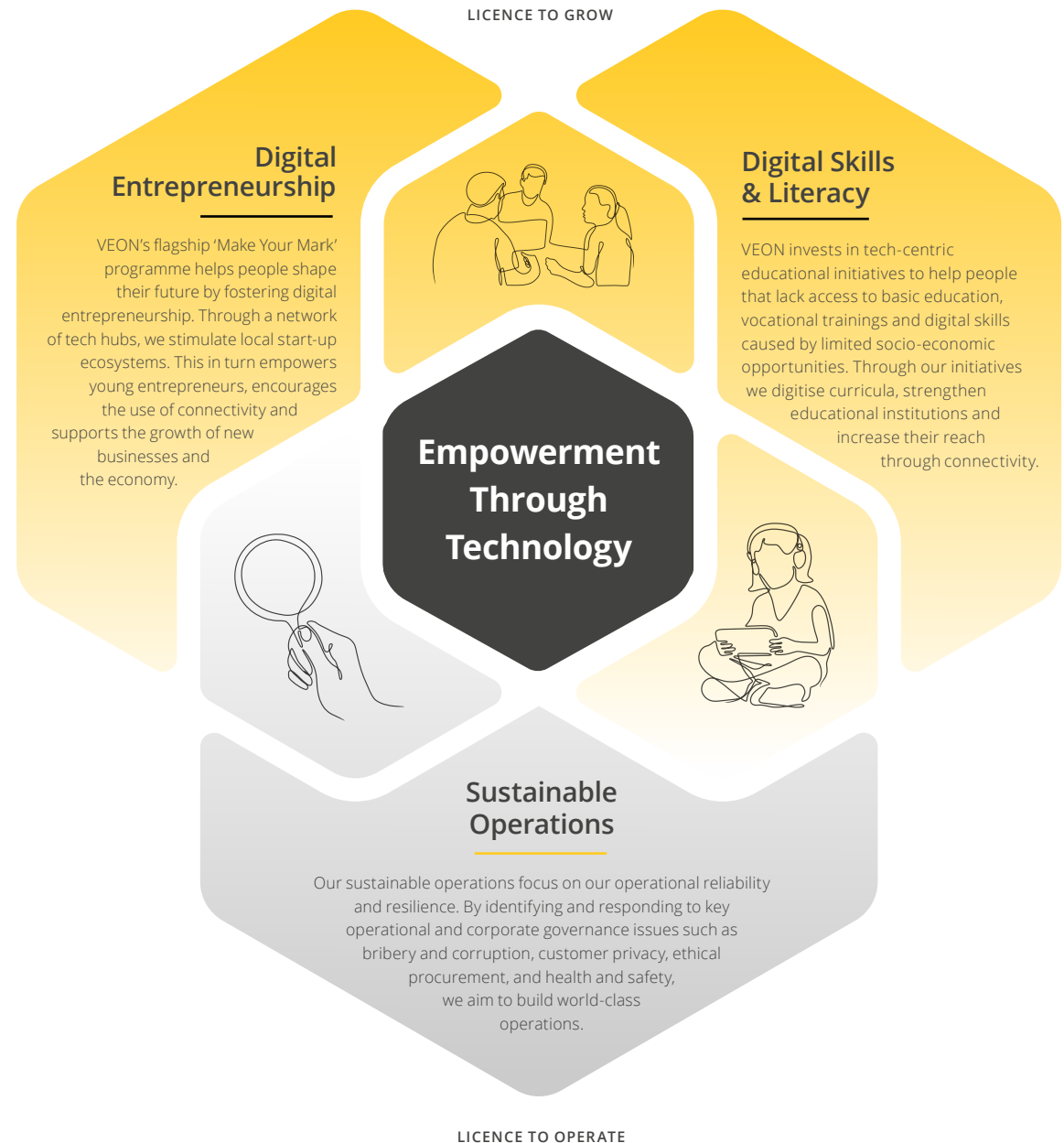
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

ABOUT VEON

# Sustainability Strategy

Our approach to sustainability goes beyond corporate philanthropy and is centered around the notion of using technology to empower communities. It 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 are designed to help us contribute long-term value, both by delivering positive social impact to the communities we serve and introducing new opportunities for our beneficiaries and ourselves. In parallel, our approach to earning and preserving our 'licence to operate' is focused on efforts and investments to improve and maintain sustainable operations. We believe in impactful investments that help to create new services, partnerships and forums to enable and empower the people we serve across our markets.



ABOUT VEON

# Sustainability Programme Framework

The goals and progress, since 2017, are set by VEON’s Sustainability team to track our progress against various Group-wide initiatives.

	MATERIAL & BUSINESS SIGNIFICANCE	MATERIAL TOPICS	CUMULATIVE PROGRESS AND GOALS	
<b>Digital Entrepreneurship</b>	<p>By fostering digital entrepreneurship in our operating markets, VEON aims to contribute to the sustainable development of our communities. The Make Your Mark programme supports early stage start-ups in achieving growth and impact and paves the way for VEON to build digital leadership within the Group and unlock potential new revenue streams.</p> <p>LINK TO VALUES:  INNOVATIVE  ENTREPRENEURIAL</p>	<ul style="list-style-type: none"> <li>- Impact on society / social involvement</li> <li>- Digital inclusion</li> </ul>	<p><b>7</b></p> <p>Total tech-hubs operational</p> <p><b>Goal 2020: 10</b></p>	<p><b>2,051</b></p> <p>Total start-ups supported</p> <p><b>Goal 2020: 5,000</b></p>
<b>Digital Skills &amp; Literacy</b>	<p>Low levels of literacy and educational attainment are challenges for our communities as well as for us. By supporting training in digital skills and literacy, we aim to help people become digitally savvy and help them to recognise the opportunities and make the most of the digital world, and consequently broaden our potential market of engaged and demanding customers.</p> <p>LINK TO VALUE:  CUSTOMER OBSESSED</p>	<ul style="list-style-type: none"> <li>- Impact on society / social involvement</li> <li>- Digital inclusion</li> </ul>	<p><b>31,407</b></p> <p>Benefitting from subsidised internet connections*</p> <p><b>Goal 2020: 50,000</b></p> <p><small>*Currently active internet connections</small></p>	<p><b>125,800</b></p> <p>Participating in literacy programmes</p> <p><b>Goal 2020: 50,000</b></p>
<b>Sustainable Operations</b>	<p>We focus on building operational reliability while adhering to the highest ethical standards in our business activities and behaviour. 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. This commitment to sustainability is something VEON also expects from our business partners who we expect to comply with our Business Partner Code of Conduct. We assess suppliers against sustainability criteria, which cover fair business practices and environmental and labour standards.</p> <p>LINK TO VALUES:  TRUTHFUL  CUSTOMER OBSESSED  COLLABORATIVE</p>	<ul style="list-style-type: none"> <li>- Talent management and Employee education</li> <li>- Ethics and integrity</li> <li>- Environmental performance</li> <li>- Data privacy and cyber security</li> <li>- Quality of services</li> <li>- Supply chain transparency</li> <li>- Financial performance</li> <li>- Digital innovation</li> </ul>	<p><b>0.28</b></p> <p>Tonnes of CO<sub>2</sub> emissions per unit (TB) of Traffic</p> <p><b>4</b></p> <p>Markets meeting or exceeding target Net Promoters Score position</p>	<p><b>42%</b></p> <p>Reduction in network unavailability</p> <p><b>1.57</b></p> <p>Injury rate per million hours work</p>



## ABOUT VEON

# Stakeholder Engagement

At VEON, we define stakeholders as the parties or individuals we affect through our activities, products and services, and who in turn affect our ability to achieve our goals. Based on this, we have identified stakeholder groups that are of material importance to the sustainable success of our business.

We strive to maintain a constructive dialogue on the most pressing and material issues and consider stakeholders' opinions in our decision-making. We prioritise stakeholders who will be most impacted and influential in helping VEON achieve its strategic goals. As such, customers, communities, employees, governments, regulators and investors are amongst our most important stakeholders.

Stakeholder engagement includes the formal and informal ways we stay connected with our stakeholders that have an actual or potential interest in or impact on VEON.

Rather than having one-off consultations, we prefer to take an integrated approach and maintain regular dialogue, both at the operating company and the Group level. Working groups, meetings, conferences, workshops, surveys and town hall meetings are just a few examples of how we interact with our stakeholders.

These engagements are transparent and help ensure that we are closely connected to the socio-economic and environmental issues which are crucial to optimising our contribution to society. This report is one of the methods we use to seek engagement, and we actively encourage feedback.



## Government and Regulators

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.

## Employees

We engage with our employees in a number of ways such as town hall meetings. Led by our CEO and Chairman, these are a forum for engagement and to announce our financial results, strategy and other important business developments. We use a variety of digital tools including social media (such as Facebook at Work, JIVE and Microsoft SharePoint), newsletters and targeted surveys to communicate with our workforce. Our values are helping to further unite the VEON community with a common purpose. A Joint Works Council has been established at the Group HQ and a separate works council for VEON Wholesale Services entity based at our HQ. As an employee representative body, these protect the interests of the employees working at our Group HQ. The Joint Works Council is regularly informed of issues affecting HQ employees and where legally required, consulted on intended business decisions concerning personnel at the HQ. We also work with trade unions in Armenia, Ukraine, Kyrgyzstan and Georgia on employee remuneration and welfare issues.

## Investors

Our shareholders appoint the directors who constitute our Supervisory Board. In addition to meetings and conference calls on quarterly and annual results and announcements, we hold meetings and calls with analysts and institutional investors on a regular basis. These are elements of our ongoing engagement with the broader financial community. 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. These activities are coordinated and carried out by our Investor Relations department, which is responsible for engaging with potential equity and credit investors, current shareholders, bondholders, and both buy-side and sell-side analysts.

## Communities

We engage, coordinate and collaborate with prominent local and international non-governmental organisations (NGOs). Our operating companies partner with a wide variety of NGOs and community-based organisations. 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 effectively contribute to socio-economic prosperity of our communities.

## Customers

Our company values firmly embed customer focus across the organisation. We employ an adaptive learning style including Net Promoters Score (NPS) to better understand customer needs and gain feedback. Customer experience management is a particular focus in our operational companies where we develop customers' journeys on an ongoing basis.

Our operating companies' customers engage with us in a number of ways. Our emphasis is to provide them with a fully digital online experience via self-care app and social media and we also offer a strong retail presence, specifically through monobrand stores, which enable us to provide a more dedicated experience. Our call centres provide an increasingly personalised approach for customers given our use of digital data analytics.

Finally, 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.

It is our intention to make our offerings easy to understand and fit-for-purpose, supporting a wide range of needs for all customers. We seek to innovate with digital services providing customers new experiences on an ongoing basis.



## ABOUT VEON

# Engaging Through Global and Local Memberships

## Centre on Regulation in Europe (CERRE)

CERRE is a Brussels-based think tank that promotes robust and consistent regulation in Europe's network and digital industries. We have participated in a number of their workshops, including those that focus on telecommunications regulations, platform policies, and net neutrality. As a company, we take a keen interest in these topics.

## UN Broadband Commission

As a member of the UN Broadband Commission for Sustainable Development, VEON participated in discussions to advance digital inclusion, for example at a joint meeting at the World Economic Forum in Davos.

## World Economic Forum (WEF)

VEON participated in multiple panels, sessions and meetings to discuss regional trends in the digital economy and society, and innovations that we see in the telecommunication sector. Throughout the year members of our Global Executive Committee participated in the Global Future Councils on the Digital Economy and Society, and International Trade and Investment Group, and were also actively involved in the Internet for All initiative.

## International Telecommunication Union (ITU)

The ITU is the United Nations specialised agency for information and communication technologies. As the sector keeps evolving, ITU is an important forum for VEON to address policy developments and share best practices in regulations.

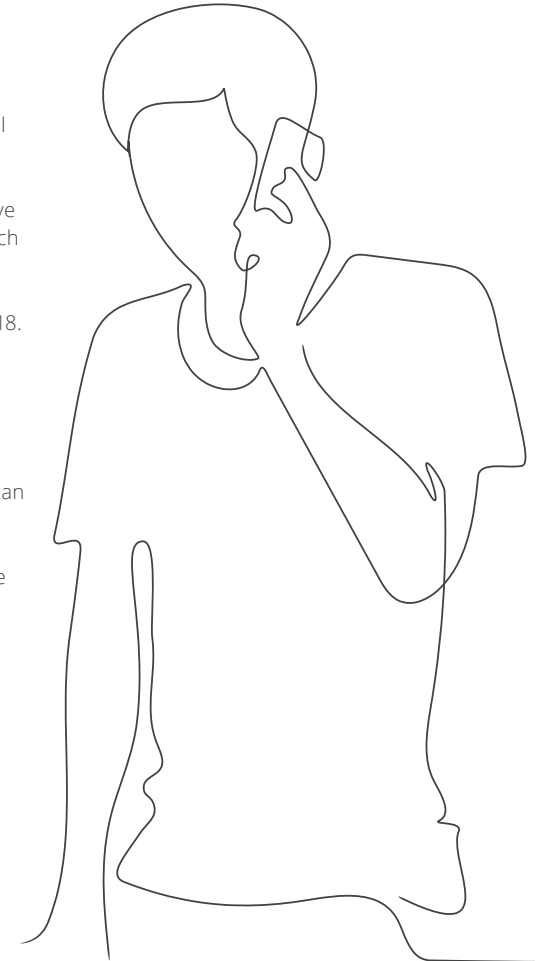
## Next Generation Mobile Networks (NGMN) Alliance

We are a member of NGMN Alliance, an open forum founded by world-leading mobile network operators. Its goal is to ensure that the standards for next generation network infrastructure, service platforms and devices will meet the requirements of operators and, ultimately, will satisfy end-user demand and expectations. NGMN seeks to incorporate the views of all interested stakeholders in the telecommunications industry and is open to three categories of participants (NGMN Partners): Mobile network operators (Members), telecommunications vendors, software companies and many other leading industry players (Contributors), and research institutes contributing substantially to mid- to long-term innovation (Advisors).

## Local Memberships

Many of the memberships and initiatives that we participate in, and contribute to, are initiated at the Group level. At the same time, by forging local relationships in our operating markets, we are able to establish meaningful partnerships that help us to operate more effectively. Below we have listed a number of the local stakeholder with which we are affiliated. Our engagements with these membership groups were led by the leadership teams of the relevant operating companies in 2018.

- The Union of Information Technology Enterprises of Armenia
- The Association of Mobile Telecommunication of Bangladesh (AMTOB)
- The European Business Association of Kazakhstan
- The National Chamber of Entrepreneurs of the Republic of Kazakhstan
- Federation of Pakistan Chambers of Commerce and Industry
- The Russian Union of Industrialists and Entrepreneurs



## ABOUT VEON

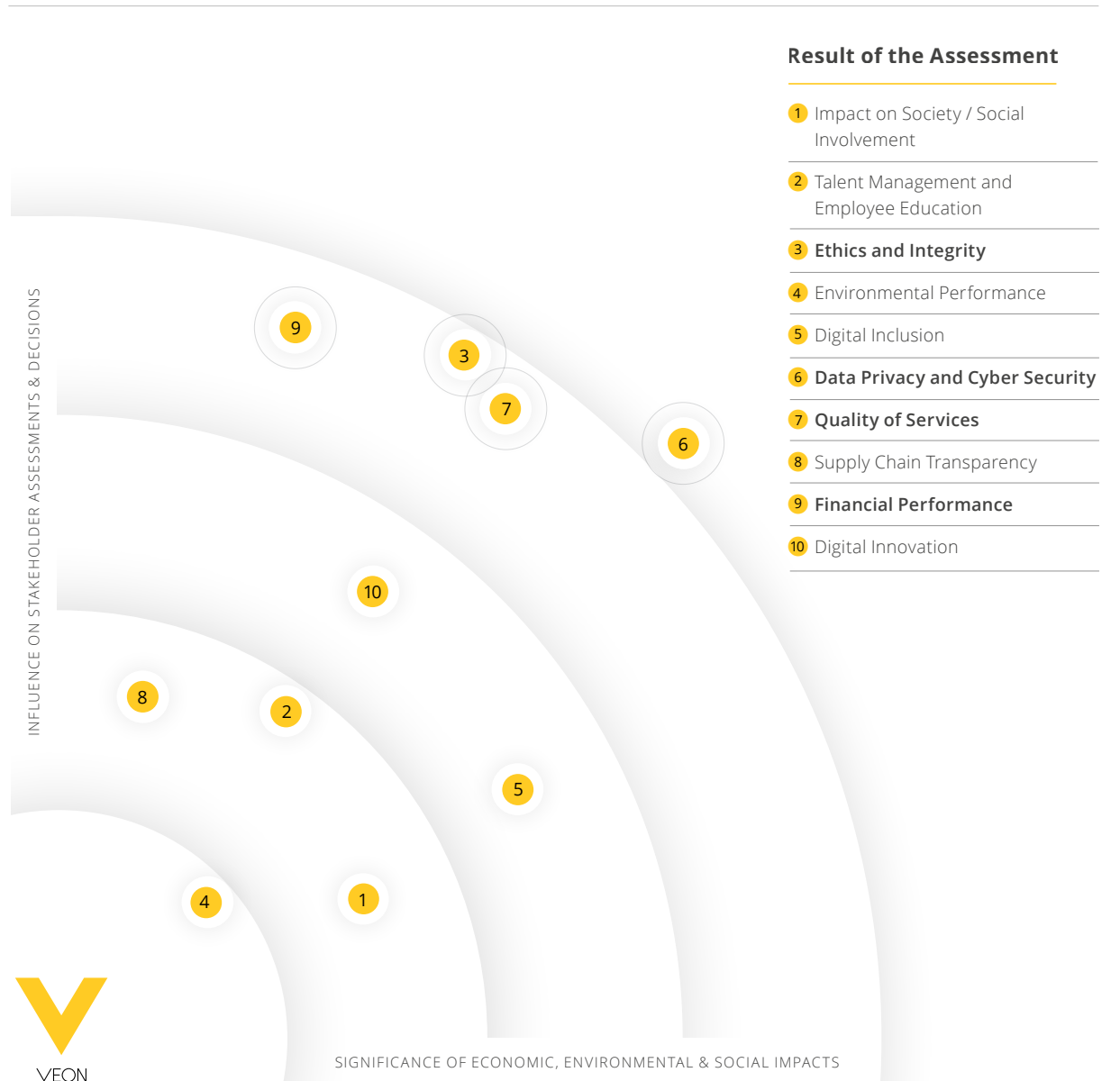
# Materiality Assessment

VEON routinely assesses areas that are most material to our business to ensure we manage our impact in a way that is aligned with the United Nations Sustainable Development Goals (SDGs). Our 2018 materiality analysis looked at the economic, environmental and social issues that are most significant to our stakeholders. This detailed process began with a peer review of material topics reported by comparable companies and an analysis of local and global news sources to ultimately identify the current importance of various issues.

Certain members of VEON's management and sustainability teams in our operating companies then completed a survey ranking the relevance of the topics to our strategic business decision-making as well as their respective environmental and social impact. The outcome is the VEON Materiality Matrix: a graphical demonstration which attempts to capture what matters most to VEON, our stakeholders and our communities.

Based on the outcome of the assessment, the following four topics are considered most material to our company:

- Ethics & Integrity**
- Financial Performance**
- Quality of Services**
- Data Privacy & Cyber Security**



## Result of the Assessment

- 1 Impact on Society / Social Involvement
- 2 Talent Management and Employee Education
- 3 **Ethics and Integrity**
- 4 Environmental Performance
- 5 Digital Inclusion
- 6 **Data Privacy and Cyber Security**
- 7 **Quality of Services**
- 8 Supply Chain Transparency
- 9 **Financial Performance**
- 10 Digital Innovation



# Corporate Governance

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CORPORATE GOVERNANCE

# 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.

Our governance structure reinforces integrity by providing appropriate oversight over the decisions we make and actions we take. Our Board of Directors plays a key role in our governance structure and has the authority to make strategic decisions for the Group. Our bye-laws require that the Board approves important matters including, among others, the Group's annual budget and audited accounts, organisational or reporting changes to the management structure, significant transactions as well as changes to share capital or other significant actions. All Board members are elected by our shareholders through a cumulative voting process.

Key governance bodies include the Company's Board of Directors and its Nominating and Corporate Governance Committee, Audit and Risk Committee, Compensation Committee, Finance Committee, and Digital and Innovation Committee.

These bodies and other important aspects of our governance framework are described in greater detail in VEON's [Form 20-F](#) for the year ended 31 December 2018 filed with the US Securities and Exchange Commission.

The sustainability team has a direct line to our senior decision makers. VEON's Group sustainability team, as part of the Corporate Communications department, reports to the Chief People Officer who in turn reports directly to the Chief Executive Officer as part of the Group Executive Committee.

We regularly carry 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 through monthly update calls. Operating company sustainability teams regularly share programmatic updates with their respective senior management. This includes major developments as well as any challenges encountered in the implementation of projects.

We publish our sustainability strategy, performance and programmes in this annual sustainability report, as stated in our Code of Conduct. This report also contains information regarding our environmental, social and governance related performance.



**Ursula Burns**  
CEO and Chairman



**Kjell Morten Johnsen**  
Group Chief Operating Officer



**Trond Odegard Westlie**  
Group Chief Financial Officer



**Scott Dresser**  
Group General Counsel



**Yogesh Malik**  
Group Chief Technology Officer



**Jacky Simmonds**  
Group Chief People Officer



**Joshua Drew**  
Group Chief Ethics & Compliance Officer



**Alex Kazbegi**  
Group Chief Strategy Officer



CORPORATE GOVERNANCE

# Managing our Risks

## Control Framework

VEON conducts business in accordance with ethical principles, internal policies and procedures, and applicable laws and regulations. Our shares are publicly traded on the NASDAQ Global Select Market and Euronext Amsterdam. As a result, we must comply with the Sarbanes Oxley Act ('SOX'). SOX Section 404 requires that management performs an assessment of the Internal Controls over Financial Reporting ('ICFR') to confirm both the design and operational effectiveness of the controls. The VEON ICFR Framework incorporates risk assessment, the design and execution of control activities, and monitoring of our financial reporting at entity-wide and functional levels. VEON has established uniform governance, policies and procedures, and control standards that apply to our controlled subsidiaries.

Our Internal Control and Risk Management and Internal Audit functions help to ensure that we maintain and improve integrity and effectiveness of our ICFR. These functions also monitor the effectiveness of corrective actions undertaken by management to remediate ICFR-related control deficiencies.

VEON conducts business in accordance with ethical principles, internal policies and procedures, and applicable laws and regulations. We communicate standards of conduct to explain relevant compliance and ethics principles and ensure that we follow applicable laws and regulations. We also promote when and where to ask for advice or report a compliance or ethics concern, which includes 'SpeakUp', VEON's help line. These principles apply to all VEON employees in all operating businesses, including our headquarters.

All employees have been trained on our core values and principles and acknowledge their full compliance with our Code of Conduct on an annual basis. Local management is responsible for the business operations of our subsidiaries, including risk mitigation and compliance with laws, regulations, and internal requirements. A Group Authority Matrix has been established to ensure that all expenditures and decisions are approved by the appropriate levels of management.

## Managing Enterprise Risk

VEON has embedded the relevant criteria of the Committee of Sponsoring Organisations of the Treadway Commission 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 risks and adequately manage, monitor, and report those risks that could jeopardise the achievement of our strategic objectives.

A unified and consistent ERM framework is used throughout the organisation to identify and manage risks. This framework is formalised in the Group's ERM policy and procedures, and each quarter, senior leadership at the Group level and in our operating subsidiaries complete a compliance sign-off process for policy and procedures compliance.

At the senior management level, on a regular basis, VEON's Group Executive Committee reviews significant risks assessed and prioritised based on the Group's ERM framework. Members of the Group Executive Committee also regularly speak with VEON's Board of Directors, in particular with the Audit and Risk Committee, to evaluate material group risks and generate group risk appetite statements. The Group Executive Committee is comprised of VEON's CEO and Chairman, Chief Financial Officer, Group General Counsel, Group Chief Strategy Officer, Group Chief Technology Officer, Group Chief People Officer and Group Chief Operating Officer.

VEON's management also evaluates risk through our Risk Ethics and Assurance Committee (REAC), which is co-chaired by the Group Chief Financial Officer and Group General Counsel and includes the Group Directors of each of the assurance departments. 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 includes (i) advising senior management on matters concerning the risk, ethics and compliance, including an overall risk and assurance vision and strategy, (ii) overseeing activities to develop and maintain a fit-for-purpose risk and assurance program, (iii) engaging with VEON's senior management on important developments in the context of risk, ethics and compliance, (iv) acting as an escalation body to resolve issues around the management of group risks.

The Board of Directors maintains a number of committees, including the Audit and Risk Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, Digital Committee and the Finance Committee. Each committee's charter describes the committee's purpose and areas of responsibility. Committees generally advise the full Board of Directors and make recommendations on matters within their remit. The Audit and Risk Committee's charter expressly refers to its role in overseeing VEON's ERM framework. Certain risk factors relevant to our business, markets and industry in general are set out in our [Form 20-F](#) filed with the US Securities and Exchange Commission.

## CORPORATE GOVERNANCE

# Ethics, Transparency and Governance

VEON holds employees and business partners to high ethical and compliance standards because our success must always be earned by being open and honest, and keeping our promises. Integrity is expected and required from everyone in VEON. A strong culture of integrity drives better business performance and is essential to our success.

## 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. In 2018, we continued to strengthen our compliance framework by revising and updating our Code of Conduct to make it more modern, user-friendly, interactive (for employees) and concise, and launched a new, online, scenario-based training course for our approximately 46,000-strong workforce to familiarise them with this new Code of Conduct. We also continued to strengthen our compliance expertise in our headquarters and across our operating companies. In total, there are approximately 100 dedicated compliance professionals across the Group.

The Group Chief Ethics & Compliance Officer (GCECO) reports directly to our CEO and Chairman and has direct access to the Audit and Risk Committee of the Board of Directors, to which they report at least quarterly. The GCECO is also a member of VEON's Group Executive Committee. VEON's Group Compliance Charter mandates an adequately resourced and independent compliance function that provides leadership and oversight for effective implementation of the ten hallmarks of VEON's compliance programme: high-level commitment, policies and procedures, periodic risk-based reviews, proper oversight and independence, training and guidance, internal reporting, enforcement and discipline, third-party relationships, mergers and acquisitions, and monitoring and testing.

We continuously reinforce our commitment to compliance through regular leadership messages, newsletters, internal media posts, videos, screensavers, and micro-learnings and refreshers. Compliance is everyone's responsibility within VEON.

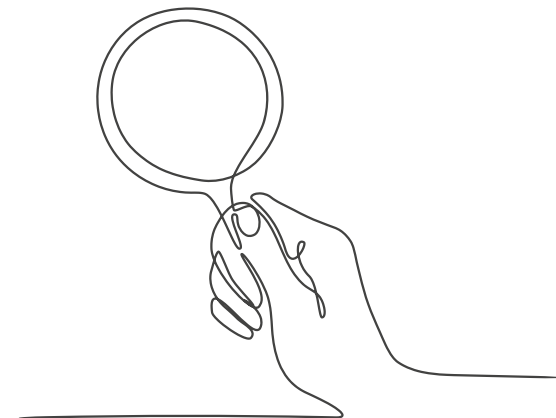
## Code of Conduct

VEON's Code of Conduct provides Group-wide standards designed primarily to deter wrongdoing and to promote honest and ethical business conduct; full, fair and accurate reporting; compliance with applicable laws; prompt reporting of violations; and accountability. 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, which are reflected in our Business Partner Code of Conduct. In addition, our business partners are subject to risk-based due diligence.

Our employees across the Group have access to a confidential, and anonymous if desired, reporting system for raising compliance concerns. The system, managed by an independent external supplier, is accessible by telephone, email and 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, in good faith, reports concerns.

## Monitorship

In February 2016, VEON announced settlements with the US Securities and Exchange Commission, the US Department of Justice, and the Dutch Public Prosecution Service, relating to VEON's business in Uzbekistan. In the US settlement agreement, we agreed to an independent compliance monitor (the Monitor) who assesses the effectiveness of and recommends improvements to VEON's compliance programme, internal controls, and governance. VEON appropriately implements the Monitor's recommendations, maintain a robust and effective compliance program, and further embed a culture of integrity across the Group.







# Fostering Digital Entrepreneurship



FOSTERING DIGITAL ENTREPRENEURSHIP

# Introducing Make Your Mark

VEON launched the Make Your Mark initiative to foster digital entrepreneurship, supporting people to start their own business and to create work for others in the countries where we operate.



VEON operates in emerging economies that typically have young, growing populations. This can create a demographic dividend for countries, provided there are sufficient employment opportunities and prospects of earning a decent livelihood. We launched our 'Make Your Mark' programme in 2014 to foster digital entrepreneurship and support people to start their own business and to create work for others.

Our operating companies invest in start-up incubators and accelerators to offer budding founders the support to launch and scale business ideas that address local unmet needs. These start-up programmes typically operate under a range of public and private partnerships such as the Jazz National Incubation Center in Pakistan and the Beeline Start-up Incubator in Armenia. These incubation tech-hubs provide intensive mentorship, shared working facilities and a range of other support services.

Based on successful tech-hubs from around the world but reflecting the specific conditions and needs of the local economy, our initiatives typically offer four- to six-month programmes for groups of early-stage businesses. Participants are offered guidance on everything from technology and leadership skills through to growth hacking and fundraising, with their progress gauged throughout the incubation cycle. Successful start-ups are showcased globally, including at the renowned annual Mobile World Congress in Barcelona.

We also support local hackathons, 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 encourage an internal culture of innovation and entrepreneurship, and diversify the services we offer. By creating economic opportunity for thousands of people, we are building a more sustainable business environment, thereby adding value for society as well as our shareholders.

20,279

Participants in digital entrepreneur competitions/events

652

Start-ups supported

822

Participants in accelerators/incubators

16

National and international hackathons across our markets



## FOSTERING DIGITAL ENTREPRENEURSHIP

# Pakistan: Supporting Digital Innovation

“The Jazz National Incubation Center has been a godsend”, says Mustafa Muhammad, the co-founder of Mauqa Online, a digital start-up that allows users to schedule high-quality domestic helpers in Islamabad and Rawalpindi. He faced many roadblocks after launching his business. His biggest concerns were the lack of platforms to connect with like-minded entrepreneurs and an inability to access physical infrastructure “without spending the precious little resources we had”.

The Jazz National Incubation Center (NIC) is unprecedented in Pakistan as the first initiative to bridge the gap between entrepreneurs, innovators, academics, and investors. By bringing these together, the NIC is helping support Pakistan’s ongoing digital revolution and ensuring a brighter future for entrepreneurs such as Mustafa.

Technologically minded and entrepreneurial in outlook, the country’s youth demographic is the largest ever recorded according to the United Nations Development Programme. However, as 64% of the total population is below the age of 30, efforts must be made to create opportunities to make this a demographic dividend and contribute to the country’s economic growth. Under a public-private partnership (PPP), Jazz signed an agreement with the National ICT R&D Fund for a grant of USD 5.4m over five years for the development of the NIC in July 2016.

Together with Teamup as project partners, this public-private initiative provides state-of-the-art incubation facilities, technical training and networking opportunities with business experts. “The advice and connections helped two co-founders with zero entrepreneurial experience to have the confidence to build something bold and innovative”, says Mustafa. “The collaboration has provided us with much needed access to services like JazzCash and opportunities to meet investors and partners on an international stage. When we joined the programme, we only had an idea. A year later, Mauqa Online has clocked over 20,000 hours of service to customers”.



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**Mustafa Muhammad**  
Co-founder of Mauqa Online

[Find out more](#)



“This has been a year of innovation, groundbreaking technologies, and change. We have opened the doors for talented young entrepreneurs to become a part of a thriving digital entrepreneurial ecosystem. As we move into our next year of inviting applications for our next cohort, we encourage young budding entrepreneurs to join our growing community here at the NIC”

**Zouhair Khaliq**  
Co-founder, Teamup





“My plans and ambitions were bigger than my knowledge and resources. The ENP Incubator by Djezzy gave me the professional support that I needed to get further and faster”

**Ramzi Ikouirene**  
ETUDZ e-learning platform creator

FOSTERING DIGITAL ENTREPRENEURSHIP

# Algeria: Inspiring Future Innovators

“My plans and ambitions were bigger than my knowledge and resources,” says Ramzi Ikouirene, the founder of ELITEINC start-up. “The ENP Incubator by Djezzy gave me the professional support that I needed to get further and faster”. Ramzi’s start-up has built ETUDZ, an e-learning platform to help students facing a shortage of educational resources. The platform aims to support 50,000 students from the University of Sciences and Technology Houari Boumediene each year. It provides video courses, virtual conferencing, a digital library, and a platform to ask questions from qualified instructors.

To improve the platform and extend support to a greater number of students in Algeria, Ramzi joined Djezzy’s Ecole Nationale Polytechnique (ENP) Incubator in 2018. It has helped him access a unique blend of training, mentoring, and coaching from Djezzy’s staff, technology entrepreneurs, experts, and professionals. The ENP Incubator is a collaboration between Djezzy and one of the country’s leading educational institutions. It is working to inspire future innovators to contribute to the creation of economic alternatives in a market where oil and gas represent the major share of national GDP.

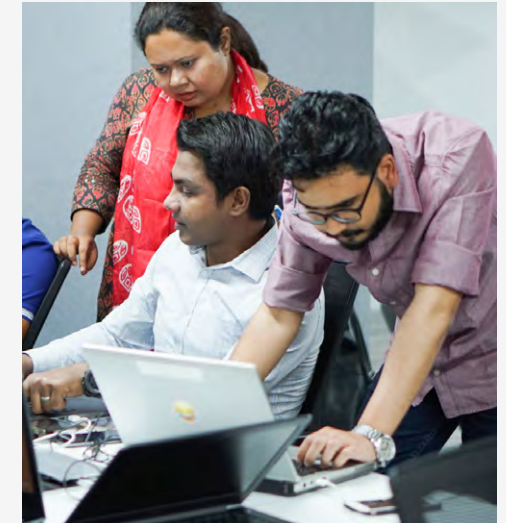


Algeria is in the early stages of building its digital economy. The North African country is home to a large and young workforce. As noted by AT Kearney in its 2017 research, efforts are being made, both by the private and public sector, to cultivate a start-up ecosystem to ensure entrepreneurs have the financial, managerial, and technical support they need to build businesses that drive innovation and create value across the economy. Successful digital start-ups as well as investors, it is hoped, will support the next generation, creating a conducive environment for entrepreneurial growth.

Ramzi’s is one of four start-ups currently benefiting from the ENP Incubator, with an additional two taking part in the acceleration process. Djezzy’s long-term vision is for ENP to be a one-stop-shop for start-ups and entrepreneurs. It is committed to working closely with public and private sector entities to improve entrepreneurship in Algeria and to contribute to improving the digital ecosystem.

We were fresh graduates with diverse backgrounds, ready to show the world what we could do – but no idea of how to actually do it. However, our goal was simple: work hard, leave a mark

**Saadman Shahid Chowdhury**  
 Co-founder of Genie IOT



## FOSTERING DIGITAL ENTREPRENEURSHIP

# Bangladesh: Incubating Entrepreneurial Success

It was a tough beginning as an entrepreneur for Saadman Shahid Chowdhury, the co-founder of Genie IOT.

“We were fresh graduates with diverse backgrounds, ready to show the world what we could do – but no idea of how to actually do it,” he says. “However, our goal was simple: work hard, leave a mark. We first converted a living room into a makeshift office. Then came the excitement of writing our business model and asking people to test our prototypes.

“It was all fun and games at first, but it did not last long. We were disappointed when we quickly realised that the world did not work the way we assumed in our business model and received extremely unsatisfactory reviews from our testers. Furthermore, our home office was not conducive to a productive work environment. Without a nurturing hand, Genie IoT was stranded and doomed to fail.” At this dire time, Saadman says, Genie IOT was accepted into the Banglalink IT incubator – a move that helped turn his business around.

I would like to thank both Banglalink and VEON for taking this sort of initiative for our young entrepreneurs. I have full trust in the capability of our talented entrepreneurs. They just need guidance and logistical assistance at the primary stage to flourish properly

**Hosne Ara Begum**  
 Managing Director, Hi-Tech Park Authority



Launched in 2016, the Banglalink IT Incubator supports entrepreneurs and promotes economic growth through digitisation. The joint initiative between the Bangladesh government and Banglalink has a rigorous selection process to identify and grow innovative ventures like Genie IOT. More than 200 start-ups applied for the 2018 Incubator 2.0 and 30 teams were invited to participate in the selection boot camp. Six were chosen to join the Banglalink IT Incubator.

Following incubation, two of the entered start-ups – Easy Sense and Chobir Baksho – were awarded the BASIS National ICT Award 2018, in recognition of their outstanding initiatives that contributed to the development of digital Bangladesh. Easy Sense was also declared champion of the WASH Innovation Challenge jointly organised by BRAC and UNICEF. Hosne Ara Begum, Managing Director for the Bangladesh Hi-Tech Park Authority says the Banglalink IT incubator shows how collaboration between the government and a corporate organisation can benefit the IT sector.

## FOSTERING DIGITAL ENTREPRENEURSHIP

# Armenia: Cultivating Collaboration

The Armenian start-up ecosystem is a fertile ground for budding technology entrepreneurs, but those starting out for the first time in the capital of Yerevan face challenges accessing funding and mentorship. The Beeline Armenia Start-up Incubator was set up in 2018 to meet these challenges. It helps promising start-ups in the prototype stage to succeed by providing bespoke training, workshops, networking, office space and investor introductions during a four month intensive programme.

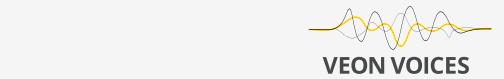
Ruzanna Avetisyan has joined two programmes at the Beeline Armenia Start-up Incubator – an experience she credits with helping her to secure capital for her start-ups including Volterman Smart Wallet, Bristly Brushing Stick, Moon by 1-Ring, and Varram Pet Fitness Robot.

“The Beeline Armenia Start-up Incubator is one of the best Armenian initiatives for start-ups. Start-ups can scale when they deliver tangible business value and the incubator helps to discover that value and assists people to think in a commercial way”

**Ruzanna Avetisyan**  
Project manager at The Crowdfunding Formula

“The Beeline Armenia Start-up Incubator is one of the best Armenian initiatives for start-ups. Start-ups can scale when they deliver tangible business value and the incubator helps to discover that value and assist people to think in a commercial way”. So far, 20 start-ups have joined programmes at the Beeline Armenia start-up Incubator and the company is looking to build on this in 2019. 16 start-ups were selected in the first incubation cycle; eight of these finished their training by the end of 2018.

Beeline Armenia CEO Andrey Pyatakhin commented: “I am delighted to see the positive impact of our incubator in fostering the next generation of entrepreneurs and tech start-ups, which in turn will only help Armenia’s digital economy prosper in the future.”



“I am delighted to see the positive impact of our incubator in fostering the next generation of entrepreneurs and tech start-ups, which in turn will only help Armenia’s digital economy prosper in the future”

**Andrey Pyatakhin**  
Beeline Armenia CEO





# Bridging the Skills and Literacy Gap



BRIDGING THE DIGITAL SKILLS AND LITERACY GAP

## Developing Digital Skills and Literacy

As a company operating in emerging markets with young, growing populations, VEON is supporting education programmes that focus on building digital inclusion and closing local gaps in digital skills and literacy.

Recognising education as one of the key drivers of socio-economic development, we use our knowledge of technology and connectivity to support tech-centric educational initiatives that offer positive learning outcomes. Our support is delivered through a mixture of partnerships, training carried out by our own employees, direct investments or donations.

VEON supports digital skills and literacy programmes that provide Information and Communications Technology (ICT) equipment and internet connectivity to under-resourced educational institutions. Our projects in various operating countries offer customised training and mentorship for youth to secure employment. With the help of our partners, we have developed and deployed mobile literacy (mLiteracy) solutions that allow men and women to attain education within the security and convenience of their own homes. These applications are also facilitating better planning, and monitoring and evaluation by educational administrators.

In Bangladesh, where VEON operates under the Banglalink brand, 3,200 sales executives trained approximately 120,000 people on Google, YouTube, and Banglalink's self-care applications. Of these beneficiaries, 85,000 were non-internet users, and more than a third have since started to use the internet regularly.

Similarly, in Georgia, Beeline supported the Khan Academy and provided free online local-language learning software on laptops that were provided to first grade students across eight different regional schools.

VEON continues to build basic knowledge and understanding of digital applications and mobile internet. Our efforts promise to empower communities and at the same time help develop future markets for our products and services.

### 28,600

Individuals benefitting from donated ICT equipment

### 31,407

Individuals benefitting from subsidised internet connections

### 125,800

Individuals benefitting from mLiteracy programmes

### 14,333

Individuals attending educational events







BRIDGING THE DIGITAL SKILLS AND LITERACY GAP

# Ukraine: Sparking Creative Thinking

“Our volunteers’ drive and determination motivated students to keep going no matter what and to do their best to achieve their aims,” said Katerina Solimchuk from a participating school in GoCamp 2018. “They enjoyed trying new and exciting things to discover a passion and talent they didn’t even know they possessed”. High school students in the remote regions of Ukraine were offered the educational opportunities of their urban peers, thanks to a Kyivstar-supported initiative called GoCamp.

Launched in 2018, foreign volunteers led summer camps to deliver a Kyivstar-created multimedia curriculum that encouraged school children from 12 to 15 years old to use modern techniques and creative thinking to develop new ideas for mobile applications. In 2018, specific parts of the course included interactive training in entrepreneurship and innovation for more than 2,000 students at 75 schools. The project was implemented across 19 regions where students identified 100 new ideas for mobile apps.

“As a mentor to children aged 10 to 12, together we developed six new application ideas that were useful, scalable and have the potential to be commercially viable. It is rewarding that the children wanted to seek and discover new things for themselves”

**Yuriy Chornenkiy**  
Head of Marketing Communications, Kyivstar



“Video calls extended the reach of the project,” says Katerina. “Our school had multiple calls with our Kyivstar mentors, who listened to the students’ ideas and gave them advice to improve their projects.”

GoCamp also offers training webinars for teachers and would-be mentors throughout Ukraine, and in 2018, more than 25 employees of Kyivstar became mentors in schools and helped students to carry out project work. As a result of its success and the interest of other younger children in participating in the future, the programme will be extended to all age-groups in 2019. Yuriy Chornenkiy, Head of Marketing Communication says: “As a mentor to children aged 10 to 12, together we developed six new application ideas that were useful, scalable and have the potential to be commercially viable. It is rewarding that the children wanted to seek and discover new things for themselves”.

[Find out more](#)



“Our volunteers’ drive and determination motivated students to keep going no matter what and to do their best to achieve their aims from the participating school in GoCamp 2018. They enjoyed trying new and exciting things to discover a passion and talent they didn’t even know they possessed”

**Katerina Solimchuk**  
GoCamp school representative

BRIDGING THE DIGITAL SKILLS AND LITERACY GAP

# Pakistan: Smart Schools Offer Bright Future

Education now means something different to Saira Ali, a year nine student in Pakistan’s capital, Islamabad. Since joining the Jazz Smart School programme, Saira has experienced what she describes as an “extraordinary” change of learning environment.

“I absolutely love the friendly atmosphere that has been created between students and teachers”, she says. “My grades have improved since I started taking these assessments from the Jazz Smart School programme. Learning has become more fun, especially with the games. Everyone loves to learn more every day. Our teachers also get to focus more on each student’s individual needs.”

Of the population of 200 million people, approximately 43% under 15 years old are not as fortunate as Saira. According to Pakistan’s 2018 Education Statistics Report, almost 23 million school-age children – including 12 million girls – are not in any form of education. For those who are being educated, basic numeracy and literacy skills often lag behind international benchmarks.

To help improve digital skills and literacy among female students, Jazz – the country’s largest mobile operator – launched the Jazz Smart School Programme in 2017.

It uses mobile technology to improve teaching quality and accountability with techniques such as app-based performance dashboards and web-portals to track results.

By the end of 2018, more than 25,000 female students aged between 12 and 16, along with 600 female teachers across 75 public-sector schools in Islamabad have benefitted from the Jazz Smart School programme. Evaluation has shown significant improvements in learning outcomes, teaching quality, student engagement, technology users, accountability, and results monitoring.

“My grades have improved since I started taking these assessments from the Jazz Smart School programme. Learning has become more fun, especially with the games. Everyone loves to learn more every day. Our teachers also get to focus more on each student’s individual needs”

**Saira Ali**  
Grade nine student



“We are proud to partner with the knowledge platform and Jazz for this innovative intervention. We believe this will improve learning outcomes for students. In addition, I am sure such public and private partnership models will not only help create a conducive learning environment but will also expose our public-sector students to 21st century trends”

**Ali Raza**  
Pakistan Prime Minister’s Adviser Education Reform Programme

[Find out more](#)



BRIDGING THE DIGITAL SKILLS AND LITERACY GAP



# Kyrgyzstan: Widening Knowledge Horizons

Kyrgyzstan is a country of 6.2 million people, where access to mobile broadband and smartphone ownership is growing. However, in remote parts of the country there remains a gap in knowledge about how to access and benefit from the digital economy.

To improve digital skills and literacy, Beeline Kyrgyzstan launched in 2018 a programme in partnership with Association Internationale des Etudiants en Sciences Economiques et Commerciales (AIESEC) – the not-for-profit youth leadership group – to raise awareness amongst school children. Volunteers train the students in grades five to eleven on areas including smartphone use; internet safety; key online education resources and interactive educational games. Approximately 16,000 school children across 60 schools in Kyrgyzstan benefitted from the digital skills and literacy programme supported by Beeline Kyrgyzstan.

“There was an interesting lesson where we were told about IT security, safe use of the internet and mobile etiquette. It was interesting to know how to avoid mobile fraud and choose the right tariff proposal”

**Hassan**  
Student of the 11th grade in Jalal-Abad

Almaz, one of the participants from the Jalal-Abad region in Kyrgyzstan, commented: “I liked the whole course, especially directions on mobile phone etiquette, the fight against mobile fraud and information about educational resources.”



“This programme has proved that even people without smartphones are interested in learning about digital products. I am delighted to know that even a rickshaw-puller who doesn't know how to type loves to watch videos on YouTube”

**Gaurav Kakkar**  
Digital Business Director, Banglalink

BRIDGING THE DIGITAL SKILLS AND LITERACY GAP

# Bangladesh: Empowering the Digital Left-Behinds

Bangladesh has embarked on ambitious plans to grow its digital economy as part of the government's Vision 2021.

In 2018, in collaboration with the GSMA, Banglalink trained more than 120,000 people to use digital services at sales and service points.

Three thousand two hundred Banglalink sales executives trained customers on common digital services such as Google, Facebook, Wikipedia and YouTube in addition to Banglalink's e-selfcare platform.

Banglalink also partnered with the GSMA to share learning materials and localised them to match customer profiles.



# Our Commitment to Sustainable Business

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OUR COMMITMENT TO SUSTAINABLE BUSINESS

# Our Commitment to Sustainable Business

Sustainable operations represents the ‘licence to operate’ component of VEON’s sustainability strategy. This important pillar of our strategy focuses on promoting operational reliability and functionality, while emphasising interactions with customers, employees, society and the environment that are helpful rather than harmful.

This strategic priority addresses a wide array of topics which are critical to VEON’s operations, including our commitment to act ethically and responsibly.

Every element of this pillar relates directly to one of VEON’s material topics: environmental performance, service quality, responsible supply chain, talent management, occupational health and safety, privacy and data security, ethics, transparency and governance, and economic development.



**31,255**

Number of BTS using power-saving technology

**475**

Base stations installations using renewable energy

**13%**

Improvement in 4G download speeds

**11%**

Reduction in data inaccessibility\*\*

**47.2%**

Average smartphone penetration

**40.2%**

Reduction in network unavailability\*\*\*

**7.8%**

Reduction of voice inaccessibility\*

\*Average of 2G and 3G voice inaccessibility

\*\*Average of 2G, 3G and 4G data inaccessibility

\*\*\*Average of 2G, 3G and 4G network unavailability

OUR COMMITMENT TO SUSTAINABLE BUSINESS

## Digital Inclusion

For VEON, digital inclusion means empowering people through information and communication technology. It refers to our efforts to bridge the digital divide by increasing access to mobile and digital services and technologies regardless of age, gender, language, physical ability, or income. Our work to improve inclusion encompasses technology to support those facing physical challenges, digital financial services for the unbanked and mobile education for young women.

### Overcoming Physical Challenges

Beeline Kazakhstan's Unlimited Opportunities project has provided internet access to institutions that help people with special needs. Under the programme, 12,500 people across 26 organisations in 16 cities were supported.

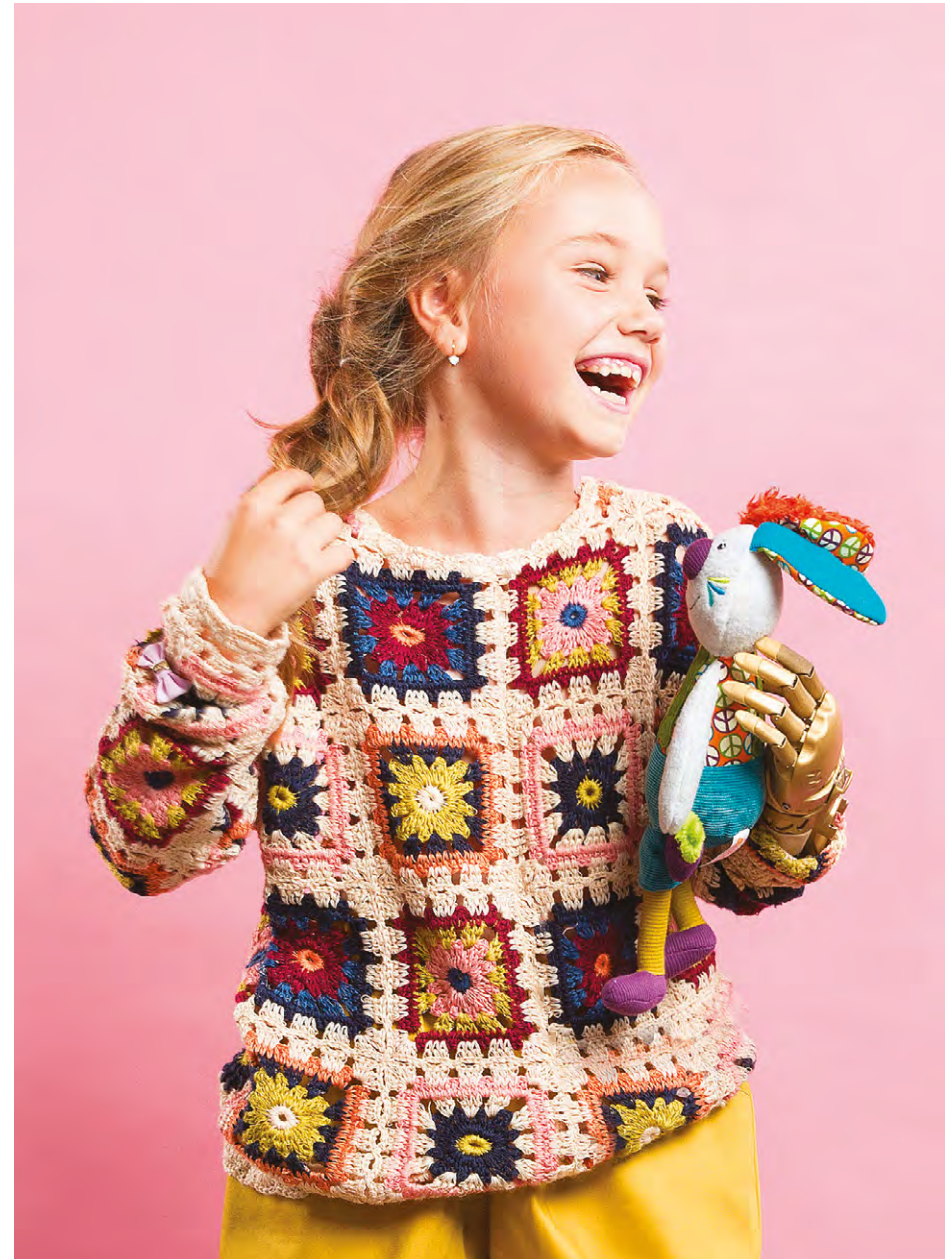
Beeline Kazakhstan worked with Enactus, an international organisation that helps students to implement social projects. Employees provided mentoring to students competing in the annual Enactus World Cup. Teams from 56 universities across the country, involving 5,000 students, submitted 100 projects to the national stage of this competition. Beeline Kazakhstan's CEO and other senior managers identified the three best projects and awarded grants to the winning teams.

"Passing each stage and receiving further recommendations from Beeline Kazakhstan experts and managers was very inspiring for us. This competition is a unique opportunity for students to express themselves and a confirmation that Beeline really supports young people. We are ready to further develop and implement innovative projects that will facilitate and improve the lives of people," says Dinara Mazhitova, one of the students.

Beeline Russia is working in close collaboration with Motorica, a local start-up that manufactures bionic prostheses. The start-up combines prosthetics with mobile technology to help those undergoing rehabilitation. Each of the artificial limbs is installed with Beeline provided eSIM, which transmits data to physicians. The technology allows physicians to carry out the treatment without patients needing to frequently visit the rehabilitation centres.

Beeline Russia has also trialled a ground-breaking project to help individuals with speech and visual disorders. Braille Glove, developed in collaboration with a St. Petersburg-based innovator, allows these individuals to interact with smart phones and computers. Dedicated software recognises speech in real time and translates it through haptic signals that resemble the Braille tactile writing system. User responses are generated using the same principle.

The price of the device, equipped with a voice assistant that recognises 36 languages, is 20 times lower than alternative Braille devices. With the support of Beeline Russia, the project was presented at World Mobile Congress in Barcelona and at the World Health Organization.



**Providing Economic Inclusion**

A large proportion of Pakistan's 200 million population remains unbanked. Jazz, recognising the opportunity, has developed a digital financial services business that offers a variety of modern digital financial tools. These include online and mobile money transfers, bill payments, e-commerce, insurances, debit cards and international remittances.

JazzCash had 4.8 million, 30-day active mobile wallets by the end of 2018, making it the country's largest digital financial provider. Backed by a network of nearly 80,000 representatives, the JazzCash mobile wallet can be accessed via Unstructured Supplementary Service Data (USSD) and a revamped customer app available both on iOS and Android.

JazzCash continues to collaborate with local organisations and financial institutions to broaden its reach to more parts of the country. In 2018, we started working with the Excise and Taxation department province of the remote Balochistan province to digitise tax payments.

Additionally, JazzCash is working with insurance providers to make it easier for people to access health and life insurance. In 2018, more than 100,000 insurance policies were sold through JazzCash, covering both health and life insurance.

Beeline Kazakhstan is also offering digital financial services. Using a mobile application, customers can make purchases online in addition to paying for offline services like car parking, public transport, toll roads and cinema tickets.

In May 2018, Beeline Kazakhstan's subsidiary KazEuroMobile became the first telecoms company in the country to be granted its own financial licence from the Central Bank.

Shortly after, Beeline, in collaboration with MasterCard, launched bank cards for customers, allowing them to pay for a wide range of products and services – locally and abroad – directly from their mobile account. To improve the customer experience and ultimately support greater Average Revenue Per User (ARPU), Beeline Kazakhstan has partnered with a range of merchants, including taxi, airline and railway companies, to provide discount offers and cashback. By the end of 2018, Beeline Kazakhstan had 300,000 monthly active users of its digital financial services.

**Improving Rural Access to Information**

Pakistan's agricultural sector contributes 21% of the national GDP and 70% of the population is reliant on agriculture for their livelihood. Local farmers' lack of access to relevant information and knowledge about modern farming practices contributes to struggling yields.

Jazz launched the Ba Khabar Kissan (the well-informed farmer) service as a joint effort to provide information about the weather, the application of fertilisers and pesticides, and the prevention and control of diseases. The USSD service provides advisory services to 1.5 million subscribers engaged through dynamic SMS, interactive voice and messaging service, call centres, a smartphone application and social media platforms.

Jazz Ba Khabar Kissan also offers a comprehensive information catalogue and provides farmers with farm-to-market guidance for more than 117 local agricultural commodities. The service shares actionable advice based on location, crop and weather condition via smart phones. In addition, in order to address the credit-related challenges faced by low-income farmers, Ba Khabar Kissan is planning to add a financial solution to its platform that will offer financial services such as micro-lending, micro-saving, and micro-insurance, as well as other services.

**Supporting Gender Diversity**

Gender diversity is an important trait of a sustainable business and is consistent with VEON's culture and values. Diversity, respect for individual dignity, inclusivity and equal employment opportunities for all is the cornerstone of our business. VEON fosters a work environment that is safe for all of its employees and does not tolerate any form of abuse or harassment. We follow all applicable employment laws wherever we operate and make sure our decisions regarding recruitment, selection, development and advancement are based on merit, qualifications, skills, achievements and potential.

The human resources and talent management teams at VEON are consciously working to narrow any gender gap, both in recruitment as well as remuneration. In 2018, many women were hired across the organisation for mid- to senior-management level positions. Our regional management is cognisant about the gender-based disparity that prevails in some of our markets. We are proactively working to break the professional, social and cultural glass ceiling that can stunt the growth of female employees.

2018 EMPLOYEE DATA



OUR COMMITMENT TO SUSTAINABLE BUSINESS

# Occupational Health and Safety

VEON is committed to providing a safe and healthy working environment and we believe this is a responsibility shared by everyone. Although the majority of our employees work in office environments and face a relatively low risk of occupational health and safety hazards, this is not the case for everyone.

2018 HEALTH AND SAFETY INCIDENTS

**184**

Number of work-related serious injuries

**1.57**

Work-related serious injuries (in million hours)

**0**

Work-related security incidents

**2**

Work-related fatalities

Several of our companies continued to operate during times of civil unrest in 2018. We make every effort to carefully manage the personal security of employees, especially those assigned network maintenance during challenging conditions such as replenishing the fuel in generator-powered base stations. Our target is that nobody should be hurt in carrying out work as a consequence of our activities and thereby zero work-related injuries. We have adopted and implemented leading health and safety standards to manage the broad range of related risks our employees potentially face.

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, with several companies running formal health and safety management systems.

At the Group level, we have a leadership-endorsed Group Health and Safety Policy that aims to improve the consistency of our approach to the health and safety for all of those to whom we have a duty of care. In particular, the Policy sets out 'Absolute Rules' that apply in all VEON operational jurisdictions and make it the duty of everyone to report major incidents (fatalities and near misses) to management at our headquarters as well as of the operating company and the specific business unit.

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

There were two reported work-related fatalities during 2018. These fatalities were caused during work on BTS installations and were reported by Jazz and Beeline Armenia.

VEON recognises the potential threat to the health and safety of employees and subcontractors working in higher-risk areas. We have contributed an on-going research project to look at the provision of security for base stations, particularly in remote areas, as part of the Global e-Sustainability Initiative human-rights work programme.

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, injuries, and fatalities.



## OUR COMMITMENT TO SUSTAINABLE BUSINESS

# 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 with the treatment of personal data and we consider proper data-protection management as key to maintaining customer trust.



We live in an era where the use of personal data is subject to fast-moving developments. At the same time, many countries in which we operate experience challenges with the timely introduction of data protection rules to keep up with these developments. As a global company with headquarters in the EU but with operations across different jurisdictions outside the EU, VEON has chosen to lead by example. We implemented the EU General Data Protection Regulation (GDPR) in 2018, ensuring our ongoing compliance for any personal data processing activities in Europe and of European citizens. With the introduction of the VEON Group Privacy Policy we are going beyond what is required according to local legislation and are introducing certain GDPR privacy principles and best practices across the entire Group.

2018 was a significant year for data protection laws. Several countries where we operate are introducing their first privacy laws or are replacing their existing data privacy laws with more comprehensive data protection frameworks. The VEON Group Privacy Policy is helping us to anticipate changes in legislation. Meanwhile, we maintain an open dialogue with lawmakers to discuss best practices from countries that have a longer history of establishing data protection frameworks. By sharing experiences from more mature data protection frameworks, we hope to encourage the creation of more advanced and harmonised data protection regimes, all to safeguard the privacy and trust of our customers.

The VEON Group Privacy Policy introduces a privacy-by-design approach that makes sure that initiatives with personal data will observe privacy principles such as transparency, purpose limitation, retention and security. By upholding these requirements we aim to limit any privacy impact for our customers.

We are a user-centric company. This means that we sometimes explore innovative technologies that will optimise the user experience. Although we work within the limitations of legislation, in some cases, this puts us in the position of having to balance data protection with the benefits that customers will gain through innovation. Our default position is the protection of our customers' privacy.

We take a key interest in protecting the confidentiality, authenticity, and integrity of personal data. This includes an ongoing security risk management programme, prioritising the protection of strategic assets and identification of high-risk vendors and other third-parties to ensure that they properly handle and protect personal data. We also place a strong focus on incident detection and response processes to contain and report security incidents when they occur.

Our emphasis on data protection means that governance of data protection management is a key topic for VEON. We recognise that this is not just a compliance activity but a cross-functional challenge. To establish robust data protection governance, we have introduced cross-functional Privacy Committees in addition to appointing data protection officers.

## OUR COMMITMENT TO SUSTAINABLE BUSINESS

## Service Quality

Service quality pertains to network reliability, service delivery capacity and perceived quality of our service offerings. Business success is contingent on the quality of services and includes customer interaction and retail experience.

### Enhancing Network Coverage and Reliability

The coverage and reliability of our mobile network is central to a positive customer experience. We continue to deploy high quality services across our markets. 4G/LTE service is now available in all our markets, reaching more than 260 million potential customers. This is an increase of 68% from 2017. In addition, 3G services now reach 475 million people and 2G reaches more than 596 million people.

We continue to invest in modernising and enhancing our network to improve coverage, network availability, capacity, user experience, capability and sustainability. This investment is recorded via our 'group quality dashboard', which tracks customer satisfaction, quality of service, network performance and network assets at both group and country levels.

VEON's investment in new technologies has resulted in a significant enhancement of the mobile data speed available to our customers. In 2018, Ookla recognized us as speed leader in Ukraine and Pakistan for benchmarking purposes. In parallel, we also continue to increase our use of sustainable practices. VEON already utilises many advanced power-saving features across each market.

In 2018, we introduced further energy conservation initiatives through collaboration with vendors to share best practices. Our aim is to operate in a manner that is sustainable for the environment and beneficial for our business.

### Improving Customer Service

At VEON, we place customers at the centre of our business, and we believe in developing products that enable them to lead richer lives. Our target is to deliver a customer experience that exceeds the standards set by our peers and we are focused on providing a consistent, intuitive experience across all of our channels. Across all of our operating companies, we continually improve our services to ensure that customer needs and feedback are addressed proactively. Ongoing engagement with our users is key to this process, and our use of digitised customer service is a practical step towards realising the above, more consistently and effectively than ever before.

## 2018 MAIN NETWORK IMPROVEMENTS

## 13%

Improvement in 4G download speed

## 11%

Reduction in data inaccessibility\*\*

## 7.8%

Reduction in voice inaccessibility\*

## 40.2%

Reduction in network unavailability\*\*\*

\*Average of 2G and 3G voice inaccessibility

\*\*Average of 2G, 3G and 4G data inaccessibility

\*\*\*Average of 2G, 3G and 4G network unavailability



### Enriching the Customer Experience

Customer experience has grown significantly in importance in the telecommunications industry, and is now a key point of differentiation between providers. Customer experience goes hand in hand with customer satisfaction and, therefore, with customer loyalty and commercial success. With this in mind, we have worked to ensure that the VEON customer experience makes users feel positive when using our services. The Customer Experience team has outlined a set of new, ‘disruptive’ customer journeys to ensure that our users enjoy an optimal digital experience, unlike anything else provided in the sector.

A new, simplified value proposition portfolio is an important element of this. A significant reduction of our legacy products has been achieved over the last number of years. Migration to a new digital customer data-management system is ongoing in various countries and is key in ensuring that we offer a transparent, easy to understand, and personalised set of services that help our customers connect to the digital world.

To help measure our progress in improving customer experience, we operate a unified customer feedback collection platform called Medallia. This platform forms part of our company-wide ‘Voice of the Customer’ programme. It enables us to gather customer feedback at the most critical touch points.

In 2018, we extended coverage of Medallia to most of our operating companies and began gathering feedback for an increased number of critical touch points, with the aim of further improving our Net Promoter Score (NPS) measurement and feedback collection. So far, the Voice of the Customer programme has led to significant call reduction to our customer service centres. We will continue our efforts with further digitisation, including digital self-care, ordering, wallet, and payment. We believe these developments will accelerate customer empowerment and remove human dependencies wherever possible. This is helping us to deliver an improved customer experience, increased customer retention, and improved financial returns.

## 2018

### Net Promoter Score (NPS)

**4**

Number of markets meeting or exceeding target NPS position

**4**

Number of markets placed first or second NPS in their market

**5**

Number of markets improving relative NPS position

### Restructuring Our Retail Experience

At VEON, we focus on providing a world-class customer experience at all of our touchpoints including digital self-care applications, monobrand stores, and personalised call-centre engagement. To support this, we launched new monobrand stores as well as a number of new store formats including points of sales. We also significantly upgraded our monobrand store (digital) capabilities in both our corporate-owned and franchise stores. Across our operating companies, monobrand stores now deliver the highest Average Revenue Per User (ARPU) and customer lifetime value of any of our retail outlets.

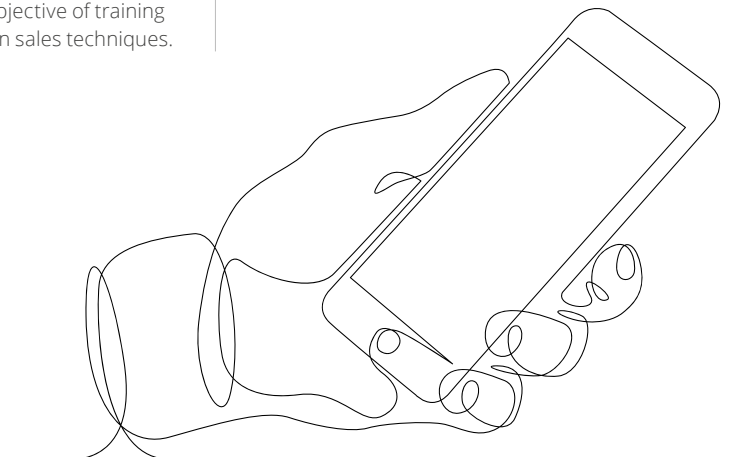
We aim to provide our customers with an enhanced retail experience through creating an exciting and inviting atmosphere, better trained sales people, a comprehensive portfolio of devices and accessories, live handset displays, and improved merchandising standards. This is in addition to offering new services such as mobile financial services and insurance. In combination, these improvements have allowed us to achieve higher revenue per store, higher ARPU and better NPS.

We also launched a retail sales academy in all of our operating companies, with the objective of training and motivating store personnel in sales techniques.

### Proliferating Smart Phone Usage

The development of our device portfolio is a key pillar of our commercial strategy, enabling faster internet adoption and data connectivity growth. Smartphone unaffordability is one of the most significant barriers in the adoption of digital products in some of our markets. For this reason, the delivery of affordable smartphones is a key focus for VEON. We not only have a commercial interest in the proliferation of affordable handsets and the commensurate increase in data usage, but also recognise that it represents a key step in addressing the digital divide globally.

Owed in parts to our efforts, the average smartphone penetration across our markets reached 47.2% in 2018, an increase of 4.2 per person in comparison with 2017. Currently, smartphone penetration ranges from 34.0% in our markets where smartphone pricing is a significant barrier to adoption, up to 69.8% in our most mature markets.



## OUR COMMITMENT TO SUSTAINABLE BUSINESS

# Responsible Supply Chain

In March 2018, VEON launched a new Group-wide business partner due diligence procedure and screening tool to support VEON's Anti-Bribery and Corruption Policy. This comprehensive assessment tool established requirements for the selection, engagement, retention, and continuous monitoring of business partners.



VEON Group operates ethically and with integrity, and expects our business partners to do the same. Therefore, the selection, engagement, and retention of a business partner must be done knowingly, cautiously, and with awareness of risks. To determine whether a prospective business partner is likely to operate ethically, VEON Group conducts a risk-based evaluation. Since the launch in March 2018, over 7,000 business partners worldwide have undergone screening in accordance with the newly implemented procedure.

Similarly, a number of important controls are set under Procurement, Internal Controls and Finance. To maintain an honest approach when selecting vendors, we encourage engagements through tender or competitive sourcing. More fundamentally, we rely on adherence to the procurement process. We are committed to transparent, accountable procurement processes that ensure that all suppliers are given fair and equitable treatment. At the same time, we aim to improve relationships with ethical suppliers in order to create maximum benefit for the Group.

## Human Rights

VEON treats human rights as intrinsic to our core business activities. Customer privacy, labour practices, health and safety, equal employment opportunities, diversity, anti-bribery and anti-corruption are all addressed every day during the course of our operations. We also appreciate that information technology and connectivity is a key driver of social development and the protection of human rights as it enables the exchange of knowledge and access to information.

We respect the various regulatory and cultural approaches to employees' freedom of association and collective bargaining 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 markets where unions are established and represent members of our workforce, including Algeria, Armenia, Kyrgyzstan, Ukraine and the Netherlands, we work together on matters including employee remuneration and welfare. We estimate that approximately 12% of our employees are covered by collective bargaining agreements.

Our commitment to human rights is demonstrated throughout our group's business principles and policies. Human rights issues underpin both the Group Code of Conduct and Business Partner Code of Conduct, which all suppliers are required to comply with. In parallel, the Group Health and Safety Policy provides guidelines to maintain a safe working environment for all VEON employees and third parties.

## OUR COMMITMENT TO SUSTAINABLE BUSINESS

# Talent Management

We continually invest in our employees at VEON, and seek to anticipate our human capital requirements for the future. Our recently revamped talent management programme is available to all VEON employees. This integrated, needs-based programme comprises on-the-job learning and focuses on supporting our employees to continuously adapt to the requirements of our dynamically changing business environment. It also includes peer-to-peer learning opportunities and other formal learning avenues. We continue to strengthen our approach towards nurturing leadership capabilities required to meet the company's organisational needs while accommodating employees' personal development goals.

## Succession Planning

A core focus of VEON's talent management is to enhance and develop an internal talent pool. Conscious efforts have led to the roll-out of multiple initiatives, enabling the identification, development and deployment of talents across the Group into strategic roles. These efforts have resulted in VEON filling more than 80% of our leadership vacancies in 2018 with internal talent, giving them an opportunity to advance further as leaders and support our business growth.

## Learning and Development

Continuous and 360-degree development feedback, along with self-managed learning, is the bedrock of our learning and development approach. To support the aspirations of our employees, we created a global Learning Management System (LMS). This self-service platform caters to employees' individual learning needs. It also provides guidelines on developing skills on the job as well as through consulting with peers and senior leaders.

In addition to off-the-shelf learning modules from world-renowned e-learning providers like Coursera and LinkedIn Learning, highly interactive VEON-specific e-learning content for new joiners and existing employees is also available on our platform. Our LMS provides employees with the opportunity to manage their learning journey at their own pace. For our senior leaders, the values-based leadership programme focuses on aligning the leadership development framework with VEON's purpose and values. It enables our senior leaders to bring our values to life and lead cultural transformation in the business. This initiative helps in building relational connections, personal leadership transformation and leading change.

Our Team Effectiveness programme is applied across VEON so that our leadership team can understand the mutual perceptions of team members and explore individual styles to support the priorities for team development. This, in turn, enables the building of an effective and high-performing team.



## OUR COMMITMENT TO SUSTAINABLE BUSINESS

# Environmental Performance

## Specialised Focus on Energy Reduction

A large share of our total business greenhouse-gas emissions is related to energy consumption in our network. The introduction and roll-out of network energy-efficiency measures remains our primary focus. Energy efficiency measures not only contribute to a low-carbon economy, but also reduce costs. To achieve a low-carbon economy, we are applying a series of energy-efficiency measures across our network infrastructure. This includes an extensive programme of equipment ‘swaps’, whereby existing diesel- and petrol-powered units are upgraded with more energy-efficient, hybrid and renewable energy-powered network equipment.

We follow local environmental legislation and strive to reduce the environmental impact of our operations through responsible use of natural resources and reducing waste and emissions. VEON’s carbon dioxide (CO<sub>2</sub>) emissions have decreased from 0.64 tonnes per terabyte in 2017 to 0.28 tonnes in 2018. This 56% decrease is the result of investments in energy-efficient Base Transceiver Stations (BTS) and state-of-the-art free cooling technology, which have helped reduce our electricity and diesel consumption. In 2018, we introduced 475 renewable energy (solar and wind) powered base stations. This is helping us to expand into remote areas where there is no access to the electricity grid to supply power to base stations. We are also increasing tower sharing with other operators, which has had a direct positive impact on energy consumption and environmental footprint.

## 2018 ENVIRONMENTAL DATA

**475**

Number of BTS with solar and / or wind energy technology

**31,255**

Number of BTS using power-saving technology

**56%**Decrease in CO<sub>2</sub> emission per unit of traffic (tonnes/TB) technology**28,884**

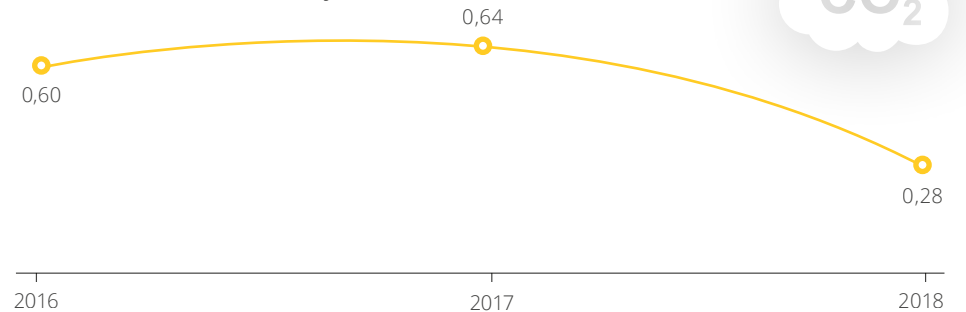
Number of outdoor BTS sites

**11,354**

Number of BTS with hybrid-diesel technology

**15,037**

Number of BTS with free-cooling technology

Total CO<sub>2</sub> emissions per unit of traffic (tonnes/terabyte)



# Our Progress on the Sustainable Development Goals

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## OUR PROGRESS ON THE SUSTAINABLE DEVELOPMENT GOALS

# VEON and the Sustainable Development Goals

As a responsible company operating in 10 emerging markets, we view the United Nations Sustainable Development Goals (SDGs) as an opportunity to promote prosperity and to foster socio-economic development.

Each of the United Nations' 193 member states have committed to using the SDGs to coordinate efforts alongside NGOs and the international business community to end poverty, fight inequalities, and tackle climate change. VEON fully supports these efforts.

As a leading provider of telecommunications and digital services, VEON is uniquely positioned to help local communities become more prosperous. Access to connectivity not only contributes to local economic growth but also helps to combat inequality. Our business and technology are not only well positioned to help local communities communicate but enable access to financial services, knowledge that can improve agriculture and other industries, and healthcare and education programmes, as well.

Our operating companies are engaging with relevant international development agencies and local governments to ensure our efforts complement local SDG roadmaps. The goals listed in the next few pages best illustrate VEON's impact on society and demonstrate our acknowledgement of the need to assist in meeting fundamental social needs such as education, healthcare, security and job opportunities.





## OUR PROGRESS ON THE SUSTAINABLE DEVELOPMENT GOALS

# SDG 4: Quality Education



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

The aim of SDG 4 is to achieve high quality and inclusive education for all. The provision of quality education is imperative to improve living standards and achieve sustainable development. Today, more than 115 million young people (ages 15 to 24) still lack basic literacy skills, according to UNICEF. This is in part due to a lack of resources, robust curricula, and political capital to invest in education. The role of technology in addressing these issues is increasingly prominent, both in terms of enabling access to education in remote places as well as enhancing the quality and effectiveness of teaching through knowledge transfer. In several of VEON's operating markets, the percentage of schools with access to computers and the internet for teaching purposes is less than 40%. To help reconcile this, our Digital Skills & Literacy programme offers broad educational support to our host communities. The primary objective is to nurture young people to acquire basic literacy and ICT skills. This initiative is creating an educational ecosystem aimed at equipping young people with the ICT skills required to navigate the digital world.



## 16,000 Students

From grades five to 11 in Kyrgyzstan were trained in digital skills and literacy, smartphone use, internet safety, digital education platforms, and interactive educational games by Beeline Kyrgyzstan, in collaboration with AIESEC – the global non-profit that builds youth leadership.

## 2,000+ Youth

In Ukraine received entrepreneurship and innovation skills training as part of GoCamp – an interactive learning programme delivered by Kyivstar to 75 schools across Ukraine, which generated 100+ ideas using mobile technology.

## 16 Smart Classrooms

Were established in Ukraine by Kyivstar to strengthen science, technology, engineering, and mathematics (STEM) skills. The initiative helped develop innovative ideas through hackathons, STEM laboratories and robotics clubs.

## 25,000+ Female Students

In Pakistan benefitted from the Jazz Smart School (JSS) programme. In total, more than 600+ female teachers across 75 female public sector schools in Pakistan received assistance to improve learning outcomes, including with real-time performance monitoring through the help of mobile applications.

## 50,000 Laptops

Equipped with the Khan Academy application were distributed across Georgia to provide programming lessons. VEON Georgia supported the translation of 164 digital skills videos into Georgian, including lessons to JS, HTML/CSS and SQL with the aim to improve digital skills amongst the youth.

## 170,000+ People

Were trained in Bangladesh to use digital services at sales and service points of Banglalink in collaboration with the GSMA. As a result, approximately 36,000 customers have started using digital applications regularly.



**“ Programming is in very high demand. However, there are few learning resources and teachers in Georgia. Thanks to Khan Academy, anyone in Georgia can learn programming on his or her own. We're expecting to have at least 10,000 users by the end of the year ”**

**Giorgi Jibladze**  
Co-founder, Educare Georgia



OUR PROGRESS ON THE SUSTAINABLE DEVELOPMENT GOALS

# SDG 8: Decent Work and Economic Growth



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

SDG 8 aims to increase labour productivity, lower unemployment – especially among young people – and improve access to financial services and benefits. All three are essential to achieving inclusive and sustainable economic growth. Under the Make Your Mark initiative, we are supporting and creating co-working spaces, business accelerators, and digital incubators in many of our operating markets. These efforts enable us to realise new high-impact sustainable businesses, creating hundreds of jobs, and attracting sizeable investments for start-ups.

Access to payment instruments and digital financial services are crucial for economic growth. However, in our markets, there are now more people with mobile phones than bank accounts. Mobile financial services remain a key priority for our company strategy. We see this as a key step in the transition from cash-based to cashless societies. This shift will improve transaction security, boost user trust, and eventually generate economic growth. Our operating companies in Ukraine, Uzbekistan, and Pakistan offer a wide range of financial services and play an important role in building digital financial ecosystems. JazzCash in Pakistan, Beepul in Uzbekistan and Starmoney in Ukraine offer convenient and safe methods of paying for goods and services.



## 1,000 Products & Services

Were developed in Armenia and presented at the annual Sevan Start-up Summit, co-organised by Beeline Armenia. USD 100,000 was raised to invest in participating businesses and the winner was awarded a place on Beeline Armenia's Make Your Mark programme.

## 20 Start-ups

Graduated in Armenia from the Make Your Mark programme run by Beeline Armenia. The budding digital entrepreneurs all received support and guidance to launch and scale business ideas that addressed local unmet needs.

## 240+ Start-ups

Were supported by Kyivstar at the annual All-Ukrainian Festival of Innovations organised by the Ministry of Education and Science of Ukraine. The start-ups showcased technology solutions in agriculture, health, energy, manufacturing, and education with an aim to generate positive socio-economic impact.

## 80+ Start-ups

In Pakistan were accepted into the National Incubation Center – supported by Jazz Pakistan in a public-private partnership with the country's Ministry of Information Technology. State-of-the-art work facilities, intensive mentorship, workspaces and a range of other support services aim to provide youth with employable digital skills that ultimately result in economic growth for Pakistan.

## 100+ Entrepreneurs

In Georgia joined the Mountain Region Project – a hands-on digital training programme supported by Beeline Georgia for the hospitality sector – to encourage more tourism and economic development in the Caucasus mountains area of the country.

## 200+ Apprentices

Were trained under Djezzy Academy's apprenticeship programme across Algeria. The programme has helped develop digital skills and literacy across various industries and market segments to ensure employability, given the changing and challenging market demand.



VEON VOICES

“At the NIC we were able to make use of the access to mentors which really helped refine our business model and gave us the confidence to launch”

**Suniya Sadullah Khan**  
Co-founder, Mauqa Online

[Find out more](#)

OUR PROGRESS ON THE SUSTAINABLE DEVELOPMENT GOALS

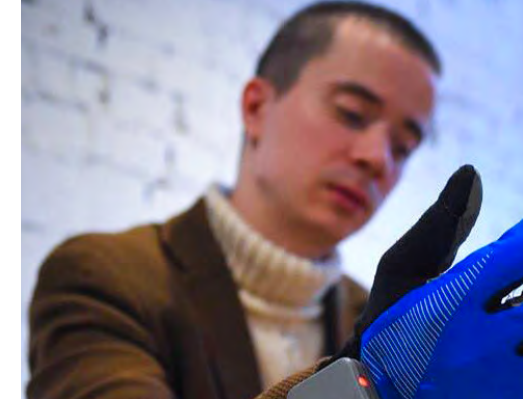
# SDG 9: Industry, Innovation and Infrastructure



Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

SDG 9 encompasses three aspects of sustainable development: infrastructure, industrialisation, and innovation. Our contribution to SDG 9 covers a variety of initiatives aimed at enhancing productivity, promoting innovation, and digital inclusion. These efforts help to break down the 'digital divide', a key aim of this SDG. Central to our contribution to SDG 9 is VEON's expansive network of digital communications in many of the countries in which we operate. Development and maintenance of our digital connectivity in these countries' infrastructure is fundamental to our contribution to SDG 9. We are committed to increasing digital access, coverage, and connection speeds through continual investment.

VEON is also making significant efforts in fostering local digital entrepreneurial ecosystems. This is being done in part by providing platforms and forums for young people to showcase and commercialise their ideas. In many of its markets, VEON is supporting traditional and innovative initiatives that offer opportunities of growth and occupation to those physically impaired. The digital era has demonstrated its ability to break down barriers that prevent people from participating in society and includes those that would otherwise be left behind. There are numerous examples of progression in terms of inclusiveness, whether it's giving people a voice, enabling people to add value in their job, or finding like-minded companions via platforms and digital communities.



## 8,514 Missing Persons

Were found alive in Russia thanks to Liza Alert – a search and rescue programme supported since 2011 by Beeline Russia, which offers technological assistance.

## 36 Languages

Interpreting Braille Glove's development have been supported by Beeline Russia. The breakthrough technological device allows visually impaired and deaf people to communicate with the world using smartphones and computers in real-time, through a user-friendly onboarding process.

## 15+ Blood Donations

In Kazakhstan through the Donormyn digital application supported by Beeline Kazakhstan. The application uses user-friendly technology, in keeping with World Health Organization standards, to mobilise blood donors across the country.

## 12,500+ People

Were trained in digital skills in Kazakhstan through the Unlimited Opportunities programme, pioneered by Beeline Kazakhstan. Individuals received hands-on training about educational and health advancements, while blind and deaf people received support through computer courses.

## 4.8 Million Active People

Used JazzCash mobile wallets across Pakistan on a monthly basis. JazzCash – provided by Jazz – digitalises payments across government departments, public payment portals, health and life insurance platforms, utilities, and education institutions.

## 1.5 Million Farmers

Were supported in Pakistan by the Ba Khabar Kissan programme, an initiative of Jazz that is a one-stop e-agriculture platform that provides advisory services to farmers in the sowing of crops, cultivation and harvest, use of fertilizers and pesticides and weather conditions.



“ Without Beeline Russia's support, the 24/7 hotline service, we would never have attracted so many volunteers nor saved as many lives ”

Find out more

Grigory Sergeyev  
Chairman of Liza Alert Service



# About This Report



## ABOUT THIS REPORT

# About this Report 2018

This is VEON's seventh annual Sustainability Report. The report focuses on our economic, social, and environmental performance during 2018, and is intended for various stakeholders including our customers, suppliers, business partners, governments and regulators and investors.

This year's report also incorporates first-hand accounts of the impact of our efforts to improve sustainability through a selection of videos and stories entitled "VEON Voices", available on VEON's corporate website.

Our approach to sustainability and reporting is guided by the principles of stakeholder engagement and Global Reporting Initiative (GRI). Our value creation model follows the International Integrated Reporting (IIRC) guidelines and attempts to demonstrate the impact of our business operations and social initiatives clearly and holistically.

## Reporting Scope

VEON's Sustainability Report covers the 2018 calendar year. The report applies only to those geographical markets where we had active operations until 31 December 2018. 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, those where we don't have management control, or those that represent less than 0.15% of service revenue. During the year we have not acquired any businesses in new geographical markets. Operating companies in Italy and Tajikistan were sold in 2018 and hence are not included in the scope of this report. Our headquarters in Amsterdam is included in the scope of reporting for energy, health and safety, and employees.

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](#).

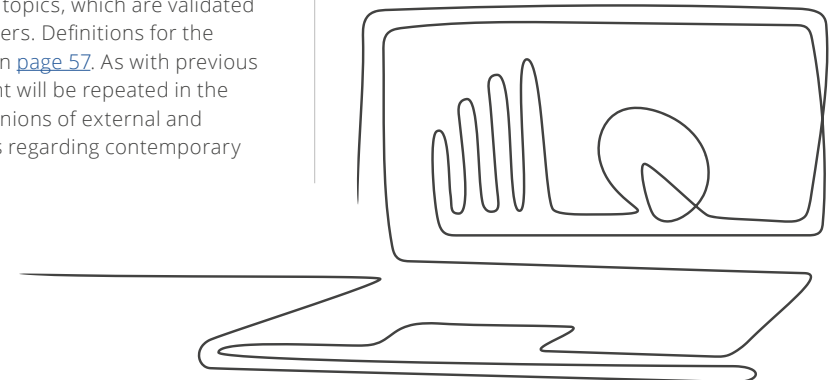
## Stakeholders & Materiality

A range of stakeholders have legitimate expectations about how our company operates and creates value. By engaging with them on a regular basis, we can understand and evaluate issues, and revisit our plans, strategy and actions. We explain our approach to stakeholder engagement on [page 17](#). We prioritise by assessing the materiality of individual issues to our strategy, 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 20](#). In 2018, we revamped our materiality framework to include a materiality matrix with a new set of material topics, which are validated by internal stakeholders. Definitions for the topics are included on [page 57](#). As with previous years, the assessment will be repeated in the future by seeking opinions of external and internal stakeholders regarding contemporary sustainability topics.

## Reporting Guidelines

We report in accordance with the latest guidelines from the GRI and the GRI Standards at the "Core" level. Moreover, we have aligned our report with the IIRC Framework. We have described the reporting scope and boundaries for each material issue in the GRI Standards Table, which can be found on our [website](#).



**Data Quality**

The sustainability reporting system is integrated into our broader financial reporting system and controls. We have defined several control measures to improve the quality of our data consolidation and reporting, including:

- Controls within the reporting software to ‘lock’ data once approved at different levels to prevent unauthorised changes and to map an internal audit trail;
- Clear division of responsibilities between data custodians (responsible for providing initial data), finance teams (responsible for the reporting and data entry process) and operating company Corporate Responsibility teams (responsible for checking data quality and content);
- Assurance of selected reported KPIs by an external auditor as an important step in improving quality and insights.

To facilitate the above, we developed a new Sustainability Reporting Manual in 2018 that explains the KPIs and reporting process in detail. The manual is an important internal document for our operating company and HQ points of contact. Subsequently, we adapted and updated the Sustainability Reporting Starter Kit template to ensure that the data we request and receive is fully compliant with the latest GRI Standards.

**Independent Assurance**

VEON’s stakeholders need to be able to rely on sustainability information as a basis for their decisions. Trustworthy information strengthens confidence in our company, markets, and long-term value. In order to ensure reliable information with regard to non-financial information, we have requested an independent third party to provide assurance for the following set of KPIs:

- Number of customers (in # of subscribers)
- Mobile minutes (in minutes)
- Mobile data (in GB)
- Call drop rate (as a % improvement)
- Number of employees (in FTE)
- Economic value generated & distributed (in USD)

The assurance statement can be found on [page 55](#).

**Relevant Data Assumptions and Estimates**

We are focused on improving the measurement of our Scope 1 (network) and 2 (non-network) carbon emissions and have not 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.

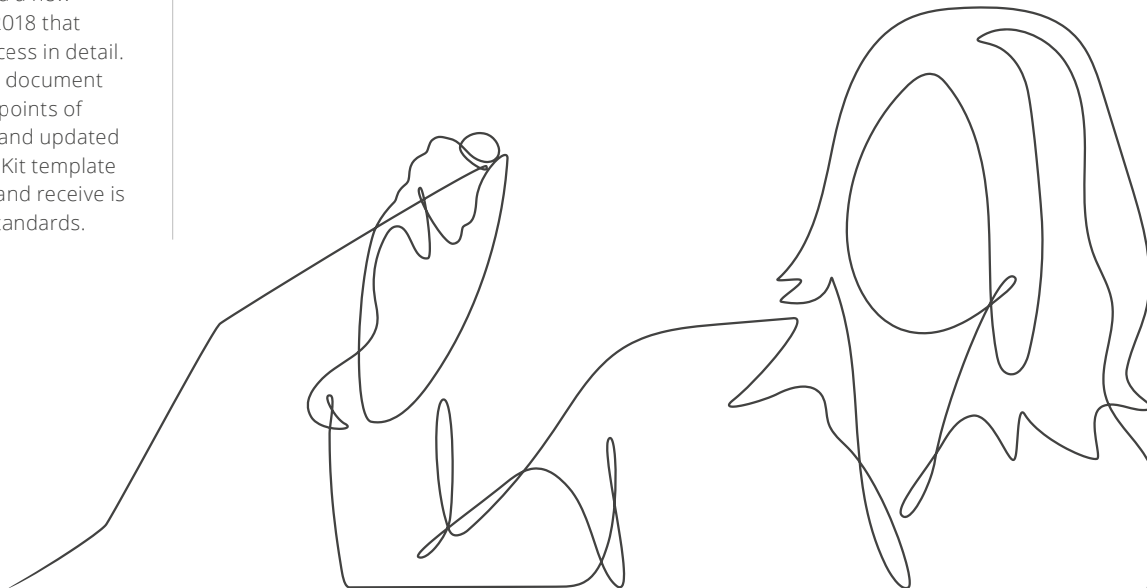
We do not intend to report on the broader impacts of outsourcing partners or suppliers as these issues should be included in their own sustainability reporting. We have made certain assumptions and estimations in relation to our energy use and carbon footprint. The bulk of our energy consumption comes from our base stations, some of which are not connected to national power grids.

This means that we have to 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. Emphasis has been made on the uniformity of data. Local systems and different measuring methods and calculation approaches may result in some uncertainties.

**Net Promoter Score (NPS)**

NPS is a widely used alternative to traditional customer-satisfaction studies. Respondents are asked how likely they would 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.



ABOUT THIS REPORT

# 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 VEON’s 2018 Sustainability Report (the “Report”) in relation to the AA1000 Accountability Principles and assurance over the Subject Matter presented in the Report, for the reporting year ended 31st December 2018.

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. For the AA1000 Principles, our assurance engagement was planned and performed to meet the requirements of a Type 1 “moderate level” of assurance as defined by AA1000 Assurance Standard (AA1000AS) 2008.

The scope and boundary of our work is restricted to the following areas:

### 1. Subject Matter

- Active mobile subscribers (#)
- Mobile voice traffic (minutes)
- Mobile data traffic (GB)
- Reduction of voice inaccessibility (%)
- Total employees (#)
- Economic value generated & distributed (USD)

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”). The Management of VEON are responsible for preparing the Sustainability Report in accordance with the Reporting Criteria, which are based on the GRI Sustainability Reporting Standards of the Global Reporting Initiative.

### 2. AA1000 Principles

We assessed the nature and extent of adherence of the Report to the AA1000 Principles of inclusivity, materiality and responsiveness (the “AA1000 Principles”). To assess the AA1000 Principles we have used the publicly available AA1000 AccountAbility Principles Standard (AA1000APS) 2008 (the “Principles Criteria”).

We have not performed any work, and do not express any conclusions, on any other information outside of the Subject Matter that may be published in the Report or on VEON’s website for the current reporting period or for previous periods.

## Our Conclusions

### Subject Matter

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 Statement.

## Our Observations

We provide our observations and areas for improvement in a separate report to VEON’s Management team. Only selected observations are provided below. These observations do not affect our conclusions set out above.

### Subject Matter

The indicators within the scope of our assurance include two (Quality of Services and Financial Performance) of the four highest materiality issues as identified by VEON. We recommend that in future years, the scope of assurance should be extended to cover additional indicators in relation to all of the highest materiality issues.

### AA1000 Principles

Based on the work we have undertaken; nothing has come to our attention that leads us to conclude that the Report is not in adherence with the AA1000 Principles as described in the Principles Criteria. We comment on the nature and extent of each individually below.

### AA1000 Principles

#### Inclusiveness

VEON’s business operations demonstrate engagement with a wide range of stakeholders, particularly local communities within several key markets, through VEON’s Digital Entrepreneurship and Digital Skills & Literacy programmes. The Report allows stakeholders to form an understanding of VEON’s response to the current most material issues at a corporate level.

#### Materiality

VEON have updated their materiality matrix in 2018 through a series of benchmarks, reviews and internal stakeholder dialogue. We also note that VEON has identified the most significant UN Sustainable Development Goals for the company in the report this year.

#### Responsiveness

VEON has included appropriate information in the Report on its responses to stakeholder issues. We are not aware of any matters that would lead us to conclude that VEON has not reported information on its responses to stakeholder concerns of material significance at a corporate level.

### 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 and preparing the Report in adherence to the AA1000 Principles. 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. We must also express a conclusion over whether the Report adheres to the AA1000 Principles, as described in the Principles Criteria, and comment on the nature and extent of each Principle individually. 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.

For the AA1000 Principles, our assurance engagement was planned and performed to meet the requirements of a Type 1 "moderate level" of assurance as defined by AA1000 Assurance Standard (AA1000AS) 2008.

### 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. 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 Assurance Report. 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](http://www.challengesustainability.com). In relation to use of the AA1000 Assurance Standard, Challenge Sustainability is bounded by rules of conduct and professional practice relating to independence and quality overseen by AccountAbility ([www.accountability.org/standards/licensing/aa1000as-licensed-providers](http://www.accountability.org/standards/licensing/aa1000as-licensed-providers)). The Statement has been reviewed for quality by AccountAbility in relation to the use of the AA1000 Assurance Standard.

### Basis of our conclusion

#### Subject Matter

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 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;
- A visit to Group 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.


#### AA1000 Principles

We are required to plan and perform our work in order to form an opinion over the Report's adherence to the A1000 Principles. Our work included, but was not restricted to:

- Reviewing the current sustainability issues that could affect VEON and would be of interest to stakeholders;
- Reviewing VEON's approach to stakeholder engagement;
- Reviewing information provided to us by VEON on its reporting and management processes relating to the AA1000 Principles; and
- Interviewing senior management with responsibility for management of sustainability issues and reviewing selected evidence to support the issues discussed.

For and on behalf of:

**Challenge Sustainability Limited**



**Jon Woodhead, Director**  
United Kingdom, May 2019



**Rob Pearson, Director**





ABOUT THIS REPORT

# Definitions of Material Topics

## 1. Impact on Society

This topic refers to the collective impact that our businesses have on society, including the impact of initiatives in supporting schools, improving digital skills and financial support to charities. The livelihoods supported by direct and indirect employment, as well as the business opportunities we offer to suppliers, is included.

*Report reference: Impact on Society (pg 7), Fostering Digital Entrepreneurship (pg 25), Bridging the Digital Skills and Literacy Gap (pg 31)*

## 2. Talent Management and Employee Education

This topic describes our commitment to hire, manage, develop, and retain talented employees. It also refers to VEON's diversity agenda, turnover ratio, engagement and applicable labour standards.

*Report reference: Talent Management (pg 45)*

## 3. Ethics and Integrity

This topic refers to our policies, approach and initiatives to ensure zero corruption, bribery or other illegal sales practices such as price fixing or abuse of monopoly in any setting, directly or by anyone doing business on VEON's behalf. This also includes our dealings with suppliers, distributors, customers and governments, as well as ethics hotlines and grievance mechanisms.

*Report reference: Ethics, Transparency and Governance (pg 24)*

## 4. Environmental Management

Energy and fuel consumption are a significant contribution to VEON's overall environmental footprint. This topic includes the actions taken to introduce energy-efficient network assets, conservation of corporate energy consumption, and fuel use in the logistic and transportation.

*Report reference: Environmental Performance (pg 46)*

## 5. Digital Inclusion

This topic refers to bridging the digital divide by increasing access to mobile and digital products, services and technologies regardless of age, language, physical ability, cultural group, gender, minority status, income or other distinguishing characteristics. Our services, including mobile financial services, mEducation and mHealth, help our communities participate actively and productively in society.

*Report reference: Digital Inclusion (pg 38)*

## 6. Data, Privacy and Cyber Security

This topic pertains to collective efforts made by VEON and its operating companies to keep customer data safe and to respect the privacy of its customer base. In addition to adopting comprehensive policy, framework and control measures, VEON also reports various KPIs, such as the number of complaints received with respect to data loss or customer privacy.

*Report reference: Data Privacy and Cyber Security (pg 41)*

## 7. Quality of Services

This topic comprises of the following;

- The service quality of our products and services; uptime/downtime, number of 2G, 3G and 4G networks, terabytes delivered etc
- The customer perceived quality of our provided products; this includes Net Promoter Scores (NPS) and customer engagement surveys

*Report reference: Service Quality (pg 42)*

## 8. Supply Chain Transparency

This topic refers to the complex supply chain employed by VEON and its operating companies, with products and equipment supplied, manufactured and assembled by multiple companies across international borders. Sourcing is characterised by angles that include the following: 1. Supply chain labour standards 2. Conflict minerals 3. Waste and emissions management in the supply chain 4. Materials sourcing 5. Inclusive supply chains.

*Report reference: Responsible Supply Chain (pg 44)*

## 9. Financial Performance

This topic concerns the financial performance of VEON. Associated topics include generated revenue, cost structure, wages, taxes paid and other key financial indicators.

*Report reference: CEO's message (pg 3), Business Overview (pg 6)*

## 10. Digital Innovation

This topic addresses VEON's commitment in finding new solution to improve its network and services. It refers to the company's ability to act in a way that moves forward in the telecommunication sector and society, as a whole.

*Report reference: Fostering Digital Entrepreneurship (pg 25), SDG 9: Industry, Innovation and Infrastructure (pg 51)*

## ABOUT THIS REPORT

# Key Data and Information

**TABLE 1**

## Privacy Performance

	2018	2017	2016
Number of complaints relating to breaches of customer privacy received from third parties (e.g. NGOs)	0	1	0
Number of complaints relating to breaches of customer privacy received from regulatory bodies	0	2	2
Number of identified data breaches with customer data	67	56	62

[Link to material topic: Data Privacy and Cyber Security](#)

**TABLE 3**

## Competition Compliance

	2018	2017	2016
Number of non-monetary incidents relating to anti-competitive behaviour	25	6	7
Number of anti-competitive cases brought through conflict resolution processes	11	3	5

[Link to material topic: Ethics & Integrity](#)

**TABLE 2**

## Net Promoter Score

	2018	2017	2016
Number of markets meeting or exceeding target position	4	4	4
Number of markets ranked first or second in their market	4	7	6
Number of markets improving relative NPS	5	7	7

[Link to material topic: Quality of Services](#)

**TABLE 4**

## Marketing Compliance

	2018	2017	2016
Number of incidents relating to our marketing activities that resulted in a penalty	78	2	41
Number of incidents that resulted in a warning from the relevant body	2	36	0
Number of incidents of non-compliance with a voluntary code	67	3	0

[Link to material topic: Ethics & Integrity and Data Privacy & Cyber Security](#)

**TABLE 5**

Unsuccessful Call Set-up Rate (Voice)

	2018	2017	2016
0-1.0	8	11	9
1.0-2.0	2	0	3
2.0+	0	0	0

[Link to material topic: Quality of Services](#)

**TABLE 6**

Call Drop Rate

	2018	2017	2016
0-1.0	10	9	12
1.0-2.0	0	2	0
2.0+	0	0	0

[Link to material topic: Quality of Services](#)

**TABLE 7**

VEON Network and Population Coverage

	2018			2017			2016		
	2G	3G	4G	2G	3G	4G	2G	3G	4G
95-100	5	1	0	5	0	0	6	1	0
90-95	2	0	1	2	1	0	1	1	0
85-90	2	0	0	2	0	1	3	0	0
80-85	0	1	0	1	1	0	0	0	0
70-80	1	6	1	1	4	0	2	2	1
50-70	0	2	3	0	5	2	0	6	2
0-50	0	0	5	0	0	3	0	1	3
No deployment	0	0	0	0	0	2	0	1	2

[Link to material topic: Quality of Services](#)

**TABLE 8**



New Hires

	2018	2017	2016
Russia	20,969*	13,775	13,171
Ukraine	722	390	326
Pakistan	288	582	813
Bangladesh	160	231	78
Algeria	92	499	186
Uzbekistan	492	363	408
HQ Netherlands and London	98	245	352
Others (2018: Armenia, Kazakhstan, Georgia, Kyrgyzstan)	993	1,016	933

Link to material topic: Talent Management & Employee Education

\*In 2018, Beeline Russia integrated a number of former Euroset stores and employees

**TABLE 9**



Number of Employees

	2018	2017	2016
Russia	28,570	22,031	23,668
Ukraine	4,424	4,175	4,603
Pakistan	2,866	3,193	2,819
Bangladesh	1,120	1,178	1,326
Algeria	2,754	2,656	2,502
Uzbekistan	1,563	1,333	1,240
HQ	507	640	566
Others (2018: Armenia, Kazakhstan, Georgia, Kyrgyzstan)	4,328	4,732	5,270
Total	46,132	39,938	41,994

Link to material topic: Talent Management & Employee Education

**TABLE 10**



Health and Safety Incidents

	2018	2017	2016
Number of work related serious injuries	127	231	131
Work related security incidents	1	9	11
Work related injury rate per million hours	1.57	1.5	1.61
Work related fatalities	2	6	4

Link to material topic: Occupational Health & Safety

**TABLE 11**  
Three Year Data Summary

	2018	2017	2016
<b>Employees</b>			
Number of employees	46,132	39,938	41,494
Diversity – the proportion of female senior leaders	24%	20%	21%
Proportion covered by collective bargaining agreements	12%	26%	24%
Annual employee turnover rate	41%	47%*	34%

Link to material topic: [Talent Management & Employee Education](#)

\*Employee turnover for 2017 reported in previous year's report was miscalculated and has now been corrected.

**TABLE 12**  
Network and Environment

	2018	2017	2016
Total mobile equivalent traffic (voice and data in GB)	3,404,529,991	2,094,370,833	1,591,609,814
Total Mobile Voice Traffic (minutes)	1,044,762,057,575	1,026,039,992,565	982,253,381,076
Physical Base station sites	231,807	257,757	210,189
Base station sites using renewable energy	475	441	428
Base stations using power-saving technology	28,726	56,617	61,231
Total CO <sub>2</sub> emissions (megatons)	0.8	1.69	1.16
CO <sub>2</sub> emissions scope 1 (megatons)	0.16	0.23	0.19
CO <sub>2</sub> emissions scope 2 (megatons)	0.65	1.45	0.97
Use of diesel in network operations (MWh)	105,695	152,875	125,110
Average smartphone penetration	47%	44%	41%

Link to material topic: [Environmental Management](#)

TABLE 13



### Economic Value Generated and Distributed (USD million)

	2018	2017	2016
Economic value generated (operating revenue, interest & dividends received)	9,163	9,570	8,963
Economic value distributed:			
Payments to suppliers	6,422	6,636	6,346
Payments to employees	889	927	791
Payments to suppliers of capital	1,336	1,554	955
Payments to governments (taxes and licence payments)	854	804	585
Community investment (including sponsorships)	1	2	2
<b>TOTAL</b>			
Economic value retained	-339	-353	284

[Link to material topic: Financial Performance & Impact on Society](#)



# Report Disclaimer

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## REPORT DISCLAIMER

# Report Disclaimer

This 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').

Our 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. 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 plans to implement our strategic priorities; 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, digitise our business model, 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 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 expectations regarding our capital expenditures and operational expenditures in and after 2018 and our

ability to meet our projected capital requirements; our plans to develop, provide and expand our products and services, including operational and network development, optimization and investment, such as expectations regarding the roll-out and benefits of 3G/4G/LTE networks or other networks, broadband services and integrated products and services, such as FMC; our ability to execute our business strategy successfully and to complete, and achieve the expected synergies from, our existing and future transactions, such as the Italy Joint Venture and our merger with Warid Telecom Pakistan; 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 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 competitive strengths, customer demands, market trends and future developments in the industry and markets in which we operate; possible adverse consequences resulting from our agreements announced on 18 February 2016 with the U.S. Securities and Exchange Commission ('SEC'), the U.S. Department of Justice ('DOJ'), and the Dutch Public Prosecution Service (Openbaar Ministerie) ('OM'), as well as any litigation or additional investigations related to or resulting from the agreements, any changes in company

policy or procedure resulting from the review by the independent compliance monitor, the duration of the independent compliance monitor's review, and VEON's compliance with the terms of the resolutions with the DOJ, SEC, and OM; and other statements regarding matters that are not historical facts.

All forward-looking statements contained in this report are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Additional risk factors that may affect future results are contained in VEON's [Form 20-F](#) for the year ended December 31, 2018 (available at [www.veon.com](http://www.veon.com) and [www.sec.gov](http://www.sec.gov)).

These risk factors also expressly qualify all forward-looking statements contained in this report and should be considered by the reader. Forward-looking statements speak only as of the date they are made, and VEON undertakes no obligation to update any forward-looking statement to reflect the impact of circumstances or events that arise after the date the forward-looking statement was made. This report contains references to VEON's website. These references are for the readers' convenience only. VEON is not incorporating by reference any information posted on [www.veon.com](http://www.veon.com)





VEON CONTACTS

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**Feedback and Contact**

We are keen to improve the value of our reporting and therefore welcome comments on this document, and our sustainability information on the website.

Please contact [sustainability@VEON.com](mailto:sustainability@VEON.com)

Note: Most images included in this year's Sustainability Report were submitted by employees in VEON and its operating companies.