



TECHNOLOGY

TO TRANSFORM LIVES



VimpelCom

Corporate Responsibility Report 2015

Working at the frontier to unlock new opportunities for customers as they navigate the digital world.

TECHNOLOGY THAT TRANSFORMS LIVES

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Feedback and contact
We are keen to improve the effectiveness of our reporting and therefore welcome feedback on this document, and our corporate responsibility (CR) information on the website. Please contact cr@vimpelcom.com

For further details on our business, see online: vimpelcom.com

About this report

Scope
The report applies only to those geographical markets where we had active telecommunication operations at 31 December 2015.

Our scope of reporting does not include markets where businesses were sold during the financial year or businesses where we control less than 50% of the equity, or don't have management control and where they are not consolidated in our financial statements, or where they represent less than 0.15% of service revenue. During the year we have not acquired any businesses in new geographical markets.

In August 2015, VimpelCom announced that it had signed an agreement to enter into a 50-50 joint venture in Italy with CK Hutchison. Under the agreement, VimpelCom will merge WIND with 3 Italia to create a leading convergent operator in Europe's fourth largest market. WIND Italy and 3 Italia will continue to operate separately pending completion. As the transaction is not completed, the non-financial performance of WIND is included in this report on the same basis as in previous years.

Our HQ in Amsterdam is also included in the scope of reporting for energy, health and safety and employee numbers. We provide a list of the subsidiaries that comprise VimpelCom in our Form 20-F available at 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.



Welcome...

...to the fourth Group Corporate Responsibility (CR) report of VimpelCom, covering the year to 31 December 2015. This Corporate Responsibility report is published alongside our Annual Report and Form 20-F for 2015. We supplement this report with further information on our [corporate website](http://vimpelcom.com), 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).

Intended audience

We intend to make this report available and relevant to a wide audience. However, as VimpelCom has little brand presence in our markets, it is our local brands which communicate with our customers on CR issues through their own reports, websites and other channels. Therefore, this report is mainly 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, international business customers and other corporate partners
- The media and other opinion formers
- Our employees at HQ and across our businesses.

This report is supplemented where necessary with additional information available at vimpelcom.com

For more information on our Reporting principles and assurance, see [page 42](http://vimpelcom.com)

Our approach

The issues, challenges and opportunities we need to manage arise from the ways our business model and value chain interact with our key stakeholders and the natural world. The socio-economic, political and regulatory context of our markets mean the importance of these issues may vary across our footprint. We illustrate this interaction graphically on [pages 4 and 5](http://vimpelcom.com). Understanding this, we recognize and acknowledge that our approach to Corporate Responsibility rests on three main factors:

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 [pages 6 and 7](http://vimpelcom.com).

Materiality
We 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 [pages 8 and 9](http://vimpelcom.com).

Responsiveness
Having identified the priorities, we form our strategy and governance approach ([pages 10 and 11](http://vimpelcom.com)), take appropriate action and report on our progress. This report describes our response across our most material issues.

At a glance

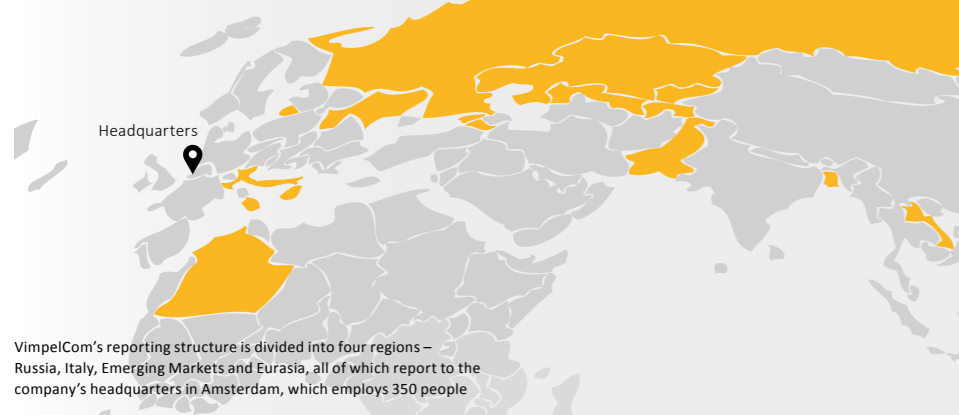
VimpelCom (NASDAQ: VIP) is an international communications and technology company driven by a vision to unlock new opportunities for customers as they navigate the digital world. We are present in some of the world's most dynamic markets and, at 31 December 2015, we had 217 million mobile customers and 59,000¹ employees.



For more information

You can find information on our ownership structure at vimpelcom.com/investor-relations

Company structure and brands



Our main brands

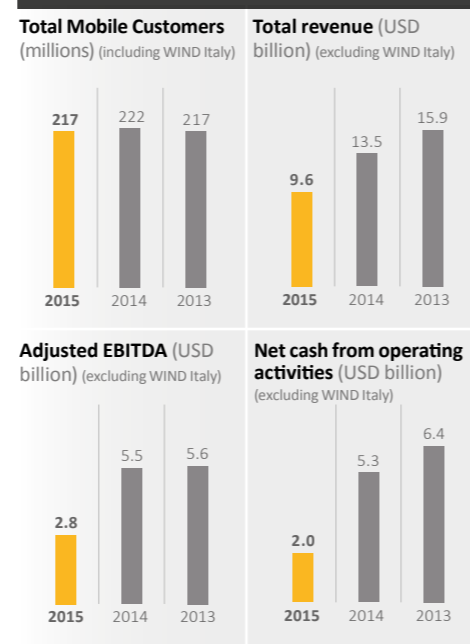


Table 1: Market and brand information

REGION	COUNTRY	OPERATING REVENUE (USD M)	ADJUSTED EBITDA (USD M)	EMPLOYEES	MOBILE CUSTOMER NUMBERS (MN)	MOBILE ARPU (USD)	MARKET POSITION
Russia		4,602	1,825	29,255	59.8	5.2	3rd
Italy	(not consolidated, held for sale)	4,913	1,878	6,449	21.1	12.5	1st*
Emerging Markets	Algeria	1,273	684	3,669	17.0	6.0	1st
	Bangladesh	604	242	2,337	32.3	1.6	3rd*
	Pakistan	1,014	409	6,361	36.2	2.1	1st
		2,891	1,335	12,367	85.5		
Eurasia	Armenia	111	40	2,223	0.8	4.9	2nd
	Georgia	58	10	417	1.3	3.0	**
	Kazakhstan	598	276	2,211	9.5	4.4	2nd
	Kyrgyzstan	164	91	681	2.7	4.9	**
	Tajikistan	118	75	340	1.2	8.1	**
	Ukraine	622	292	3,254	25.4	1.8	1st
	Uzbekistan	711	437	1,241	9.9	5.7	1st
		2,383	1,221	10,367	50.9		

¹ This figure includes approximately 3,600 temporary contracted employees in Pakistan. These employees are not included in our diversity, or other employee-related analysis, for 2015. This will be addressed in future reports.

* Market share positions assume pending transactions close
** no reliable competitor information

Chairman and CEO's letter



Jean-Yves Charlier
Chief Executive Officer

Alexey M. Reznikovich
Chairman of the Supervisory Board

Welcome to VimpelCom's fourth CR Report, covering the 2015 financial year.

This year we began our transformation into a new VimpelCom, introducing six new strategic objectives to drive the business into a more streamlined, effective, and above all, digital company. It was also the first full year of our flagship CR program, 'Make Your Mark'. We are making good progress in all of these areas, as we continue to serve our 217 million customers, with the support of our 59,000¹ employees, across a very diverse range of markets.

We have a long-term CR strategy, consisting of two main elements. Maintaining trust with our stakeholders, by behaving in a responsible way, is key to securing our 'license to operate'. At the same time we recognize the opportunities from leveraging our technology, our commercial expertise, and the commitment of our employees, to add tangible value to society through products and services, and social investment. Through our own actions, and by enabling others, we can make positive contributions to society's challenges at real scale, helping to tackle many of the issues covered by the UN's new Sustainable Development Goals. This is particularly true in emerging markets where the spread of connectivity, mobile internet and mobile-enabled services in areas of financial services, education, health and agriculture are helping to drive socio-economic progress and is the platform for the fourth industrial revolution of the digital economy.

This longer-term vision is implemented through many initiatives, and we have been making progress in our management of the key issues that affect some of our key stakeholders. For example, our focus on developing a high quality network, driven by developing deeper insights into customer satisfaction, has been supported by a strengthening of our governance of managing customer data. As we transform our cost base by challenging our suppliers to innovate, we have also been rolling out a new assessment process to ensure they live up to our expectations on human rights and environmental issues. And, as we operate at the frontiers of the new digital world, we continue to strengthen our compliance program to ensure we have a rigorous approach to anti-bribery and anti-corruption.

This report provides a review of our progress on Make Your Mark, launched in late 2014 on the theme of 'helping young people to shape their future'. We have been delighted in the innovative programs that this has nurtured all across our footprint, helping bring more young people into meaningful education, and inspiring new digital entrepreneurs. For example, in January, as the culmination of a competition spanning seven markets, 600 teams and 160 project submissions, 21 teams presented their digital solutions in the final of our Eurasia Mobile Challenge in Moscow. Three winners then represented the region at the Mobile Word Congress in Barcelona where the team from Kyrgyzstan achieved third place overall. Several of our markets are experiencing very challenging socio-economic conditions and, as we build on the start of Make Your Mark, we look forward to reporting back to you on the contribution we can make to each of the societies we serve.

We provide further information on all of these issues in the report, which also acts as our 'Communication on Progress' in relation to our commitment to the Principles of the United Nations Global Compact. We hope you find the report a valuable insight into VimpelCom.

Jean-Yves Charlier
Chief Executive Officer

Alexey M. Reznikovich
Chairman of the Supervisory Board

The context for our CR program

Our approach to CR is driven by a series of broad contextual factors, and by the way our strategy and business model interact with our main stakeholders.

Contextual challenges and opportunities

We operate in markets with widely varying levels of socio-economic development. This is illustrated by the chart below which sets out the UN Human Development Index (HDI) for the societies we serve.

In markets with a low HDI, our mobile services are characterized as a 'lifeline' – helping to facilitate basic connectivity and, increasingly, also providing a gateway to health, education, agricultural and financial services for the first time. Here, our priorities include coverage and reliability of our services, and the provision of 'services for society'. In markets with higher HDI, issues such as privacy and freedom of expression, the environment and online safety are seen as more important.

These contextual characteristics also give rise to a series of structural challenges and opportunities, and examples are provided on our website [here](#).

Corporate strategy

Our strategy has six key objectives, and our CR approach is closely aligned. In particular, our CR approach can help to deliver on Digital Leadership, New Revenue Streams and World Class Operations.

For further information please [see page 11](#).

Business model/value chain

Our value chain is set out in the diagram opposite, together with certain key metrics to illustrate our scale and scope.

The interplay of our business model and value chain within the market context, and the needs of our stakeholders gives rise to a series of risks and challenges, as well as opportunities. The more commercially relevant risks are set out in detail in our Form 20-F. CR-related issues, risks and opportunities are set out in the remainder of this report.

Capital Flows

The diagram opposite shows the categories of capital as set out in the IIRC's guidance on integrated reporting. For VimpelCom, our value creation process, and the impact that it has on the 'stocks' of these six 'capitals', can be summarized as follows. There are links to sections of the report that provide further information:

Financial capital

We use financial resources, including reinvestment of profit generated, to influence the value across the capitals as guided by our strategy, for example through investment in our networks, and training of our employees. **Financial value** is generated for our stakeholders, including the providers of financial capital, through dividends and other payments. Further information on our financial performance is provided in our Form 20-F.

Human capital

We affect **human capital** through the recruitment of new talent, through training and development programs, as well as through the downsizing of operations, in accordance with our strategy and business performance.

Natural capital

We influence the consumption of natural capital mainly as a consequence of the materials and energy required to manufacture the network equipment and mobile devices that underpin our services, as well as the **energy consumed** by the operation of networks and other buildings. Our operations also generate impacts on natural capital which can be positive (using ICT services to reduce material consumption, or travel), or negative (**carbon emissions** resulting from network operation).

Manufactured capital

We impact on the level of manufactured capital through a combination of incremental investment to improve our physical networks, together with the effect of network sharing, tower sales and outsourcing agreements. Our strategic objective of portfolio and asset optimization will drive a more asset-light network approach in the future.

Social and Relationship capital

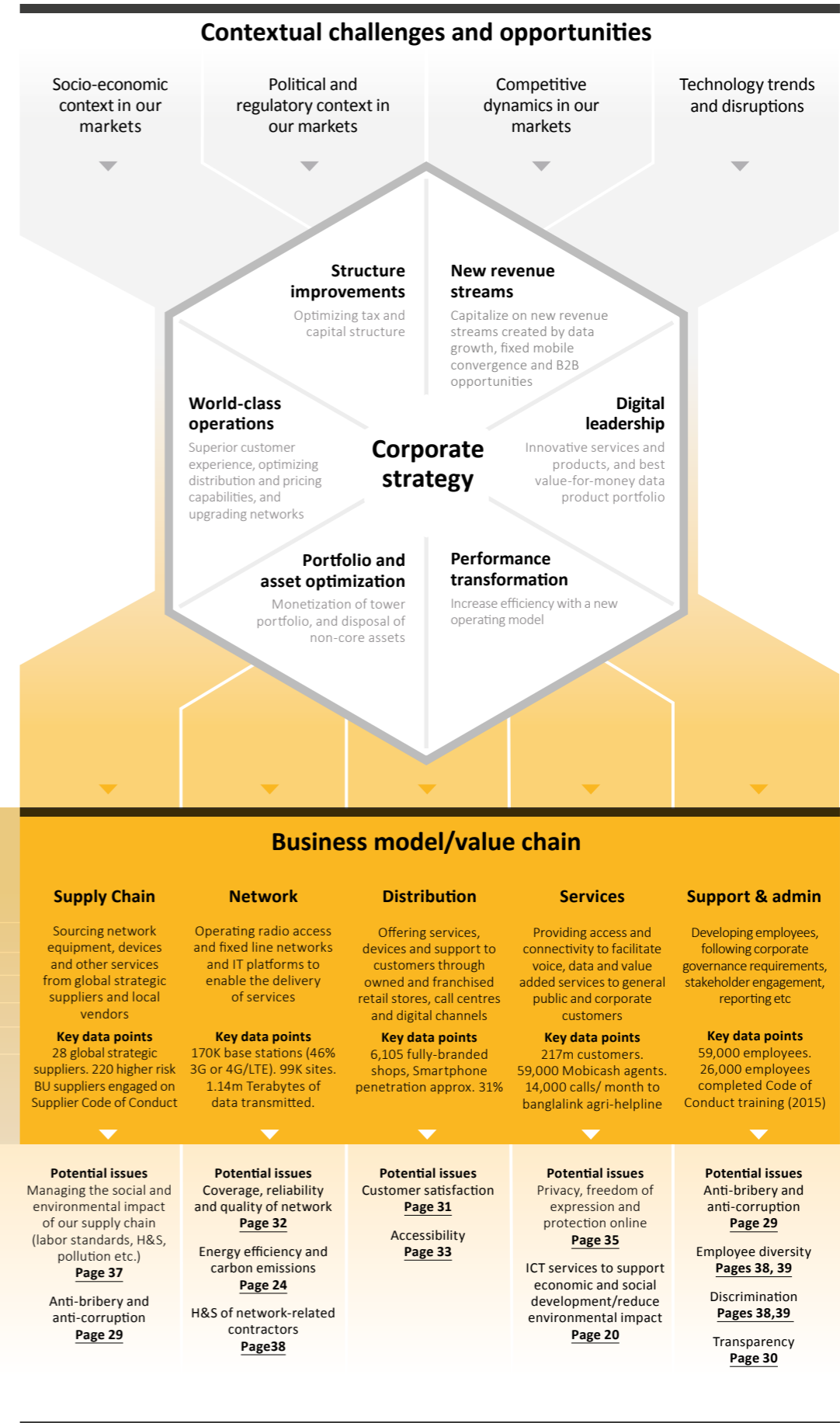
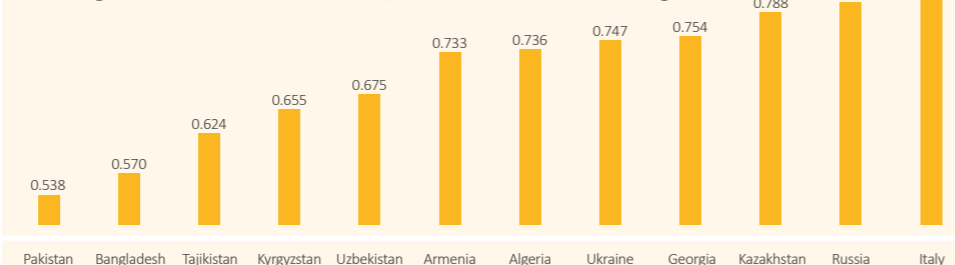
We rely on building positive relationship capital with a variety of **stakeholder** groups to deliver our business, and this includes key relations with government (who provide licenses and spectrum) and business partners such as OTT players, and the communities which host our facilities. This enhances our ability to provide services that create social capital in the markets where we operate, through increased connectivity, and applications such as **mobile financial services**, or our flagship program, '**Make Your Mark**'.

Intellectual capital

We influence the value of our intellectual capital through investment in developing our services, our engagement with vendors, and our programs with digital innovators through programs such as Make Your Mark. We invest in knowledge systems to support our employees' effectiveness, and look to improve our operating licenses to enhance our ability to provide services.

UN Human Development Index (estimate for 2014 released in December 2015)

The index ranks countries on a composite measure between 0 and 1. A ranking below 0.490 is considered low, above 0.735 is considered high.



Stakeholders

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

VimpelCom has a wide range of stakeholders, all having some type of 'transaction' with us. The 'currency' of these transactions is trust, and we aim to build and maintain trust by:

- understanding who our main stakeholders are
- understanding how our 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 is an important engagement channel and aims to report our performance in these areas and provide helpful information for our stakeholders (see page 1 on intended audiences).

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

THE NUMBER OF INTERACTIONS WITH INVESTORS IN 2015

800

PROPORTION OF EXECUTIVE BONUS LINKED TO CUSTOMER SATISFACTION

15%



WIND stakeholder engagement process

WIND focused its 2015 stakeholder engagement process on understanding the context of the telecommunications sector evolution in the next 5 to 10 years. The stakeholders consulted were identified by the relevant company units, with the goal to cover the most material aspects (based on WIND's 2014 materiality matrix) and collect thoughts on the future for our sector. The eight topics covered included: mobile network reliability and coverage; responsible marketing; customer satisfaction; data protection and security; economic development; electromagnetism; accessibility (technical availability and affordable prices); and energy use and climate change.



Approach

OUR APPROACH

TO STAKEHOLDER ENGAGEMENT



For more information
We provide examples of specific projects in the social investment section on [page 40](#).

Engaging through standards, principles and membership organizations

We participate in multi-stakeholder organizations and this is an efficient way to identify and address issues. These organizations are involved in a variety of actions, including the formation of sets of principles, the development of standards, creation of stakeholder forums or panels, sharing knowledge or the pooling of resources to conduct research. We are active in several such organizations, and contribute our energy and ideas while making use of resources, tools and insights to strengthen our business. Some key examples include:

GSM Association (GSMA)

We participate in several strands of GSMA's work and were recently invited to join the Program Leadership Group for its 'Ecosystem Accelerator' program. This program links very closely with our Make Your Mark program and enables us to engage more broadly within the industry and with key stakeholders. Our Chief Technology Officer represents our business on the GSMA Board.

Global e-Sustainability Initiative (GeSI)

We are an active member of the GeSI Human Rights Working Group, and are particularly involved in the work relating to operating in challenging environments. Two of our BUs participated in a project looking at human rights and site security, helping to inform our supplier engagement in this area. We have also been members of the materiality working group. Both programs are multi-stakeholder in nature, facilitating access to a broad range of expert views.

Membership of GeSI also facilitates access to projects such as the climate change programs, supply chain capacity-building work program and the Conflict-Free Sourcing Initiative, targeting improvements in the conflict minerals issue in the ICT supply chain.

United Nations Global Compact ('UNGC')

We have been signatories to the 10 UNGC Principles since 2013 and this helped inform our CR strategy and the formation of our Business Principles. Both Mobilink and Kyivstar are signatories to the UNGC in their own right.

World Economic Forum

We continue to be a strategic partner of the World Economic Forum. At the 2015 Davos meeting, our Co-Founder & Chairman Emeritus, participated in the ICT and cross-industry governors meetings, as well as in the International Business Council agenda. He was also a speaker at the CEO Series of sessions: 'The Case for Corporate Trust'.

VimpelCom delegates took part in the Annual Meeting of New Champions in China. We participated in several regional events and projects: European Commission Briefing, Italy Country Briefing, Scenarios for Ukraine, and New Economic Vision for Ukraine.

VimpelCom was also involved with ICT initiatives and events such as the Future of Internet initiative and ICT Strategy Meeting. We continued to work in the WEF Global Agenda Councils: Future of Telecommunications; and Social Innovation. We also continued our support of the Social Entrepreneurship and Young Global Leaders communities.

Other Organizations

At market level, our BUs are also members of relevant stakeholder organizations:

- Beeline Russia subscribes to the Safe Internet League, the Mobile Etiquette Charter and the Russian Operators Charter on Combating Child Pornography, and Kyivstar signed the 'Code for the Prevention of Cruelty to Children in the Internet and Online Resources'
- Mobilink is a member of the Pakistan Centre for Philanthropy and the WWF Green Office Initiative
- Nearly all 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
- Most businesses are members of their national chamber of commerce or an international version (e.g. American Chamber of Commerce)
- Djezzy is a member of Hawkama El Djazaïr – the Algerian Institute of Business Governance.

Standards and Guidelines

We follow a number of multi-stakeholder defined standards and guidelines. Our reporting meets GRI version 4 guidelines at the 'core' level, follows the guidance in the AA1000 series of standards and is influenced by the guidance issued by the International Integrated Reporting Council.

Several of our markets have adopted ISO standards (WIND and Djezzy), and the social accountability standard, SA8000 (WIND and Mobilink).

Engaging with specific stakeholders

In addition to engagement through organizations and other channels, we also engage continuously with specific stakeholder groups. We provide some examples below.

Engaging with customers

We engage with our customers every day through our various retail, online, call center, social media and other channels. We analyze our customers' satisfaction in detail through various processes, including a new network quality app, to determine how we can improve. Customer satisfaction is a key component of the senior executive bonus scheme and this is covered in more detail on [page 31](#).

Engaging with employees

At our headquarters, and across the business, we engage our employees in many ways. For example, we communicate face to face through 'town hall' meetings to discuss financial results and strategy, through articles and videos on our intranets (many covering CR topics), through social media, and by using targeted surveys, such as on compliance perceptions, and the new business strategy.

We also work with our employees to help our community engagement through volunteering. Examples of our employees supporting those less fortunate are set out in the social investment section on [pages 40 and 41](#).

More formally, in some markets we work with trade unions on employee remuneration and welfare issues. For example, in Algeria, UGTA is the trade union representing our employees.

Engaging with investors

We engage with our private and institutional shareholders regularly. We engage with our major shareholders LetterOne and Telenor through their representatives serving on the Supervisory Board, the Annual General Meeting (AGM) and other ad hoc meetings. Our approach to certain CR-related issues was specifically discussed at the 2015 AGM. In addition to the quarterly results announcements, analysts and institutional investors are also invited to 'site visits' which, in 2015, included Georgia, Kazakhstan and Russia.

Our Investor Relations team responds to ad hoc investor and analyst enquiries. There were more than 800 interactions with investors during the year. We receive very few enquiries from the ethical investment community but respond as fully as possible when this occurs.

Engaging with government and policy makers

We meet regularly with government officials regarding our operations, and to discuss how VimpelCom can contribute to enhanced connectivity and digital transformation. As part of our technology and infrastructure investments in countries such as Ukraine, Georgia, and Italy for example, we engage to understand and align with local needs. In Ukraine, we are working with key government bodies on e-governance following a symposium organized by VimpelCom to share the latest best practices and solutions from Silicon Valley. In Pakistan and Bangladesh, we showcased

the Make Your Mark program to officials and are discussing how to best leverage the growth potential of digital start-ups.

We also exchange views with government officials on the future of telecoms, and raise specific industry challenges. These include, for example, 3G/4G license and spectrum access, SIM card replacement, and network sharing.

Our broader discussions also include local representatives from international financial institutions (IMF, World Bank) and development banks (ADB, EBRD) in markets of operations. Finally, we participate in a number of global meetings where government representatives are present, such as the World Economic Forum and OECD Eurasia Week Business Forum.

Engaging with suppliers

Our engagement with suppliers is necessarily more at arm's length. We are currently rolling out our new Supplier Code of Conduct (which involved supplier input) and assessment process. Our largest global suppliers recently attended a supplier day in Amsterdam where we re-emphasized the Code, and our compliance processes.

Engaging with NGOs and the community

At HQ level, the majority of our engagement with NGOs is through the organizations already described above. At market level, our BUs engage with a very wide variety of NGOs, typically those focused on development issues such as education and those working with marginalized communities such as people with hearing or sight impairments, environmental organizations such as WWF, or in relation to disaster relief.

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 are most relevant to the commercial success of the company. Assessing materiality needs to balance a number of different factors, such as:

- The issues of higher 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.

Reassessment of materiality in 2015

We have reassessed materiality 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.

The GeSI assessment 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 Materiality Working Group and so were well-positioned to assess if this new, detailed research should affect our existing materiality position.

The GeSI report was referenced in our 2014 assessment, but in 2015, we took the issues identified through this report and conducted a full internal scoring exercise involving input from several key functions at HQ level, and input from all of our BUs, to ensure we captured the local perspectives on issue priorities. BU input was weighted on the basis of customer numbers, and consolidated to provide a company-wide perspective.

We also look at issues that arise during the year through dialogue with our local management teams and stakeholders, a review of the media and risk alert services and, this year, by conducting a benchmarking of our assessment against that of several other international mobile operators. In 2015, the investigation by the US Securities and Exchange Commission, the US Department of Justice and the Dutch Public Prosecution Service (Openbaar Ministerie) (see pages 28 and 29) remained a highly significant issue, and several markets also experienced sporadic civil unrest and violent incidents, including Ukraine, Bangladesh and Pakistan.

The results of the assessment are indicated in our materiality matrix and influence the focus of our strategy and our reporting. Some issues may not feature highly in the matrix but are nevertheless reported as part of our Communication on Progress against the UNGC principles.

For mobile operators, some issues such as service quality remain fundamental to their CR agenda. Other issues such as privacy continue to rise in importance as technology races ahead of regulatory frameworks and we have seen developments such as the judgment of the Court of Justice of the European Union which invalidated the EU-US 'safe harbor' programme. 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 year's performance, visit vimpelcom.com/responsibility

Assessing CR issues for materiality

Each issue was scored against the following criteria:

Relevance to business strategy

- Relevance to Customer Experience
- Relevance to Digital Leadership
- Relevance to New Revenue Growth
- Relevance to Cost Efficiency
- Relevance to Reputation (risk or enhance)

Importance to stakeholders – to what degree is the issue:

- On Government/Policy maker agendas?
- A Customer/Media/Public issue?
- Important to employees?
- 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 review. 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 (page 8) contain human rights implications.

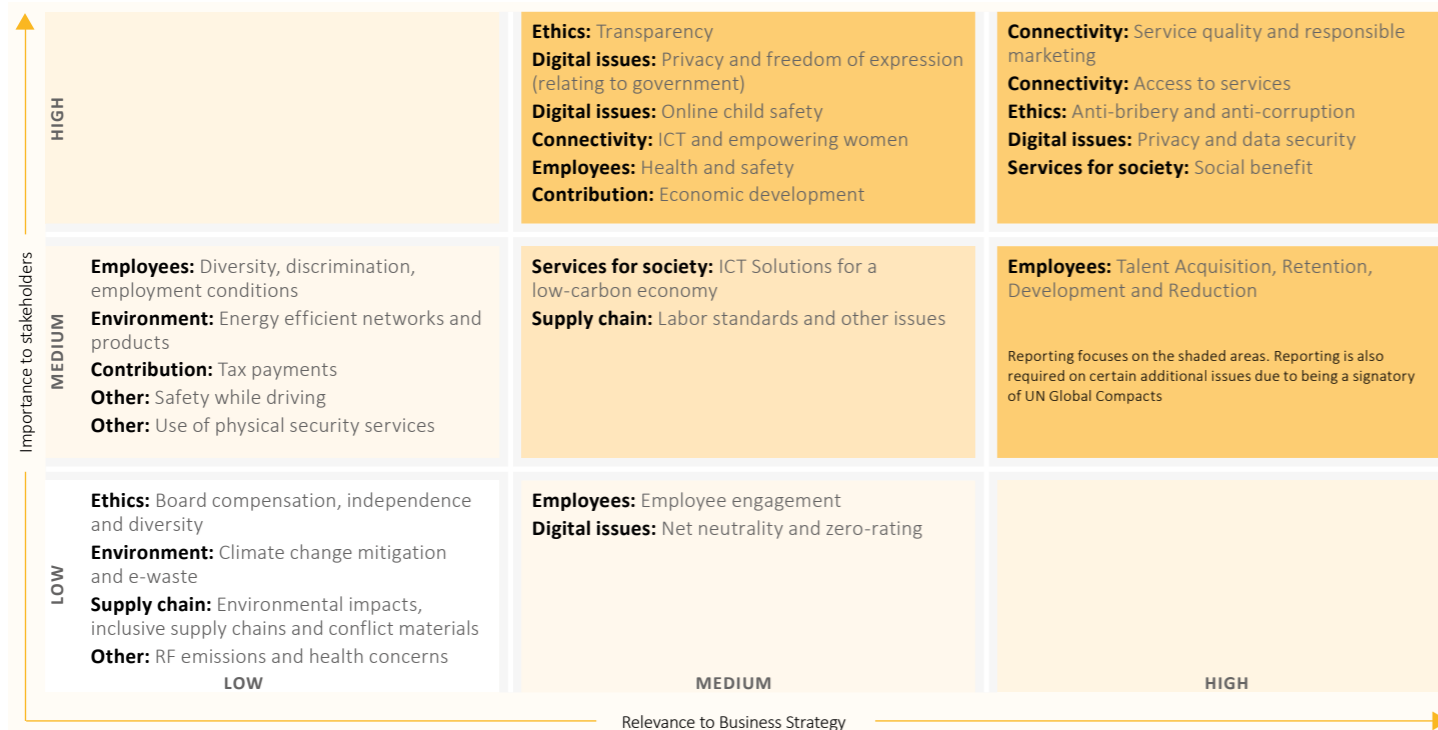
Our approach to human rights

We aim to focus on managing the 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, and we cover these issues later in the report. We have signed up to the UNGC Principles relating to human rights, confirming and formalizing our commitment.

We are an active member of GeSI's working group on human rights which involves engagement with stakeholders through a High Level Panel and an Advisory Group. We are particularly focused on the work strand 'operating in challenging environments' and are actively engaged in the project to produce good practice guidance on human rights issues relating to the provision of security services at remote radio base stations which has involved two of our most relevant markets.

In 2015, we conducted desk-top human rights due-diligence reviews of two of our markets which confirmed that we are capturing the key high-level issues in our materiality assessment. General human rights training was not provided in 2015 but specific aspects were covered under the headings of anti-bribery and anti-corruption, and as part of the new ethical procurement process.

Our 2015 materiality matrix



Governance and strategy

CR Governance

We set out our broader corporate governance arrangements on [page 28](#), and in detail in our Annual Report and Form 20-F.

At HQ, the CR team changed its reporting line to report to the Group Chief Corporate and Regulatory Affairs Officer who, in turn, reports to the Chief Executive Officer. The team had access to the top operational committee for issue-by-issue decisions, featuring twice on the agenda in 2015. In December, a progress report on CR was made to the Nominating and Corporate Governance Committee of the Supervisory Board of the Company.

In 2014, we launched our Business Principles, which help communicate our CR agenda to employees and other parties. During the year we have been developing a communication campaign for the Principles that we will roll out during 2016. The Principles augment the existing Code of Conduct, which covers a broad range of compliance issues relating to the personal behavior of employees.

We share CR best practices across the businesses, and discuss emerging issues, through monthly calls and our intranet.

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. Several of our OpCos have formed committees to closely assess and formulate appropriate responses to

the significant volume of charity requests they receive. Reporting on CR performance to local Management Committees varies from BU to BU with some updating on projects weekly, to more formal quarterly or annual updates.

Approach to risk management

VimpelCom operates an enterprise risk management approach, with CR-related issues considered as part of the quarterly 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 Committee. Certain risk factors affecting our operations are set out in the Form 20-F filed with the US Securities and Exchange Commission.

Each quarter the CEOs of the BUs must complete a compliance sign-off process to confirm they are in compliance with VimpelCom policy and procedure.

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 reaching GRI G4 'core' compliance, with independent assurance 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 Central Asia businesses regularly publish documents covering their charity, volunteering and environmental programs. Banglalink has also taken the first steps in compiling a first report. At this stage, we are not requiring our BUs to reach GRI v4 compliance with their reporting.

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.

Benchmarking our reporting

We aim to improve the quality of our reporting and we participate in a number of benchmarking opportunities. Our result from the Dutch Government's Transparency Benchmark is shown on page 30. In addition, we entered the 2016 Corporate Register Reporting Awards, focusing on the 'Relevance and Materiality' category. We ranked 13th out of 29 companies that entered, narrowly missing inclusion amongst the 10 shortlisted companies.

Our Strategy

In August 2015, recognizing the major trends facing our industry, we announced six strategic priority areas for focus in the coming years. These trends include cost and pricing pressures, the rapid migration to data, the need to capture and monetize new revenue streams and the requirement to be flexible and agile in an increasingly digital world.

The six priority areas are:

- Capitalizing on **new revenue streams** created by data growth, fixed-mobile convergence and business to business opportunities
- Emerging as a **digital leader** from the transition to a mobile data-centric model and simplified digital customer experience
- Achieving superior operating costs through **transformation** of our cost base
- **Optimizing** our telecommunications portfolio through in-market consolidation, monetizing our tower portfolio and disposing of non-core assets
- Continuing to build **world-class operations**
- **Structural improvements** to optimize tax and capital structure.

We provide more detail on the development of these objectives and steps to implement them, in our Annual Report and Form 20-F. Our CR strategy is designed to support these objectives, in the context of stakeholder priorities. This is illustrated in the diagram on the right, together with highlights of how we are implementing our strategy.

Our Business Principles

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



Please visit:
To view our interactive strategy diagram and see how our elements fall into three categories, go to vimpelcom.com/responsibility

Table 2: CR strategy framework overview

CATEGORY	STRATEGY ELEMENT AND BUSINESS PRINCIPLES	RELEVANCE TO THE BUSINESS STRATEGY	RELEVANCE TO STAKEHOLDERS	STATUS SUMMARY
Make Your Mark	Make Your Mark Business Principles: We transform lives through innovative mobile applications with social, economic and environmental benefits.	Make Your Mark will help create new services and new revenue streams, and contribute to digital leadership. More broadly it will create a more positive business environment and strengthen our brand.	Make Your Mark will contribute to creating more sustainable and productive societies where our business, our customers and other stakeholders can prosper in the long term.	Make Your Mark was launched at the end of 2014 and has stimulated the development of projects across all our businesses, particularly relating to digital entrepreneurship.
	Services for society Business Principles: We transform lives through innovative mobile applications with social, economic and environmental benefits.	Developing commercial services with high societal benefit in areas such as mobile financial services (MFS), mHealth and mAgriculture help profitable growth by creating new revenue streams.	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.	Several of our markets have developed innovative services in these areas and are building the scale of the impact, particularly in MFS.
	Community engagement Business Principles: We support community projects and encourage employees to get involved.	Encouraging employees to volunteer in their community, and making corporate contributions to good causes is motivating, and helps set a positive performance culture, while strengthening our brand.	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 community engagement and continue to both donate and volunteer. Increasingly we are using our technology to enable our customers to contribute as well.
Sharing value	Environmental efficiency Business Principles: We minimize the environmental impact of our operations, the products and services we sell, and our supply chain.	Improving energy efficiency, network sharing and use of renewable energy (where economically viable) all contribute to transforming our cost base.	By improving our energy efficiency we are making a contribution to tackling climate change, which benefits a wide range of people.	We continue to closely monitor our energy consumption, and to roll out efficiency initiatives. We continue to make good progress in reducing reliance on diesel fuel in Pakistan.
	Engage in the global agenda Business Principles: We are open and transparent with all our stakeholders.	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 UNGC Principles. We are active members of GeSI, particularly in relation to human rights. We participate on the WEF Global Agenda Council on Social Innovation.
	Transparency Business Principles: We are open and transparent with all our stakeholders.	Being open and honest with people (e.g. customers) and reporting openly on material issues is part of building world-class operations.	Provides opportunities for stakeholders to put forward their points of view, provide feedback on our performance and become partners to address specific issues.	Our Group CR Report has increased its score on the Dutch government's Transparency Benchmark and is in accordance with GRI v4. More of our BUs are reporting and WIND continues to support its 'Transparency Forum'.
Managing risk	Responsible behavior Business Principles: We are honest with our customers and protect their privacy. We act to ensure we respect human rights. We do business in an ethical way, with no tolerance of bribery or corruption.	By identifying and responding to key issues including bribery and corruption, privacy, ethical procurement, health and safety etc. we contribute to building world-class operations .	Focus areas: Ethical behavior – enhancing compliance measures to address corruption risks. Health and Safety – consistent standards to protect employees, contractors and the public. Procurement – improving human rights and environmental performance of supply chain. Privacy – managing customer privacy, while using anonymous data for commercial purposes.	In 2015 we: Continued to strengthen our compliance program Approved a Group Health and Safety Policy Launched a Supplier Code of Conduct and assessment process Approved a Customer Data Governance Policy

Make Your Mark

In late 2014, we launched a Group-wide program called Make Your Mark ('MYM'), which focuses on 'Helping Young People Shape Their Future'. The aim was for all of our markets to instigate programs that would support this goal. We are making good progress.



THE NUMBER OF BUSINESS UNITS IN 2015 WITH MAKE YOUR MARK INITIATIVES

100%

THE NUMBER OF BUSINESS UNITS SUPPORTING START-UP ACCELERATORS IN 2015

2



OUR PROGRAM'S AIM

TO HELP YOUNG PEOPLE SHAPE THEIR FUTURE

What is the aim of Make Your Mark?

MYM is a group-wide program where all our BUs and OpCos contribute initiatives under a common theme.

The aim is to help young people find solutions to the challenge of achieving sustainable development. These may be highly personal and localized – how can I access a basic, decent education and help myself and my family? Or they could be national, regional or global – how can I contribute to a more sustainable environment, secure a better healthcare system, improve the availability of jobs, or a more productive economy so I have a better future?

The goal of MYM is to empower young people to make a positive difference to their own lives, and the lives of others, through increased access to education and through inspiring social entrepreneurship, particularly in the digital arena. MYM includes three interrelated themes:

Educate – use technology and other resources to bring education to people who might otherwise not have access to it

Support – help young people with creative digital commercial ideas to build businesses and careers

Inspire – encourage young people to turn their energy and enthusiasm into digital solutions for social, economic and environmental challenges.

Why are we driving Make Your Mark?

With MYM we are aiming for a 'win-win' for society and our business. In several of our markets, literacy and educational challenges can limit the size of our customer base. By supporting education we can bring more people into the digital world, creating benefits for them and broadening our market.

Equally, a key strand of our commercial strategy is to achieve digital leadership, creating a new ecosystem of digital services for our customers, as well as transforming our own processes and business model through digital enablement. The ideas for achieving this do not come only from within our company, or from established international digital giants, but also potentially from hundreds of small, digital start-up businesses providing content and solutions for local people and issues.

By encouraging young entrepreneurs to start new digital businesses, we can uncover valuable data services for our customers, and contribute to development of a vibrant digital ecosystem in our markets, flowing across our networks.

And finally, as well as benefiting from the direct commercial impact of this new wave of digital services, we aim to inspire these entrepreneurs to look at some of society's big challenges – very local or even global – and contribute digital solutions. The indirect impact of this on prosperity, education, health, productivity, access to financial services, empowerment and good governance, will all help create a better long-term business environment to support our financial success.



How are we implementing Make Your Mark

From the start, MYM has been built on two main philosophies:

- Build on existing successes and our core competencies
- Adopt a top-down and bottom-up approach.

Following this approach, we have focused on sharing good practices across our markets, identifying success and looking to replicate these models wherever appropriate. Equally, we have looked to coordinate individual market projects with regional approaches where possible, and conduct targeted research to help us intervene effectively in developing digital ecosystems.

Our work with a variety of stakeholders is also helping shape the program. For example, as well as participating in the WEF's Global Agenda Council on corporate social innovation (page 6), we were invited to join the GSMA's Project Leadership Group for their new strategic program 'Ecosystem Accelerator'. The GSMA program aims to maximize the ability of mobile operators to work with innovators to help grow unique, commercially and socially sustainable products and services in developing markets.

Locally, our MYM focus has helped develop stronger links with players in the digital start-up community, relevant government departments, private investors and enterprise bodies, as well as universities and business schools.

During 2015, we have seen activities across the markets converge towards a more common MYM model. This in turn is now driving a re-evaluation of the program to assess how we can grow and strengthen it.

What have we achieved in 2015?

Our progress is best described through a series of linked case studies, together with our first attempt to measure and report on actual impact. We intend to refine and strengthen this aspect of the program as it continues to evolve.



ADDITIONAL LEARNERS RECRUITED TO MOBILINK'S MLITERACY PROGRAM **4,050**

NUMBER OF YOUNG PEOPLE PARTICIPATING IN BEELINE ARMENIA'S JOB SKILLS DEVELOPMENT PROGRAM **500**

EDUCATION PROJECTS

Mobile-enabled education projects

Algeria

Djezzy has launched 'iMadrassa', a new digital tutoring service, aimed at helping high school students in Algeria prepare for their graduation examinations. Working alongside a local e-learning provider, Djezzy's service is accessible through any mobile or fixed internet connection, and follows the National Education Program curriculum. It offers students a number of options and costs, depending on which courses they are taking.



Armenia

Beeline Armenia and the Children of Armenia Fund launched a joint 'Agro School', a project which aims to integrate digital and agricultural education at the grass-roots level.

Agro School includes building a greenhouse, theoretical and practical training, exchanges of practice with other high school students, and online marketing and sales of products generated by the project. Approximately 235 high school students from Getashen have taken part.

In addition, Beeline supports the NGO 'Gates of Armenia' with a project which helps 60 pupils from 12 remote villages take part in courses on animation, digital media, gamification and film creation, in the Tumo technological center. The project is designed to help young people access digital technologies and boost their skills and employability.

Pakistan

In 2009, 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. The project started in 2009 with 250 female learners in rural Punjab, and by the end of 2013, included 5,000 women across the country. 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 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 in 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 third-party grant to extend the scope of the literacy program in 2015. This has enabled us to enroll approximately 4,050 additional learners and 160 community teachers.

The mLiteracy has won awards from both the GSMA and Ethical Corporation magazine. To learn more watch the video at www.vimpelcom.com



Donated IT equipment/connectivity in schools and other institutions



Tajikistan

We provide internet connectivity to a secondary school in the Darvaz district as well as free wifi in Tajikistan's first co-working space 'TJLab', Antikafe 'Kvartira'. We also donated 35 computers to three schools, providing approximately 2,800 children with access.

Pakistan

Mobilink has established an additional six ICT labs in Pakistani schools adopted by NGOs (10 computers per school), which will serve 3,500 students at any one time, as part of its ICT Education Enhancement Program. The program has been provided in collaboration with primary and secondary schools serving marginalized areas across Mobilink's communities. With this addition, Mobilink has now established 11 computer labs in various educational institutions across the country.



Armenia

Beeline donated equipment to create a computer class in a study center – founded by celebrity singer Nune Yesayan – designed specifically for socially disadvantaged, disabled and orphaned children.

Kazakhstan

We connected a further 10 institutions (such as special schools and orphanages) to free high-speed internet in 2015, bringing the total number of connections under our 'Unlimited Opportunities' program to 15 in total, and benefiting more than 5,000 children. To learn more, watch the video at www.vimpelcom.com.

Other education initiatives

Ukraine

Kyivstar has introduced a campaign to help develop Science, Technology, Engineering and Mathematics (STEM) education. The project focuses on talented schoolchildren, student-programers and young entrepreneurs.

In 2015, Kyivstar supported 13 academic competitions on polytechnic education, helping with out-of-school activities and education for more than 3,500 children in all parts of Ukraine. The company held three summer schools to train young mathematicians in Lviv, Odessa and Kyiv. With this support the Ukrainian students ranked number one for mathematics in Europe by gaining 11th position in an international event in Thailand.



Algeria

As part of its efforts to support youth education, Djezzy has opened a new reading room in the city's historic Casbah, working with the Casbah Association. There are approximately 62,000 people in the immediate area of the Casbah, many of whom are children or young parents. The reading room will focus on the needs of elementary schoolchildren from low-income families. Djezzy also completed work on a media library for children in Beni Abbes, in western Algeria.

Armenia

Working with the Armenian Republican Union of Employees, Beeline launched a program called 'Enhancement of Youth Competitiveness on the Armenian Labor Market'. It aims to boost young people's skills in business and career planning, and setting up and running businesses, so enhancing their competitiveness in the labor market, and contributing to prevention of migration. More than 500 students took part in 2015.

RESEARCHING THE SUCCESS FACTORS OF DIGITAL ECOSYSTEMS

Understanding the context for digital entrepreneurship

In 2014, we published research aimed at gaining a better understanding of the international digital ecosystem and the potential role for mobile operators. The report, 'Enabling Entrepreneurs in a Mobile World' recommended three key steps for mobile operators to better support young tech entrepreneurs:

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

We are working on all three of these elements. On a), our commercial strategy is already making us far more digitally oriented, and this will bring greater engagement with start-ups. For b), we have conducted targeted research in 4 markets: Algeria, Russia, Ukraine and Georgia (see below). And for c), this MYM section highlights how we are building partnerships with a variety of players from the GSMA, to universities such as LUMS, to the Georgian Association of Young Financiers and Businessmen.

MYM research in Georgia

Beeline Georgia, and the country's Association of Young Financiers and Businessmen, have launched a project which addresses challenges faced by the country's entrepreneurs. The aim of the project is to stimulate the growth of small businesses, which represent the most significant segment of the Georgian economy as the self-employed make up 60% of the country's employed population. The research aims to identify the most pressing issues facing Georgia's self-employed, as identified by Beeline's recent study, including the availability of information on government initiatives and access to partners and sponsors.



NUMBER OF MARKETS WITH DETAILED DIGITAL ECOSYSTEM RESEARCH

4

NUMBER OF STAKEHOLDERS INTERVIEWED OR SURVEYED

155

Digital Entrepreneur Ecosystem Research (DEEP)

During the year, we commissioned detailed research, looking at the digital start-up scenes in Russia, Ukraine and Algeria. As part of the study, AT Kearney interviewed over 20 VimpelCom senior managers across the markets and at HQ, and over 35 market stakeholders, including successful entrepreneurs, universities and business schools, investors, accelerators, ICT corporations and government representatives. In addition, nearly 100 start-ups responded to an online survey.

The research analyzed each 'ecosystem' across a number of factors, including internet and smartphone penetration, ICT talent, regulation, customer base, education, investment market and other related factors. The market position in relation to start-ups was then examined to understand how these factors were supporting or constraining growth of digital entrepreneurship.

There was significant agreement among stakeholders that there was a strong role for mobile operators to play in supporting the ecosystem. It identified a number of specific areas, varying in emphasis from market to market, where mobile operators could make a valuable intervention, including supporting

the provision of business-focused education for talented IT professionals with limited business experience, developing competitions, supporting accelerators and incubators, and perhaps most importantly, helping start-ups commercialize their offerings at scale. The first of the resulting white papers, on Russia, is available on our website.



EDUCATION INITIATIVES FOR ENTREPRENEURS



A clear recommendation from the DEEP research was to investigate how to support targeted education for would-be digital entrepreneurs. In this section we look at examples of how our BUs are doing this.

Italy

Latauideadimpresa aims at promoting entrepreneurial culture in secondary schools. WIND is the main partner of Confindustria, the Italian Association of Enterprise, and the initiative is also sponsored by the Ministry of Education. Students from more than 100 schools have uploaded their business plans on to a web platform (www.latauideadimpresa.it) which has had more than 490,000 visitors. Students, teachers and entrepreneurs can also interact on the theme of entrepreneurship, business innovation and the skills required in the world of employment.



Russia – Plan B

To help Russia's SMEs in challenging economic times, Beeline Russia has joined forces with Skolkovo, the country's leading business school, and RBC, a business media platform, to offer a joint educational program called 'Plan B'. The aim is to help entrepreneurs study a variety of business models and see how they can be implemented successfully, and get fresh ideas, new contacts and advice from professionals.

Plan B events are held in Moscow, Saint Petersburg, and 14 other Russian cities and cover business topics like leadership, teamwork, technology and management. Guest lecturers include a number of leading Russian business leaders, including the Beeline Russia CEO.



Armenia

In Armenia, Beeline continued to run its successful 'DigiCamps' – technology-focused summer camps which aim to help young people develop their innovative and digital business ideas using our experience, skills and technologies.

Ukraine

Kyivstar has been running its series of 'Business Hub' lectures and meetings for some time. In 2014 and 2015 it held 10 meetings with experts in different areas, attended by 3,000 students. The Business Hub Facebook page is followed by 5,300 subscribers.

ACCELERATORS AND INCUBATORS

The DEEP research also highlighted the important role of high-quality start-up accelerators and incubators in building vibrant ecosystems and we have been building on the success of our most mature example of this – WIND Business Factor/LUISS Enlabs.

WIND Business Factor/LUISS Enlabs in Italy

WIND Business Factor (WBF) launched in March 2011 to support new entrepreneurs through a 'social business network'. The website focuses on the three key factors entrepreneurs need – relationships, knowledge, and opportunities – and includes more than 600 editorials providing advice, and 200 video tutorials. It runs regular competitions where finalists are invited to pitch their ideas to investors. WBF now has more than 27,500 members, almost 5,000 start-up and business ideas, and over 19,000 social media followers.

WIND is also a key sponsor of the LUISS Enlabs incubation program – a unique collaboration between the LUISS business school in Rome and start-up investor/accelerator, Enlabs. The incubator provides working space and an intensive mentoring program to selected start-ups, culminating in the opportunity to pitch products and services to investors at the end of the acceleration period. To watch a video about the project visit vimpelcom.com

The success of the WBF/LUISS Enlabs model is such that the government of Pakistan (Ministry of IT and the Pakistan Software Export Board) asked for advice on developing an accelerator/incubator. This was provided through materials and during a visit by members of the WIND and Enlabs team to Islamabad. The team also advised the government of Bangladesh on developing a similar approach.



Mobilink in Pakistan

Mobilink has collaborated with Lahore University of Management Science's (LUMS) Center for Entrepreneurship (LCE) to provide mentorship to 15 start-ups. These young businesses have been selected after an extensive awareness raising and scouting process and undertake a four month intensive incubation program before getting the opportunity to pitch at an investor day. As well as supporting the program financially, Mobilink is also providing mentors, and the ability for the selected teams to develop and test their applications on the Mobilink platform. Currently, nine applications are being developed through this program for an intended release in February 2016.

Amsterdam HQ

In 2015, we developed a partnership with StartupAmsterdam, a public-private initiative focused on developing Amsterdam into one of the top three start-up locations in Europe. The two parties hosted one of 'The New Web' LaunchPad Meetups, an initiative that connects start-ups with the corporate world. This event, hosted at our Amsterdam HQ, saw our senior business leaders and 30 entrepreneurs discussing areas for collaboration on future mobile technologies and the business models that will take the digital world forward.

COMPETITIONS FOR DIGITAL START-UPS/IDEAS



The DEEP research indicated that competitions for start-ups and digital entrepreneurs are effective ways to identify innovative ideas and help raise the quality of business plans. They also provide a platform to gain the attention of investors. In 2015, we supported a number of competitions:

Armenia
In Armenia we ran the 'Hackathon [YAN] Childhood 2015' contest for innovative ideas and solutions. Teams of programmers and non-programmers developed prototypes of their web and mobile applications, which were assessed by a panel of experts and mentors. Seminars on various technologies were also given, and founders of various successful Armenian start-ups passed on their experience.

Algeria
To help customers take advantage of the opportunities presented by the launch of 3G, Djazzy has been supporting national competitions to develop new applications and support local developers. Competitions have been held in connection with two Djazzy-sponsored events, the first-ever '3G Cup Algeria', which was largely for mobile development, and the third FIKRA Conference, Algeria's signature digital conference connecting key participants in Algeria's political, economic, cultural and academic life.

Event participants focused on specific platforms (Android, Apple, Windows Phone) and themes such as games, m-Health, m-Enterprise, Social Media and e-Learning. More than 850 participants participated in 3G Cup Algeria and 125 in the FIKRA competition. In all, 11 applications have been selected for further support, and the developers of the five top ideas have received support to formally establish their own companies.

In addition, Djazzy also supported the SeedStars Algiers event, being the local element of 'SeedStars World', and participated on the judging panel. This entity promotes, links and finances start-ups in more than 50 countries worldwide. Local start-ups compete to attend the annual final held in Lausanne, for prize money of USD1.5 million.



Eurasia Mobile Challenge



As part of our 'top down' approach to implementing MYM, we identified an opportunity to introduce a regional program which became known as 'The Eurasia Mobile Challenge', a digital solution competition running across seven of our markets: Armenia, Georgia, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. This is a regional 'chapter' of the Global Mobile Challenge, a competition run by the Applied Innovation Institute (AII), and Mobile World Capital. VimpelCom, with Huawei as co-founder, supported the Eurasia region competition, one of six regions in total.

The competition was advertised to young people across the seven markets, particularly at universities and technical colleges, through traditional and social media. Teams registered their concepts and were invited to participate in acceleration days supported by local VimpelCom teams. Nearly 570 teams from across the region

Russia
Uber and Beeline launched 'UberPITCH', a project to support innovative entrepreneurship in Russia. Participants could order an Uber taxi where leading business people (including Beeline's CEO and Chief Strategy Officer) and mentors would be fellow passengers – and then had 15 minutes to present their projects in the taxi and get helpful hints. More than 100 'UberPITCHES' were made – the event was vastly over-subscribed with more than 3,000 applications. Winners received an opportunity to present their projects at the Eurasia Mobile Challenge (above).

Beeline, in collaboration with the Bauman Moscow State Technical University, also held the Bauman Urban Hack competition, where the students were asked to create a prototype of a mobile service for finding missing people, using a

registered to participate – the second highest level of regional registrations from around the world. Approximately half the submissions came from Russia, with the balance spread relatively evenly amongst the remaining markets. More than 425 people participated in the acceleration events at various venues, or by live streaming.

Approximately 160 submissions were eventually received across four categories (entertainment and culture, environmental benefit, social benefit and 'other') with 'social benefit' generating the most submissions.

Three winners from each country were selected and competed in Moscow in the regional final, with the three winners of that pitching event going to the Mobile World Congress in Barcelona to compete against winners from other regions (Latin America, sub-Saharan Africa, Europe etc.). The three EMC winning teams and ideas were:

1. Artasian (team from Kyrgyzstan) – with a digital commerce platform for craftspeople from across Central Asia to bring their products to a global market
2. Mdirect (team from Kazakhstan) – in a market where 87% of the 3.7 million vehicles are more than seven years old, an application for finding and buying auto parts online
3. Stolik (team from Uzbekistan) – a mobile application which enables diners to find restaurants and book online.

'big data' analysis approach. The winning application prototype was able to send missing-people alerts to customers in the relevant zone, with continuously expanding search territory and alert mail-out.



NUMBER OF TEAMS REGISTERED FOR THE EMC

570

NUMBER OF PEOPLE PARTICIPATING IN ACCELERATION DAYS

425

NUMBER OF EMC SUBMISSIONS

160

MYM in Numbers

Measuring the impact of all of these MYM initiatives is not straightforward and does not lend itself to the use of a single indicator. Therefore we have set out below a series of indicators to illustrate our progress. We intend to refine this over the coming years.

For more information To watch a video about these projects visit vimplecom.com

Educational Programs

KEY PERFORMANCE INDICATORS	IN 2015	EXAMPLE PROJECTS	KPI DEFINITIONS
The number of children/young adults benefiting from:			
Free internet connections (institutions)	8,500	Free internet connections to schools and institutions in Kazakhstan and Tajikistan	Estimate based on the number of schools/orphanages (x the approximate number of children per institution) etc. where we provide free internet access
Donated computer equipment	12,150	Significant programs in Algeria, Pakistan, Armenia and Tajikistan	Estimate based on the number of children/students likely to have access to donated equipment
mLiteracy programs	4,240	Mobilink mLiteracy program in Pakistan	The number of participants in literacy programs where the use of mobile technology is integral to the delivery
Other relevant education programs	4,300	Support for 'STEM' students in Ukraine	Other programs which impact on digital skills or are technology-relevant

Digital Entrepreneurism

KEY PERFORMANCE INDICATORS	IN 2015	EXAMPLE PROJECTS	KPI DEFINITIONS
The number of young people			
Attending entrepreneurship educational events (classes, conferences)	10,531	Business Hub in Ukraine, Plan B in Russia, LUMS scouting events in Pakistan and skills-building programs in Armenia	For example, start-up classes, 'camps', 'weekends' or lectures given on entrepreneurship/start-ups at VimpelCom-supported events
Entering digital entrepreneur competitions	5,283	Eurasia Mobile Challenge, FIKRA, Seedstars and 3G cup in Algeria, WIND Business Factor in Italy	Either from records of individual participants, or estimated on the basis of the number of teams multiplied by an assumption of the number of people per team (three)
Participating in accelerators/incubators	159	LUMS Centre for Entrepreneurship in Pakistan and LUISS Enlabs in Italy	The number of individuals, or estimated from the number of teams/projects, hosted in VimpelCom-supported facilities

This table estimates the number of people that Make Your Mark has impacted directly. Our objective is that the benefit of these interactions will be multiplied many times over as the talented young people in question use their new skills and opportunities to make their mark on the world. We are already working with individuals and teams who have come through our various competitions and acceleration programs to develop their ideas and prototypes into mobile applications that can benefit society and we hope to report on this in more detail in our next report.

As awareness of Make Your Mark grows, primarily through social media, we hope to attract an increasing number of people to participate in the underpinning initiatives.

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 achieving commercial success. This supports our strategic objective of developing new revenue streams.

MFS USERS SERVED BY BANGLALINK **8m**
 BANGLALINK CASH POINTS **28,000**

**WE PROVIDE AND CREATE SERVICES
 FOR A BETTER SOCIETY**



Several of our businesses are developing 'societal' services in areas such as financial services, health, education, and agriculture.

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 our Make Your Mark program is all about encouraging young digital entrepreneurs to develop their ideas and applications to run over our networks. By far the most significant 'service for society' that we provide is MFS.

MFS

MFS is a key priority within our overall business strategy and is managed from the very top of the company. An MFS steering committee meets monthly, chaired by the Group CEO. The steering committee is highly cross-functional – demonstrating the range of disciplines critical to developing a successful expansion of MFS – including representatives from Technology, Finance, Fraud Investigation and Commercial functions, as well as a number of BU CEOs and our specialist MFS team.

We already offer a variety of services across many of our markets, playing an important role in building local mobile money ecosystems and further enabling financial inclusion. 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. In countries such as Italy, our focus is on areas such as e-ticketing, and paying for parking and content.

The greatest positive socio-economic impact of MFS can be seen in developing economies with limited banking infrastructure, such as Pakistan and Bangladesh. There are 2.5 billion unbanked people in the world, a proportion of whom are

our customers, and our focus is on providing improved access to basic financial services, such as transferring money and paying bills.

To gain scale and really significant impact, it is critical to build the whole ecosystem. This requires participation from financial institutions, agreement to accept mobile payments equipment by merchants and, above all, acceptance by our customers of the service.

This sort of development has been seen in Pakistan where Mobicash service was introduced by Mobilink. In just under two years, what started as a simple mobile transfer service – individuals could send money to other individuals – has evolved to include a range of financial services, allowing people to pay bills, deposit savings, make payments for goods at merchants and online stores, purchase air-time and even procure health insurance through the 'Sehat Sahulat' program in the near future.



Financial inclusion in Bangladesh

In Bangladesh, Banglalink plays a pivotal role in financial inclusion by working 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 Bangladesh Telecommunication Regulatory Commission. The Banglalink network currently serves almost eight million MFS users, about a quarter of all MFS customers in the country. Banglalink also has approximately 28,000 cash points and provides connectivity for money transfer services for Bangladesh Post Office branches across the country. In 2015, the retailer base has been expanded to ensure availability of MFS services for customers across the country and to include the Bangladesh Post Office Money Transfer Services in the distribution network.

As well as 'in-country' transfers MFS can play a key role in generating additional value from remittances. According to the World Bank, an estimated USD25 billion a year is sent home by migrant workers to families in Eurasia and Russia. MFS can add additional security, traceability and value to this, by slashing the costs paid in money transfer.

Mobicash: supporting 500,000 active mobile accounts

Mobicash, recognized as the fastest growing MFS deployment by the GSMA, is contributing towards financial inclusion across Pakistan. Mobicash has the largest distribution network of over 59,000 agents in 633 cities, towns and villages of Pakistan, with an extensive suite of financial services. Enabling USSD based registration helped Mobicash to reach 550,000 active mobile accounts within nine months. In December alone, Mobicash conducted over 4.7 million transactions amounting to over USD88 million in value.

Kyivstar launches mobile payment app

Launched in 2015 with our financial services partners, the Mobile Money application lets users pay for utility, internet and pay-TV services from their handset, as well as pay for goods or top-up bank cards. Mobile Money includes approximately 1,000 payment options, and payments are instant. Over 700,000 unique users were registered by the end of the year, and over 1.5 million transactions had been performed. Approximately 11% of use is by handset, 3.5% through tablets, and the balance through PCs.

In addition, all prepaid Kyivstar subscribers can withdraw cash by visiting one of 1,000 participating post offices around the country and can also deposit cash at 250 branches of a major supermarket chain, as well as withdrawing through the cash-back service. This service helps provide extra financial flexibility for customers struggling with the financial crisis in Ukraine.



Distribution of emergency support funds through Mobicash

Mobicash was appointed to distribute the Punjab Government's allocated funds in inaccessible areas affected by severe flooding, which impacted more than 2.5 million people. Mobicash set up fund distribution centers in 38 locations across the province, equipped with a Biometric Verification System (BVS) to ensure transparency throughout the process. Mobicash helped 22,000 affected families with USD250 each, cashed out through any Mobicash retail outlet. USD5.25 million was distributed within seven days.

In addition, Mobicash coupled the BVS with its mobile accounts, to distribute a total of USD20 million to over 60,000 families displaced by anti-terrorism activities by the army in two phases of operation.

Banglalink also engaged multiple government organizations and NGOs, including Bait-ul-Maal and Idara-e-Taleem-o-Aagahi, to reach more than 6,000 beneficiaries with social aid disbursements.

NUMBER OF FLOOD-AFFECTED FAMILIES SUPPORTED BY MOBILINK'S MFS-BASED AID DISTRIBUTION

22,000

AMOUNT OF AID DISTRIBUTED

USD5.25m



Other Services for Society

Mobile Agriculture Service

We continue to provide a portfolio of services for the farmers of Bangladesh. These include a specialist call center (Krishi Jigyasha (7676)), and a 'voice-based' virtual agricultural market place (Krishibazaar (2474)) for buying and selling produce. In 2015, Krishi Jigyasha received approximately 14,000 calls a month and Krishibazaar receives 480 monthly hits.

In 2015, we entered a partnership with the International Food Policy Research Institute (IFPRI) funded by USAID. Under this project the IFPRI acquired 500 handsets and SIMs for farmers. Farmers receive data or talk-time as a reward for completing surveys for the IFPRI.

Mobile Health Services

We continue to develop and distribute mHealth services. In Ukraine, our pre-natal and ante-natal care, eyesight protection, and emergency first aid applications generated over 27,000 downloads in 2015.

In Kazakhstan, our 'Dariger' app provides information on diagnosing and treating some of the more common types of disease. It has now been downloaded over 25,000 times on Android and over 3,200 times on IOS.

In Russia, there is a strong focus on improving accessibility for people with disability (see page 34).

In Pakistan, the Mobilink Guardian personal safety application has generated approximately 17,000 downloads and is now being considered for introduction to our Bangladesh customers, who already access our shortcode medical advice line.

In Armenia, we are developing two mobile apps specifically designed to help disabled children, the first of their kind in Armenia.



NUMBER OF CALLS PER MONTH TO AGRI-HELPLINE IN BANGLADESH

14,000

NUMBER OF DOWNLOADS OF 'DARIGER' HEALTH APPLICATION IN KAZAKHSTAN

28,200

NUMBER OF DOWNLOADS OF 'MOBILINK GUARDIAN' APP

17,000

Kyivstar promoting e-governance


Kyivstar supported a hackathon event held in the city of Vinnitsa (population 370,000) to brainstorm ideas that would help it become a 'smart city', providing digital government services for its residents. Over 100 participants – mainly IT professionals and public figures – came together for two days to work in teams to develop innovative ideas to make life easier for residents and to share best practices from other metropolitan areas. The winning team, 'Smart Query', developed a project to automate queues at citizen service centers and other public institutions. Other finalists created projects covering issues such as: measuring environmental risk at a given location in a town or city; public transport schedules and accidents; and a question and answer service to help communication with representatives of the city authorities.

Kyivstar also showcased its innovative MobileID technology, which can help facilitate efficient and secure access to government administrative services, by providing secure identification technology and an electronic signature via a mobile device.



NUMBER OF PARTICIPANTS IN E-GOVERNANCE HACKATHON

100

 For more information Find out more about these services through [CR webpages](#).

Environmental efficiency

The impact of climate change, pollution, 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 we are reporting on our programs to reduce our main impacts.

WE FOCUS ON

PROGRAMS THAT REDUCE OUR IMPACT

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 and businesses reduce their impact

Reputation – Improving our reputation with customers, communities, employees and government.

As well as focusing on reducing our own environmental impact, we know there is a growing recognition that technology is a key component of the fight against climate change, and that mobile technology can help people and businesses reduce their carbon emissions.

Machine to Machine (M2M) services – the potential for energy efficiency

M2M is highlighted in GeSI studies as a potentially important element of carbon emission reduction. We are a member of the M2M World Alliance, a partnership of seven leading operators around the world, and provide M2M services to corporate customers in:

Transportation: freight and fleet monitoring, and 'smart car' solutions

Telemetry: monitoring data from utilities and production

Consumer electronics: navigation and personal devices

Healthcare: remote monitoring of patients.

GeSI Smarter2030 and other studies/initiatives in 2015

VimpelCom is a member of GeSI and this organization has been focusing on the potential for ICT to play a leading role in combating climate change. GeSI has produced a series of high profile studies in recent years, and this has continued in 2015, with initiatives including:

- 'GeSI Mobile Carbon Impact – How mobile communications technology is enabling carbon emissions reduction' (http://gesi.org/news?news_id=94). Authored by the Carbon Trust, the report analyzes the use of mobile technology in Europe and the US, finding that it enables savings of more than 180 million tonnes of carbon emissions a year, with the largest savings currently being made in the operation of buildings and transportation. This is an amount greater than the total annual emissions of the Netherlands and five times higher than the emissions from mobile networks
- The SMARTer2030 report (<http://smarter2030.gesi.org/>), which extends previous analysis horizons to 2030, and looks at ICT-enabled sustainability from a holistic point of view. The report shows that ICT has the potential to enable a 20% reduction of global CO₂e emissions by 2030, thus holding emissions at 2015 levels, and effectively decoupling economic growth from emissions growth. SMARTer2030 also contains recommendations to decision-makers, businesses and consumers on what actions are needed to make the most of the technology benefits.

POTENTIAL CARBON EMISSIONS SAVINGS ACHIEVED THROUGH MOBILE TECHNOLOGY IN EUROPE AND THE US

180_{MT}

POTENTIAL REDUCTION OF GLOBAL CO₂E EMISSIONS BY 2030 ENABLED BY ICT

20%

M2M initiatives – Banglalink traffic app

In the Bangladesh capital, Dhaka, crippling traffic jams occur. To help its customers, Banglalink is developing a traffic monitoring feature to integrate into its 'My Banglalink' digital self-care app for its smartphone customers.

Traffic monitoring is a low-cost service, and uses our own masts around the city, with low-cost off-the-shelf IP cameras with their own continuous power supply. As well as helping customers navigate more effectively around the city, the improved traffic flow should have a positive impact on traffic carbon emissions.

Following the trial, Banglalink is now developing a better version of the service and is working with local authorities on how to best deploy it.

Managing environmental issues

Our 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. We drive cost efficiency improvements (including energy costs) through our Network Performance Management Forum and undertook a detailed review of energy costs in a number of BUs in 2015.

Several BUs manage their environmental programs through an environmental management system. For instance, 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.

We were not subject to any fines relating to our management of environmental issues in 2015.

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 with 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.

The charts below indicate an absolute decrease in both Scope 1 and Scope 2 CO₂e emissions. The Scope 1 reduction is driven by the substantial savings in diesel in Pakistan (and to a lesser extent, Bangladesh) described in the case study on the opposite page. The Scope 2 reduction results from reduced energy use in several of our larger business units driven by energy efficiency measures, equipment modernization and the sale or sharing of towers. WIND's purchase of 70% of

their grid energy from certified 'green' sources also has a significant impact on the emissions calculation (see case study opposite). Our emissions are reported net of this amount.

It is challenging to gather highly accurate data on energy consumption for several of our markets and we rely on a mixture of data sources including invoices, by extrapolation from known actual energy performance of different types of base station, and from estimates. The results in the charts and tables below should be interpreted in that context.

Approximately 82% of our total carbon footprint relates to operating our network. Within the total energy use is a small amount (0.04%) of renewable energy. This is generated from our 282 solar-powered base stations (2014, 118) 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 29,431 tonnes CO₂e (2014, 29,040 tonnes CO₂e).

We operate a fleet of approximately 5,300 vehicles (2014, 5,900), approximately 40% diesel (2014, 36%) and 55% petrol-fueled, as well as four electric cars and approximately 275 vehicles fueled with CNG.

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, including an extensive program of equipment 'swaps' where existing units are being replaced and enhanced with more efficient equipment. Other initiatives are illustrated in table 3.

We are increasing the extent of tower sharing with other operators and this can have a positive effect on energy consumption and other environmental factors, particularly where future agreements will involve a greater level of 'active' infrastructure sharing. We are including energy consumption targets in new network management outsourcing agreements.

In 2016, we expect to complete the WIND merger, as well as a merger of our Mobilink business with Warid in Pakistan. These transactions would lead to extensive consolidation of base stations, typically resulting in decommissioning of approximately 20% of sites.

Green Office initiatives

Mobilink became the only operator in Pakistan with three Green Office Certifications.

WIND meets emission reduction targets

In 2015, WIND achieved the emission targets defined as part of the WIND-WWF partnership on energy and climate, reducing emissions per unit of traffic by 34% compared to 2013 on the basis of energy efficiency measures. This was supported by an increase in renewable energy purchased, from 30% to 70%.

In March, WIND was the main partner of 'Earth Hour', the worldwide WWF event for raising awareness of climate change, supporting it with an online campaign. In December, WIND was supporting the Christmas WWF campaign 'save the humans' through a mobile and social media campaign

Mobilink saves 39.5 million liters of diesel since 2013

With power outages often lasting up to 16 hours a day in Pakistan, Mobilink's base stations run on diesel when the grid fails. In 2015, the company continued to adapt base stations to use hybrid battery systems, meaning they only revert to diesel once the batteries run down. In this way, diesel use dropped from 67 million liters in 2013, to 41 million liters in 2014, and now to 27.5 million liters.

LITERS OF DIESEL FUEL SAVED BY MOBILINK SINCE 2013

39.5m

PROPORTION OF GRID ENERGY PURCHASED BY WIND THAT IS 'GREEN'

70%

Chart 1: Total CO₂e emissions (tonnes millions)

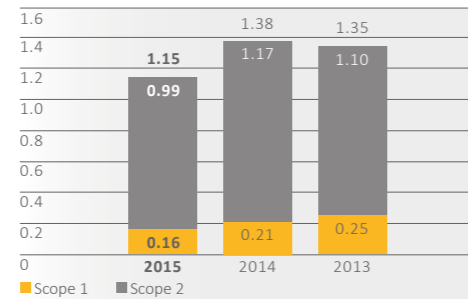


Chart 3: Number of BTS using renewable energy (solar or wind power)

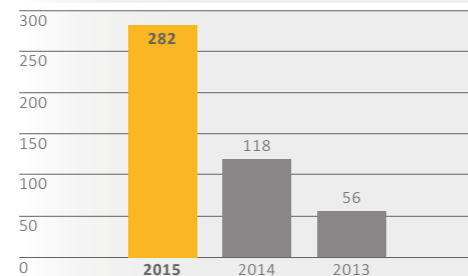


Chart 2: Total CO₂e Emissions per unit of network traffic (tonnes/terabyte)

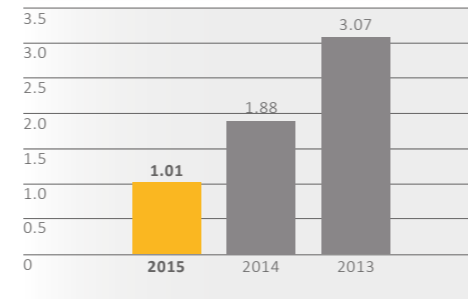
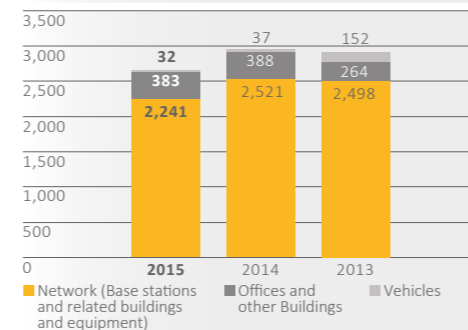


Chart 4: Total energy use (MWh millions)



¹ The 2013 vehicle emission figure is overstated due to a conversion factor error.

Table 3: Network Energy Efficiency initiatives

	NUMBER OF RADIO BASE STATIONS		
	2015	2014	2013
Radio access network – energy efficiency initiatives			
FREE-COOLING UNITS Potential to reduce site energy consumption by 20 to 25% – we are introducing free-cooling units in indoor Radio Access Network (RAN) sites	11,996	11,742	11,577
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%	8,170	7,671	3,768
OUTDOOR UNITS 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	28,109	24,183	18,845
POWERS SAVING FEATURES Switching off some radio elements that are not needed when the traffic is low reduces energy consumption of base stations by 20 to 30% depending on the site configuration	58,269	38,285	46,537

Responsible behavior

In this section we discuss the remaining issues identified in our materiality matrix, as grouped into clusters of related topics.



OUR COMMITMENT

TO OPERATE RESPONSIBLY

Business ethics

In this section we cover three key aspects of business ethics: corporate governance, anti-bribery and anti-corruption, and transparency.

Corporate Governance

VimpelCom is a public company listed on the NASDAQ, and is subject to all of the applicable listing and disclosure requirements as a foreign private issuer. VimpelCom is also subject to the applicable Securities and Exchange Commission reporting requirements, including filing an annual report on Form 20-F each year, with audited consolidated financial statements.

Our Supervisory Board has authority for strategic decisions for the Group. Shareholder approval policies and procedures are also in line with applicable requirements. The Supervisory Board has a number of committees, including the Finance and Strategy Committee, the Nominating and Corporate Governance Committee, the Compensation Committee, and the Audit Committee.

Further information on our approach to corporate governance, the members of our leadership teams and the Supervisory Board and its committees is available in the Form 20-F and our corporate website.

RiskClarity Survey

Nearly 24,000 employees participated in the company's second RiskClarity survey (conducted by the Corporate Executive Board), helping to assess how our corporate culture is developing. The 'Integrity Index' measures attitudes and perceptions about seven key drivers influencing a business's ethical climate. Our overall score was 5.41 out of 7.00 (5.30 in 2014) and all seven drivers showed improvement.

Anti-bribery and anti-corruption

In 2015, we continued to strengthen the governance, policies and procedures focused on anti-bribery and anti-corruption compliance, with a particular emphasis on building a strong compliance team and carrying out extensive training and awareness-raising across the business.

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 and that extends from the group level through to each operating company. We have continued to make progress in establishing a more coordinated and strengthened framework, adding resources, relevant procedures, 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.

On February 18, 2016, VimpelCom announced agreements with the U.S. Securities and Exchange Commission ("SEC"), the U.S. Department of Justice ("DOJ"), and the Dutch Public Prosecution Service (Openbaar Ministerie) ("OM") relating to the previously disclosed investigations under the U.S. Foreign Corrupt Practices Act and relevant Dutch laws, pertaining to VimpelCom's business in Uzbekistan and prior dealings with Takilant Ltd. The relevant agreements have been approved by the authorities and relevant courts.

As part of the agreements, VimpelCom paid fines and disgorgements to the SEC, DOJ and OM in an aggregate amount of USD795 million. VimpelCom has agreed to a deferred prosecution agreement with the DOJ, a consent with the SEC, and a settlement agreement with OM. In addition, VimpelCom's subsidiary in Uzbekistan, Unitel LLC, has entered a guilty plea with the DOJ. VimpelCom has also agreed to oversight by an independent compliance monitor to promote continued, and regular, compliance enhancements across the Company and its subsidiaries. VimpelCom's cooperation in the investigation and actions in rapidly resolving this matter, together with substantial upgrades to its compliance program, have been recognized by the authorities in the agreements.

Transparency relating to disclosures on anti-bribery and anti-corruption

In November 2015, Transparency International (Hungary) published its report ranking the 35 largest telecoms companies (29 operators and 6 equipment suppliers) on the reporting of the measures they take to prevent corruption, information on subsidiaries and holdings, and key financial information. VimpelCom ranked eighth out of the 35 businesses assessed, scoring 88% for disclosures relating to its anti-corruption program.

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, Ethics and Assurance Committee, the Group Compliance Program and Group Compliance Function. The Group Chief Compliance Officer reports to the Group Chief Executive Officer, also having direct access to the Audit Committee of the Supervisory Board of Directors to which he reports at least quarterly.

We now have over 30 full-time compliance officers across our headquarters and business units, covering all our operations. Compliance officers in our BUs report with a solid line to the Group Chief Compliance Officer. Our compliance roadmap covers: risk analysis; policies and procedures related to key risk areas; organization and commitment (including appropriate messaging from senior management); training and awareness; screening; record-keeping and controls; reporting; internal audit and monitoring; remedial and corrective actions; and program leadership.

We have carried out compliance risk assessments in all of our markets with the assistance of independent external counsel, and also put in place an Investigations & Disciplinary Committee. We are reinforcing the importance of our compliance program with both educational videos on key compliance topics, and reinforcing the 'tone at the top' regarding the importance of anti-corruption/anti-bribery compliance with a variety of approaches, including a video message from our Group CEO.



Our Code of Conduct 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 applicable anti-corruption laws and regulations, as well as adherence to all company accounting policies and controls.

The 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. To reinforce this, in December 2015, we launched the Due Diligence Business Partner Compliance and Screening Procedure. This Procedure is an addition to the range of policies and procedures (addressing issues such as conflicts of interest, gifts and hospitality, incident management and investigation, and social investment project approval) that support the Group Anti-Bribery and Corruption Policy. We also implemented our M&A Due Diligence guidelines relating to compliance issues. As part of our headquarters 'Supplier Day', the importance of both our anti-bribery and anti-corruption program, and our Supplier Code of Conduct (see page 37), were emphasized to our global strategic suppliers.

We operate a whistleblower process 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 appropriate procedures are

followed in each of the countries in which we operate.

We continue to strengthen our culture of ethics and foster individual accountability by placing emphasis on compliance training, both at our headquarters and throughout the BUs. During 2015, more than 26,000 employees worldwide completed Code of Conduct training sessions which include an extensive module on anti-corruption/anti-bribery compliance. Additional specialized training was provided to around 2,900 key employees on applicable anti-bribery regulations, including the FCPA. The Supervisory Board received tailored compliance training in 2014 and the Management Board in 2015. We intend to repeat this in 2016.

Transparency

It is important for leading international companies to be transparent about their challenges as well as their successes. We engage regularly with our key stakeholders and see this report, our financial reporting disclosures, and our websites as key windows on our company.

Our CR reporting continues to develop, with our 2014 CR report achieving core compliance with GRI v4, and introducing a 'moderate' level of assurance. Our progress is shown by our ranking in the Transparency Benchmark (<http://www.transparantiebenchmark.nl/en>), which rose from 179th (of the 500 largest Dutch companies) in 2013, to 92nd in 2015. WIND achieved second prize at the Italian Social Reporting Award (Premio Bilancio Sociale), organized by the Social Reporting Library (www.bibliotecabilanciasociale.it) and Areté Foundation. Other BUs, including Mobilink in Pakistan and Beeline in Russia, also prepare detailed CR Reports.

Awards and ratings for Corporate Website

VimpelCom's corporate website, www.vimpelcom.com, is aimed at all key corporate stakeholders, providing timely and accurate information. The website uses responsive design, ensuring the layout adjusts for all screen sizes.

Since its launch, VimpelCom's corporate website has received 10 international awards, including two honoring it as best-in-class among participating telecom-related sites. Most recently, it was ranked the top corporate website in the Netherlands by Comprend in its annual 2015 Webranking review.



Serving customers

Our customers are the center of our business. Providing a high-quality, reliable and accessible service is fundamental to our commercial success, and an important contribution to the socio-economic development of the populations we serve. This is reflected in our materiality assessment and the prominence of customer-centricity in our business strategy.

This section looks at how we manage the delivery of our core service through the lens of our network performance, customer satisfaction and the online services. **Issues** relating specifically to online services, and the **impact our services** can have on under-served communities are covered elsewhere in the report.

Customer satisfaction and responsible marketing

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

Many factors influence customer satisfaction with our services, including the value for money and reliability of the products and services offered, and the quality of products and services we provide. We cover our general approach to serving our customers in our Annual Report.

We have been running a Customer Excellence Program in all our markets since 2013. The 'voice of the customer' is a mandatory item on BU executive committee meeting agendas and the Steering Committee is chaired by the Group CEO, with Chief Officers from Technology, Commercial, certain Regional CEOs and other functions, as well as shareholder representatives.

In 2014, the focus of the program was to fix some basic areas where performance needed to improve. For

example, in Russia, key areas of customer 'detraction' were around a lack of transparency in charging, and failing to prevent SPAM to customers. Fixing this helped to raise Beeline Russia's customer satisfaction scores significantly (we increased our Net Promoter Score (rNPS) scores – see below – by 11 points over 12 months), and we have been progressively simplifying our tariffs, improving charging practices and reducing incidence of SPAM across our markets.

In 2015, we have focused on building long-term sustainable capability to improve overall customer experience. Much of this is about enhancing our customer engagement. Some of the key initiatives include:

- **Closed feedback loop** – we have implemented a new system which helps us to more accurately, consistently and efficiently identify the root causes of customer dissatisfaction, enabling more rapid rectification of customers' problems. We have deployed this in eight of our markets and will do so in all markets by the middle of 2016
- **Usability testing** – making the voice of the customer more central to product and service development through involving BU customer experience teams throughout the process. This has resulted in measurable improvement in the uptake of products and services, and a reduction in product 'bugs' and complaints
- **Enhancing retail experience** – in 2016 we will launch a new operator store format and significantly expand our footprint, in order to deliver a better customer experience and monetize data revenue
- **Center of Excellence ('CoE')** – as part of our new operating model, bringing together our top customer experience experts in a CoE in Moscow to support teams in BUs, and roll out capabilities and skills.

Programs

Customer engagement in Russia

Beeline has introduced a customer engagement program where senior executives, sometimes including the BU CEO, contact customers who register an unsatisfactory experience with our services, and have not had their concerns adequately dealt with. The executive takes personal responsibility to ensure the issue is satisfactorily fixed. This is not only valued by the customer, but also helps ensure our senior leaders experience day-to-day customer issues, and understand how problems can arise and be resolved. We will introduce this initiative progressively to other markets.

We measure the success of our programs through the relative (rNPS) – the degree to which customers would recommend our services to others. In particular, we monitor performance against our highest scoring competitor and review this through quarterly reporting and the governance process described above. Results can be seen in Table 4.

The importance of rNPS is reinforced by the fact that 15% of the annual bonus of all members of VimpelCom's leadership team is dependent on meeting NPS score targets.

We manage advertising locally to ensure it is appropriate for local standards and culture. We take the standards of our marketing activities seriously and monitor our compliance performance carefully. Our annual performance can be seen in Table 6.



Forum

WIND Transparency Forum

The WIND Transparency Forum recognizes projects that improve transparency in Italian society, and honored three initiatives in 2015. The Public Institutions award went to 'Open Coesione', a governmental portal uploading details on Italian projects supported with EU funding. The Services award went to 'Eduscopio', a website helping parents and students evaluate high schools based on the performance of their graduates at university. 'Confiscati Bene', a map and a public database of all the properties confiscated from captured Mafiosi, won top honors in the Digital Projects category.

In addition to the awards, WIND also publishes an online magazine with the goal of inspiring users by highlighting innovative initiatives for transparency and open data.

Table 4: 2015 Performance on Net Promoter Score

Number of markets meeting or exceeding their rNPS targets	4 out of 12
Number of markets placed first or second in their markets on rNPS	7 out of 12
Number of markets improving their rNPS relative to best placed competitor	9 out of 12

Table 5: Anti-competitive action compliance

	2015	2014	2013
Number of instances of non-monetary sanctions relating to anti-competitive behavior	19	7	14
Number of anti-competitive cases brought through conflict resolution processes	1	13	5
Fines relating to anti-competitive behavior (USD M)	2.24	0	0.06

Table 6: Marketing Compliance

	2015	2014	2013
Number of incidents relating to our marketing activities that resulted in a penalty	13	13	6
Number of incidents that resulted in a warning from the relevant body	17	12	23
Number of incidents of non-compliance with a voluntary code	0	1	1
Fines relating to non-compliance with laws or regulations covering the provision and use of our products or services (USD M)	1.7	0.4	0

Network coverage and reliability

The coverage and reliability of our network are fundamental elements of our customers' experience and are regulated as part 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 2015, we invested significantly in our network infrastructure. As a result it receives a significant degree of management attention and detailed planning. We review performance through the Operational Performance Boards held with each BU, which involves executive-level officers from the HQ and BUs. We have also introduced Capex Investment Committees at the BU level which play a crucial, cross-functional role in our drive to target Capex spend more effectively by prioritizing and bringing more discipline, structure and rigor to the way we make Capex investment decisions.

Improvement and management of network performance is supported by the Chief Technology Officer Forum which controls the activities of various technical working groups focused, for example, on technology architecture and performance (cost) management.

Network performance can be summarized through the KPIs set out in tables 7 to 10.

Table 7: Network Quality – 2G/3G Call Inaccessibility

UNSUCCESSFUL CALL SET-UP RATE (VOICE)			
MONTHLY AVERAGE	NUMBER OF MARKETS		
%	2015	2014	2013
0-1.0	8	6	6
1.0-2.0	4	5	5
2.0+	0	1	1

Table 8: Call Drop Rate

MONTHLY AVERAGE	NUMBER OF MARKETS		
%	2015	2014	2013
0-1.0	12	10	9
1.0-2.0	0	2	3
2.0+	0	0	0

Table 9: Coverage of mobile telecommunication services

POPULATION COVERAGE %	NUMBER OF MARKETS								
	2015			2014			2013		
	2G	3G	4G	2G	3G	4G	2G	3G	4G
95-100	6	1	0	6	1	0	4	1	0
90-95	1	1	0	1	1	0	2	0	0
85-90	3	0	0	3	0	0	3	0	0
80-85	0	0	0	0	0	0	0	1	0
70-80	2	1	1	1	1	0	2	0	0
50-70	0	4	1	0	3	0	0	3	0
0-50	0	4	1	1	4	0	0	2	0
No deployment	0	1	9	0	2	12	0	4	12

Table 10: Network Quality – Bit-rate from public crowdsourcing (Open Signal)

BIT-RATE DOWNLINK			
LAST 6 MONTHS AVERAGE	NUMBER OF MARKETS		
MBPS	2015	2014*	2013*
5.0-10.0	1	–	–
3.0-5.0	1	–	–
1.0-3.0	9	–	–
0.0-1.0	1	–	–
	12	–	–

*Not previously reported.

4G/LTE POPULATION COVERAGE IN GEORGIA

> 50%

NUMBER OF BUSES IN KAZAKHSTAN WITH OUR FREE WIFI

300

HD-Voice for CIS markets

In 2015, we launched high-definition voice services (HD-Voice) for 3G in three CIS countries – Kyrgyzstan, Tajikistan and Uzbekistan. HD-Voice is now improving sound quality for millions of Beeline subscribers in these countries and helping to improve network perception and rNPS scores.

We continue to deploy high-speed services across our markets with the advance of 3G and 4G/LTE technology. The speed of deployment depends on our license agreements. 4G/LTE services now cover half of the populations in Italy and Georgia, and over 40% in Russia. All our markets other than Georgia (which moved straight to 4G/LTE) have 3G population coverage of over 25%, with Russia and Italy at over 90% coverage. Although Kyivstar received a 3G license only in early 2015, the technology had been rolled out to 3,300 sites by the end of the year. Basic 2G coverage is over 80% in all markets other than Pakistan and Tajikistan where terrain and other issues such as power availability constrain network roll-out.

We are not aware of any other major operator that has designed and developed quality guidelines as a reference model in terms of culture, organization, process, tools and systems.

In 2015, our businesses in Kyrgyzstan and Uzbekistan (and we plan to launch in other BUs during 2016-17) launched a new mobile application for customers, that will help us improve network services further. The 'Mobile Agent' is installed on smartphones and monitors data related to network performance and customer experience connected with different types of user activity, such as browsing, using apps, watching a video or making a call. After the session has finished, the data can be aggregated and analyzed.

This new initiative ensures that quality of service and experience can be measured in real-life and real-time conditions, giving us the ability to experience the network as the customer perceives it. Subscribers can upload feedback and become active contributors by reporting problems and so participate in network improvements. The Mobile Agent complements traditional measurement of network performance and enables improvements for the customer.

This further supports our move from a network development model based on aggregated technical KPIs, to a model based on customer centric KPIs.

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 for many years to make services affordable, and constantly growing penetration rates are indicative of continuing progress (see table 11). This is aided by low-cost tariffs, falling prices in basic handsets and smartphones, and the increasing availability of second-hand phones.

As well as basic connectivity, we are bringing new value-added services to customers, many 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. We continue to grow 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. At the end of 2015, VimpelCom was the world's largest supporter of Wikipedia Zero with the service available to over 180 million customers across Algeria, Bangladesh, Pakistan, Russia, Kazakhstan, Kyrgyzstan and Ukraine.

In Pakistan, we continue our partnership with Opera Software ASA, and OLX, where we offer customers a basic package of free internet access – the only price being an initial exposure to advertisements before browsing can start. 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. We are open to innovative bundling and pricing of internet services for our customers, but do not take any approach

that is discriminatory. It is in our commercial interests to enable as many people as possible to access the mobile internet and give our customers a wide range of choice. We structure our offering accordingly.

The development of our device portfolio is a key pillar of our commercial strategy and is managed through a steering committee chaired by our Group CEO and other senior leaders from HQ and our businesses. From our research, the price of smartphones is the most significant barrier to accessing the benefits of mobile data services and so the delivery of affordable smartphones is our main focus. Commercial interests in increasing data usage very much align to helping to address this key element of the digital divide.

Free wifi on the bus in Kazakhstan and Tajikistan

Beeline Tajikistan has installed wifi routers in 10 public buses in Tajikistan's capital, Dushanbe, as well as in its international airport terminal, in cooperation with the Dushanbe City Administration. The project is the first of its kind in the country. The project is being implemented through Beeline Tajikistan's 3G network and allows customers to enjoy free mobile internet at a speed of up to 7.2 Mbit/s.

In Kazakhstan, 160 buses in Almaty and Astana have been connected to free public wifi, bringing the total to over 300 buses across nine cities in the country.

Also in Kazakhstan, we support an education program, 'Internet for You', to help people improve their digital skills. The average age of attendees is 49, and the course is offered in local language and Russian to increase its accessibility. It has been attended by more than 400 people. You can learn more about these projects by watching a video at www.vimpelcom.com.

Table 11: The growth in subscriptions from 2000 to 2014 (source ITU)

MOBILE SUBSCRIPTIONS PER 100 INHABITANTS	2000	2014
Algeria	0.27	92.95
Armenia	0.57	115.92
Bangladesh	0.21	80.04
Georgia	4.11	124.94
Italy	74.13	154.25
Kazakhstan	1.35	172.19
Kyrgyzstan	0.18	134.46
Pakistan	0.21	73.33
Russia	2.22	155.14
Tajikistan	0.02	95.13
Ukraine	1.67	144.08
Uzbekistan	0.21	78.42

Responsible behavior — continued

Smartphone penetration across our markets is 31%, ranging from over 50% in our most mature markets to 12% in markets where price remains a significant barrier and high speed networks are still a relatively new phenomenon.

Our range of affordable smartphones and tablets continues to grow, and these are either own-branded, or co-branded with selected vendors. In 2015, we shipped 0.6 million 'affordable' devices, which were priced significantly below mainstream device market prices. We have committed to selling more than four million smartphones in 2016, including one million own-branded and co-branded smartphones in a price range from USD30 to USD120. We procure ultra-low cost phones (non-smartphones) through our BUs.

Improving access to the internet for economically disadvantaged people is also supported by local initiatives such as introducing local languages to Google Translate, and helping develop **basic literacy**.

As well as facing economic issues, people with eyesight or hearing problems, or dexterity issues can also have difficulties accessing services.

Special services for people with disabilities

Beeline Russia has a particular focus on developing assistive technologies and services for people with reduced capabilities, and elderly people. Initiatives include:

- In 2014, becoming the first Russian operator with a sign language service in retail units. Marked with an 'ear' sign, three shops offer these services in Moscow, and similar services have been launched in St. Petersburg-based sales and customer service offices as well. This pilot project offers information services, as well as location and navigation support for sight-impaired and other mobility-challenged individuals
- Supporting the international M-Enabling Summit Russia 2015 conference, the first time it had been held in Russia
- Since 2006, offering a special price plan for people with hearing disability, and in 2011-12 launching free mobile access to 'zero zones' in the internet. Beeline also provides a special price option 'Message', developed for people with hearing and visual disabilities. It is based on research conducted with the Russian Society of the Deaf (RSD) and Russian Society of the Blind (RSB) cultural-sport rehabilitation complex
- Beeline has also been a long-term partner of the Peace & Love festival, specifically for people with hearing impairment.

In addition, in Kazakhstan, we provide a free internet connection to a library for visually impaired people in Shymkent which is accessed by more than 5,000 people in the region.



Building the digital skills of smartphone users

Although some customers can afford a smartphone, they may lack the confidence or digital skills to make full use of the functionality. In Eurasia, five of our markets are aiming to overcome this with the launch of the Beeline 'Start' app in September 2015. This is a starter kit that highlights the best apps to help them get the most out of the digital world and introduces them to the most popular apps and digital services in their country, as well as Beeline's customer self-care app, 'My Beeline'.



OVERALL SMARTPHONE PENETRATION

31%

AFFORDABLE SMARTPHONES SHIPPED IN 2015

600,000

Digital Issues

A key strand of VimpelCom's strategy is digital leadership. As voice revenues stagnate and decline, the growth of data traffic across our networks, and new internet-based business models, provide opportunities to provide enhanced services to customers, while growing new revenue streams and streamlining our own operational processes.

Data traffic on our network has grown from 0.44 million terabytes in 2013 to 1.13 million terabytes in 2015, and this explosion in use, and of internet access, creates challenges for us and our customers, as well as the obvious benefits.

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 often national. Transferring data across international borders can be a legally complex exercise, as seen in recent developments such as the judgment of the Court of Justice of the European Union, which invalidated the EU-US 'safe harbor' program, which facilitated the transfers of personal data originating in Europe to the USA. Additional steps, such as written agreements, are now necessary to legitimize such data transfers. Similarly, operators are seeking clarification and practical guidance on the requirements of a recent Russian 'data localization' law which requires that all personal data of Russian citizens (whether customers or employees) are stored on servers in Russia.

Privacy

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 in many ways, ICT also provides potential for data to be misused, including criminally, for financial or political gain. Continuing public concern over personal privacy includes fears that:

- irresponsible use of personal data by corporations could lead to activities that intrude on the privacy of individuals, or financial loss, reputational damage or other harm to individuals
- major data security breaches and cyber-attacks may put the personal data of individuals at risk
- government has substantial access to personal data, which may intrude on privacy, curtail public protest or free speech.

Privacy, data protection and commercial use of data

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

Our businesses operate in markets with varied regulatory regimes on data security and privacy. During 2013 and 2014, we compared these local approaches with the different regulatory frameworks in force around the world and developed a Group standard intended to bring all operations (including those operating in countries where no regulatory frameworks 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. In early 2015, our Customer Data Governance Policy was approved. This sets out the standard referred to above and through this we aim 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**
- **Protection of Information.**

During 2015 we continued to monitor the implementation of the BU plans referred to above. We recognize the importance of this issue to our customers and are always trying to improve.

In line with this, we require our businesses to report on incidents relating to managing customer data. This is summarized in table 12.

Government access

Mobile operators rely entirely on governments for access to radio spectrum and operating licenses. Operating licenses, all over the world, often contain clauses allowing government to access customer data where this is necessary for purposes 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 constrains what we are able to report on this important topic.

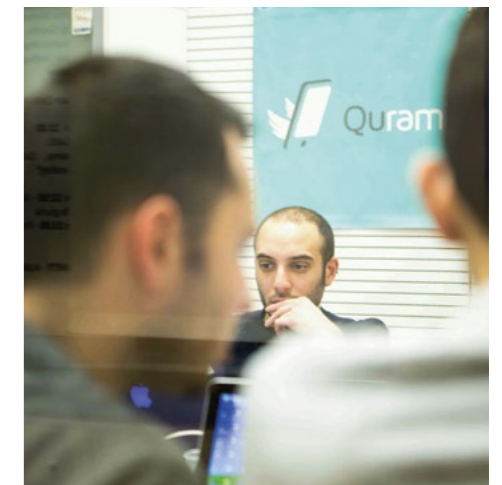


Table 12: Privacy performance

	2015	2014	2013
Number of complaints received from third parties relating to our management of customer privacy	1	6	50
Number of complaints received from regulatory bodies relating to our management of customer privacy	4	2	16
Number of instances of customer data loss	5	16	34



GLOBAL STRATEGIC SUPPLIER ASSESSMENTS COMPLETED

93%

NUMBER OF LOCAL HIGHER-RISK SUPPLIERS ENGAGED IN 2015

220

Freedom of expression

Freedom of expression is a basic human right and is frequently in the spotlight as a result of the growing use of the internet for hate speech and incitement to extremism, as well as peaceful civil protest. 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 important for security agencies combating terrorism. Research¹ indicates that network closures increased globally between 2005 and 2014 and several of our markets, including Pakistan and Kazakhstan, experienced government instructions to close our networks in areas of these countries. The balance between providing safety from terrorism and other threats for citizens, and restrictions on civil protest, and vital day-to-day uses of communications, is complex and controversial. As a mobile operator, we must act in accordance with our license agreements and other relevant legislation on this issue.

As well as network closure, we may be requested to block certain websites. On some issues, such as child pornography, there is generally universal agreement on the need to censor and report such sites.

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 or social media platforms. However, we must comply when the government, through the law, requires sites to be blocked or networks to be closed.

Throughout 2015, we have been discussing internally and externally the options available to us to mitigate concerns on these topics. This has included:

- Joining a meeting of the Telecommunication Industry Dialogue on Freedom of Expression and Privacy as an observer
- Consulting with colleagues across our BUs.

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

¹ Center For Democracy and Technology (<http://network-shutdowns.cdt.info/timeline.php>)

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.

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: the Safe Internet League, the Mobile Etiquette Charter, and the Russian Operators Charter on Combating Child Pornography.

In Italy, WIND supported the Department of Education, and police campaign on the safe use of the internet. This involved a roadshow, with a specialized vehicle travelling through towns and villages to raise awareness of potential risks and solutions.

Supply chain

In the telecommunications supply chain, we occupy a position 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 reputation and profitability, and so responsible sourcing is a necessary commercial, as well as moral, activity.

During 2015, we have been continuing to develop our approach to ethical procurement across our HQ and BU procurement activity. As part of this process, we have finalized and published our Supplier Code of Conduct (SCoC). The SCoC is based on best practice guidance and standards born out of extensive consultation with many relevant parties, through work carried out by the ICT sector.

The SCoC covers our expectations of supplier performance across a range of issues including labor standards, child and forced labor, health and safety practices, environmental performance etc. and includes expectations that our suppliers will also be responsible for the assessment of their own supply chain. We invited over 40 of our top global vendors, and prospective vendors, to a supplier day in Amsterdam where the SCoC was shared with all participants and covered in presentations.

To assess our suppliers against the SCoC, we are rolling out an approach based on the E-TASC tool 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), is a web-based CR performance monitoring platform and is based on a comprehensive set of ethics, labor rights, health and safety, and environmental criteria which closely align with our SCoC. Approximately 1,800 ICT sector suppliers are currently evaluated through E-TASC.

Starting in late 2014, we initially tested E-TASC with our global strategic suppliers who represent approximately 56% of our total technology spending in 2015, and tend to have the most complex supply

chains. We are therefore already focused on a substantial proportion of our ethical procurement risk.

We summarize our engagement with these global strategic suppliers¹ (GSS) in table 13.

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 at the end of 2015 indicated that no GSS fell below the overall risk threshold for performance in their overall scores, or their scores on the four individual categories of performance.

Following the successful pilot exercise with GSS, we have been rolling out the assessment process with high-risk suppliers where procurement is managed at BU level. Risk is determined by the size of annual business with the BU, together with an analysis of the potential for labor, health and safety, or environmental risk factors to be present – largely based on the supplier’s type of business.

Our GSS have been monitored by other businesses in our sector for some time and, though there is always room for improvement, they generally have good systems in place. We expected the roll-out at BU level would be more difficult as most local vendors in our markets have not previously been assessed on these issues by any customers. We therefore anticipated a much lower engagement rate, and lower performance category scores. In 2015, we launched phased engagement campaigns in Italy, Russia, Bangladesh and Pakistan. Markets in our Eurasia region started their campaign towards the end of the year and this is reflected in the overall results in table 14.

This response rate is typical of first campaigns in these types of markets and we recognize that implementation of this engagement and assessment approach will be challenging. As expected, the scoring of the completed assessments also indicates the long-term nature of the program.

We request suppliers who score below our designated risk threshold score on any component, or on overall score, work with us to develop corrective action plans. We are unlikely to terminate supplier relationships immediately on the basis of the E-TASC score alone, unless we identify other additional red flags, such as bribery and corruption issues. With any suppliers falling below a threshold, we are discussing how to prioritize areas for improvement.

¹ Global strategic suppliers are defined as those having both high supply risk and high profit impact (key to successful business delivery).

Table 15: Assessment Results

	% OF LOCAL SUPPLIERS
Suppliers scoring lower than overall risk threshold	22%
Suppliers scoring lower than environment risk threshold	28%
Suppliers scoring lower than labor risk threshold	28%
Suppliers scoring lower than fair business practice risk threshold	37%
Suppliers scoring lower than supplier management risk threshold	48%

All supplier assessment data is at December 10, 2015.

Table 13: Engagement with GSS

	NUMBER OF GSS	% OF GSS
Assessments completed	26	93%
Assessments not yet started	2	7%

Table 14: Engagement with local higher-risk suppliers

	NUMBER OF LOCAL SUPPLIERS	% OF LOCAL SUPPLIERS
Assessments completed	54	25%
Assessments in analysis	2	1%
Assessments in progress	54	25%
Assessments not yet started	110	50%
Total higher-risk local suppliers approached in first campaign	220	100%

Conflict minerals

Responsible sourcing of minerals is covered by our SCoC, and encourages suppliers to “exercise specific due diligence on the source and chain of custody of these minerals and make their due-diligence measures available on request”. 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. GeSI takes a three-pronged approach to improve the transparency and traceability of mineral sourcing, focusing on key stages in the supply chain:

- 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 through a Conflict-Free Smelter Program developed through a multi-stakeholder process
- Supporting relevant stakeholder efforts such as the Public-Private Alliance for Responsible Minerals Trade, a joint initiative between governments, companies, and civil society to support supply chain solutions to conflict minerals challenges in the Democratic Republic of Congo and the Great Lakes Region of Central Africa.

For more information
More information is available on the GeSI website (gesi.org).

Employees

VimpelCom is a signatory to the UNGC Principles and several of these are relevant to how we manage employee matters.

In this section, we look at how we keep our employees safe, how we engage with them and develop them, and how we treat them fairly.

Health and Safety (H&S)

Although a large proportion of our employees work in offices and face a relatively low level of hazard, we must manage a broad range of H&S risks. The main risks 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.

Within VimpelCom, H&S is governed by many local labor protection laws and regulations, and our operations have H&S procedures covering specific activities. 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. During 2014, we developed a Group Health and Safety Policy which was approved in April 2015.

A number of our markets, including Ukraine, Pakistan and Bangladesh, have continued to maintain operations during times of civil unrest and sometimes 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.

We have provided further definition and guidance on reporting of injuries but recognize there is still room for improvement in data quality. In 2015, we are reporting 100 work-related serious injuries* to employees but it is likely that this represents an under-reporting of the actual position.

Currently, few of our BUs receive reports from network, or other contractors, on fatalities incurred while working on VimpelCom sites. This position will change with the introduction of the SCoC (see page 37), and we expect our suppliers to rigorously ensure the safety of their employees.

There were no reported work-related fatalities relating to our employees in 2015. Sadly, in Pakistan, two contractors died. Both were murdered by third parties – one while carrying out his duties as a security guard, the other while distributing devices and top-up cards to retail outlets. As noted on page 9, recognizing the potential threat to the health and safety of employees and contractors working in higher-risk areas, we initiated a project within GeSI’s human rights work program looking at the provision of security for base stations, particularly in remote areas. This research is ongoing.

We have postponed the Internal Audit review of our H&S program to 2016, to allow BUs time to adopt and implement the new Group H&S 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).

Freedom of association and collective bargaining

We operate in markets with very different 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 and Algeria, there are regulatory frameworks in place where all our employees are covered by a collective bargaining process.

Approximately 23% of employees (17%, 2014) 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 triple the statutory minimum (all in the CIS region). No markets reported any discrepancy between the entry-level salaries for male and female employees.

Beeline University gets 15th Anniversary Refresh

Formed in 1999 by VimpelCom Founder Dmitry Zimin as a political discussion club, Russia’s Beeline University has evolved over the years into Beeline Russia’s in-house training and development arm, with 23,000 employees participating in its programs annually.

In its 15th anniversary year Beeline University has updated its curriculum and increased the involvement of senior leaders in developing it.

The new curriculum is structured to mirror the main functions of a company. Functional leaders in the business teach relevant subjects when it makes sense for them to do so. Beeline Russia’s CEO acts as University Dean.

Beeline University at a glance

- More than 200 internal courses
- 217 internal experts
- 315 external trainers and providers
- 12,000 annual e-learning participants
- 400 electronic and mobile library books

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.

Diversity and Discrimination

In the businesses which reported (including Group HQ), 54% of employees were male. Of total employees, 2,526 were part-time employees (72% female). There were nearly 20,000 new hires (46% male) – a new hire ratio of 35%.

The age and gender of the members of our Supervisory and Management Boards can be found in our Form 20-F. Across our Leadership Team as a whole, comprising 150 senior leaders, gender and age diversity numbers are as shown in table 16.

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 engagement and 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 59,000 (see footnote on page 2) employees across 14 countries, and with over 40 nationalities represented in our HQ, it is no surprise that we operate a huge variety of employee development programs. A number of these are highlighted across these pages.

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.

Employee engagement around the new business strategy

Following launch of the new business strategy we encouraged employees to respond to a survey on the new objectives. The survey indicated an awareness rate of 72% across a sample of HQ and BU employees.

Table 16: Senior leadership* diversity

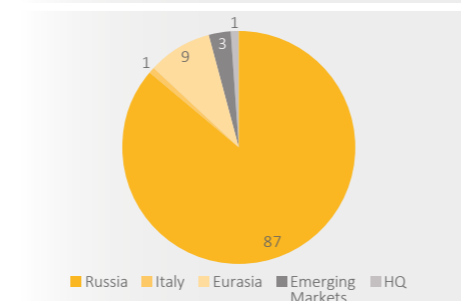
% of senior leadership that are female	20%
% of senior leadership who are natives of the country where they are employed	61%
% of senior leadership aged below 30	1%
% of senior leadership aged between 30 and 50	82%
% of senior leadership aged over 50	17%

* Senior leadership is defined as the Management Board, plus the market CEOs and their direct reports.

MiniMBA program

To broaden VimpelCom’s leadership development activities while deepening relevant knowledge among emerging leaders, we launched a ‘MiniMBA’ program in cooperation with Coleago, a London-based consultancy specializing in telecoms, covering four major subject areas: finance, strategy, commercial, and technology.

Chart 5: New Hires By Business Region (%)



Eurasia Digital Days

To familiarize employees with both the power and potential of smartphone and data use, the Eurasia Business Unit has conducted a series of sessions called ‘Eurasia Digital Days’.

With average smartphone penetration in these markets somewhere around 20%, it is important for us to teach customers how to use smartphones, but also for us to learn to use them ourselves. The Digital Days included a number of common features:

- Recognition of specific employees as ‘digital gurus’ and giving them the opportunity to speak with their peers about their own smartphone use
- Activities to encourage and increase smartphone use among employees
- Discussion of how best to encourage customers to begin and increase their own smartphone use.



Banglalink wins Best Employer award

Banglalink received a Best Employer Award from one of Bangladesh’s leading job portals, Bdjobs.com being named as top employer in the telecommunications sector, and joined sector champions across a total of 10 different industries.

The award is based on an online survey with 5,000 online participants.



Social investment

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



WE'RE DEDICATED TO

SUPPORTING THE COMMUNITIES WE SERVE

During 2015, our businesses provided financial donations of approximately USD1.3 million, plus donations of services and equipment valued at approximately USD0.4 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 2015, this amounted to over 6,000 hours of time (over 750 days) during working hours.

Here, we briefly outline some of our social investments. You can find more details of all of these projects, and many more from around the world, by visiting our web pages.

Child Helpline International

Our company and people are committed to helping improve health, living conditions and safety among children throughout the world. VimpelCom, along with several other operators, has agreed to support the GSMA's partnership with Child Helpline International. We have pledged to support and promote child helplines in all our markets, providing free calls for users. During 2015 we created and explored partnership opportunities to help support or establish new child helplines, and the system is now operational and providing free calls in five countries. We are still working on partnerships in a further six countries. In Armenia, the helpline had received approximately 1,200 calls by the end of the year.

Emergency situations and disaster relief

During emergencies, reliable communications can mean the difference between life and death. We are proud to be able to use our resources and expertise to help alleviate the effects of emergencies and disasters, and assist those bringing relief to the affected areas.

In 2015, heavy floods in the Georgian capital, Tbilisi, resulted in 19 deaths, extensive infrastructure damage and an escape of animals from the city's

zoo. Beeline Georgia activated a special number allowing customers to make donations for flood relief. In 48 hours, more than 30,000 calls were made and 20,000 GEL in aid raised to help victims of the natural disaster. Beeline Georgia employees also volunteered in the city's clean-up operation.

In Tajikistan, Beeline launched a short number for donations via SMS, to help victims of natural disasters. We also collected 100kg of warm clothes at our offices, for humanitarian aid.

In Pakistan, a heatwave that gripped Karachi and surrounding areas during the month of Ramadan, claimed over 1,300 lives. Mobilink initiated a relief campaign that included hospital treatment and distribution of 10,000 bottles of mineral water, 6,000 boxes of juice, 4,000 ice packs, 4,000 hand-sized towels and 40 cooling mist fans. Mobilink also supports a Mobile Emergency Alert System for schools by donating smartphones. Software on the devices links the school with police in the event of terrorism, fire, kidnapping or robbery.

In Russia, Beeline continued to support the NGO Liza Alert and over the past four years there have been over 30,000 calls to the missing children hotline. In 2015, nearly 2,500 were found alive as part of this initiative. Beeline also provided 100 volunteers with free communications and ran a series of workshops for search-and-rescue teams.

Children

In Algeria, volunteers from Djezzy helped renovate an orphanage for abandoned babies. In Russia, Beeline is an official partner of the Winners Games – the biggest competition for children who have survived cancer. More than 500 children aged from 7 to 16, from 15 countries, took part in the 2015 games, competing in six sports: swimming, athletics, football, shooting, table tennis, and chess.

Health

We promote a wide range of health initiatives in the countries and communities we serve. In Algeria this year, Djezzy again ran its breast cancer-screening program for female employees and made charitable donations to the association 'Nour Doha' (fight against cancer). More than 1,000 Djezzy employees took part in the company's fourth annual blood donation program. Banglalink and WIND also promoted blood donation by employees. In Pakistan, Mobilink organized Pakistan's largest corporate blood donation drive, and collected over 1,200 pints of blood. Mobilink also took part in the nationwide Pinktober campaign, aimed at raising awareness of breast cancer. Beeline in Russia provided tablets and smartphones with free internet and mobile communication for doctors and health teams providing hospice palliative care.

Education

We support a wide range of projects in the area of education, both for children and adults. In Pakistan, the Mobilink Foundation once again held its annual day of celebration to mark the end of the academic year, recognizing the efforts of young students pursuing education despite difficult circumstances. Mobilink distributed 150 school bags, along with stationery and painting materials. Mobilink also ran a 'Teach 2 Transform 2015' activity at the Master Ayub Park School, with volunteers providing

teaching support to students in marginalized schools and distributing course books, reading materials and stationery. The Foundation also helped run a Book Reading Activity at the Greenland Society of Special Education in Lahore. In Tajikistan, we helped provide free Internet services in schools and provided food for a boarding school for underprivileged children. In Kyrgyzstan, we helped create a mobile electronic dictionary and were involved in a project to promote the education of journalists on economic subjects. Our teams in Armenia ran computer classes, provided internet and IPTV services for schools, and helped set up a project to motivate young, talented people to build their futures. WIND, in Italy, provided mentors for three high schools.

Environment

As a company we are keen to help protect the environment. Our employees and customers often share these concerns, and together we are working on a range of community projects around the world that have an environmental focus. Our team at Banglalink was involved in the International Coastal Clean Up Day 2015 and the year-long Cox's Bazar Beach Cleaning project.

In Kazakhstan, Beeline volunteers took part in a tree planting event at the country's Disabled Children's Parents Association in Almaty and in the National Cleanup Day across the country. Mobilink Foundation ran a clean-up project in the Margalla Hills and introduced an 'Adopt a Plant' scheme at the Islamabad office. Staff in Tajikistan were involved in tree planting, while in Ukraine 550 eco-volunteers from Kyivstar planted 500 new trees and bushes across 23 cities, 15 parks, and a botanical garden and zoo. Two-hundred Kyivstar volunteers also took part in Veloday in four cities, promoting the use of bicycles.

Community

Our people take part in a variety of projects around the world aimed at helping society generally, and in particular those marginalized or suffering from ill health or poverty. In the Netherlands, 60 volunteers from VimpelCom HQ helped with community projects in Amsterdam's Zuidooit (Southeast) neighborhood.

In Russia, and across our central Asia businesses, our teams marked the anniversary of the end of World War II with a social media campaign to honor surviving veterans. We also provided free calls for veterans to help reconnect them with comrades, friends and family. In Tajikistan, we provided diesel generators for hospitals and schools. Mobilink, in Pakistan, funded upgrades to the Women Welfare and Development Center to help women develop skills that allow them to earn a living for their families.

The Torchbearers Volunteering program ran a wide variety of projects across Pakistan, including efforts to combat social exclusion, provide assistance to an orphanage, and provide food for old-age homes in Lahore, Islamabad and Karachi. Mobilink Foundation organized Disability Equality Training at the Mobilink House in Islamabad, followed by a visit to the Al-Farabi National Special Education Centre for Physically Handicapped in Islamabad, where staff took part in an interactive session with children with special needs.

Culture

In Armenia, we promoted classical music development, and a project to use movies to introduce children to the culture of other countries and famous works of cinematographic art. We also supported the restoration and digitization of manuscripts in Matenadaran. In Georgia, we supplied financial support to the Georgian National Centre of Manuscripts.

Fund-raising

Our staff and businesses are involved in a wide range of general fund-raising activities to help charities and worthwhile organizations. For instance, in Georgia, Beeline employees took part in the 'Wings for Life World Run' in Tbilisi. In Italy, WIND raised funds for non-profit initiatives through an SMS donation program as well as raising money for Save The Children through a program whereby customers can contribute 50 cents from their own account to support charities – with WIND matching the donation. In Kazakhstan we supported the Volunteer Society of Mercy fund and a range of other charitable projects, including the Kenes Center of complex rehabilitation and the Hospice for Children project.

Teams in Pakistan held a fundraising event in collaboration with renowned singer Rahat Fateh Ali Khan at the Islamabad Marriott on February 21, 2015. All proceeds went towards the Subh-e-Nau Disability Program. The Mobilink Foundation, in collaboration with Rotary Club and the World Health Organization, also provided and fitted 50 polio victims with braces, and provided rehabilitation. In Russia we continued our long-standing cooperation with the Podari Zhizn fund – the first Russian mobile charity service. Donations provide help for severely ill children. Our staff in Russia also helped collect more than 1.5 million rubles through a charity run, while in Ukraine, 450 company volunteers ran a charity marathon in Kiev.



NUMBER OF
VOLUNTEERING HOURS

6,000

Reporting principles and assurance

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

AN OVERVIEW TO RESPONSIBLE CORPORATE REPORTING



Reporting standards and guidance

Preparation of this report is guided by the Global Reporting Initiative (GRI) guidelines and the principles set out in the AA1000 series of standards (including 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 1 to 11 set out how we have approached the key Principles of Inclusivity, Materiality and Responsiveness set out in the AA1000 APS standard. We have also started to provide elements of the International Integrated Reporting Council (IIRC) guidance, with the introduction of the graphic on page 5.

VimpelCom has previously signed up to the 10 Principles of the United Nations Global Compact. This Report includes our Communication on Progress (COP). The table 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 10).

Scope of reporting, and completeness

As indicated on page 1, we have focused our reporting on our largest markets. We have not included our operation in Laos 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 8 and 9 we set out the approach we have taken in identifying our material aspects, based on industry research and engagement, local and global sustainability context, the views of HQ and local teams, and our own direct engagement with experts and stakeholders.

Expert input

Each year we consult a wide range of experts to prepare the CR Report – in particular to identify our priority (material) issues. This year we managed this process through our engagement in the 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 using the information provided in the GRI v4 guidance material. Where we have developed KPIs specific to our sector, these are based on accepted industry practice – for example the level of network traffic and numbers of base stations. This year we have also provided a Glossary of Terms.

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, applications in health, education, agriculture etc.) as well as on our 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 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 record 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 own CR reporting. Similarly we do not report on the impacts of our suppliers.

We have described the reporting boundaries for material issues in the GRI reference table.

Data quality and assurance

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 became 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. In 2015, we increased the number of KPIs to include information on diversity within our leadership team, and our performance on ethical procurement. We continue to develop and improve our reporting processes across the Group.

We have again 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.

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 170,000 base stations, some 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.

These include:

- 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 officers (responsible for the reporting and data entry process) and local CR officers (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 2015, we again 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 need 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 we sell will be excluded from the CR Report for that year. Adjustments to prior year figures to reflect this will be made where appropriate.

In August 2015, VimpelCom announced that it had signed an agreement to enter into a 50-50 joint venture in Italy with CK Hutchison. Under the agreement, VimpelCom will merge WIND with 3 Italia to create a leading convergent operator in Europe's fourth largest market. The formal regulatory review process has commenced with the submission of the merger control notification to the European Commission on 5 February 2016. VimpelCom expects that the transaction will complete around the end of 2016, subject to regulatory approvals. WIND Italy and 3 Italia will continue to operate separately pending

completion. For this report, the performance of WIND has been included fully, in line with the position in previous years.

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

Disclaimer

This Report contains 'forward-looking statements', as the phrase is defined in Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Forward-looking statements are not historical facts, and include statements relating to, among other things, our CR Strategy, our partnerships, our expectations regarding completing the WIND and Warid mergers, and our initiatives, goals, future market developments and trends, anticipated regulatory approvals, 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 VimpelCom's strategic and financial position and of future market conditions, trends, and other potential developments. 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. 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.

Scope and approach

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 2015.

We performed our work using DNV GL's assurance methodology VeriSustain™, which is based on our professional experience, international assurance best practice including the International Standard on Assurance Engagements 3000 (ISAE 3000), and the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. We evaluated the report for adherence to the VeriSustain™ Principles (the 'Principles') of stakeholder inclusiveness, materiality, responsiveness, completeness, neutrality and reliability.

We evaluated the performance data using the reliability principle together with VimpelCom's data protocols for how the data are measured, recorded and reported. The performance data in scope was: Energy Use (EN3, EN6), Greenhouse Gas Emissions (EN15, EN16, EN19), Injuries and Fatalities (LA6).

We understand that the reported financial 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 VimpelCom and of the assurance providers

VimpelCom has ultimate 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's stakeholders. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. We have no other contract with VimpelCom and this is the second year that we have provided assurance.

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 work at headquarter level and site level. 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's 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 Directors and senior managers responsible for: Regulatory Affairs, Procurement, Mobile Financial Services, Compliance, Legal, Investor Relations, Finance and Corporate Responsibility. Review of selected evidence to support issues discussed. We were free to choose interviewees and functions covered by interviews
- A site visit to VimpelCom's operations in Moscow, Russia, to review process and systems for preparing site level corporate responsibility data and implementation of corporate responsibility strategy. We were free to choose the site we visited and it was selected as the largest operation in the Group
- 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 Headquarters level
- Review of the processes for gathering and consolidating the specified performance data including VimpelCom's internal processes for collating evidence to support data reported from Business Unit
- Operating Company level to Group. We checked data consolidation on a sample basis.
- An independent assessment of VimpelCom's reporting against the Global Reporting Initiative (GRI) G4 Guidelines.

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 continues to engage with stakeholders across Business Units and Operating Companies and at Group level. The Report discloses material issues identified as relevant to each stakeholder group and the reasons for engagement. Last year we recommended that VimpelCom should consider disclosure of more detail on how Group level engagement influences corporate responsibility practices at a local level and, conversely, how local engagement influences what is identified as material at Group level. We note that some progress has been made and this should be built on going forward. This is particularly important given the challenging societal context of many countries where it operates.

Materiality

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

The Report describes the process for updating the materiality matrix in 2015 incorporating input from across all Business Units and Operating Companies and relevant Group functions. The output was benchmarked against the top 10 issues identified by comparative operators, giving confidence that all material issues have been identified.

We restate last year's recommendation that future reports should provide more details on governance arrangements at Business Unit and Operating Company level. This year the report outlines how the contractor fatalities in Pakistan led to the initiation of a project within GeSI's (Global e-Sustainability Initiative) human rights

work programme examining the provision of security for base stations. This is an example of how issues identified locally are shaping the Corporate Responsibility strategy at corporate level and future reports should provide more information on these processes.

Responsiveness

The extent to which an organisation responds to stakeholder issues.

While VimpelCom can demonstrate clear examples of responsiveness this can be improved and we recommend that VimpelCom should develop and disclose short- and long-term targets for Corporate Responsibility taking account of stakeholder issues.

The 'Make Your Mark' program, which enables all Business Units and Operating Companies to contribute initiatives under a common theme, has matured in the past year. VimpelCom has now developed an initial series of indicators to illustrate progress. We support VimpelCom's intention to refine these further in the future.

In 2015 VimpelCom, conducted desk-top human rights due-diligence reviews of two of its markets which captured the key high-level issues for its materiality assessment. Going forward, we recommend VimpelCom should conduct a due diligence review that goes beyond desk-top analysis.

The implementation of the Group Health & Safety Policy has not progressed as fast as anticipated and we recommend focusing on accelerating this going forward to ensure it is robustly implemented across all Business Units and Operating Companies. VimpelCom should also develop and report further key performance indicators to describe health and safety.

The Supplier Code of Conduct has now been finalized and published with successful supplier engagement at global level. As expected, engagement at local level has been more challenging. We recommend VimpelCom should include information in future reports on actions taken to improve roll out at local level.

Completeness

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

The Report provides information on the issues that have been identified as material. We note that 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.

The report reflects where the company is on the material issues that affect the industry, including examples of steps it is considering to move forward. This includes assessing various industry initiatives on freedom of expression and privacy and through consulting with colleagues across Business Units and Operating Companies about how to address stakeholder concerns on these topics. We encourage VimpelCom to disclose more on its activities in these areas in the next report.

VimpelCom's approach to mobile financial services (MFS) is a good example of a commercial initiative that also brings social benefits to communities. As opportunities arise to extend the use of this technology, we recommend VimpelCom should explore additional ways to report on the positive socio-economic impacts of these products.

Neutrality

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

The Report presents a reasonably balanced account of VimpelCom's performance, and case studies provide some information on how priorities, approaches and performance vary across Business Units and Operating Companies. We recommend providing further information on this in future, in particular on the challenges faced.

While the roll out of the Business Principles and the internal audit review of the Health and Safety program have been delayed to 2016, VimpelCom has continued to strengthen its arrangements for anti-bribery and anti-corruption compliance at global and local level. In future reports, VimpelCom should report on the challenges faced during roll out and implementation of these programs. In addition, we recommend reporting additional indicators beyond 'training undertaken' for anti-bribery and anti-corruption compliance.

Reliability

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

VimpelCom has robust Group level internal controls in place 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 on data accuracy has been further supported by inclusion of site level checks in Moscow in the assurance process this year. Overall we found a good understanding of the Group data requirements and appropriate processes for data collection and collation. At site level there are opportunities to improve overall data reliability, through increasing the proportion of measured versus estimated data; and to improve completeness, by confirming locations currently excluded and expanding reporting to cover these.

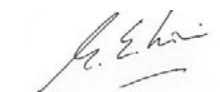
As VimpelCom's Corporate Responsibility programme and reporting matures we recommend extending existing internal controls and oversight as well as external assurance to a broader range of performance indicators, covering all VimpelCom's material issues.

**For and on behalf of DNV GL Business Assurance Services UK Limited
London, UK
23rd March 2016**



Anne Euler

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



Mark Line

Senior Principal Consultant and Reviewer
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www.dnvgl.comm

Glossary

3G/4G/LTE	3G, short form of third generation, is the third generation of mobile telecommunications technology. 3G telecommunication networks support services that provide an information transfer rate of at least 200 kbit/s. Later 3G releases also provide mobile broadband access of several Mbits/s for smartphones, tablets and laptops etc. 4G, short for fourth generation, succeeding 3G. Two 4G systems are commercially deployed: the Mobile WiMAX standard and the first-release Long Term Evolution (LTE) standard.
AA1000 series of standards	AA1000 series are principles-based standards to help organisations become more accountable, responsible and sustainable. They address issues affecting governance, business models and organizational strategy, as well as providing operational guidance on sustainability assurance and stakeholder engagement – see http://www.accountability.org/standards/index.html
'Active' and 'passive' network infrastructure sharing	To reduce costs and improve capital efficiency, operators are increasingly sharing elements of their physical networks. 'Passive' sharing is easier to achieve contractually, and relates to the non-transmission related equipment (masts, cabinets, and the physical site itself). 'Active' sharing is more complex but also includes some sharing of transmission equipment. Active sharing has greater potential for energy saving.
ARPU	Average revenue per user.
(Radio) Base station/base transceiver station/BTS	A piece of equipment that facilitates wireless communication between user equipment such as mobile phones, tablets and computers with wireless internet connectivity, and a network.
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
Electronic Industry Citizenship Coalition (EICC)	The EICC is a non-profit coalition of electronics companies committed to supporting the rights and wellbeing of workers and communities worldwide affected by the global electronics supply chain. VimpelCom is not a member of the EICC.
Form 20-F	A form issued by the Securities and Exchange Commission (SEC) that must be submitted by all 'foreign private issuers' that have listed equity shares on exchanges in the United States.
Global e-Sustainability Initiative (GeSI)	In collaboration with members from major Information and Communication Technology (ICT) companies and organizations around the globe, the Global e-Sustainability Initiative (GeSI) is a leading source of impartial information, resources and best practices for achieving integrated social and environmental sustainability through ICT. (http://gesi.org/)
GRI guidelines	The Global Reporting Initiative (known as GRI) is an international independent standards organization that helps organizations understand and communicate their impacts on CR-related issues. Following the GRI Guidelines helps to structure reporting around the most critical impacts – be they positive or negative – on the environment, society and the economy. G4 is the most recent version of the guidelines and are designed to be universally applicable to all organizations of all types and sectors, large and small.
GSMA	The GSMA (http://www.gsma.com/) represents mobile operators worldwide, with nearly 800 operator members, as well as more than 250 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies. The GSMA operates the GSMA Mobile for Development Foundation which brings together mobile operators, donors and the international development community to drive the positive social impact of mobile technology.
ICT	Information and Communication Technology.
International Integrated Reporting Committee (IIRC)	Integrated Reporting is seen as an evolution of corporate reporting, with a focus on conciseness, strategic relevance and future orientation. The IIRC has produced guidance which aims to support the development of an integrated report as a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term – http://integratedreporting.org/
ISO 14001	ISO 14001 sets out the criteria for an environmental management system and can be certified to. It maps out a framework that a company or organization can follow to set up an effective environmental management system and can be used by any organization regardless of its activity or sector.
SA8000	SA8000 is an auditable certification standard that encourages organizations to develop, maintain, and apply socially acceptable practices in the workplace. It is based on the UN Declaration of Human Rights, conventions of the International Labour Organisation, UN and national law, and spans industry and corporate codes to create a common language to measure social performance.
SIM Card	A subscriber identity module or subscriber identification module (SIM) is an integrated circuit chip that is intended to securely store the international mobile subscriber identity (IMSI) number and its related key, which are used to identify and authenticate subscribers on mobile telephony devices (such as mobile phones and computers).
United Nations Global Compact (UNGC)	The UN Global Compact (https://www.unglobalcompact.org/) is a voluntary initiative which supports companies to do business responsibly by aligning their strategies and operations with 10 Principles on human rights, labor, environment and anti-corruption; and take strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on collaboration and innovation.
Unstructured Supplementary Service Data (USSD)	USSD is a protocol used by GSM cellular telephones to communicate with the service provider's computers. USSD can be used for WAP browsing, prepaid callback service, mobile-money services, location-based content services, menu-based information services, and as part of configuring the phone on the network. Unlike Short Message Service (SMS) messages, USSD messages create a real-time connection during a USSD session, making USSD more responsive than services that use SMS
World Economic Forum (WEF)	The Forum (http://www.weforum.org/) was established in 1971 as a not-for-profit foundation and is headquartered in Geneva, Switzerland. It engages the foremost political, business and other leaders of society to shape global, regional and industry agendas. It is independent, impartial and not tied to any special interests, working in close cooperation with all major international organizations.

Three-year data summary¹

Economic value generated and distributed (USD M)	2015	2014	2013
Economic value generated (operating revenue, interest and dividends received)	14,541	19,697	22,687
Economic value distributed:			
Payments to suppliers	11,413	14,182	16,155
Payments to employees	1,175	1,539	1,806
Payments to suppliers of capital	1,741	2,247	4,746
Payments to governments (taxes and license payments)	985	1,206	1,546
Community investment (including sponsorships)	1	2	2
Total	15,315	19,176	24,225
Economic value retained	-774	521	-1,568
Network and Environment			
Network Traffic – combined voice and data traffic (terabytes)	1,137,338	736,454	440,544
Physical Base station sites	98,918	95,859	90,102
Base station sites using renewable energy	282	118	56
Base stations using power-saving technology	58,269	38,285	46,537
Total CO ₂ e emissions (tonnes millions)	1.15	1.39	1.35
CO ₂ e emissions per unit of network traffic (tonnes/terabyte)	1.01	1.88	3.07
Use of diesel in network operations (MWH)	93,139	128,467	178,482
Employees²			
Number of employees	55,392	56,024	54,523
New hire turnover rate	35%	30%	31%
Diversity – the proportion of female senior leaders	20%	not reported	not reported
Proportion covered by collective bargaining agreements	23%	17%	17%
Work-related fatalities	0	2	0
Work-related serious injuries (total)	100	159	116
Other Indicators			
Average smartphone penetration	31%	not reported	not reported
Complaints received from regulatory bodies relating to our management of customer privacy	4	2	51
BUs ranking 1st or 2nd in their markets on NPS	7 out of 12	7 out of 12	not reported
Global strategic suppliers completing E-TASC assessment	93%	85%	not reported
Local higher-risk suppliers completing E-TASC assessment	26%	not reported	not reported
Financial contribution to charitable organisations (USD M)	1.3	3.0	2.1

¹ All figures include WIND Italy.

² These figures do not include approximately 3,600 temporary contracted employees in Pakistan.

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