



Sharing value,

Building trust.



# Our shared vision is to add value to society

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### Make Your Mark

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### Services for society

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### Resource efficiency

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### Responsible behavior

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### Social investment

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Welcome to the third Group Corporate Responsibility (CR) report of VimpelCom Ltd, covering the year to 31 December 2014. We are publishing this Corporate Responsibility report alongside our Annual Report and Form 20-F for 2014. We supplement it with further information on our corporate website, and the reports and publications of a number of our constituent Business Units (BUs) and Operating Companies (OpCos). Throughout the Report, where we refer to 'our Business Units' (or 'our BUs'), this also implies a reference to our Operating Companies (or OpCos).

## About this report

### Scope

The report applies only to those geographical markets where we had active telecommunication operations at 31 December 2014. However, some of those markets were not required to provide comprehensive data to support publication as we are introducing CR reporting system on a phased basis. Table 1 summarizes how our markets have contributed to this report.

The report does not include markets where businesses were sold during the financial year (Burundi, Canada and Central African Republic) or businesses where we control less than 50% of the equity, don't have management control and where they are not consolidated in our financial statements.

During the year we have not acquired any businesses in new geographical markets.

Our HQ in Amsterdam is also included in the scope of reporting for energy, health and safety and employee numbers for the first time.

We provide a list of the subsidiaries that comprise VimpelCom in our Form 20-F available at [vimpelcom.com/investor-relations](http://vimpelcom.com/investor-relations). Further information on the principles that underpin our reporting, such as treatment of outsourced activities, basis for estimations, definitions etc. are provided in the section 'Reporting principles'. Our businesses report on a geographical market, rather than on a legal entity, basis.

### Intended audience

Our intention is to make this report available and relevant to a wide audience.

However, as VimpelCom has little brand presence in any of our markets, we rely on our local brands to communicate to our customers on CR issues through their own reports, websites and other channels. We therefore anticipate this report being most directly relevant to the following:

- The governments and public authorities in our countries of operation
- Our investors and the financial community
- The regulatory bodies that oversee our activities
- Our global supply chain partners
- The media and other opinion formers
- Our employees at HQ and across our businesses.

This report is as concise and focused as possible, and is supplemented where necessary with additional information available at [vimpelcom.com](http://vimpelcom.com) - there is also a one-page highlights document available online for those who want a rapid snapshot of performance.



For more information on our Reporting principles and assurance, [See p42](#)

Table 1<sup>1</sup>

| Business Units              | Markets in scope for data reporting  | Markets included in Report on an ad hoc basis <sup>2</sup> |
|-----------------------------|--|--|
| Africa and Asia             | Algeria, Bangladesh, Pakistan  | Laos   |
| CIS                         | Armenia, Georgia, Kazakhstan <sup>2</sup> , Kyrgyzstan, Tajikistan, Uzbekistan |  |
| Italy                       | Italy  |  |
| Russia                      | Russia   |  |
| Ukraine                     | Ukraine  |  |
| <b>% of Service revenue</b> | 99.9%  | 0.1%   |
| <b>% of Customers</b>       | 99.9%  | 0.1%   |

<sup>1</sup> As of December 31, 2014.

<sup>2</sup> In 2014, data for Kazakhstan also includes 2Day Telecom and TNS Plus which were excluded from previous reports.

<sup>3</sup> Our business in Zimbabwe is not consolidated in our Form 20-F disclosure and is therefore not included in this Report. Zimbabwe's subscriber numbers are included in the total subscribers figure on page 2.



### Feedback and contact

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

Please contact [cr@vimpelcom.com](mailto:cr@vimpelcom.com)



For further details on our business, see online: [vimpelcom.com](http://vimpelcom.com)



## Financial performance

At 31 December 2014, VimpelCom had total assets of US\$41,042m.

**222**

Total mobile customers<sup>1</sup> (mn)  
(+5mn)

|      |     |
|------|-----|
| 2014 | 222 |
| 2013 | 217 |
| 2012 | 209 |

**19.6**

Total revenue (US\$bn)  
(-4% organic<sup>2</sup>)

|      |      |
|------|------|
| 2014 | 19.6 |
| 2013 | 22.5 |
| 2012 | 23.1 |

**8.0**

Adjusted EBITDA<sup>3</sup> (US\$bn)  
(-6% organic<sup>2</sup>)

|      |     |
|------|-----|
| 2014 | 8.0 |
| 2013 | 8.3 |
| 2012 | 9.8 |

**5.3**

Net cash from operating activities  
(US\$bn) (-17% reported)

|      |     |
|------|-----|
| 2014 | 5.3 |
| 2013 | 6.4 |
| 2012 | 7.3 |

1. Customer number adjusted for disposals.

2. Revenue and EBITDA organic growth are non-GAAP financial measures that exclude the effect of foreign currency translation, certain items such as liquidations and disposals, and settlements as a result of closing of transaction in Algeria.

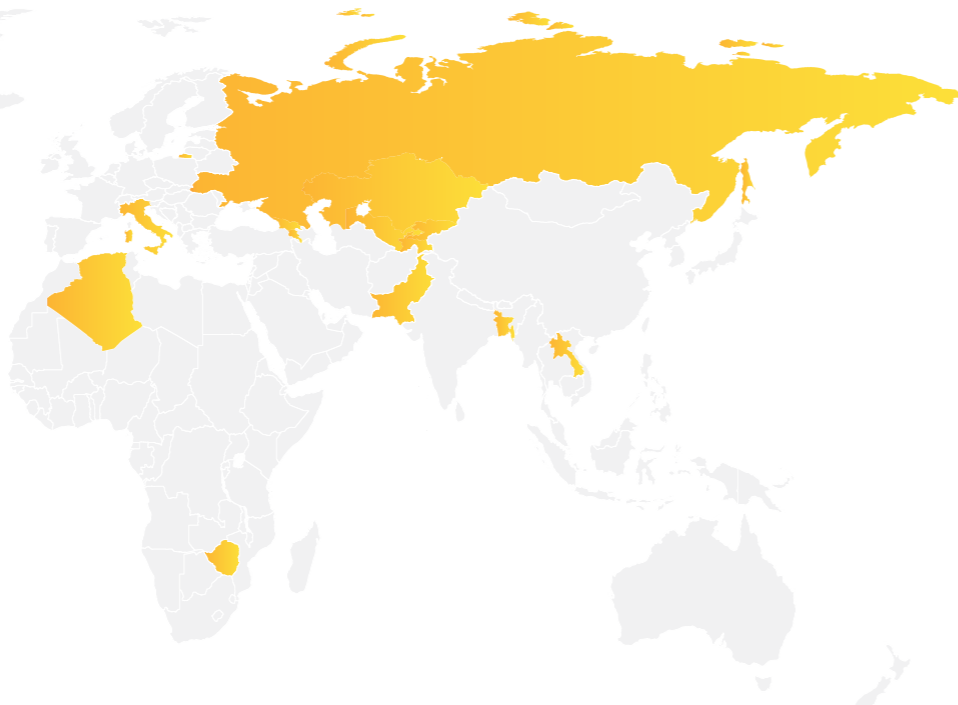
3. Refer to Form 20-F for definition of Adjusted EBITDA

# At a glance

VimpelCom is a leading global provider of telecommunications services in 14 countries and is headquartered in Amsterdam.

The company provides voice and data services through a range of traditional and broadband mobile and fixed-line technologies. As of 31 December 2014 our operations covered a territory with a total population of approximately 740 million, and we had 222 million mobile customers and 56,024 employees.

Information on our ownership structure can be found at [vimpelcom.com/Investor-relations](http://vimpelcom.com/Investor-relations)



**Mobile provider worldwide**  
(by customer numbers)



**Population coverage**



**Mobile customers**

## Company structure and brands

VimpelCom's reporting structure is divided into five Business Units – Russia, Italy, Africa and Asia, Ukraine, and Commonwealth of Independent States (CIS), all of which report to the Company's Headquarters in Amsterdam which employs 137 people.

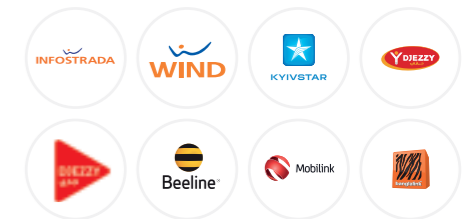


Table 2: Market and brand information<sup>1</sup>

| Country                           | Operating Revenue (US\$m) | Adjusted EBITDA (US\$m) | Employees | Mobile Customer Numbers (mn) | Mobile ARPU (US\$) | Market Position |
|-----------------------------------|---------------------------|-------------------------|-----------|------------------------------|--------------------|-----------------|
| <b>Russia</b> (Beeline)           | 7,459                     | 2,980                   | 27,935    | 57.2                         | 8.6                | 3rd             |
| <b>Italy</b> (Wind and Infotrada) | 6,155                     | 2,416                   | 6,896     | 21.6                         | 14.6               | 3rd             |
| <b>Africa and Asia</b>            | 3,360                     | 1,436                   | 9,474     |                              |                    |                 |
| Algeria (Djezzy)                  |                           |                         |           | 18.4                         | 7.7                | 1st             |
| Bangladesh (Banglalink)           |                           |                         |           | 30.8                         | 1.5                | 2nd             |
| Pakistan (Mobilink)               |                           |                         |           | 38.5                         | 2.1                | 1st             |
| Laos (Beeline)                    |                           |                         |           | 0.2                          | 5.3                | 3rd             |
| <b>Ukraine</b> (Kyivstar)         | 1,062                     | 484                     | 4,116     | 26.2                         | 3.1                | 1st             |
| <b>CIS</b> (Beeline)              | 1,873                     | 912                     | 7,437     |                              |                    |                 |
| Kazakhstan                        |                           |                         |           | 9.8                          | 5.8                | 2nd             |
| Uzbekistan                        |                           |                         |           | 10.6                         | 5.6                | 1st             |
| Kyrgyzstan                        |                           |                         |           | 2.7                          | 5.5                | 2nd             |
| Armenia                           |                           |                         |           | 0.8                          | 6.6                | 2nd             |
| Tajikistan                        |                           |                         |           | 1.3                          | 9.2                | 4th             |
| Georgia                           |                           |                         |           | 1.3                          | 4.9                | 3rd             |

<sup>1</sup> As of December 31, 2014.

Table 3: Economic Value Generated and Distributed

|   | 2014<br>(US\$m) | 2013<br>(US\$m) |
|---|-----------------|-----------------|
| <b>Direct Economic Value Generated (operating revenue, interest and dividends received)</b> | 19,697          | 22,687          |
| <b>Economic Value Distributed:</b>  |                 |                 |
| Payments to Suppliers   | 14,182          | 16,155          |
| Payments to Employees   | 1,539           | 1,806           |
| Payments to Suppliers of Capital  | 2,247           | 4,746           |
| Payments to Governments (taxes and license payments)  | 1,206           | 1,546           |
| Community Investment (including sponsorships)   | 2               | 2               |
| <b>Total</b>  | <b>19,176</b>   | <b>24,255</b>   |
| <b>Economic Value Retained</b>  | <b>521</b>      | <b>-1,568</b>   |



Flagship program launched in 2014



Left; Jo Lunder, right; Alexey M. Reznikovich

## Our value chain comprises three key areas of activity:



### Marketing

- Distributing mobile and fixed-line telecommunication services to consumer and business customers. These services include voice and SMS, internet access and data services, mobile financial services and other services.
- Marketing handsets and other mobile and fixed-line communication devices through online and retail channels.
- Providing a platform for third parties, such as internet service providers (ISPs) and other application developers, to deliver services to customers.
- Providing after-sales support through call centers, websites, online forums, and retail stores.

**We have over 6,700 fully-branded shops across the business (compared to approx. 6,400 in 2013), some of which we own and run, some of which are operated by franchisees.**



### Operating

- Building, maintaining and operating the mobile and fixed-line communications networks that carry our services.
- Operating the data centers, shops and call centers that support the operation of our products and services.
- The businesses covered by this report operate over 155,000 radio sites<sup>1</sup> (compared to approximately 132,000 in 2013<sup>2</sup>), of which:
  - 58% are Integrated 2G sites (67% in 2013)
  - 37% are 3G (Node B) sites (32%)
  - 5% are 4G/LTE (ENode B) sites (1%).

**The mobile network carried over 730 million Gigabytes of traffic (voice and data) (compared to 440 million Gigabytes in 2013).**

This significant increase has been driven largely by growth in data traffic (rather than voice) supported by the introduction of 3G and 4G services and the increasing penetration of smartphones and tablets.

<sup>1</sup> Not physical sites. 2G, 3G and 4G/LTE technologies are often co-located on one physical site.

<sup>2</sup> Site numbers restated for 2013 due to a change in reporting definitions.



### Sourcing

- Purchasing mobile devices and network equipment, as well as other supporting services and equipment.

**Further information on our approach to supply chain is provided on page 36.**

## Chairman and CEO's letter

### Taking the Next Steps.

Welcome to VimpelCom's third CR Report. 2014 has been a year of achievements and challenges for the Company and for our CR journey. Last year we made some promising first steps in our reporting and started to implement our new CR strategy across the very diverse range of markets where we serve 222 million customers, supported by our approximately 56,000 employees.

We continue to pursue the two linked elements of our approach. Firstly, building trust with our stakeholders through behaving in a responsible way, whilst secondly, leveraging our technological and commercial expertise, and the commitment of our employees, to add value to society through products and services, and social investment. We can deliver positive impact at real scale when we align our core business with addressing the challenges that society faces – youth unemployment, a deteriorating environment, and the pressure that a rapidly growing population will bring on services such as healthcare, education, and food security.

In 2014 we launched our 'flagship' program, Make Your Mark. We established this as a global initiative where all of our markets are contributing projects under the theme of helping young people to shape their future. We aim to bring education to those who would not otherwise have access to it and to inspire and support young people to turn their ideas into new digital businesses which will improve their chances in life, while also helping their wider communities. This Report provides more details on our existing projects and plans for the future under this program.

We also launched a set of Business Principles and it was great to see the involvement of our employees and senior management from across the business in shaping these. The Business Principles will help us to drive our programs across the business and, under our Principle 'We act to ensure we respect human rights' we are making progress on tough issues such as customer privacy, anti-bribery and anti-corruption, health and safety, and how we manage social and environmental practices in our supply chain.

As well as addressing these longer-term, ongoing issues we have had to confront the challenges of operating through civil unrest in markets such as Pakistan and Bangladesh, and the conflict in Ukraine. We are very proud of how our management teams and employees have taken on these difficult situations and, wherever possible, maintained services for our customers.

Further information on all of these issues is provided in the Report, which also acts as our Report on Progress in relation to our commitment to the Principles of the United Nations Global Compact.

#### Alexey M. Reznikovich

Chairman of the Supervisory Board



#### Jo Lunder

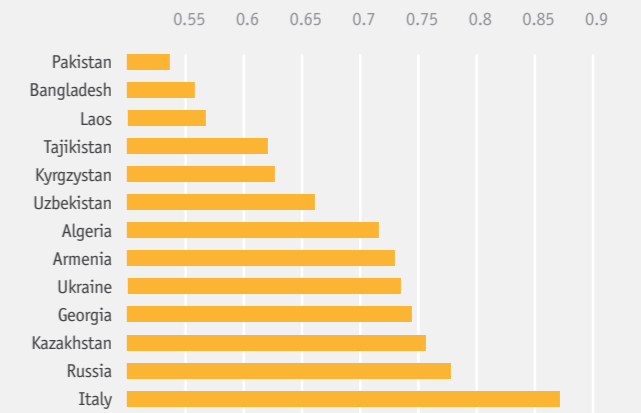
Chief Executive Officer until 13 April 2015





### UN Human Development Index 2014

The index ranks countries on a composite measure between 0 and 1. A ranking below 0.49 is considered low, above 0.735 is considered high.



## Risks, challenges and opportunities

We operate in markets that are diverse and distinctive, in terms of our customers’ needs and priorities, and the local and global issues that influence socio-economic development.

### Introduction

Our agenda is heavily influenced by the markets where we operate, the culture of the societies where we do business, and global issues such as climate change. How these factors interact with our business model and value chain creates a series of issues that represent impacts, risks, challenges and opportunities for our business, and we must assess, prioritize and respond to them.

We use a variety of processes to identify the more material issues, as we explain more fully on [page 14](#).

### Responding to local concerns

Our markets are diverse and distinctive. They show large variances in levels of development, prosperity, and environmental resource use. Naturally, our priorities need to be flexible and adapt to the societies and geographies where we operate. Our customers have different priorities and this must guide our efforts as much as any centrally determined criteria. Therefore, we empower local management teams to focus on programs relevant to their markets and society.

The chart opposite illustrates the range of differences in socio-economic development as measured by the UN human development index. This illustrates the different priorities that governments, communities, businesses and our customers experience.

We operate in some markets where most people are relatively well off, and enjoy good levels of healthcare and education. Here, mobile devices and services are seen more as a ‘lifestyle’ tool. Issues in these countries are those such as privacy and freedom of expression, safety online, and honest marketing. In markets where GDP per head is low and access to basic services such as healthcare or education is an everyday challenge, mobile communication is viewed more as a ‘lifeline’. Issues here are more likely to be the reliability of coverage, and the affordability of products and services.

### Impact of global issues

Some issues transcend national boundaries and present challenges which all businesses must face. Climate change will affect us all, whether through economic measures such as carbon taxes or more directly through extreme weather, floods, or sea level rises. The World Resources Institute estimates that the number of people affected by river flooding worldwide could nearly triple in the next 15 years, driven by climate change and population growth. Bangladesh will be among the countries most affected, the impact exacerbated by rising sea levels – threatening food production, livelihoods and infrastructure – important factors for the customers of Banglalink.

People worldwide are also concerned about personal data security: whether it is governments acting for national security or companies for commercial reasons. This, and freedom to express personal, political and religious views on the Internet is an important area of international focus and creates a spotlight on our telecommunication businesses.

### Structural and event-driven issues

This combination of local concerns and global trends creates a series of challenges and opportunities for our business at all stages of our value chain. Some of the issues are ‘structural’ long-term trends, while others are more short-lived or ‘event-driven’ (see page 8). Examples of some more structural issues, and the challenges and opportunities they represent, are provided in Table 4.

Where operators can generate income whilst providing services which have a high societal benefit, such as for people with disabilities, or the illiterate, the services are more likely to reach scale and be maintained. The clear evidence for this is the growth of mobile financial services.

Table 4: Examples of structural issues – regional, demographic or technology trends and factors

| Structural issue   | Risk/challenge  | Opportunity   |
|--|---|---|
| <p><b>Literacy</b></p> <p>56% of adults in Pakistan are illiterate, with 70% illiteracy in rural areas (UNESCO).</p>   | <ul style="list-style-type: none"> <li>Low levels of literacy inhibit economic growth and social development in certain communities, and limit the potential for growth of mobile services, particularly data services.</li> </ul>  | <ul style="list-style-type: none"> <li>Development of <b>services</b> which help raise levels of literacy.</li> <li>Improve mobile data revenue, brand loyalty and broaden the customer base.</li> </ul>                        |
| <p><b>Disability</b></p> <p>360 million people worldwide suffer from disabling hearing loss according to the World Health Organization. About 285 million people are visually impaired.</p>                                      | <ul style="list-style-type: none"> <li>Technology can be a huge enabler for people with disabilities but can often be difficult to use, especially for people with hearing loss or visual impairment. Disability potentially excludes certain customers from our services.</li> </ul>   | <ul style="list-style-type: none"> <li>Develop <b>products, services and tariffs</b> that help people with hearing loss and visual impairment to access the digital world more easily, increasing the customer base.</li> </ul> |
| <p><b>Climate change</b></p> <p>By 2020, between 75 and 250 million people will be exposed to increased water stress, and yields from rain-fed agriculture could be reduced by up to 50% in some regions (IPCC).</p>             | <ul style="list-style-type: none"> <li>Impacts on network resilience of floods and extreme weather.</li> <li>Impacts on customers of extreme weather, sea-level rises and economic effects.</li> <li>Increases in hydrocarbon fuel prices impacts network running costs – particularly base stations powered by diesel generators.</li> </ul>   | <ul style="list-style-type: none"> <li>Development of products and services, such as <b>Machine-to-Machine (M2M)</b> that enable customers to reduce carbon emissions.</li> <li><b>Resource efficiency.</b></li> </ul>          |
| <p><b>Privacy</b></p> <p>The Online Trust Alliance (OTA) 2014 Data Protection &amp; Breach Readiness Guide estimates that over 740 million online records were exposed in 2013, the worst year for data breaches in history.</p> | <ul style="list-style-type: none"> <li>Public perceptions that personal data is not ‘safe’ with a mobile service provider could lead to loss of trust in the business and sector, leading to loss of revenue.</li> <li>Accusations that operators are complicit in human rights abuses through providing governments with access to customer data destroys public trust and leads to protest campaigns and boycotts.</li> </ul> | <ul style="list-style-type: none"> <li>Designing <b>privacy</b> considerations into products and services, policies and procedures to demonstrate leadership in data security and ethical practices.</li> </ul>                 |



## Key challenges in 2014

Some material issues arise through structural socio-economic or environmental challenges. Others are driven by more rapidly moving events. Here we look at two such examples: Ukraine and Pakistan.

**“Kyivstar is deeply integrated into Ukraine. The fate of Ukrainian citizens is inseparable from the fate of the company and its employees. Throughout the challenging events of 2014, our focus was on maintaining services to our customers, and safeguarding our employees and their families.”**

– Andriy Osadchuk: Kyivstar’s Chief Legal and Regulatory Officer

### Our ongoing role in the Ukraine

In Ukraine, the events of the past year, and the ongoing situation, have provided Kyivstar with a series of significant challenges.

This put the business under extreme pressure and experiencing events that were almost impossible to predict and plan for in advance. These challenges have included:

- maintaining services to customers against a background of technical and network disruptions;
- maintaining the integrity and security of the network;
- ensuring the safety of our employees;
- supporting customers, and the broader population;
- continuing our business.

### Maintaining services

There were multiple pressures on services throughout the year. Periods of civil unrest in Kiev, particularly around 20-22 February (the time of the events at Maidan Square) coincided with the highest levels of traffic ever experienced on the network, and the need to evacuate the Kyivstar headquarters in the capital. During this period, concerns were expressed that there might be a forced closure of the network but in fact, despite the technical and organizational challenges, the network remained operational.

In addition to technical challenges, there were also logistical issues, including ensuring provision of diesel fuel for network generators – essential when power grid infrastructure was impacted – into actual combat zones.

In Crimea, services were maintained through a challenging period but, in August, as a result of circumstances beyond Kyivstar’s control, Kyivstar announced the shutdown of its network in Crimea.

In 2014, in Eastern Ukraine, although we don’t believe our network was deliberately targeted in the conflict, we experienced collateral damage, ranging from damage to our equipment, to the effects felt by the disruptions in utilities. As a result, in 2014, Kyivstar seized every opportunity between fighting to conduct repairs.

### Network security

The issue of network security in Ukraine has been in the spotlight repeatedly. Kyivstar has maintained the security of its network and ensured that its customers’ personal data remained intact. This was confirmed by the results of inspections by both the Ukrainian telecoms regulator (NCCIR) and the Security Service of Ukraine. These audits concluded there were no instances of unauthorized data retrieval, personal data breaches, illegal processing or distribution of such data in Kyivstar’s network.

### The safety of our employees

We have learned that we have an extremely committed workforce. We had to make prompt and tough decisions – evacuating offices and closing stores to keep our people safe. During this period, a number of Kyivstar’s employees were enlisted into the Ukrainian Army to serve their country; others volunteered to provide humanitarian aid.

In June, Kyivstar evacuated the first wave of employees in the Donetsk and Lugansk regions, helping them to relocate to safe regions, and providing them with opportunities to work in other offices, often using remote access. Almost 150 employees and their families took this option.

## Famine, unrest and floods in Pakistan



Pakistan has been hit by a number of natural disasters and humanitarian emergencies in recent years, and the Mobilink team has been doing its bit to help those in need. When floods caused widespread damage during 2014, across Punjab and Sindh, Mobilink provided food supplies for around 500 families as part of the relief effort.

Mobilink also sent aid to 13,000 people affected by famine in the Tharparkar region. The aid was distributed by 25 Torchbearer volunteers from Mobilink with support from the Pakistan Navy. The Mobilink CR team also provided food supplies for 8,000 people among displaced families in North Waziristan. Other initiatives have included the setting up of collection camps to take in clothing, bedding, cooking materials and basic medicines for distribution around Karachi, Islamabad, and Lahore.

### Political unrest in Pakistan

Pakistan witnessed widespread and frequent law and order problems, social campaigns and political unrest throughout 2014. This resulted in network outage, retail and office closure, with frequent complete or partial closure of Mobilink operations either regionally or across the whole country.

Kyivstar has continued to support its employees and their families in Eastern Ukraine through this difficult time, including by continuing to offer options for those who remain, to relocate to safer areas.

We are relieved to report that there were no reports of fatalities amongst Kyivstar’s employees during 2014.

### Supporting our customers and the broader population

Due to the situation in Eastern Ukraine, many customers were unable to pay their bills. During 2014, in order to help customers maintain access to telecommunications, Kyivstar created a dedicated rate plan ‘Free Talk’. This option provided citizens in the Lugansk and Donetsk regions with free calls within the network and free mobile data. Over 450,000 subscribers have used the tariff in the country’s east.

Kyivstar also has its own Volunteering Council that helps address the humanitarian needs of Ukrainian citizens. In the last four months of 2014, Kyivstar also provided financial assistance, matching funds raised by our employees directed toward humanitarian purposes, including aiding victims and hospitals, purchasing medical equipment and providing emergency assistance and warm clothes during the very cold Ukrainian winter.

Since the issue of health protection is currently high on the social agenda, we – together with a private clinic partner, Boris – have developed a free mobile application called ‘First Aid’ which contains video instructions and text information about how to provide aid in emergency situations.

### Continuing our business

During 2014, Kyivstar announced the closure of its business in Crimea and we wrote off the value of Kyivstar’s assets in Crimea, valued at \$13 million. The plummeting exchange rate also significantly impacted our business through the increase in the relative cost of imported goods and services.

Notwithstanding these challenges, the changes that have taken place during 2014 have allowed Ukraine to take the opportunity to move to the next-generation communications technologies and attract further investment to the country. In February 2015, as the result of an auction conducted by the Government, Kyivstar was awarded one of three licenses to provide nationwide 3G services in the 2,100 Mhz band at a price of approximately \$100 million, representing the beginning of the next phase of investment in the telecommunications future of the country.



➔ To view our interactive strategy diagram and see how our elements fall into three categories, [please click here](#).



# Our approach

Our approach to Corporate Responsibility rests on three main factors. We recognize and acknowledge that:

## Stakeholders

A range of stakeholders have legitimate concerns and expectations about how our company operates. By engaging with them we can understand and evaluate these issues and plan how best to improve our business. We describe our approach to stakeholder engagement on [page 12](#).

## Materiality

We must prioritize these issues logically, by assessing the materiality of individual issues to our strategy, and their importance to our stakeholders. We set out our approach to this assessment, and the results, on [page 14](#).

## Governance

Having identified the priorities, we take appropriate action in response and report on our progress. This report describes our response across our most material issues.

## Our Strategy

The overall strategy has the following four key pillars supported by clear operational strategies for each of VimpelCom's BUs.

### Profitable Growth

We aim to gain share in mobile data revenues and capitalize on areas such as mobile financial services and partnerships with over-the-top (OTT) players, while limiting cost of traffic.

Supporting strategies include driving smartphone and tablet penetration, value-based commissioning, promoting tiered pricing for speed and time of data, partnering with internet players, improving network quality and effective deployment of integrated bundles.

### Customer Excellence

We are committed to creating a superior customer experience, optimizing distribution and developing superior pricing capabilities. Supporting strategies include integrated mobile bundles that combine traditional voice with SMS and data, and identification of the most efficient distribution channels in each market.

### Operational Excellence

We aim to operate to maximum efficiency and manage costs across our businesses.

### Capital Efficiency

We aim to reduce the ratio of capital expenditure to revenue over time by deploying capital more efficiently through increased network outsourcing and sharing, continued business portfolio optimization and capital structure optimization.

VimpelCom also has a centrally led procurement model that provides advantages both at the Group and local level.

The Company has implemented a systematic approach to managing working capital and optimizing capital structure.

Table 5: CR strategy framework overview

| Strategy element and business principles   | Relevance to the business strategy   | Relevance to stakeholders  | Status summary   |
|--|--|--|--|
| <b>A Make Your Mark</b><br><b>Business Principles:</b> <ul style="list-style-type: none"> <li>- We transform lives through innovative mobile applications with social, economic and environmental benefits.</li> </ul>   | Make Your Mark will help to create a more positive business environment, create bridges with our customers, stimulate entrepreneurship and new services, and strengthen the VimpelCom brand.   | Make Your Mark is designed to contribute to creating more sustainable and productive societies within which our business, our customers and other stakeholders can prosper in the long term.   | Our flagship program <b>Make Your Mark</b> was launched towards the end of 2014 and incorporates some existing projects as well as ambitious plans for 2015.   |
| <b>B Services for society</b><br><b>Business Principles:</b> <ul style="list-style-type: none"> <li>- We transform lives through innovative mobile applications with social, economic and environmental benefits.</li> </ul>   | Developing commercial services with high societal benefit in areas such as mobile financial services, mHealth and mAgriculture help profitable growth by creating new data services that go beyond the core proposition.   | Developing 'services for society' can bring benefits to society at scale. By increasing the efficiency and reach of education, health, financial services and agricultural support, we help communities, support development and grow our data services and brand reputation.  | Several of our markets have developed innovative <b>services</b> in these areas and are building the scale of the impact.  |
| <b>C Community engagement</b><br><b>Business Principles:</b> <ul style="list-style-type: none"> <li>- We support community projects and encourage employees to get involved.</li> </ul>  | Encouraging employees to volunteer in their community, and making corporate contributions to good causes is motivating, and helps set the Performance Culture.   | Communities benefit directly from support of local good causes through cash and in-kind donations, and the impact of our employee volunteering.  | Our BUs have a rich legacy of <b>community engagement</b> and are increasingly using our technology to enable our customers to contribute as well. We have strengthened our governance of this area with the launch of a new Social Investment Procedure.  |
| <b>D Environmental efficiency</b><br><b>Business Principles:</b> <ul style="list-style-type: none"> <li>- We minimize the environmental impact of our operations, the products and services we sell, and our supply chain.</li> </ul>  | Improving energy efficiency, network sharing and use of renewable energy (where economically viable) all contribute to Operational Excellence.   | By improving our energy efficiency we are making a contribution to tackling climate change which benefits a wide range of stakeholders, whilst improving the bottom line.  | We continue to closely monitor our energy consumption, and to roll out <b>efficiency initiatives</b> . We have made good progress in reducing reliance on diesel fuel in Pakistan.   |
| <b>E Engage in the global agenda</b><br><b>Business Principles:</b> <ul style="list-style-type: none"> <li>- We are open and transparent with all our stakeholders.</li> </ul>   | Engaging in global initiatives and organizations focused on CR helps us to learn, access relevant tools and guidance, and improve our performance.   | Provides opportunities for stakeholders to engage with us, and to benefit from our improved CR performance.  | We have signed up to the United Nations Global Compact Principles and become a member of the Global e-Sustainability Initiative. We are playing an active role in a number of GeSI initiatives, including the key issue of <b>human rights</b> . We are a <b>strategic partner of the WEF</b> and participate on their Global Agenda Council on Social Innovation. |
| <b>F Transparency</b><br><b>Business Principles:</b> <ul style="list-style-type: none"> <li>- We are open and transparent with all our stakeholders.</li> </ul>  | Being open and honest with stakeholders (e.g. customers) on key issues can contribute to Customer Excellence. Reporting openly on material issues helps set the Performance Culture.   | Provides opportunities for stakeholders to put forward their points of view, provide feedback on our performance and potentially become partners to address specific issues.   | This Group CR Report is a further step forward in our drive for transparency as we are now reporting in accordance with the core requirements of GRI v4. More of our BUs are <b>reporting</b> and WIND Italy has launched a <b>'Transparency Forum'</b> .  |
| <b>G Responsible behavior</b><br><b>Business Principles:</b> <ul style="list-style-type: none"> <li>- We are honest with our customers and protect their privacy.</li> <li>- We act to ensure we respect human rights.</li> <li>- We do business in an ethical way, with no tolerance of bribery or corruption.</li> </ul> | By identifying and responding to key issues (e.g. privacy, making our services more accessible for disabled people) we can improve the customer experience and support Customer Excellence.<br><br>Improving health and safety performance, and focusing on supply chain sustainability contribute to Operational Excellence.<br><br>Focusing on individual ethical behavior, and the rewards and development opportunities available to employees supports a Performance Culture. | <b>Initial focus areas:</b><br>Ethical behavior – enhancing compliance measures to address corruption risks.<br>Health and Safety – consistent standards to protect employees, contractors and the public.<br>Procurement – improving human rights and environmental performance of supply chain.<br>Privacy – managing customer privacy, whilst using anonymous data for commercial purposes. | Our BUs are active across these areas. In 2014, we have been strengthening our approach and consistency of performance through development of enhanced Group-wide policies and procedures. Read more about our progress on:<br><b>Anti-bribery and anti-corruption</b><br><b>Health and Safety</b><br><b>Procurement</b><br><b>Privacy</b>                         |



## Stakeholders

A company can only achieve its business objectives with the cooperation of its stakeholders.

VimpelCom has a wide range of stakeholders, all having some type of 'transaction' with us, as illustrated in our CR pages at [vimpelcom.com](http://vimpelcom.com). To be successful, relationships must be underpinned by mutual trust, which we establish and maintain by identifying and understanding any underlying concerns. This involves:

- understanding who our main stakeholders are;
- understanding how business activities, products and services affect them, positively or negatively, and which of these issues are the most important to address;
- responding to these issues in a way that, wherever possible, provides positive outcomes for the business and stakeholder;
- reporting our performance transparently, in full.

By engaging with stakeholders, directly or through indirect channels such as the media, we are able to improve our understanding of the issues we face, and are better able to find appropriate solutions.

This document aims to report our performance in these areas and provide valuable information for our stakeholders ([see page 1](#) on intended audiences).

We firmly believe our business can be a power for good in the world and, although our technology is in itself 'neutral', its application can help make societies more sustainable while achieving a healthy return for our shareholders.

For further details on issues that we and our stakeholders focus on, please [see page 14](#).

### Engaging stakeholders at HQ

We are building a more structured approach to our stakeholder engagement program, recognizing the need for gathering general views on strategy and performance, as well as engagement on specific issues. Functional heads were interviewed to improve understanding of how we are managing existing stakeholder relationships, and to identify areas for improvement.

In 2013, we joined GeSI, and we are an active member of the Human Rights Working Group, attending meetings with invited stakeholders at the GeSI General Assembly.

We are particularly involved in the work relating to operating in challenging situations, such as conflict and natural disaster. We have also been members of the materiality working group. Through GeSI we are able to access multi-stakeholder projects such as the supply chain capacity-building work program and the Conflict-Free Sourcing Initiative, targeting improvements in the conflict minerals issue in the ICT supply chain.

We participated in a human rights workshop, run by the SHIFT organisation and sponsored by the Social and Economic Council, an economic advisory council of the Dutch government, which involved other businesses, experts and NGOs. We also sponsored and contributed to the Wilton Park conference on 'Privacy, security and surveillance: tackling international dilemmas and dangers in the digital realm'.

In November, we responded to a letter received from Privacy International, which made assertions about the way governments in certain central Asian countries are able to access subscriber data. You can see our response in the subsequent report, available on [Privacy International's website](#).

We engage with our private and institutional shareholders regularly.

### Engaging with policy makers

We continue to talk to authorities around the world about issues relevant to our business and the telecommunications sector generally. Discussions have included the critical, positive role of telecommunications in the daily lives of people throughout our markets, as well as the importance of promoting greater connectivity and access to information for the populations we serve.

Accordingly, we continued to discuss the modernization of telecommunications infrastructure, including the need for the efficient and timely launch of 3G and 4G networks throughout our markets, the growing demand for spectrum for wireless broadband, the digital agenda and other relevant issues.

Our meetings included European Union representatives, including the European Commission Directorate General for Communications Networks, Content & Technology and the European Parliamentary Committee on Foreign Affairs, as well as officials in our key markets. For instance, we have had extensive discussions with the Government of Algeria over the past year, culminating in the creation of a private-public ownership for Djezzy, which positioned Djezzy to lead the way in that market.

In addition, we had high-level meetings with officials in those of our markets which were considering 3G and 4G auctions, including Pakistan, Ukraine and Georgia, to offer our experience in the efficient introduction of these technologies to other markets, and the advantages it would bring to their people and economies.

Finally, we have had informative discussions with officials in the Netherlands, home of our global headquarters, regarding these issues.

### Strategic memberships

We continue to be a strategic partner of the World Economic Forum. At the 2014 Davos meeting, our CEO participated in the ICT and cross-industry governors meetings, as well as in the International Business Council agenda.

Our co-founder and Chairman Emeritus, was a speaker at the 'Big Brother Problem' and the 'CEO Dialogue on the Role of Business' sessions. VimpelCom was also involved with the ICT initiatives: Digital Infrastructure, Rethinking Personal Data, Risk & Responsibility in a Hyperconnected World, and NETmundial Initiative.

We joined a number of WEF Global Agenda Councils: Future of Telecommunications; Future of Media, Entertainment and Information Industries; and Social Innovation. We also continued our support of the Social Entrepreneurship and Young Global Leaders communities.

In addition, the businesses in our CIS BU worked with the GSM Association to help clarify radio frequency (RF) exposure standards in those markets.

### Engaging stakeholders across the BUs

Our BUs operate in a range of markets with diverse challenges and with different starting points for Corporate Responsibility.

There is no single process for engaging stakeholders across the BUs. Many of our businesses are involved in local associations and initiatives which facilitate engagement. This is summarised below.

### Engaging stakeholder groups

- Our BUs work with a wide variety of stakeholder groups including national and local government departments, agencies and law enforcement organizations, local communities, local and international NGOs and charity partners, customers, employees, academia, suppliers and content providers.
- Stakeholder groups are selected for engagement through a wide variety of processes. In many cases we are in constant discussion, such as on regulatory issues, shareholder issues, through employee engagement, and through customer care.
- The issues raised through engagement are recorded and prioritized through the materiality process set out in this report.

### Externally developed economic, environmental and social charters, principles, or other initiatives.

Examples:

- Mobilink and Kyivstar are signatories to the United Nations Global Compact (Kyivstar is a member of the Ukrainian secretariat).
- Kyivstar signed the 'Code for the Protection of Cruelty to Children in the Internet and online resources'.
- Beeline Russia subscribes to the Safe Internet League, the Mobile Etiquette Charter and the Russian Operators Charter on Combating Child Pornography.
- Mobilink is a member of the WWF Green Office Initiative and the Pakistan Centre for Philanthropy.

**Associations, such as industry associations, and national or international advocacy organizations where we are part of the governance or participate in committees/projects.**

Examples:

- Nearly all of our businesses are members of industry associations – either global organizations such as the GSMA, or country-focused organizations such as the Russian Association of Networks and Services or the Association of Telecommunications Operators of Tajikistan.
- Hawkama El Djazaïr (Algerian Institute of Business Governance).
- Most businesses are members of their national chamber of commerce or an international version (e.g. American Chamber of Commerce).
- Member of the Union of Employers in Armenia.
- WIND Italy is a member of CONSEL (or ELIS Consortium) – a group of enterprises focused on training and development activities aimed at continuing education for employees and at increasing employment opportunities for young people.



For more information, [click here](#)





## Materiality

Our CR approach is designed to focus on the most important, or material, issues for our business.

**These are the CR issues that exercise the greatest influence over the assessments and decisions of stakeholders, and the commercial success of the company. This approach to materiality needs to balance a number of different factors, such as:**

- The issues of most concern to stakeholders. Stakeholders bring a wide range of perspectives, and help identify our most critical environmental, social and economic impacts, and the most significant issues for society that are linked to our activities. Understanding their perspectives helps us ensure we take the right issues into account.
- The issues most linked to the success of the business – this is to ensure we understand the issues where there is the most direct connection with the success of our business.

### Refreshing the assessment

We have updated the materiality assessment published in last year's report, based on two factors: the results of a major new materiality assessment commissioned by GeSI in 2014, and significant events that have occurred in the intervening period. Further information on the materiality review conducted last year can be found on the CR pages at [vimpelcom.com](http://vimpelcom.com).

The **GeSI assessment** once again involved a multi-stakeholder interview exercise and also referenced work done by the Sustainability Accounting Standards Board (SASB), which published a list of potentially material issues for the ICT industry in April 2014.

We participated as a member of the GeSI Working Group and so were well-positioned to assess if this new, detailed research should affect our existing materiality position.

In addition to long-term and ongoing issues, specific political, legal, social and environmental events can also affect the business and our stakeholders. In 2014 these included:

- The ongoing conflict in Ukraine ([see page 8](#))
- The ongoing investigation by the US Securities and Exchange Commission, the US Department of Justice and the Dutch Public Prosecution Service (Openbaar Ministerie) ([see page 35](#)).

A number of markets also experienced sporadic civil unrest, often linked to elections or political protest (in 2014, this included both Bangladesh and Pakistan) and natural disasters, such as further flooding in Pakistan ([see page 8](#)).

As a result of these various factors, the following issues were considered to have become of greater relevance to the business:

- Privacy and freedom of expression
- Anti-bribery and anti-corruption
- Supply chain social and environmental standards.

In addition, we have added a new issue, Talent Acquisition, Retention, Development and Reduction to the updated materiality matrix.

The situation in Ukraine is clearly material for the business but encompasses multiple issues. Therefore this issue is not included in the updated matrix but is the subject of separate disclosure.

For mobile operators, some issues such as service quality remain fundamental to their CR agenda. Others, such as health concerns over radio frequency emissions, appear to have declined as knowledge and awareness have developed. Other issues still – such as privacy – have rocketed in importance as technology and culture change faster than the regulatory framework. As many of our businesses operate in emerging economies, our materiality 'matrix' tends to be dominated more by social and economic development rather than environmental issues.



For more information on our approach to materiality and last years' performance, [click here](#)

## Assessing CR issues for materiality

The 2008 GeSI/BSR Materiality Report included a spreadsheet tool to help score individual issues in the CR issue 'universe'. We adapted this tool to fit the objectives that underpin our business strategy and which reflect our range of stakeholders. Each issue was scored against the following criteria:

### Relevance to business strategy

- Relevance to 'Customer Experience'
- Relevance to 'Winning in Mobile Data'
- Relevance to 'Growing Beyond the Core'
- Relevance to 'Cost Efficiency'
- Relevance to 'Employee Culture'
- Relevance to 'Reputation' (risk or improve).

### Importance to stakeholders – to what degree is the issue:

- on Government agendas?
- a regulatory focus/legal requirement?
- a Customer/Media/Public issue?
- an NGO Issue?
- part of CR indices/a 'GRI issue'?

This approach allowed a well-rounded view of the significance of the individual issues.



## Human Rights

The responsibility of corporations to respect human rights has become a particular focus for some stakeholders. The UN Guiding Principles on Human Rights states: "Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved." This responsibility to respect human rights is a global standard of conduct that applies to all business enterprises wherever they operate.

Since the publication of the UN Guiding Principles in 2011, the performance of businesses in relation to human rights has come under heightened scrutiny. Businesses operating in the ICT sector have come under particular scrutiny and this has been reinforced through the publication of the EU Guidelines for the implementation of the UN Guiding Principles specifically for the ICT sector. It is clear that many of the issues identified in our materiality matrix (table 6 below) contain human rights implications.

### Our approach to human rights

VimpelCom has taken a series of measures to ensure we comply with our responsibilities to respect and protect human rights. In particular, we aim to carefully and comprehensively manage human rights issues identified through the materiality assessment. These include issues such as **privacy, government surveillance, supply chain labor standards, health and safety, and access to telecommunications**. We have signed up to the United Nations Global Compact (UNGC) Principles relating to human rights, confirming and formalizing our commitment.

We are also an active member of GeSI's working group on human rights and are particularly focused on the work strand 'operating in challenging environments' (including conflict situations, natural disasters and politically sensitive circumstances). The process involves engagement with stakeholders through a High Level Panel and an Advisory Group. In November, we also took part in and sponsored the conference 'Privacy, security and surveillance: tackling international dilemmas and dangers in the digital realm', held at **Wilton Park** in the UK.

In December, we conducted human rights training for our CR teams across our business units and operating companies and we aim for our BUs to start carrying out human rights due diligence assessments on a phased basis from 2015.

Table 6: Our 2014 materiality matrix

|        |   |   |  |   |
|--------|---|---|--|---|
| Higher | <p><b>Economic development</b><br/><b>Protection of minors</b><br/><b>Occupational Health and Safety</b><br/><b>Online safety (fraud etc.)</b><br/><b>Freedom of expression</b></p>                                     | <p><b>Government surveillance</b><br/><b>Supply chain social and environmental standards</b><br/><b>Disaster response</b><br/><b>Corporate governance</b><br/><b>RF emissions and health concerns</b></p> | <p><b>Consumer privacy and data security</b><br/><b>Network reliability and coverage</b><br/><b>Responsible marketing</b><br/><b>Customer satisfaction</b></p> | <p><b>Anti-bribery and anti-corruption</b><br/><b>Accessibility: service availability/affordability</b><br/><b>Social application of ICT services</b><br/><b>Accessibility: literacy, physical impairment</b></p> |
|        | <p><b>Employees: diversity and equal opportunity</b><br/><b>Employees: working hours and remuneration</b><br/><b>Customer safety while driving</b><br/><b>Environment: visual impact/network recycling</b></p>          | <p><b>Environment: company energy use</b><br/><b>Environment: device recycling</b><br/><b>Environment: device energy use/raw materials</b><br/><b>Cyber-bullying</b></p>                                  | <p><b>ICT services and climate change</b></p>  | <p><b>Talent Acquisition, Retention, Development, Reduction</b></p>   |
|        | <p><b>Environment: climate change risk (infrastructure/customers)</b><br/><b>Environment: other waste and recycling</b><br/><b>Mobile theft</b><br/><b>Freedom of association</b><br/><b>Environment: water use</b></p> |   |  |   |
| Lower  | Lower   | Higher  | Higher   | Higher  |



## Governance

During 2014, we strengthened our approach to CR governance, and will make further advances in 2015. We set out our broader corporate governance arrangements in detail in our Annual Report and Accounts and Form 20-F.

At HQ, throughout 2014, the CR team had a reporting line to the Group Chief Financial Officer, and had access to the Group Executive Board (GEB), the top operational committee, for issue by issue decisions. During the year, CR featured twice on the agenda of the global Management Board of the Company, which comprises members of the GEB and the CEOs of the BUs. In June, we also made a progress report to the Nominating and Corporate Governance Committee of the Supervisory Board of the Company.

Also in 2014, we launched a set of Business Principles, which helps communicate our CR agenda to employees and other parties, and will start to influence the development of related policies and approaches. The Principles augment the existing Code of Conduct, which covers a broad range of compliance issues relating to the personal behavior of employees. The **Code of Conduct** is available on our website.

We monitor BU CR operational performance regularly, and in 2015, two Management Board meetings will again feature BU CR on the agenda, to review KPIs and progress.

We have not mandated any particular governance approach to CR for the BUs, though all BUs and OpCos have CR officers or small CR teams. In Pakistan, Mobilink has formalized many of its CR programs through the Mobilink Foundation, and several of our CIS OpCos have formed committees to closely assess and formulate appropriate responses to the significant volume of charity requests they receive.

We share CR best practice, including at CR meetings in Rome in May and Amsterdam in December. As well as collaborating through monthly calls and our intranet, we have more detailed sessions which, in 2014, covered RF emissions, volunteering, and our new social investment process.

VimpelCom operates an enterprise risk management approach, with CR part of the risk review process. We assess risks regularly, based on their likelihood and the potential severity of the impact on the business, and prioritize and mitigate them based on the risk appetite of the business.

Risk appetite, and our risk management approach, is established by the Group Executive Board. Certain risk factors impacting our operations are set out in the Form 20-F filed with the US Securities and Exchange Commission.

### CR reporting

A number of our businesses have been producing their own CR reports for some time. **WIND Italy** has produced reports for many years, the latest being GRI-level B+, with independent assurance and in line with the AA1000AS assurance standard. **Mobilink** has produced several CR reports since 2008 and Beeline Russia published a comprehensive first CR report in December 2014.

Kyivstar and our CIS businesses regularly publish documents covering their charity, volunteering and environmental programs. Banglalink has also taken the first steps in compiling a first report.

We are asking all our markets covered in this report to develop their own CR reports, which meet the requirements of the GRI version 4 guidelines over the course of the next three years.

### Management systems

A number of our BUs have implemented CR-related management systems, the most prominent example being WIND in Italy, which has developed an approach which comprises not only ISO 14001 (Environmental Management), OHSAS 18001 (Occupational Health and Safety Management) and SA8000 (Social Accountability), but also ISO 9001 (Quality) and ISO 27001 (Information Security). Djezzy in Algeria has also implemented an environmental management system to ISO 14001 standard.

## Developing our business principles

**A key challenge to implementing the new CR strategy is to raise general awareness across the business of what Corporate Responsibility means for our Company.**

To many, it's all about philanthropy and volunteering, but this is only one element of the overall approach (see page 11). One way we are addressing this challenge is to summarize our approach in a set of concise, easy to understand Business Principles. And one of the best ways to raise awareness was to involve people in defining them.

But as well as raising awareness, the Business Principles should also:

- help in making decisions;
- be a statement of our commitment to appropriate standards of behavior;
- form the basis of how we evaluate the BUs' CR performance.

The Business Principles need to work alongside our strategic framework (see page 11), our commitment to the UNGC Principles, and our materiality assessment, and also reflect the views and priorities of our employees and leadership team.



### Employee involvement

In May, we started the consultation by launching a video on our intranet, where our CEO set out the broad parameters of our CR approach and invited all employees to participate in helping to define our Principles. We then hosted an online discussion to collect the views of our employees. This prompted some helpful comments:

"We can make an impact by adhering to a list of business principles and clearly communicating these to our partners - be they vendors, charitable organizations that we sponsor, or distributors." Banglalink employee

"Telecommunications has significant potential to add value to people's lives, contribute to social and economic growth, create a positive impact in society, and help shape a sustainable future." Kyivstar employee

"I do think that transparency is the base for any stakeholder relationship... I think that transparency is the most important indicator for 'best company.'" WIND employee



### Leadership team input

Each year, the Global Leadership Team (the GLT) - approximately 150 of the most senior executives across HQ and the BUs - get together to discuss business strategy, results and progress. At the 2014 GLT meeting, we launched our flagship program (**Make your Mark**) and also involved our senior executives in defining the Business Principles. Over 110 senior executives voted for their top priorities from a list of 15 potential statements. The top three priorities related to ethical behavior (anti-bribery and anti-corruption), transformational mobile services (services for society) and honesty with our customers.

The photographs on page 16 show GLT members working on the Business Principles at the 2014 GLT meeting.



### Our Business Principles

Based on all these views, the GEB approved a set of seven Business Principles in October 2014, and these are listed on the right. These Principles, along with our CR Strategy, will form the basis of a performance monitoring framework for our BUs which includes the development of a set of objectives.

- 1 We transform lives through innovative mobile applications with social, economic and environmental benefits
- 2 We are honest with our customers and protect their privacy
- 3 We act to ensure we respect human rights
- 4 We do business in an ethical way, with no tolerance of bribery or corruption
- 5 We are open and transparent with all our stakeholders
- 6 We minimize the environmental impact of our operations, the products and services we sell, and our supply chain
- 7 We support community projects and encourage employees to get involved



**make your mark** | helping young people shape their future



# Make Your Mark

In 2014, we launched a Group-wide program called Make Your Mark, which focuses on 'Helping Young People Shape Their Future.' The program's brand reflects our aim to help young people leave their fingerprints on the world – to make their mark.

Make Your Mark enables us to make a significant positive impact on society by involving all our BUs and OpCos in contributing initiatives and projects under one common theme. It incorporates ongoing projects, but is also leading to the creation of many more.

The aim is to help the next generation find solutions to the challenges the future will bring, such as climate change and resource scarcity, rising population and the pressure this will bring on access to the fundamentals of society like healthcare, education, employment and food. The goal of Make Your Mark is to empower young people to make a positive difference through increased access to education and through inspiring social entrepreneurship, particularly in the digital arena.

Make Your Mark includes three sets of activities:



### Educate

Using technology and resources to bring education to people who would otherwise not have access to it.



### Support

For young people with creative digital commercial ideas, helping them build businesses and careers.



### Inspire

Young people to turn their energy and enthusiasm into digital solutions for challenges in healthcare, food production, education and access to finance – creating services similar to our own 'services for society'.

### How we can help

We have chosen these three themes because they matter deeply to our people, our customers and wider stakeholders. But also because they are areas where we as a company can make a real difference. As a mobile operator, we can bring the technology, skills and resources that are proven to make a difference.

### Why we developed a global theme

We fully recognize the social, economic and financial challenges that young people of today will face over the next 20 years. We also recognize that these are our current and future customers, and we want to empower them to address these challenges, alongside our own contributions, to help ensure the success of our business in the long term.

Many of our services for society and social investment initiatives are developed locally by our BUs to address local issues and market conditions. While these have demonstrable impact, by creating a global project across all our markets, we hope to create real impact at scale, and to share knowledge and best practices more effectively than is possible through disparate, disconnected activities.

The breadth and depth of the program should also help us to forge partnerships with global stakeholders, to help magnify the impact that we can have. Make Your Mark will also help bind our businesses together and instill employee pride in VimpelCom, as well as our local brands.

## Understanding the context for digital entrepreneurship

To launch the Make Your Mark initiative and set the context for the program, VimpelCom commissioned a report into the digital entrepreneurial environment.

**The report, 'Enabling Entrepreneurs in a Mobile World' available at [vimpelcom.com](http://vimpelcom.com), describes three important themes that are helping shape the modern world:**

1. The significant societal challenges that today's young people will face over their lifetimes.
2. The potential for digital technologies to provide solutions to many of these challenges.
3. The fact that much of the innovation in digital businesses is coming from aspiring young entrepreneurs – who need support and nurturing to be successful.

**This high-level review of the digital start-up landscape recommended three key steps for mobile operators to better support young tech entrepreneurs:**

1. Shifting their corporate culture and mindset to adapt to the world of digital entrepreneurs.
2. Gaining a more detailed understanding of the needs of digital entrepreneurs to identify the practical support required.
3. Creating the right environment for innovation to flourish by entering into creative partnerships with other players in the 'ecosystem'.

This is a key part of what Make Your Mark sets out to achieve – stimulating an innovation pipeline that will help young people shape their future.



## Make Your Mark in action



### Mobile literacy

#### Mobile-based literacy in rural Pakistan

Mobilink developed a pilot scheme with UNESCO and the Bunyad Foundation to educate rural women, a group mostly excluded from the conventional educational system in Pakistan. Mobilink's mLiteracy program helps teachers offer a basic literacy curriculum using SMS – with free connectivity for teachers and learners. The program's project facilitators organize classes in small learning centers in villages, often in the houses of local elders, and learners' responses are logged to monitor their progress.

The project started in 2009 with 250 female learners in rural Punjab, and by the end of 2013, it had embraced 5,000 women across the country. Early in the project, the proportion of students graded as 'A' for their literacy skills increased from 28% to 60% after being enrolled on the program for six months.

The project has expanded to enabling rural women to better manage domestic finance, and to raising subjects such as religious tolerance and equal opportunity. The program has noticeably reduced gender bias to mobile use, and participants have reported a heightened sense of security through having access to this means of communication.

In early 2014, the Mobilink Foundation secured a grant of \$286,000 from the Private Infrastructure Development Group (PIDG) to extend the scope and the scale of the literacy program in 2015. This will allow us to enroll an additional 2,500 rural women in 100 new learning centers in five districts of Khyber Pakhtunkhwa – KPK – in remote north-west Pakistan.

At the 5th annual Ethical Corporation Responsible Business Awards, the mLiteracy program won the 'Most effective international community investment.'

To watch a video about the project visit [vimpelcom.com](http://vimpelcom.com).



### Young entrepreneurs

#### A helping hand for young entrepreneurs

– WIND Business Factor launched in March 2011 to support a new generation of entrepreneurs through a 'social business network'. Anyone with an innovative idea can find the tools and resources to turn it into a business. The incubator website focuses on the three key factors entrepreneurs need – relationships, knowledge, and opportunities – including 500 editorials providing advice, and 200 video tutorials. It runs regular competitions where finalists are invited to pitch their ideas to investors. In 2014, the competitions focused on social innovations. Wind Business Factor is now a community of more than 24,000 users, over 5,000 start-up and business ideas, and over 21,000 social media followers. To watch a video about the project visit [vimpelcom.com](http://vimpelcom.com)

– Grandmaster, Banglalink's contest for students to come up with innovative telecommunications services ideas, ran its third competition in 2013, with five finalists for the 2014 final selected from an impressive 1,200 entries. The ultimate winners, from Chittagong University of Engineering and Technology, created an app for booking bus tickets, often difficult in Bangladesh.

– In Kyrgyzstan, Beeline's 'Start-up Weekend' included seminars and competitions for local entrepreneurs across five regions, with the best business idea receiving a cash prize to implement it.

– In Kazakhstan, Beeline ran the Zhas Camp – an annual conference providing training for students – with competitions to promote entrepreneurship.

– Djezz in Algeria is the main sponsor of the FIKRA conference and, as part of this, runs an annual competition for young entrepreneurs, rewarding the most innovative ICT projects. Of 126 applications, it chose one winner in each of mLiteracy, mHealth, social media, games and mEnterprise.



### Equipment and services

#### Providing access to ICT equipment

– Many schools in our markets, particularly in disadvantaged or remote rural areas, often do not have access to basic ICT equipment. Mobilink Foundation worked with Ranra School, a community school in KPK, to set up a state-of-the-art ICT Lab, which can now provide computer-based education to more than 200 students. The Foundation also set up a computer lab for Petaloid Higher School, a community school near Lahore which now provides computer-based education to 900 students.

– In Kyrgyzstan, Beeline provided 213 libraries with free high-speed internet for Kyrgyz citizens to access a wide range of information. It also enables the country's librarians to conduct educational conferences online.

– In Kazakhstan, Beeline runs the 'Unlimited Opportunities' program, providing free high-speed internet to social institutions. In 2014, we connected four institutions, involving 1,500 children, including those with sight and hearing impairments, and musculoskeletal disease.

– In Ukraine, Kyivstar connected 270 schools and orphan-houses to free high-speed internet.

– To make digital education more popular and accessible for young people in geographically isolated and remote areas, Beeline Russia provides a partnership with the Coursera project. Its aim is to translate online courses from more than 100 universities into Russian, covering a wide variety of fields of knowledge from the natural sciences to the humanities, to inspire young people to make the most of modern technology.

## Our plans for 2015

Launched at the end of 2014, Make Your Mark will gather momentum and scale through 2015 as local plans come together under the theme.

Our businesses have agreed on some specific programs they will be running (below), and we will provide an update on their progress in our next report. With many projects already established under the Educate and Support aspects of the program, in 2015, we will start to develop the Inspire element more strongly.

### In 2015, we will be helping young people shape their future as follows:

#### Algeria

- building new partnerships with 20 universities to share resources and training;
- funding a media library for a school at Beni Abbès in the South of Algeria, and providing a reading room for the children of the Casbah in Algiers.

#### Armenia

- helping tackle rural exclusion by giving more than 50 young people, from 10 villages, training in modern technologies to equip them with the skills they need;
- developing a project to improve agricultural education by creating a special platform to train 235 young people from four regions;
- holding a second technology entrepreneurship summer camp to help young people establish their own IT businesses, through practical and theoretical business advice;
- launching the App Armenia platform to promote development of Armenian language content on the internet, and launching Armenian-language secondary school curriculum-based video classes.

#### Bangladesh

- expanding the scope of the Grandmaster business idea contest to anyone from age 16 to 35, with greater publicity, and including app development. The winner's app will be available at the Banglalink app store.

#### Georgia

- bringing together government and commercial partners to research the needs of young digital entrepreneurs in Georgia, and so identify opportunities for providing support.

#### Italy

- continuing to run WIND Business Factor;
- creating the **WIND Start-up Award** for social innovation based on open data and online cooperation, supporting WIND's focus on transparency;
- supporting 'Latuaideimpresa' (your idea of enterprise), which helps high-school students propose start-up ideas, and supporting them in developing their business plans.

#### Kazakhstan

- providing a distance learning internet program;
- providing master classes for students through the Beeline Business Club, with world-famous business trainers;
- continuing to provide free internet access to disadvantaged children in orphanages – we'll connect up to 15 more institutions in 2015.

#### Kyrgyzstan

- continuing to provide free internet access for internet libraries and universities.

#### Pakistan

- continuing the mLiteracy program, and extending it to 3,500 further learners in 2015 overall;
- launching the Mobilink Make Your Mark mEntrepreneurism Award – a digital business and app development competition for young people aged from 16 to 32 years;
- providing six fully equipped ICT labs in different provinces, with volunteers helping build staff capacity.

#### Russia

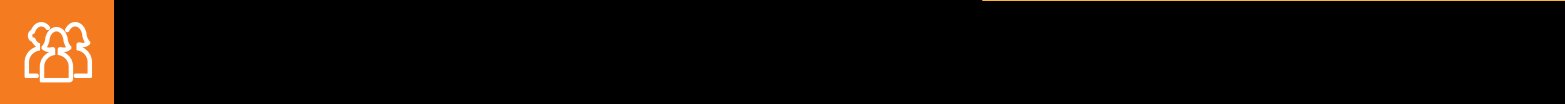
- working with UNESCO to bring mobile technologies to schools in remote Arctic regions – donating routers and other equipment;
- working with the Bauman Moscow State Technical University to help young deaf people acquire more skills through business and telecoms courses, mentoring students and donating especially adapted equipment;
- continuing to translate online courses from some of the world's leading universities into Russian.

#### Ukraine

- launching a competition to find talented digital entrepreneurs;
- providing high-quality distance-learning for Ukrainian students;
- bringing world-class economists to address young entrepreneurs at the Kyivstar Business Hub;
- donating ICT equipment, free internet and capacity building to Ukrainian schools;
- identifying and supporting talented science and mathematics students.

#### Russia, Armenia, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan

- Make Your Mark's first regional project, a mobile app competition. Young people will receive briefings, mentoring and training and compete within their countries, and then the region, for the award, to be presented at the Mobile World Congress in Barcelona in 2016.



# Services for society

We can create value for our shareholders and broader society by designing and providing services which bring specific positive benefits over and above simple connectivity. By making the most of our technology and our operational expertise, we can develop large-scale solutions which address some of society's problems, while also representing good business.

Several of our businesses are developing 'societal' services in areas such as financial services, health, education, and agriculture. A number of projects featured last year are now part of our Make Your Mark program, and are covered in that section.

### Services for society can:

- have a real impact at scale for the populations we serve. A more prosperous, educated, productive and healthier population will also support the growth of our business;
- generate additional revenue through incremental sales of data services;
- encourage innovation, and create services that reduce churn and increase brand loyalty;
- build deeper relationships with government, communities and local NGOs, which in turn can lead to a better regulatory environment for our business.

It is not always straightforward to find a business approach that at least covers costs, but this is key to sustaining programs for the long term. We are constantly exploring the opportunities in this area, and are developing partnerships and initiatives to encourage third parties to bring their service ideas to run over our networks.

## Mobile Financial Services (MFS)

MFS is a particular priority within our business strategy and we offer applications across our business. In countries such as Italy, our focus is on areas such as e-ticketing, paying for parking and content. In Russia and Ukraine, MFS is seen as a key element of the move from cash-based to cashless societies, improving security and trust in financial transactions such as salary payments.

However, the positive socio-economic impact of these services is most evident in developing economies with limited banking infrastructure, such as Pakistan and Bangladesh. Here, we focus on providing improved access to basic financial services, such as transferring money and paying bills, for the large unbanked proportion of the population. As well as individual customers, we are working closely with government and charity organizations to help them to provide welfare, donations, subsidies and social security payments directly to those who need them. The security and traceability of MFS transactions is also seen as a major tool in the fight against fraud and corruption.

We are also preparing our CIS markets, and Algeria, for the introduction of MFS after 2015, and are currently working to overcome any legal, regulatory, commercial and technical hurdles. Mobile payments are expected to launch in Kazakhstan in autumn 2015.

"Research has shown that the most effective way to significantly expand poor people's access to formal financial services is through digital means."

Bill & Melinda Gates Foundation

### Financial inclusion in Bangladesh

In Bangladesh, Banglalink plays a pivotal role in financial inclusion by partnering with a range of the country's major MFS service providers and banks to act as a network and distribution provider for their MFS, all regulated by the Central Bank and BTRC (Bangladesh Telecommunication Regulatory Commission). The Banglalink network currently serves almost six million MFS subscribers, about a quarter of all MFS customers in the country. Banglalink also has approximately 24,000 cash points and provides connectivity for money transfer services for Bangladesh Post Office branches across the country. Plans for 2015 include expanding the retailer base to ensure availability of MFS services for customers across the country.

### Bringing financial services to millions of new customers in Pakistan

In Pakistan, Mobilink launched its Mobicash service in late 2012, in collaboration with Waseela Microfinance Bank. It is regulated by the State Bank of Pakistan under its Branchless Banking initiative, and in a country where formal bank use stands at just over 10% of the population, it is helping bridge the digital divide and bring financial inclusion. Mobicash has become a major player and one of the fastest-growing MFS operations, with over 29 million transactions since launch. With over 51,000 retail agents, urban and rural, Mobicash helps customers carry out basic financial transactions such as fund transfer, bill payment and domestic remittances, either over the counter or from their mobile accounts.

Mobicash also offers mass payment solutions to corporate and public entities, reducing the potential for corruption associated with cash payments. It has been used for disbursing government aid to victims of flooding in Pakistan, and NGOs are also major users of the service, collecting and distributing funds more efficiently.

The company has formed partnerships with other financial institutions, and is currently evaluating other partnerships with global payment service providers. It will soon also be offering services in savings, lending, insurance and retail payments. In a recent survey, Mobilink's MFS users were found to be 40% urban and 60% rural, with 75% of users in both regions in low-income segments. The predominant age group is early 30s, with males accounting for approximately 80% of overall transactions.



### Apps and services for emergencies

Mobilink in Pakistan has launched an app to enhance personal security – the ‘Mobilink Guardian’ lets a user send a range of different alerts to friends and family in emergency situations, quickly and easily.

In Russia, Beeline provides an emergency service, Sistema Zabota, for senior and disabled people to get direct access to medical care, and inform relatives, through a button on their mobile phone.

### Healthcare app makes top 10

In Kazakhstan we launched the Dariger app, with information about diagnosing and treatment of the main types of disease. It’s one of the 10 most downloaded free apps in the country.

## Agriculture

A growing number of studies demonstrate the role mobile can play in improving the efficiency of agriculture. In many of the countries where we operate, agriculture is vital to the economy, and key to prosperity. Supporting farmers makes business sense for them, and for our business, as more prosperous, successful customers are likely to reinvest in our services.

### The nutrition gap

In the period 2012-14, 17% of the population in Bangladesh and 21% of the population in Pakistan were classed as undernourished (10% in Georgia and 32% in Tajikistan).

Source: UN FAO

## Health applications

For some time, businesses have been looking at the potential for using mobile technology to improve healthcare provision. Several of the UN’s Millennium Development Goals focus on improving healthcare provision, with a particular focus on maternal health and child mortality.

Mobile technology can improve people’s access to advice and other services which help governments achieve more for healthcare, more cost-effectively and efficiently. In Russia, for instance, there has also been a focus on developing service solutions for **people with disabilities**, particularly those with hearing and sight impairments.



### mHealth apps in the Ukraine

#### Apps providing emergency and long-term healthcare

Mobile medical applications are especially useful for families who struggle to access good quality healthcare services. In 2013, Kyivstar in Ukraine launched a range of medical mobile applications as part of the mHealth program. The apps provide medical advice for users on their mobile phones. They have been developed with leading medical experts, are free of charge and available on all mobile phones, regardless of the operator.

The latest app, launched in 2014, provides emergency first aid advice by video and text. It is designed to help people treat a variety of wounds and injuries while waiting for the arrival of medics. The app also offers the user a simple way of sending their location to five predefined emergency numbers by SMS.

Other apps available under the scheme include ‘My Little Star,’ which helps expectant parents keep track of their baby’s development and provides reminders of antenatal appointments, together with information on healthy lifestyle and diet. ‘My Little Star Year One’ helps parents care for their child during the first 12 months, with information on development, breastfeeding and vaccination. ‘I Can See Well’ is a mobile app for helping prevent problems with sight, offering users easy-to-do exercises for the eyes. There have been over 100,000 downloads of these apps since launch.

For more information see the short video at [vimpelcom.com](http://vimpelcom.com)

### mAgriculture – better information, better prosperity



Of the total labor force in Bangladesh, 47% work in the agriculture sector. However, many people still struggle to make a decent living, often due to lack of expertise, or access to information or markets.

To help address these issues, Banglalink launched several services under mAgriculture: Krishi Jigyasha, which provide suggestions and answers to queries about agriculture, vegetables, fruit, farming, poultry, livestock and fisheries; and Krishibazaar, a mobile voice-based agricultural marketplace and market price information service, where people can buy and sell their products by phone, and get a better price by removing the middlemen.

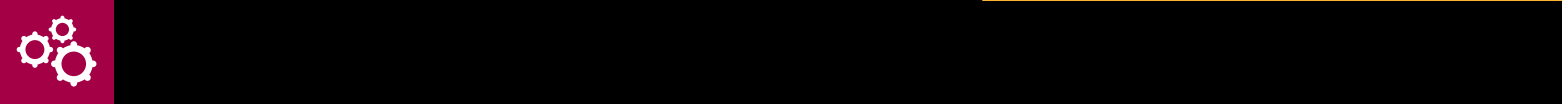
Today, these services receive thousands of calls a day, and offer farmers an easy, relevant and readily available source of information or channel to market.

In 2014, with our strategic partner, Katalyst, we piloted a field-based activation campaign in various agricultural districts of Bangladesh. We developed links with lead farmers to disseminate information to other local farmers to create awareness. Based on its success, we believe there will be good opportunities to expand this campaign throughout 2015.

For more information see the short video at [vimpelcom.com](http://vimpelcom.com)

### 50% gap in antenatal care

The World Health Organization (WHO) recommends a minimum of four antenatal care visits. However, global estimates in January 2015 indicate that only about half of pregnant women receive this recommended amount of care.



# Resource efficiency

In the longer term, it is clear that the impact of climate change, water shortage and other resource use issues will become more significant, particularly for emerging economies, and especially those vulnerable to drought, flooding and other weather extremes. Environmental issues are prominent in the UNGC Principles and so we are reporting on our programs to reduce our main impacts.

Managing environmental issues makes good business sense in:

-  **Reducing cost**  
Resource efficiency generally means cost efficiency.
-  **Managing risk**  
By helping to address global environmental issues we can help reduce impacts on customers and infrastructure.
-  **Innovation**  
It can lead to products and services which use mobile technology to help people reduce their impact.
-  **Reputation**  
Improving our reputation with customers, communities, employees and government.

We are aware of the potential benefits mobile technology can bring in helping people reduce their carbon emissions, and this happens daily as people use voice and data services in place of travel and material consumption (e.g. digital music replacing CDs). One area of focus for the ICT sector is M2M technology and applications in the automotive, logistics and utility sectors are generally seen as promising areas for emission reduction. We are a member of the M2M World Alliance, a partnership of seven leading operators around the world.

## M2M services – the potential for energy efficiency

**GeSI's SMARTer2020 report** demonstrates how the increased use of ICT, such as videoconferencing and smart building management, could cut the projected 2020 global greenhouse gas emissions by 16.5%, or 9.1 gigatonnes carbon dioxide equivalent.

This would be more than seven times the ICT sector's emissions in the same period.

The report evaluates six sectors of the economy: power, transportation, manufacturing, consumer and service, agriculture, and buildings.

We are developing a commercial focus in these areas, and providing M2M services to corporate customers in:

- Transportation:** freight and fleet monitoring
- Telemetry:** monitoring data from utilities and production
- Consumer:** electronics – navigation and personal devices
- Healthcare:** remote monitoring of patients

## Issues and priorities

Issues relevant to mobile operators include:

- energy consumption – mainly energy consumed in our base stations and data centers, but also in our offices, and by our fleet of vehicles;
- solid waste – mainly used network equipment, handsets and other electronic items, but also cables, concrete and office waste;
- local effects such as the noise, vibration and visual intrusion of our base stations.

Our responsibility for protecting the environment extends beyond our own operations, and we also look at the impact of our supply chain, the use of our products and services by customers, and the end of life of those products.

Our priorities lie where there is the biggest environmental impact and greatest concern, the biggest opportunities to save money or support our operations, and where there are opportunities to involve our customers and employees.

**Based on our assessment of materiality, including our knowledge of programs elsewhere in the industry, our priorities are:**

- improving the energy efficiency of our network and data centers;
- introducing renewable energy solutions wherever economically feasible;
- encouraging suppliers to improve the environmental performance of the products and services we buy, and reduce the impact of the manufacturing processes involved;
- involving our employees in environmental issues through office-based programs and community volunteering opportunities.

We manage the impacts of noise and vibration from base stations locally and do not collect performance data centrally other than disclosing any environmental fines or sanctions incurred. Our businesses reported no fines relating to environmental laws or regulations in 2014 (\$0, 2013).



### Mobilink saves 26 million liters of diesel

With power outages often lasting up to 16 hours a day in Pakistan, Mobilink's base stations run on diesel when the grid fails. Throughout 2014, the company has been adapting base stations to use hybrid battery systems, and only reverting to diesel once the batteries run down. In this way, diesel use has dropped from 67 million liters in 2013, to 41 million liters in 2014. By the end of 2016, 90% of base stations will have moved to the battery-first model.

### Customers raise funds for WWF

WIND in Italy donated over \$26,000 in 2014 to the World Wildlife Fund. The money was raised by donating 1 euro to the WWF every time a customer recharged their account by 25 euros or more online or via an app.

## Governance

Our Group Code of Conduct states we will meet local regulatory requirements and relevant international environmental standards, aim to reduce emissions and waste, and use natural resources responsibly. Environmental issues are also represented in our Business Principles.

Energy use, and the related greenhouse gas emissions, are our main environmental impacts and we have developed a consistent approach to energy efficiency across the business, introducing common KPIs and reporting. We drive efficiency improvements and share best practice through our Network Cost Streamlining program and have developed a detailed database of efficiency measures. Mobilink has been participating in an energy benchmarking project run by the GSMA and involving other operators in Pakistan.

Several businesses manage their environmental programs through an environmental management system. WIND Italy has an integrated management system approach which also incorporates health and safety, social accountability and data security standards, and Djezzy in Algeria is also certified to ISO 14001.

## Energy use and greenhouse gas emissions data

We collect performance data on our greenhouse gas emissions as follows:

- **Scope 1:** emissions from fuel consumption (generally from diesel generators) to operate network base stations that do not have reliable access to national power grids, and for heating, cooling and powering buildings and offices (mainly diesel and natural gas). We also report emissions from vehicle fuel.
- **Scope 2:** Electrical power consumed by our network, buildings and offices.

We do not collect emissions data relating to air travel, or on other Scope 3 emissions, such as use of products and supply chain-related emissions.

Table 7: Total CO<sub>2</sub>e Emissions

| 2014 CO <sub>2</sub> e (tonnes millions) | Network, Offices and other Buildings | Vehicles    | Total       |
|--|--------------------------------------|-------------|-------------|
| Scope 1                                  | 0.17                                 | 0.04        | 0.21        |
| Scope 2                                  | 1.17                                 | -           | 1.17        |
| <b>2014 Total</b>                        | <b>1.34</b>                          | <b>0.04</b> | <b>1.38</b> |

| 2013 CO <sub>2</sub> e (tonnes millions) | Network, Offices and other Buildings | Vehicles    | Total       |
|--|--------------------------------------|-------------|-------------|
| Scope 1                                  | 0.21                                 | 0.04        | 0.25        |
| Scope 2                                  | 1.10                                 | -           | 1.10        |
| <b>2013 Total</b>                        | <b>1.31</b>                          | <b>0.04</b> | <b>1.35</b> |

Table 8: Total Energy Use

|                                      | Energy (mWh millions) |                   |
|--------------------------------------|-----------------------|-------------------|
|                                      | 2014                  | 2013              |
| Network, Offices and other Buildings | 2.91                  | 2.76              |
| Vehicles                             | 0.04                  | 0.15 <sup>1</sup> |
| <b>Total</b>                         | <b>2.95</b>           | <b>2.91</b>       |

We collect the data for energy use from invoices, by extrapolation from known actual energy performance of different types of base station, and from estimates. Table 8 above sets out data for 2014.

Approximately 85% of our total carbon footprint relates to operating our network. Within the total energy use is a small amount (0.05%) of renewable energy. This is generated from our 118 solar-powered base stations (2013, 52) and the significant solar arrays on buildings in Italy and Bangladesh. In addition, WIND Italy was awarded power efficiency certificates (TEE) by the appropriate regulatory body, totaling 29,040 tonnes CO<sub>2</sub>e (2013, 23,259 tonnes CO<sub>2</sub>e).

We operate a fleet of approximately 5,900 vehicles (2013, 5,700), approximately 36% diesel (2013, 40%) and 60% petrol-fueled (2013, 60%), as well as four electric cars and approximately 270 vehicles fuelled with CNG.

<sup>1</sup> The 2013 vehicle emission figure is overstated due to a conversion factor error.

## Network efficiency measures

As most of our greenhouse gas emissions originate from energy use in our network, this is the main focus for our energy efficiency programs. We are applying a series of energy efficiency measures across our network infrastructure.

Operators sharing towers can also have a positive effect on energy consumption and other environmental factors.

A number of our markets experienced problems with the power-saving software which initially affected network service quality. As a result, the number of base stations where this feature was active reduced in 2014 (see table 9). This has now been addressed and is expected to be reintroduced through 2015.

## Supply chain

Network energy efficiency is highly dependent on the type of equipment used and the majority of this (and IT equipment) is specified and contracted for centrally.

Energy efficiency is a key factor in the overall purchasing decision, and we test efficiency claims for equipment in our labs in Russia and Italy. Procurement and technical teams investigate new opportunities to improve equipment performance and are involved, for example, in trials of high-performance batteries, fuel catalysts (for diesel generators) and solar power solutions. The environmental performance of our suppliers is a key element in our draft Supplier Code of Conduct.

## Office efficiency

Several businesses launched programs to help reduce office-based environmental impacts.

These cover electricity, water and paper consumption, and waste reduction. Some businesses have had their office schemes certified by WWF.



Table 9: Network Energy Efficiency Initiatives

### Free-cooling units

Potential to reduce site energy consumption by 20%–25% – we are introducing free-cooling units in indoor Radio Access Network (RAN) sites.

| Number of radio base stations: | 2014          | 2013          |
|--------------------------------|---------------|---------------|
|                                | <b>11,742</b> | <b>11,577</b> |

### Hybrid units

Sharing the power load between batteries and diesel generators when the power grid is unavailable can cut diesel usage and carbon emissions by up to 20%.

| Number of radio base stations: | 2014         | 2013         |
|--------------------------------|--------------|--------------|
|                                | <b>7,032</b> | <b>3,768</b> |

### Outdoor sites

Most of the new sites are built in 'outdoor' cabinets instead of the traditional 'indoor' shelters, saving operational energy required by up to 50%. Where possible we swap existing indoor sites into outdoor cabinets.

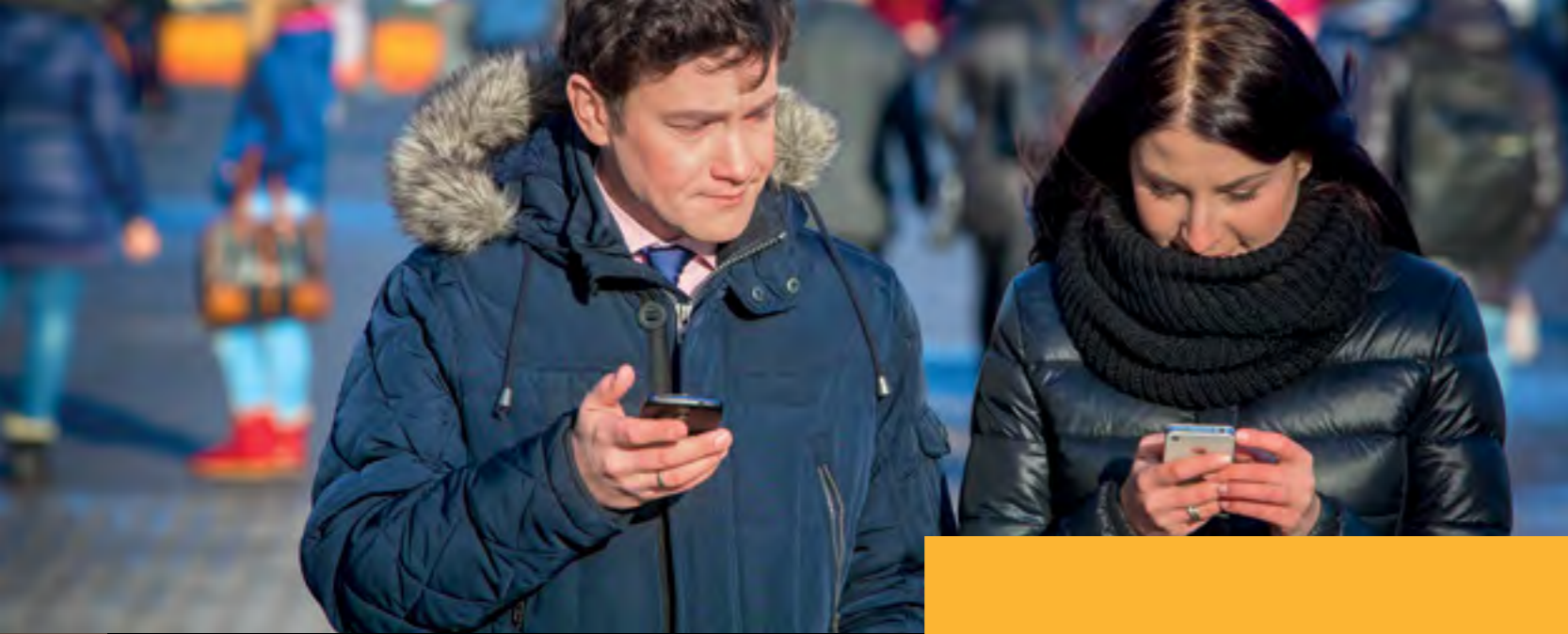
| Number of radio base stations: | 2014          | 2013          |
|--------------------------------|---------------|---------------|
|                                | <b>24,183</b> | <b>18,845</b> |

### Power-saving features

Switching off some radio elements that are not needed when the traffic is low reduces energy consumption of base stations by 20%–30% depending on the site configuration.

| Number of radio base stations: | 2014          | 2013          |
|--------------------------------|---------------|---------------|
|                                | <b>38,285</b> | <b>46,537</b> |





**Table 10: Population coverage**

| Population coverage % | Number of markets |    |                   |    |
|-----------------------|-------------------|----|-------------------|----|
|                       | 2014              |    | 2013 <sup>1</sup> |    |
|                       | 2G                | 3G | 2G                | 3G |
| 95 – 100              | 6                 | 1  | 4                 | 1  |
| 90 – 95               | 1                 | 1  | 2                 | 0  |
| 85 – 90               | 3                 | 0  | 3                 | 0  |
| 80 – 85               | 0                 | 0  | 0                 | 1  |
| 70 – 80               | 1                 | 1  | 2                 | 0  |
| 50 – 70               | 0                 | 3  | 0                 | 3  |
| 0 – 50                | 1                 | 4  | 0                 | 2  |
| 0                     | 0                 | 2  | 0                 | 4  |

**Table 11: Network reliability**

| Monthly average % | Network unavailability |      |
|-------------------|------------------------|------|
|                   | Number of markets      |      |
|                   | 2014                   | 2013 |
| 0 – 0.5           | 8                      | 8    |
| 0.5 – 1.0         | 2                      | 3    |
| 1.0+              | 2                      | 1    |

Note:  
<sup>1</sup> In 2013, table did not include Ukraine.

**Table 12: Network quality**

| Monthly average % | Unsuccessful call set-up rate |      |
|-------------------|-------------------------------|------|
|                   | Number of markets             |      |
|                   | 2014                          | 2013 |
| 0 – 1.0           | 6                             | 6    |
| 1.0 – 2.0         | 5                             | 5    |
| 2.0+              | 1                             | 1    |

# Responsible behavior

We set out our assessment of materiality on page 15. This identified areas where we need to behave responsibly as a business. These include:

## Network coverage and reliability:

Are we providing a good quality, reliable service to a broad range of the population?

## Customer satisfaction and responsible marketing:

Are we meeting the expectations of our customers?

## Online safety:

Are we helping protect our customers from fraud, and vulnerable users from accessing inappropriate content online?

## The accessibility of our services:

Are they affordable for poorer customers, and usable by the elderly and those who struggle to access communications due to disability?

## Privacy, freedom of expression and government access to data:

Are we keeping our customer's details safe, and safeguarding legitimate personal expression through our services?

## Anti-bribery and anti-corruption:

Are we behaving ethically in our business dealings?

## Ethical procurement:

Are we raising human rights and environmental standards in our supply chain?

## Radio frequency emissions and health concerns:

Are we informing the relevant people?

## Health and Safety:

Are we providing a safe and healthy working environment for our employees and others who visit?

## Talent:

Are we attracting, retaining and developing talented people?

## Corporate governance:

Are we managing our business in accordance with good standards of governance?

For further information on our Corporate Governance arrangements, visit [vimpelcom.com/Profile/Corporate-governance](http://vimpelcom.com/Profile/Corporate-governance)

The following sections describe how we approach these issues and illustrate this with case studies from our markets, alongside performance data, where relevant and available.

There are issues which did not rate as highly in our materiality review but are nevertheless covered by the Principles of the UNGC to which we are a signatory. These include our environmental approach and performance (covered in 'Resource efficiency') and our approach to freedom of association and collective bargaining, forced and compulsory labor, child labor and discrimination.

These issues are relevant to our supply chain (see page 36), and our own operations and employees (see page 38). We consider the risk of performing badly against these labor-focused UNGC Principles to be lower in our own organization than in our supply chain.

## Network coverage and reliability

The coverage and reliability of our network are central to our business success and subject to regulation through the terms of our operating licenses.

Developing and maintaining our network is the largest area of capital expenditure and accounts for a large proportion of our sourcing activities. In 2014, we invested significantly in our network infrastructure. As a result it receives a significant degree of management attention and detailed planning. It is also of major importance to our customers and other parties, many of whom rely heavily on telecommunication services. Without a reliable network, covering a large spread of the population, we would have no business.

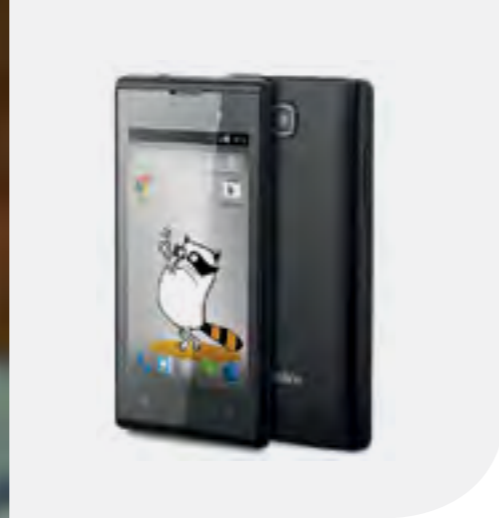
We review performance through the Operational Performance Boards held with each BU, which involves, among others, executive-level officers from the HQ and BUs. Improvement and management of network performance is supported by a Network Forum which controls the activities of various technical working groups.

Network performance can be summarized through the KPIs set out in tables 10, 11 and 12 above.

Our deployment of higher-speed services continues to spread in our markets with the advance of 3G technology. Our ability to introduce 3G and 4G/LTE is restricted by license agreements, rather than an unwillingness to invest in infrastructure for our customers.

We have launched 4G/LTE services in Italy and Russia, and have received a 4G license in Georgia. In addition to the award of a 3G license in Pakistan in 2014, we were also awarded a 3G license in Ukraine shortly after the year end.

Maintaining network availability and quality of service can be difficult in markets where power supply is highly unreliable. Emerging markets can often experience difficulties with local infrastructure, and particularly regular and prolonged power cuts that can affect service even where back-up power sources are available. Unavailability of the national power grid leads to higher consumption of diesel in generators. The Resource efficiency section shows how our focus on this issue has reduced diesel consumption through the roll out of hybrid-diesel technology.



## Customer satisfaction and responsible marketing

Customer experience is a major competitive differentiator in the mobile industry, and therefore a key element of our strategy.

It can be influenced by many factors, particularly value for money and the quality of the products and services offered. We cover our general approach to serving our customers in our Annual Report and Accounts. Some issues are particularly relevant to the CR agenda, and are covered elsewhere in this section, such as network reliability, privacy, accessibility, and online safety.

We run a Customer Excellence Program across all our markets, and 2014 was its first full year. Customer focus became our main customer value. Our main KPI for customer satisfaction is the Net Promoter Score – the degree to which customers would recommend our services to others. In 2014, we continued extensive communication and education about this, and in April, ran a quiz across the business to help raise awareness of its importance. Employees told thousands of stories of how they had satisfied customers, and the winner was a story from Bangladesh about how a call center agent saved the lives of a family caught in the floods.

We monitor performance through quarterly reporting and Operating Performance Boards, and by discussion at Management Board meetings. In 2014, nearly all our markets improved their NPS score – four of our BUs had the highest NPS in their markets and a further three markets were placed second. This focus has directly improved our churn statistics, which we reduced by 10 million customers over 2014. We develop pricing guidelines centrally as

### Supporting Beeline's 'customer first' strategy

In February 2014, Beeline in Russia announced the launch of a new business strategy, putting the focus squarely on customer needs, with the slogan 'Simple. Convenient. For you.' The aim is to become Russia's favorite operator in 2015 by improving relationships with customers at all touchpoints.

Three of the company's major transparency and responsibility drives in 2014 have been to protect customers from spam, mobile fraud, and from hidden charges by content providers, all identified by Beeline as some of the most serious issues affecting customer satisfaction.

Beeline now ensures access to content providers' services is as transparent and convenient as possible – including a 'no subscriptions without consent' policy. In addition, in March, Beeline launched a mobile security application to protect customers against threats to the popular Android operating system. Beeline downloads regular automatic updates of the security software to customers, free of charge, thus helping to prevent potential financial and identity fraud.

In August, Beeline implemented a powerful anti-spam platform. Each day, spam makes up approximately a quarter of total SMS traffic. Now, due to intelligent algorithms, Beeline estimates that has reduced the number of spam SMS messages very significantly.

recommended practice for BUs. We are also harmonizing our approach to customer contact, to ensure the customer experience is not damaged by unwanted spam. We manage advertising locally to ensure it is appropriate for local standards and culture. During 2014, our businesses reported 13 incidents relating to our marketing activities that resulted in a penalty (2013, 6 incidents), and a further 12 incidents that resulted in a warning from the relevant body (2013, 23 incidents).

There was one incident of non-compliance with a voluntary code reported, the same as in 2013. We reported fines totaling approximately \$0.4 million, across five markets, relating to non-compliance with laws or regulations covering the provision and use of our products or services. The fines related mainly to customer contractual claims.

There were seven instances of non-monetary sanctions relating to anti-competitive behavior (2013, 14 cases) and 13 cases brought through conflict resolution processes (2013, 5 cases). We did not experience any fines relating to anti-competitive behavior.

## Online safety

Due to its very open nature, the internet can bring certain risks, including the exposure of children to inappropriate content, or encounters with 'predatory' users.

It can also be an avenue for fraudsters. Since 2012, Kyivstar in Ukraine and Beeline in Russia, have provided customers with parental control solutions and extensive education programs that help them protect children from internet threats. Beeline also subscribes to the Russian national initiatives Safe Internet League, Mobile Etiquette Charter, and the Russian Operators Charter on Combating Child Pornography.

## Protecting children online

In Russia, one of Beeline's priorities is the protection of children online, and promoting a safer internet experience for them. In autumn 2014, a new project provided a more positive twist to the issue. Beeline ran a special educational program for children, in association with the educational network Dnevnik.ru – used in all schools in Russia. It was in the form of a special app for parents, teachers and children, containing access to over 1,000 educational resources with content checked and approved for children. Beeline also ran a competition where teachers could demonstrate how they had integrated internet resources into the curriculum in their day-to-day lessons. During the project approximately 20,000 pupils, 9,500 teachers and 3,500 parents across Russia took part.

For more information watch our film from Russia on protecting children [vimpelcom.com](http://vimpelcom.com).

## Accessibility

Modern telecommunication services allow billions of people to connect, but some groups in society struggle to access the benefits of this.

The poor can have difficulties accessing communications because of affordability. Mobile operators have been working over many years to make services affordable, and constantly growing penetration rates are indicative of continuing progress (see table 13). This is aided by low-cost tariffs, falling prices in basic handsets and the increasing availability of second-hand phones, including smartphones.

Table 13: The growth in subscriptions from 2000 to 2013 (source ITU)

|            | Mobile subscriptions per 100 inhabitants <sup>1</sup> |        |
|------------|---|--------|
|            | 2000  | 2013   |
| Algeria    | 0.27  | 100.79 |
| Armenia    | 0.57  | 112.42 |
| Bangladesh | 0.21  | 74.43  |
| Georgia    | 4.11  | 115.03 |
| Italy      | 74.13   | 158.82 |
| Kazakhstan | 1.35  | 184.69 |
| Kyrgyzstan | 0.18  | 121.45 |
| Pakistan   | 0.21  | 70.13  |
| Russia     | 2.22  | 152.84 |
| Tajikistan | 0.02  | 91.83  |
| Ukraine    | 1.67  | 138.06 |
| Uzbekistan | 0.21  | 74.31  |

Note:  
<sup>1</sup> Some markets are multi-SIM, i.e. more than one SIM card per customer.

As well as basic connectivity, we are bringing new value-added services to customers, much of which is in emerging or transitional economies, often free-of-charge.

Our BUs are providing low-cost or free access to internet services through a number of channels and options. For example, we continue our partnership with the Wikimedia Foundation to provide free Wikipedia access to VimpelCom customers. Through Wikipedia Zero, mobile customers have free access to the mobile version of Wikipedia with a lightweight, text-only fast version of the site. Locally relevant articles are available in both local language and English through the VimpelCom network. At the end of 2014, VimpelCom was the world's largest supporter of Wikipedia Zero with the service available to 165 million users across Bangladesh, Pakistan, Russia, Kazakhstan, Kyrgyzstan and Ukraine.

Our VimpelCom brands continued to offer 0.facebook.com, where customers have the unique opportunity to stay online with their friends using Facebook from their mobile phones free of charge. In Pakistan, through our partnership with Opera Software ASA, and OLX, we are offering customers a basic package of free internet access – the only price being an initial exposure to advertisements before browsing can start.

From our research, our customers tell us the most significant barrier to accessing the benefits of mobile data services is the price of smartphones. There is a thriving market in second-hand phones, but customers generally prefer to obtain new devices where possible. We also understand that it is device penetration that drives uptake of data services and so our commercial interests are very much aligned

with helping to address this element of the digital divide. With 25% global penetration of smartphones, there is still plenty of growth available (nearer 10% in CIS and Bangladesh) and, in 2014, we launched our low-cost smartphone and tablet, aimed at lowering the cost barrier.

With a price of around \$40, the smartphone, illustrated on page 32, was received positively by reviewers and consumers, and soon sold out. The device was frequently bundled with between two and five months free internet browsing to help introduce inexperienced users to the internet without the risk of incurring large costs in error. Research indicated that for approximately 50% of those who purchased the device, this was their first experience of the internet. Plans for 2015 include a slightly more expensive 3G phone to expand the user experience, as well as a 4G-ready low-cost smartphone.

Improving access to the internet for poorer people is also supported by local initiatives such as introducing local language to Google Translate ([see page 41](#)), and helping to develop basic literacy ([see page 20](#)).

As well as the poor, people with eyesight or hearing problems, or dexterity issues can have difficulties accessing services. Often these issues are associated with the elderly, arguably one of the groups in society most reliant on communications to stay in touch with family and services. These issues are very dependent on local socio-economic conditions and demographics and are managed locally. This is a particular focus for Beeline in Russia.

## Special services for people with disabilities

As part of its strategy of focusing on customer relationships, Beeline Russia has been working throughout 2014 on special services for vulnerable groups of customers. Seven offices in Moscow now provide services in sign language for our hearing-impaired customers. And in St. Petersburg, Beeline has opened its first 'Speaking City', a unique guidance system, making an accessible retail environment for visually impaired customers and those of limited mobility. The company will introduce this to five other offices in the city, before rolling out to other regions in 2015. It is also working with relevant charities on developing a special phone for people with failing eyesight.

## Privacy and freedom of expression

Many of the benefits of mobile services are possible only because operators collect and hold data on their customers, such as information on billing, location and browsing preferences.

While benefiting society, ICT also provides the potential data to be misused for political and financial gain. Continuing public concern over personal privacy relates mainly to fears:

- that government has unregulated access to personal data, which may curtail public protest or free speech;
- that irresponsible use of personal data by corporations could lead to financial or reputational loss for the individual.

As the digital environment and data are not confined to national boundaries, the situation is complicated – digital players are often multi-country organizations but legal frameworks are national. Obtaining data from across international borders is controversial, complex and unresolved.

### Government access

Mobile operators rely entirely on governments for access to radio spectrum and operating licenses. Operating licenses, all over the world, contain clauses allowing government to access customer data where this is necessary for issues such as crime prevention and national security. In different countries, this can operate:

- by presentation of a court order to the operator, requiring the operator to provide specific data items;
- by presentation of a court order to the operator, after which the government can access the relevant database directly, facilitated by the operator;
- by direct access to the relevant data, following a court procedure, which does not require the involvement of the operator.

We have BUs which operate under each of these types of regime. Several of the license agreements we operate under also forbid any form of disclosure on the nature or extent of access to data, which drastically limits what we can report.

In November 2014, we received a letter from the NGO, Privacy International, which made various assertions about the ability of government agencies in certain Central Asian

countries (Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan) to access customer data, with little or no involvement of the mobile operators in those markets. We responded in detail, and you can see our response in the annex of the subsequent report '[Private Interests: Monitoring Central Asia](#)' available at [privacyinternational.org](http://privacyinternational.org).

### Freedom of expression

Freedom of expression is a basic human right and has once again been in the spotlight following the tragic events in Paris in January 2015. For a mobile operator, freedom of expression concerns can range from very specific issues affecting a small number of users, such as the blocking of a particular website, to the enforced closure of the mobile network in one or more cities, which affects millions of customers. This is a complex issue as freedom to express a view for one group can be deeply offensive to another. A closed network can be restrictive for those wanting to organize legitimate political protests, but could be vital for security agencies combating terrorism. On some issues, such as child pornography, there is generally universal agreement on the need to censor and report such sites. On religious views, there may be a fine line between doctrinal debate and blasphemy.

Our commercial instincts are to enable the maximum amount of network traffic, and therefore, it runs counter to our objectives, and the trust customers place in us, to block popular sites such as YouTube (as happens in Pakistan), or close large parts of the network. As for taking action, the issues are similar to those relating to government surveillance and access to data – if the government wishes sites to be blocked or networks to be closed, we must obey the law.

Throughout 2014, we have been discussing internally and externally the options available to us to mitigate people's concerns on these topics. This has included:

- Joining a meeting of the Telecommunication Industry Dialogue on Freedom of Expression and Privacy ('the Dialogue', [telecomindustrydialogue.org](http://telecomindustrydialogue.org)) as an observer, and attending a learning day hosted jointly by the Dialogue and the [Global Network Initiative](#).
- Sponsoring, and participating in, the conference 'Privacy, security and surveillance: tackling international dilemmas and dangers in the digital realm' convened by [wiltonpark.org.uk](http://wiltonpark.org.uk)
- Consulting with colleagues across our BUs.

We are continuing to monitor what is a highly complex and sensitive issue.

### Privacy, data protection and commercial use of data

The use of data analysis by companies for commercial purposes continues to be debated. As an operator, we must assure that commercial benefits of analyzing and using the data we hold (within legal limits), are not at the cost of the trust our customers place in us.

Our businesses operate in markets with very variable regulatory regimes for data security and privacy, and as a result we manage this issue locally. During 2013 and 2014, we compared these local approaches with the different regulatory frameworks in force around the world and developed a Group standard to bring all operations, including those operating in countries where no regulatory framework exist, to an appropriate level of customer data protection. Subsequently, each of our BUs developed a plan to address any gaps highlighted by this extensive exercise. We have also developed a Customer Data Governance Policy, approved in February 2015. This sets out the standard referred to above and through this aims to maintain the trust of our customers as we manage their personal data. The Policy establishes four key Privacy Principles: Transparency; Processing Purpose and Data Minimization; Customer Rights; and Protection of Information.

We recognize the importance of this issue to our customers and are always seeking to improve. In line with this, we require our businesses to report on incidents relating to managing customer data. This is summarized in table 14.

**Table 14: Privacy performance**

|   | 2014 | 2013 |
|---|------|------|
| Number of complaints received from third parties relating to our management of customer privacy     | 6    | 50   |
| Number of complaints received from regulatory bodies relating to our management of customer privacy | 2    | 16   |
| Instances of customer data loss <sup>1</sup>  | 16   | 34   |

Note:

<sup>1</sup> Typically minor, affecting only individual customers.

## Anti-bribery and anti-corruption

In 2014, we continued to strengthen our system of governance, policies and procedures focused on anti-bribery and anti-corruption, with a particular emphasis on extensive training across all of the Company's businesses.

We recognize that a strong and comprehensive approach to compliance is needed to protect our business, and our stakeholders. We have put in place a risk management, compliance, and governance structure that includes a focus on anti-bribery and anti-corruption risks and issues. We have continued to make progress in establishing a more coordinated and strengthened framework, adding resources, training and awareness initiatives to the program. This will remain a key focus as we regard it as a critical part of our future development and a particular focus of our senior management team.

Our comprehensive Group Compliance Charter sets out the organization, operation and governance of compliance management for the Group, including the role and responsibilities of our global Risk Assurance Committee, the Group Compliance Program and Group Compliance Function.

In August 2013, the company appointed a new senior Group Chief Compliance Officer with the responsibility to update and enhance the Compliance program and to continue to develop a strong ethical culture globally. The Group Compliance Officer reports to the Audit Committee of the Supervisory Board of Directors to which he has direct access, as well as directly to the Group Chief Executive Officer. Our Group Compliance Officer is a member of VimpelCom's Management Board. In recent years, we have enhanced our compliance team at our headquarters in Amsterdam and throughout the group. We have compliance officers and coordinators at all of our business units and covering all our operations.

Our compliance roadmap covers: risk analysis; policies and procedures related to key risk areas; organization and commitment; training and awareness; screening; record-keeping and controls; reporting; internal audit and monitoring; remedial and corrective actions; and program leadership.

In December 2012, we launched an updated Code of Conduct for the group that provides group-wide standards designed primarily to deter wrongdoing and promote honest and ethical conduct, compliance with applicable governmental laws, rules and regulations, prompt internal reporting of violations and accountability for adherence to the Code. The Code of Conduct reinforces the company's requirements for compliance with all applicable laws, including the US Foreign Corrupt Practices Act (FCPA) and other anti-corruption laws and regulations, as well as adherence to all company accounting policies and controls. This Code states that, in addition to applying to its employees, officers and directors, VimpelCom expects 'anyone doing business on the company's behalf' – a category that includes agents and other third parties – to also comply with anti-bribery and anti-corruption laws.

In early 2013, we adopted a new Group Anti-Bribery and Corruption Policy, which is supported by a range of policies and procedures, in place or under development, which address issues such as third-party due diligence, conflicts of interest, gifts and hospitality, and incident management and investigation.

In June 2013, we introduced our new Group Incident Management Policy relating to whistleblower processes that allows employees to contact a third-party service provider to raise concerns, anonymously if desired. All cases reported are duly assessed and, if appropriate, investigated by internal or external teams. We continue to take measures to ensure these policies are adhered to and the procedures are followed in each of the countries in which we operate.

During 2014, we placed a great deal of emphasis on compliance training programs both at our headquarters and throughout the Business Units. For instance, during 2014, more than 7,300 employees worldwide have attended face to face Code of Conduct training sessions, or completed e-learning modules. Furthermore, in 2014, the company conducted an anti-corruption train-the-trainer session in Amsterdam where all compliance officers throughout the Group received additional training on FCPA and other applicable anti-bribery regulations, including advice on best practices for training other employees on these issues. Since that time, more than 800 employees (almost all of them managers) have received additional training on the FCPA and other applicable anti-bribery regulations as well as updated company policies. The Supervisory Board also received tailored compliance training.



## WIND Transparency Forum

Transparency has always been one of the key values at WIND, inspiring its commercial proposition and customer relations. The company is hoping to inspire Italians in the quest for transparency in both public and private sectors, with the October 2014 launch of [windtransparencyforum.com](http://windtransparencyforum.com) – an online magazine publishing weekly articles, to be amplified through social media, about ideas and initiatives which make the country more transparent.

There's also a competition in three categories – services, digital initiatives, and institutions – to reward ideas which we hope will change the face of Italy for the better.



For more information on the WIND Transparency Forum, visit [windtransparencyforum.com](http://windtransparencyforum.com)

As previously disclosed, the United States Securities and Exchange Commission ("SEC"), the United States Department of Justice ("DOJ") and the Dutch Public Prosecution Service (Openbaar Ministerie) ("OM") are conducting investigations related to the Company, which have been focused primarily on the Company's prior dealings with Takilant Ltd. ("Takilant"). The Company has cooperated fully with these investigations. For more information, please refer to the Company's Form 20-F.

## WIND Italy has used its integrated management system approach – including SA8000, OHSAS 18001 and ISO 14001 standards – to help improve and maintain standards across its suppliers.

### Supply chain

In the telecommunications supply chain, we sit between our customers – the general public, businesses and governments – and the vast, complex network of suppliers that design, produce, distribute, build and maintain the network equipment, the devices we sell, and the services that support our operations.

It is in our interests for our supply chain partners to maintain excellent quality and value for money, but also for them to operate responsibly. Strikes, protests, negative publicity or poorly managed environmental costs or impact, will affect our profitability and reputation, and so responsible sourcing is a necessary commercial, as well as moral, activity.

#### More consistent approach

Although some of our BUs and OpCos already focus on this, we have been developing a more comprehensive, consistent and effective approach that can operate across both our HQ and markets procurement activity. This is based on extensive consultation with many parties, already carried out by the ICT sector. We continue to work on developing our Supplier Code of Conduct.

We are testing this new approach with 27 global strategic suppliers who represent approximately 48% of our total spending on technology of \$4.8 billion in 2014, and tend to have the most complex supply chains. We are therefore already addressing a substantial proportion of our ethical procurement risk.

The new approach is based on the E-TASC tool which was developed by GeSI and the EICC. The tool follows existing best practice and codes, and reflects consultation with GeSI/EICC members and a broad group of stakeholders. E-TASC, which is managed on behalf of GeSI by EcoVadis ([gesi.ecovadis.fr](http://gesi.ecovadis.fr)), is a web-based CSR performance monitoring platform. Suppliers need to complete an assessment only once to respond to all their participating customers. It is based on a comprehensive set of ethics, labor rights, health and safety, and environmental criteria. Launched at the end of 2007, approximately 1,800 suppliers are currently evaluated through E-TASC, and approximately 20,000 suppliers are registered with EcoVadis overall.

At the end of 2014, almost all our global strategic suppliers had signed up to E-TASC and made their assessment results available to us (see table below).

**Table 15: Supplier assessments completed**

| Supplier status                     | # of global strategic suppliers | % of global strategic suppliers |
|-------------------------------------|---------------------------------|---------------------------------|
| Assessments completed (analyzed)    | 21                              | 78%                             |
| Assessments completed (in analysis) | 2                               | 7%                              |
| Assessments in progress             | 3                               | 11%                             |
| Assessments not yet started         | 1                               | 4%                              |

Global strategic suppliers are defined as those having both high supply risk and high profit impact (key to successful business delivery).



The assessment measures performance in four categories: Environmental performance; Labor practice performance; Fair business practice performance; and Supply chain management performance. The results of the assessments completed and analyzed (21) were as follows:

**Table 16: Results of supplier assessments**

| Supplier assessment results                      | # of global strategic suppliers | % of global strategic suppliers |
|--|---------------------------------|---------------------------------|
| Exceeded overall risk threshold (positive)       | 20                              | 95%                             |
| Fell below environment risk threshold            | 1                               | 5%                              |
| Fell below labor risk threshold                  | 1                               | 5%                              |
| Fell below fair business practice risk threshold | 9                               | 43%                             |
| Fell below supplier management risk threshold    | 5                               | 24%                             |

We are in discussions with any suppliers falling below the designated risk threshold score on any component, or on overall score.

#### Future plans

We will evaluate the effectiveness of this exercise at the end of the first quarter of 2015, and may subsequently introduce this solution for our BUs to evaluate their higher-risk suppliers. To prepare for this, and to evaluate our risk assessment approach, we carried out pilot exercises in Pakistan (2013), and Kazakhstan (2014). The risk assessment aims to identify our most significant local suppliers (by spend) where there may also be risks associated with the type of product or service they supply, particular manufacturing processes, or possible heightened health and safety risk.

#### Conflict minerals

Through our membership of GeSI we support a number of programs relating to where the production of the metals used in ICT components may fuel conflict or have associated social, environmental and humanitarian issues.

It is currently very difficult to be certain that products do not contain these so called 'conflict minerals', but programs to alleviate the problems, supported by GeSI, include:

- tracing minerals from the mine to the smelter by supporting a 'bag and tag' in-region sourcing program;
- identifying and validating conflict-free smelters for suppliers to source metals from;
- supporting relevant efforts such as the Public-Private Alliance for Responsible Minerals Trade, a joint initiative between governments and companies to support solutions to such problems in the Democratic Republic of Congo and the Great Lakes region of Central Africa.

### Radio Frequency (RF) emissions

Mobile phones use RF signals to connect to the telephone network through the nearest base station.

Guidelines for exposure to RF fields are set by the International Commission for Non-Ionizing Radiation Protection (ICNIRP). All the mobile phones we sell and all the base stations in our networks are designed to operate well within the limits set.

In recent years, many independent scientific reviews (e.g. by the World Health Organization – the WHO) have been carried out which have found no adverse health effects caused by mobile phones or radio base stations operating within international safety guidelines. For more information related to the International EMF Project and research conducted on EMF in general, see [who.int/topics/electromagnetic\\_fields/en/](http://who.int/topics/electromagnetic_fields/en/).

Despite the position of the WHO, some people remain concerned about safety. There is no clear pattern of concern across our markets, with some businesses reporting declining concern, and some increasing (e.g. Kazakhstan). Levels of concern tend to follow the introduction of new or updated radio base stations, and some of our businesses carry out communications programs to help raise awareness of the scientific position, and reduce tension.

During the year, our teams in Georgia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan worked with the GSMA to help clarify the regulatory standards relating to RF exposure in those countries. The GSMA's conclusion is that limit values in these markets are actually more restrictive than international limits.

### Health and Safety

Mobile operators must manage a broad range of H&S risks, though a large proportion of employees work in offices and face a relatively low level of risk.

The main risks tend to relate to:

- road-traffic accidents – employees or contractors distributing products or equipment. This is particularly risky in emerging markets where road and traffic conditions are not well regulated;
- working at height and electrical risks – building and maintaining the network involves working with electricity, and on base station masts. Workers must also be careful to limit their exposure to radio emissions when working close to antennae.

In addition, a number of our markets, including Ukraine, Pakistan and Bangladesh, have had to maintain operations during times of civil unrest and armed conflict. Here, we must carefully manage the personal security of individuals trying to maintain network coverage and services, including, for example, replenishing diesel in remote generators.

Within VimpelCom, H&S is governed by many local labor protection laws and regulations, and managed locally. Most of our larger markets have an H&S policy, or sets of procedures covering specific activities. In nearly every instance, these policies cover both our own employees and any contractors, including network contractors, who are on VimpelCom premises. Several of our BUs have formal H&S management systems, and WIND Italy has achieved certification to OHSAS 18001 as part of its integrated management system approach. Nearly all BUs carry out H&S training for relevant personnel, either regularly, or on induction.

In 2013, we conducted an initial high-level review of practices across the business and during 2014 we developed a Group Health and Safety Policy which was approved in April 2015. It is clear from the data reported in 2013 and 2014 that our businesses are categorizing injuries and incidents differently, and we are providing further definition and guidance on reporting of injuries. We are reporting 159 work-related serious injuries\* to employees for 2014 (2013, 116) but it is likely that this represents an under-reporting of the actual position. Currently, few of our BUs receive reports from network contractors on fatalities incurred while working on VimpelCom sites, but this position should change with the introduction of the Supplier Code of Conduct in 2015.

Sadly, we have to report two work-related fatalities relating to our employees. One employee, who had worked for VimpelCom in Armenia for 16 years, fell while working at height. A second employee, a senior engineer working in Kazakhstan, was involved in a vehicle accident. In addition, in Ukraine, a contractor died in an accident which left another contractor seriously injured.

As part of a more urgent focus on this topic, our Internal Audit function will be focusing part of their 2015 audit program on H&S, looking in particular at incident and injury reporting, and compliance with the Group Policy.

\* Injuries from incidents at work, or whilst traveling on business, which result in at least one day away from work (typically requiring medical attention).



## Employee Issues

VimpelCom is a signatory to the UNGC Principles and several of these are relevant to how we manage employee matters. Of the employees in the businesses reporting, including Group HQ (page 3), 55% were male. Of this number, 1,839 were part-time employees (78% female). There were 16,501 new hires (48% male) – a new hire ratio of 30%.

The age and gender of the members of our Supervisory and Management Boards can be found in our **Form 20-F**.

### Freedom of association and collective bargaining

We operate in markets with differing regulatory and cultural approaches to freedom of association and collective bargaining.

In many of our markets unionization is not the norm, whereas in others, for example Italy, there is a regulatory framework in place where all our employees are covered by a collective bargaining process.

As in 2013, 17% of employees (in reported markets) are covered by collective bargaining agreements. This percentage is an indication of the high variability in local cultural and regulatory norms as there are no Group-wide restrictions or limitations on the ability for employees to associate (or unionize), or request collective bargaining processes.

In all our markets, the lowest wage is at least equal to the statutory minimum wage (two markets do not have this legislation).

In four businesses, the lowest wage paid is at least double the statutory minimum (and at least triple the minimum in three markets – all in the CIS region).

No markets reported any discrepancy between the entry-level salaries for male and female employees.

### Forced, compulsory and child labor

We strictly prohibit any forced, compulsory or child labor, as stated in the Group Code of Conduct. We will not employ or contract below the age of 15 or a higher minimum age if stipulated by local employment law or mandatory schooling law.

We are not aware of any breaches of this.

### Discrimination

We strictly prohibit discrimination of any kind and our Group Code of Conduct covers discrimination by race, religion, sex, age, national origin, sexual orientation, marital status or disability.

Our Human Resources Standards document reinforces this, setting out minimum requirements for HR functions across the Group, and stresses the need to maintain a meritocracy, uninfluenced by other factors.

### Employee development

At VimpelCom we are committed to investing in our people to ensure they have the skills and resources needed to develop successful careers and deliver exceptional services to our customers.

With more than 56,000 employees across 15 countries, and with 37 different nationalities represented in our HQ alone, it is no surprise that we operate a huge variety of employee development programs. Below, we highlight some of the major projects run during 2014.

#### Knowledge management

We operate a state-of-the art Knowledge Management Platform designed to improve efficiency and productivity while also supporting the digital transformation of the business.

The new digital environment improves the way we connect, communicate and collaborate, helping us to foster innovation and make use of knowledge from experts and best practices across the Group.

#### Leadership development program

The Inspire Leadership Program is based at HQ and supports our top 150 leaders in transforming our business. The program is designed to future-proof a high-performance culture through enhanced leadership capabilities that we apply consistently across the Group, while still making the most of local culture. A three-day program includes content on a huge range of business issues.

#### McKinsey Academy

This online program, initiated in 2014 for 16 'high-potential' employees, is taught by McKinsey practitioners and includes insights from internal and external business leaders. Employees from Algeria, Bangladesh, CIS, Italy, VimpelCom HQ, Pakistan, Russia and Ukraine are enrolled in the program. The program includes practical learning based on real-life challenges, and is designed to offer engaging and memorable content that helps employees become more self-directed. A key focus of the program is learning how to measure, monitor and track business results.

#### Talent management

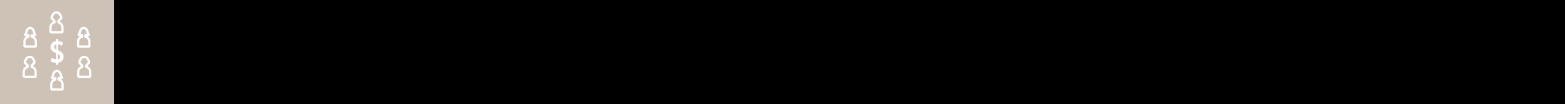
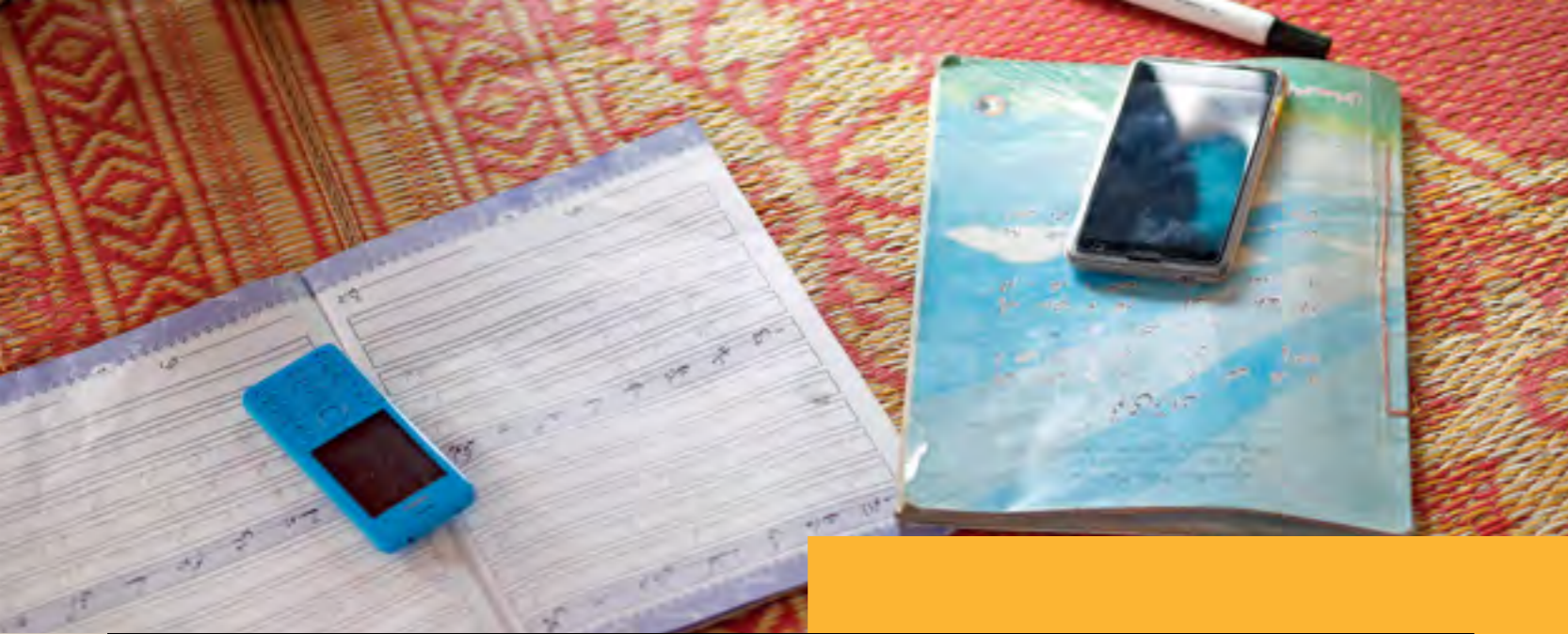
A team of 23 young professionals from across the WIND business has been working on digital evolution projects. Each group meets the CEO once a month to discuss progress. While at Mobilink, a 'Talent Review and Succession Pipeline' program is fostering the next generation of leaders, by offering challenging assignments that will help nurture their talent.

#### Employer branding

WIND is one of the main sponsors of the School of Future Leaders, a professional orientation program developed with top Italian universities, where high-achieving students are asked to solve complex business cases as part of a team.

Mobilink's Rising Star 2014 program for universities across Pakistan is designed to promote innovation and leadership qualities, and prepare young people in Pakistan for the corporate world of tomorrow.

In Bangladesh, Banglalink's Advanced Internship Program gives a student the opportunity to complement their academic studies with hands-on learning in a professional setting.



# Social investment

We are proud of our record of supporting the communities we serve, through charitable donations, providing in-kind services, employee volunteering, social sponsorships and by helping and encouraging our customers to donate to good causes.

During 2014, our various businesses provided cash donations of approximately US\$3 million, plus donations of services and equipment valued at approximately US\$0.3 million.

Our staff often give freely of their own time to help disadvantaged people in their communities, and our businesses also allow employees to volunteer during working hours.

In 2014, this amounted to nearly 9,200 hours of time (over 1,150 days) during working hours.

Here, we briefly outline some of our social investments. You can find more details on all of these projects, and many more from around the world, by visiting our 'project wall', at [vimpelcom.com](http://vimpelcom.com).

## Child Helpline International

On 20 November, VimpelCom, along with several other operators, agreed to support the GSMA's partnership with Child Helpline International. Our pledge was to support and promote child helplines in all our markets, providing free calls for users, within 12 months. We are making good progress on this.

## Supporting education

We support a wide range of projects in the area of education, both for children and adults. In Armenia, Beeline invested in 'Beeline centers' which support the development of inclusive education. Banglalink distributed more than 4,000 recycled school bags among primary school children across Bangladesh in 2014.

In Ukraine, Kyivstar donated funding to support the Ukraina multimedia project which aims to teach Ukrainians about their own history, culture and country. Beeline in Kyrgyzstan has funded a range of important educational projects. This has included providing high-speed internet to 213 libraries across the country and developing a mobile application for the study of the Kyrgyz language. Further projects included an online platform for learning the basics of programming in the Kyrgyz language.

In Italy, the 'WIND adopts a school' initiative provided 35 students from schools in Milan and Rome with the personalized support of 10 mentors. WIND also funded the Una Vita da Social campaign, which promotes awareness of the safe use of the internet.



## Supporting orphans, sick children and people with disabilities

Banglalink ran a project to distribute food to various orphanages around the country and donated winter clothes to underprivileged people. In Ukraine, Kyivstar employees took part in a charity run to raise funds to buy medical equipment for the Ukrainian Children Cardiac Center.

In Russia, Beeline continued to support the World of Deaf People Festival in Sokolniki Park, Moscow, which attracted more than 15,000 hearing-impaired people. In Kazakhstan we support charities working in child welfare, providing treatment, and operations, as well as modern equipment for maternity homes.

## Supporting young people starting a career

Staff at Beeline in Armenia helped to raise money for the Children of Armenia Fund which helps young people in rural areas have a more stable future. In 2014, more than 50 people from four regions were given support by the fund towards developing a business.

For eight years, Beeline in Russia has been running a program for students who want to start a career in a global corporation, and participate in the development of the telecom industry. In 2014, 35 students started with the company as interns.

## Medical projects and health promotion

Our customers need access to medical care and support in leading healthy lifestyles. We use our technology to promote health programs, and contribute financially to a range of projects. This support comes both through direct donations from the company and through the volunteering and fundraising of our employees.

In Algeria, Djezzy contributed funding towards building a reception center for patients with cancer. The center provides accommodation for patients on low incomes who need to travel to the city of Blida to receive treatment.

They also funded a medical mission to the South of Algeria. Fifteen doctors from France and Algiers treated 1,500 patients during the project. Djezzy also launched a breast cancer screening program for its female employees during 2014, and provided financial support for a blood donation campaign.

In Italy, employees at WIND raised funds for a Doctors Without Borders project working in South Sudan, by collecting old or unwanted mobile phones. Staff at WIND also took part in a fundraising run in support of breast cancer treatments, and the company bought an ambulance for the Health Centre of Abitanga in Benin. In Pakistan, more than 200 volunteers from Mobilink took part in an anti-tobacco health campaign, and the company sent 15 million SMS messages to customers encouraging them to quit smoking. Mobilink also provided support with the printing and publication of breast cancer awareness literature and equipment to support a blood donation campaign. Kyivstar funded vital medical equipment for four Ukrainian hospitals, including a defibrillator with electrocardiogram and four artificial lung ventilation machines.

## Supporting local communities

Many of the communities we serve suffer from significant poverty and we are proud of our efforts to help some of the most disadvantaged people in these societies. In Tajikistan, for example, Beeline has been running a humanitarian project for the past eight years, using power from network diesel generators to create electricity to keep local people warm during winter, including supplying electricity to schools and hospitals under the scheme.

In 2014, Beeline has also provided charge-free conversations with friends and family for people living in the hard-to-reach districts and mountain villages of Tajikistan.

## Emergency situations and disaster relief

When disasters and emergencies occur, good communications become a matter of life and death. As well as providing a strong communications infrastructure for relief and medical teams and people on the ground, the Company and our people also raise money and volunteer their time helping out those most in need.

In Russia, Beeline has been a telecom partner of the LizaAlert search and rescue team since 2011. This provides volunteers with technology to help the search for lost children. Since 2012, the Beeline and LizaAlert hotline has received more than 8,000 calls, processed 1,260 applications from 52 regions, and dealt with more than 500 certificates for lost people, and 800 applications from volunteers, the media and the police.

Through this work, dozens of lost children were found.

In Pakistan, Mobilink provided food assistance to help people affected by famine, floods and internal displacements. Around 70 volunteers were also involved in helping with flood and famine relief efforts around the country.

## Cultural programs

In Ukraine, Kyivstar donated finance for a project promoting the creation of traditional embroidered shirts (Vishivankas) used as part of the Independence Day celebrations. Beeline supported a project in Kazakhstan in 2014 to introduce the Kazakh language into the Google Translate service. Support included providing free access to a service page for all Beeline customers, carrying out training in universities and providing funds to pay language experts, initiatives and organizations. They also raised money through the project 'All Inclusive Solidale - Closer to Italy', to provide support for disadvantaged families and charity stores.

## General fund-raising

In Algeria, Djezzy provided funds for a wide range of charities supporting people with disabilities, the poor, the elderly, orphans and homeless children.

In Italy, WIND offered SMS and fixed-line calls free to 125 not-for-profit initiatives and organizations. They also raised money through the project 'All Inclusive Solidale - Closer to Italy', to provide support for disadvantaged families and charity stores.



# Reporting principles and assurance

This section aims to provide an overview of our approach to preparing this report.

## Reporting standards and guidance

We have been steered, throughout the preparation of this Report, by the Global Reporting Initiative (GRI) guidelines and the principles set out in the AA1000 series of standards. (These include: AA1000 APS, AA1000 AS and AA1000 SES).

We have prepared this report to be in accordance with the core requirements of the GRI version 4 guidelines (G4). We have provided a [GRI Table](#) online, while pages 10 to 15 set out how we have approached the key Principles of Inclusivity, Materiality and Responsiveness set out in the AA1000APS standard.

VimpelCom has previously signed up to the 10 Principles of the United Nations Global Compact.

This Report includes our Communication on Progress (COP). [Table 1](#) online provides a cross-reference between the COP and various sections of the report.

A number of our BUs and OpCos prepare their own CR reports, some of which also follow the GRI guidelines ([see page 16](#)).

## Scope of reporting, and completeness

As indicated on page 1, we have focused our reporting on our largest markets. We have not included our operations in Laos and Zimbabwe in the scope of our data collection process for this year. We are reporting information by brand or country, rather than legal entity. A list of the subsidiaries that comprise VimpelCom is provided in our [Form 20-F](#).

## Material aspects

On pages 14 and 15 we set out the approach we have taken to identifying our material aspects, based on industry research and engagement, the local and global sustainability context and our own direct engagement with experts and stakeholders.

## Expert input

Each year we consult with a wide range of experts for the preparation of the CR Report – in particular to identify our priority (material) issues. This year we managed this process through our engagement in the Global e-Sustainability Initiative (GeSI) materiality and human rights studies.

These studies identify which sustainability issues are most likely to be material for companies in the ICT industry. GeSI defines material issues as those that substantively influence the assessments and decisions of stakeholders, and that have significant influence over the commercial success of ICT companies.

## Definitions

We have defined the KPIs we have adopted with reference to the information provided in the GRI v4 guidance material. Where we have developed KPIs specific to our sector, these have been based on accepted industry practice – for example the level of network traffic and numbers of base stations.

## Boundaries

For this report we have focused on our own operations. However, this focus includes several impacts that arise through the use of our products and services (e.g. privacy and online safety, health concerns, applications in health, education, agriculture etc.) as well as on our developing approach to ethical procurement. We are focused on improving the measurement of our Scope 1 and 2 carbon emissions and so have not started to attempt to quantify our Scope 3 emissions.

In several businesses we have outsourcing agreements relating to the building, management and maintenance of our network assets. Where this is the case we have attempted to capture the key impacts such as energy consumption, and relevant health and safety performance of contractors (when on VimpelCom premises). We do not intend to report on the broader impacts of outsourcing partners as these issues should be included in their CR reporting. Similarly we do not report on the impacts of our suppliers.

We have described the reporting boundaries for each material issue addressed in the GRI reference table.

## Data quality and assurance

Before 2013, we had no formal CR data reporting process in place. During 2013 and 2014, we implemented a reporting system to gather performance information from across our markets.

The system, developed by Oracle, mirrors the Hyperion Financial Management system currently used for financial reporting. During 2014, the CR reporting system has become more deeply integrated into the broader financial reporting system and controls.

During 2014, we rationalized our CR KPIs to ensure they aligned more with GRI G4, and with our existing financial reporting. We have designed our KPIs to focus on our most material issues and, wherever appropriate, represent data already used for management purposes.

We continue to develop and improve our reporting processes across the Group. There is still scope for further improvement – but this report is more comprehensive than has been possible in the past, thanks in large part to our greater experience with CR issues and reporting.

We have commissioned external independent assurance of the report from DNV GL Business Assurance Services UK Limited ('DNV GL') and we see this as an important step in improving quality and insight. The scope of the assurance includes this PDF document, but not the additional information on our website, although there is clearly a strong correlation and crossover between the two. You can see the scope of their work, their conclusions and observations on pages 44 and 45.

Our Internal Audit department is adding Corporate Responsibility to its list of subject areas for review and, in 2015, will focus initially on the area of health and safety, including the accuracy of data reporting.

## Data assumptions and estimations

The key area where we have made assumptions, and have to make estimations, is in relation to our energy use and carbon footprint. The bulk of our energy consumption comes from our network, which is made up of approximately 155,000 base stations, many of which are not connected to national power grids. This means 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.

## Internal data control measures

We have defined a series of control measures to help improve the quality of our data gathering. This includes:

- controls within the reporting software which 'lock' data once approved at different levels to prevent unauthorized changes;
- division of responsibilities between data owners (responsible for providing initial data), finance (responsible for the reporting and data entry process) and local CR (responsible for checking data quality and content);
- sign-off of locally generated data by the local Chief Executive Officer and Chief Financial Officer;
- review of consolidated data by Group CR and Group-level data owners.

In 2014, we commissioned DNV GL to provide an independent assurance review of our data reporting processes, the report content and certain specific KPIs.

## Acquisitions and disposals

Any businesses acquired by VimpelCom will not be required to submit CR performance data until the end of the financial year following the year of acquisition. The CR performance data for any businesses that are sold will be excluded from the CR Report for that year. Adjustments to prior year figures to reflect this will be made where appropriate.

## Feedback and contact

We are keen to improve the value of our reporting and therefore welcome comments on this document, and our CR information on the website. Please contact [cr@vimpelcom.com](mailto:cr@vimpelcom.com)

## Disclaimer

This Report contains "forward-looking statements", as the phrase is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to our CR Strategy, our partnerships, initiatives, goals and network and service developments, as well as the anticipated benefits from such activities. The forward-looking statements included in this Report are based on management's best assessments of the current situation. The actual outcome may differ materially from these statements. Certain factors that could cause actual results to differ materially from those discussed in any forward-looking statements include the risk factors described in the Company's Form 20-F and other public filings made by the Company with the U.S. Securities and Exchange Commission, which risk factors are incorporated herein by reference. The Company disclaims any obligation to update developments of these risk factors or to announce publicly any revision to any of the forward-looking statements contained in this release, or to make corrections to reflect future events or developments.



## Independent Assurance statement

### Scope and objectives

VimpelCom Ltd (“VimpelCom”), commissioned DNV GL Business Assurance Services UK Limited (“DNV GL”) to undertake independent assurance of the Corporate Responsibility Report (the “Report”) for the year ended 31 December 2014.

Our assurance engagement was planned and carried out in accordance with the DNV GL Protocol for Verification of Sustainability Reporting, VeriSustainTM. We evaluated the report for adherence to the VeriSustainTM Principles (the “Principles”) of stakeholder inclusiveness, materiality, responsiveness, completeness, neutrality and reliability.

We evaluated the performance data using the reliability principle together with the Global Reporting Initiative (GRI) data protocols for how the data are measured, recorded and reported. The performance data in scope was: Energy Use, Greenhouse Gas Emissions, Injuries and fatalities.

We understand that the reported economic data and information are based on data from VimpelCom’s Form 20-F, which is subject to a separate independent audit process. The review of financial data taken from the Form 20-F is not within the scope of our work.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a ‘moderate level’ of assurance. A ‘high level’ of assurance would have required additional work at Group and site level to gain further evidence to support the basis of our assurance opinion.

### Responsibilities of the Executives of VimpelCom and of the assurance providers

The Executives of VimpelCom have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of VimpelCom; however our statement represents our independent opinion and is intended to inform all of VimpelCom stakeholders. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

This is the first year that we have provided assurance. Last year we undertook a review of the report as a step towards assurance. DNV GL has also provided training services to VimpelCom, none of which constitute a conflict of interest with this assurance work.

DNV GL’s assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

### Basis of our opinion

A multi-disciplinary team of sustainability and assurance specialists performed the assurance work. This is the first year VimpelCom has sought assurance upon its Report. We focussed the assurance effort at headquarters level, with particular attention on the status of processes for consolidating information received from Business Units and Operating Companies. Our recommendation is that assurance work at Business Unit and Operating Company level will form part of the assurance process for next year’s Report.

We undertook the following activities:

- Review of the current corporate responsibility issues that could affect VimpelCom and are of interest to stakeholders;
- Review of VimpelCom approach to stakeholder engagement and recent outputs. This did not include any direct engagement with stakeholders;
- Review of information provided to us by VimpelCom on its reporting and management processes relating to the Principles;
- Interviews with selected Executives and senior managers responsible for management of corporate responsibility issues and review of selected evidence to support issues discussed. We were free to choose interviewees and functions covered by interviews;
- Review of supporting evidence for key claims and data in the report. Our checking processes were prioritised according to materiality and we based our prioritisation on the materiality of issues at a consolidated corporate level;
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation;
- An independent assessment of VimpelCom’s reporting against the Global Reporting Initiative (GRI) G4 Guidelines;
- We reviewed VimpelCom’s internal processes for collating data and evidence to support data reported from Business Unit and Operating Company level to Group. We did not undertake our own tests on data and evidence back to source or interview managers or data owners at Business Unit and Operating Company level.

### Opinion

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe VimpelCom’s adherence to the Principles. In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

We believe that the report is in accordance with the ‘Core’ elements of the GRI G4 Guidelines.

### Observations

Without affecting our assurance opinion we also provide the following observations.

#### Stakeholder inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

VimpelCom engages with various stakeholders across Business Units and Operating Companies and at Group level. The reporting discloses material issues identified as relevant to each stakeholder group and the reasons for engagement. VimpelCom should consider disclosing more detail on the engagement undertaken by Business Units and Operating Companies relating to issues that are recognised as material at Group level, and how the outcomes of these engagements influence the Corporate Responsibility management priorities at a local level.

The Report describes VimpelCom’s active involvement in various membership-based associations and organisations. In line with good practice for industry collaboration and partnerships, we recommend that future reports should provide additional details on the way in which VimpelCom’s participation in these multi-stakeholder groups has influenced its strategic response to Corporate Responsibility.

#### Materiality

The process for determining the issues that are most relevant to an organisation and its stakeholders.

This year VimpelCom refreshed its materiality assessment and strengthened its governance arrangements at corporate level. Examples include the development of the Business Principles, inclusion of Corporate Responsibility in regular Management Board meeting agendas, and a high degree of integration of Corporate Responsibility issues within the Enterprise Risk Management approach. VimpelCom operates in a number of challenging operating environments. Future reports should provide more details on governance arrangements at Business Unit and Operating Company level and how issues identified locally are shaping the Corporate Responsibility strategy at corporate level.

Health and safety, procurement, compliance and data privacy are areas of particular management focus for VimpelCom. We recommend future Reports should describe the roll-out of the proposed Health and Safety policy, proposed Supplier Code of Conduct and the enhanced arrangements for management of anti-bribery and corruption risks and issues across the Group. Future reports should also provide a further update on the progress of the investigations of US and Dutch authorities into certain prior activities of VimpelCom.

#### Responsiveness

The extent to which an organisation responds to stakeholder issues.

As management processes are strengthened across the business to support more accurate and consistent reporting, we suggest that VimpelCom should develop and report further KPIs for health and safety. We also recommend that VimpelCom should develop suitable Corporate Responsibility targets for both the short and long term.

During 2014 VimpelCom launched the ‘Make Your Mark’ programme, which focuses on ‘Helping Young People Shape Their Future.’ This demonstrates a strong connection between VimpelCom services and core business, and the positive societal development that its Business Units and Operating Companies can support. It will be important for VimpelCom to develop suitable ways to analyse and report on the positive impacts and outcomes that the initiative is delivering.

#### Completeness

How much of all the information that has been identified as material to the organisation and its stakeholders is reported.

Many material issues as identified by VimpelCom are not covered by the GRI G4 Guidelines, although VimpelCom discloses all applicable indicators to meet the Core elements of G4. We recommend VimpelCom considers broadening its reporting to include further indicators in its material areas and encourage VimpelCom to participate in developing these indicators through industry collaboration, thorough bodies such as GeSI.

#### Neutrality

The extent to which a report provides a balanced account of an organisation’s performance, delivered in a neutral tone.

VimpelCom reports on the challenges it faced during the year throughout the report. VimpelCom’s Business Units and Operating Companies are at different stages of development in terms of Corporate Responsibility management arrangements. We recommend that future Reports provide further information on how priorities, approaches and performance varies across Business Units and Operating Companies.

### Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

VimpelCom has developed robust Group level internal controls for data reliability. These include a Group reporting manual with data definitions, a process for logging data queries from Group and responses by Business Units and Operating Companies and a formal sign off process for Business Units and Operating Companies to ensure data ownership. There is an automated process for consolidation of data reported by sites, which minimizes the risk of consolidation errors. The strength of our opinion upon data accuracy will be further supported by inclusion of checks at Business Unit and Operating Company level in next year’s assurance process.

We note that VimpelCom has published injuries data for the first time this year, despite uncertainty as to its completeness, which we support. The 2015 Internal Audit of this area will be an important step in improving the accuracy of this data.

### For and on behalf of DNV GL Business Assurance Services UK Limited London, UK

24th April 2015

**Anne Euler**

Principal Consultant and Lead Assuror UK Sustainability, DNV GL – Business Assurance

**Mark Line**

Senior Principal Consultant and Reviewer UK Sustainability, DNV GL – Business Assurance

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