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Risks and opportunities

How we manage risks

VEON has adopted the criteria outlined in the publication “Enterprise Risk Management – Integrating with Strategy and Performance – 2017”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), as the foundation of our Enterprise Risk Management (ERM) approach.

The business environment we operate in, is subject to significant changes within short spaces of time, which can lead to increased levels of uncertainty. As a result, the risk landscape can be impacted. This being said, change is not necessarily to be viewed negatively as with change comes the opportunity to innovate and use our ability to effectively anticipate and adapt to the changes in the AI and technological landscape.

The VEON Enterprise Risk Management (ERM) framework is implemented and consistently applied throughout the organization through a well-defined governance structure and a robust ERM process. The ERM framework supports identifying opportunities that enable us to achieve our strategic objectives and enable sustainable growth.

Strengthening our risk culture

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

First line of defense

VEON recognizes that the first line of defense consists of the business, which owns and is responsible and accountable for directly assessing, controlling, and mitigating risks. Since 2016, targeted communication campaigns have been launched globally to foster risk and control awareness across the Group. To embed a culture aligned with our risk appetite and individual responsibilities in relation to risk management we embarked on a program in 2019 which continued through 2024.

During 2022, a Risk Culture survey assessment was performed for the second time since 2021, across our operating companies (OpCos) and our HQ with the help of an external consultancy firm. This exercise was aimed at supporting management in assessing the risk culture within the organization based on eight risk culture dimensions, and to identify potential actions to strengthen or improve VEON's risk culture in comparison with an external benchmark. Based on the results of the survey, all risk culture dimensions at VEON outperformed the external consultant's benchmark except two that were in line with the external consultant's benchmark, which demonstrates a continued very positive outcome.

To further improve risk culture and capitalize on survey results, a set of recommendations was provided by the external consultant tailored for each OpCo and HQ based on the assessment of each of the eight risk culture dimensions. The recommendations were not mandatory in nature but were embraced as an opportunity to ensure a continuous improvement in risk culture and served as the basis for action plan development.

The status of the action plans and progress of the OpCos was tracked periodically and reported to each OpCos' Business Risk Committee (BRC) until completion. The Risk Culture survey is expected to be conducted again in HY2'2025 with the primary objective of systematically assessing and evaluating the progress and development of our risk culture within each operating company.

Second line of defense

The second line of defense monitors and facilitates the implementation of effective risk management practices and internal controls by the first line.

The second line comprises Group Internal Control, Group Enterprise Risk Management, Group Ethics and Compliance, and Group Legal, among other Group functions.

The second line supports the business functions in identifying what could go wrong and provides the methods, tools, and guidance necessary to support the first line in managing their risks. Group ERM provides general oversight on ERM activities in the OpCos, such as quarterly risk reporting as well as facilitating the Group functions with the performance of regular deep dives on specific risks, for example, Regulatory and Tax risks, and assessments of Anti-bribery and Corruption (ABC), Anti-money Laundering (AML), and International Sanctions and Export Controls risks.

The ERM process is embedded into the strategy setting and business planning process to ensure consistency and completeness of VEON's risk profile and that informed risk-based decisions are taken.

Group ERM provides guidance on ERM reporting to the OpCo Business Risk Committees (BRCs) and leads the annual process of reviewing and revising VEON's risk appetite with the VEON GEC members, approving it with the Group CEO, and presenting the outcome to the ARC. The risk appetite is then formally communicated to OpCos for local application in decision-making and submission of business decision approvals to their respective OpCo Board.

Third line of defense

The Group Internal Audit function comprises the third line of defense and provides independent assurance to senior management on the effectiveness of the first and second lines of defense. The function conducts financial, information technology, strategic and operational audits in accordance with its annual plan and special investigations or audits, as and when considered necessary. Throughout, Internal Audit conducts its activities in a manner based on a continuous evaluation of perceived business risks.

Risks and opportunities *continued*

Defining our risk appetite

Defining our risk appetite in line with the COSO Framework, VEON groups risk into four risk categories: Strategic, Operational, Financial, and Compliance.

Our risk appetite is defined for each of the four risk categories by considering our strategic and business objectives, as well as potential threats to achieving these objectives. On an annual basis, the VEON appetite statements for each category of risk are revised and were again approved in 2025 by the VEON GEC and presented to the ARC. These statements are then integrated into the business through our Group policies and procedures and our risk management cycle.

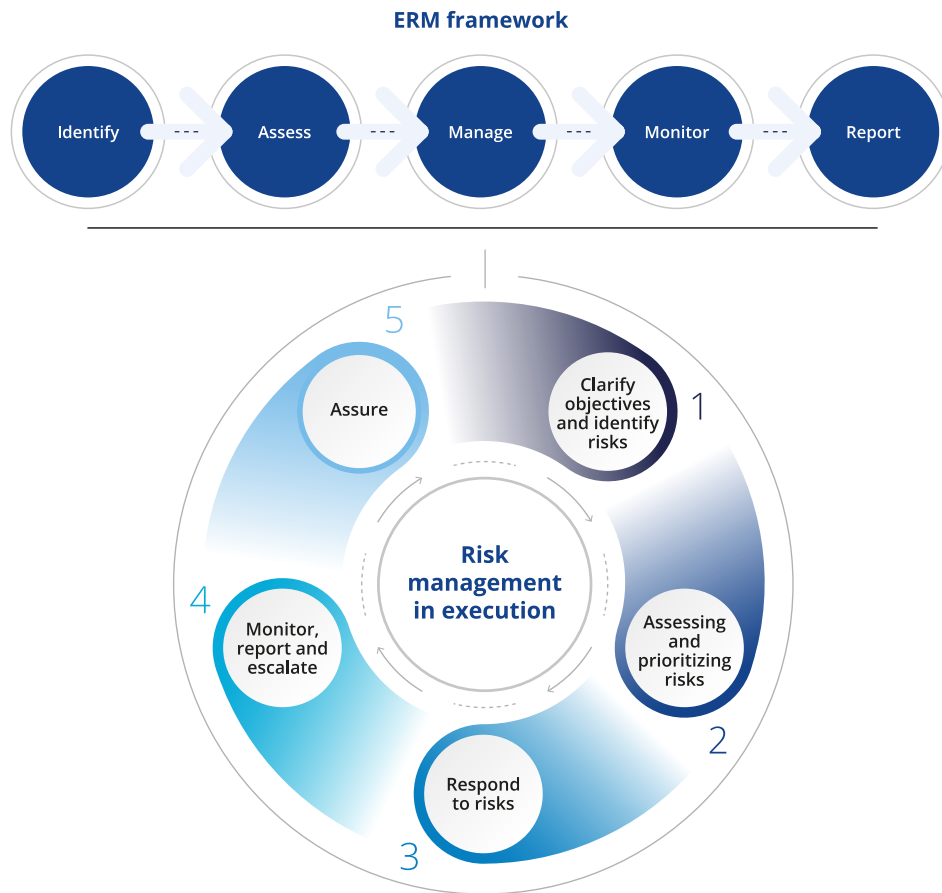
COSO category	Risk appetite statements	Risk mindset to take risks			
Strategic	Risks arising from strategic changes in the business environment and from adverse strategic business decisions impacting prospective earnings and capital.	Averse	Avoiding	Neutral	Seeking
Operational	Risks arising from inadequate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

Levels of risk appetite: **Averse** – No appetite; **Avoiding** – Low appetite; **Neutral** – Moderate appetite; **Seeking** – High appetite.

Risks and opportunities *continued*

Risk management in execution

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



1. Clarify objectives and identify risks

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

2. Assessing and prioritizing risks

Risks identified as relevant for VEON are assessed in order to understand the severity of each risk on the ability to execute VEON's strategy and business objectives. The severity of risk is assessed at multiple levels of the business as it may vary across functions and OpCos.

3. Respond to risks

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

4. Monitor, report and escalate

VEON's GEC reviews significant risks assessed and prioritized based on the Group's ERM framework. The top Group risks are reported to VEON's Board of Directors, in particular to the ARC (at least on a quarterly basis), to evaluate material Group risks. Top Group risks include HQ-specific risks, as well as consolidated assessment of key risks from the OpCos. Local risk assessments are reviewed by the OpCo CEO and senior management and are reported to the BRCs and OpCo Boards.

The Board of Directors, including the ARC as a Board committee, OpCo Boards, and BRCs each provide independent oversight of the ERM framework and ensure timely follow-up on critical actions based on progress updates provided.

To ensure strong governance and oversight of our risks, we established in each of our OpCos a BRC and an OpCo Board. Each OpCo's BRC is chaired by either the Group Chief Financial Officer, his nominee, or the Head of Internal Audit.

The purpose of the OpCo BRCs is to consider the overall risk profile of the OpCo and the Group and ensure risk-informed decision making. The OpCo BRC regularly reviews the OpCo's governance and decision-making framework and compliance with VEON Group and OpCo requirements, including those set out in the VEON Group Authority Matrix/Delegation as well as VEON Group policies. Each BRC also receives, reviews, and makes recommendations on reports from OpCo management regarding any non-compliance with the VEON Group Authority Matrix/Delegation and VEON Group policies.

Each BRC provides active VEON Group-level governance, oversight, and policy guidance and aligns the activities of the Group's various assurance functions to coordinate and manage actions efficiently in support of the local OpCo Board and the VEON Ltd. Board of Directors in its oversight role for the VEON Group.

Each of the OpCos is managed by their respective OpCo Board, which comprises of the respective OpCo CEO, OpCo CFO (or another senior HQ finance representative designated by the Group CFO), members of the Group senior management team and other individuals approved by the VEON Board. Each OpCo's overall risk profile is presented to its OpCo Board regularly (at least once per quarter) and is accompanied by recommendations from its OpCo BRC.

This program is continuously monitored by OpCo management as well as the OpCo Boards, and reviewed by both OpCo and Group Internal Audit, with the ARC providing ultimate oversight, with each OpCo BRC providing active monitoring and engagement with the OpCos on all enterprise risks, control, compliance and assurance matters.

5. Assure

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

Risks and opportunities *continued*

Control framework

VEON is publicly traded on a U.S. stock exchange and registered with the U.S. Securities and Exchange Commission. Thus, it must comply with the Sarbanes-Oxley Act (SOX). Section 404 of SOX requires that management assess the Internal Control over Financial Reporting (ICFR) and disclosures to confirm both the design and operational effectiveness of the controls.

Our internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of VEON Ltd.'s published consolidated financial statements under generally accepted accounting principles.

The VEON ICFR Framework incorporates risk assessment as part of our scoping process, an assessment of the design effectiveness of the required controls, testing of the operating effectiveness of the key control activities and monitoring of our financial reporting at entity-wide and functional levels.

VEON has established uniform governance, policies, and control standards that apply to controlled subsidiaries. Our ICFR testing results are reported to our OpCo BRCs, OpCo Boards, members of our GEC, and the ARC at least on a quarterly basis as part of our assurance model. For a more detailed overview of the governance in 2024, refer to page 109 of this report.

Our Disclosure and Review Committee supports our Group Chief Executive Officer and Group Chief Financial Officer in ensuring that public disclosures made by VEON are accurate and complete, fairly present VEON's financial condition and results of operations in all material respects, and are made on a timely basis, in compliance with applicable laws, stock exchange rules and other regulatory requirements.

SpeakUp

Local management is responsible for the business operations of our subsidiaries, including risk mitigation as well as compliance with laws, regulations, and internal policies and requirements. We have created uniform governance and control standards for all our levels of operations. The standards apply to all our subsidiaries with the same expectation: that they conduct business in accordance with ethical principles, internal policies and procedures, and applicable laws and regulations. The standards are intended to define and guide conduct with respect to relevant compliance and ethics principles and rules, and to create awareness about when and where to ask for advice or report a compliance or ethics concern, which includes the use of VEON's SpeakUp channels.

Code of Conduct

The principles apply to all VEON employees in all operating businesses and headquarters. Employees receive annual training on the VEON Code of Conduct (Code), which includes certification to comply with the Code. Our Group-wide Code applies to all VEON employees, officers, and directors, including its Chief Executive Officer and Chief Financial Officer.

Group Authority Matrix

A Group Authority Matrix has been established and is regularly reviewed and updated. It provides clarity on the role and focus of VEON's corporate HQ, empowers OpCos to ensure they have the appropriate scope of authority and accountability to operate and manage local businesses, and ensures requisite oversight and control across the Group by VEON's GEC, OpCo CEOs and their respective management teams as well as OpCo Boards and the VEON Board of Directors.

Certification and compliance

We have a Group-wide, quarterly management certification process in place, which requires the Chief Executive Officer and Chief Financial Officer at each of our OpCos, and certain Group functional directors at our HQ, to certify compliance with the uniform governance and control standards established in VEON, including:

- compliance with the Code and related Group policies and procedures, including compliance with VEON's principles, procedures, and policies on ethics and compliance, fraud prevention and detection, accounting and internal control standards, and disclosure requirements;

- compliance with local laws and regulations;
- compliance with the VEON Accounting Manual;
- Business Partner Code of Conduct;
- internal disclosure obligations; and
- deficiencies, if applicable, in the design and operation of internal controls over financial reporting have been reported.

Our Code is available on our website at <http://www.veon.com>, under "About Us/Values & Ethics" (information appearing on the website is not incorporated by reference into this integrated annual report).

Double Materiality Assessment (DMA)

As part of VEON's ongoing commitment to sustainability, VEON conducted a comprehensive DMA in 2024 for the first time. This assessment involved a dual approach, consisting of both the Impact Assessment and the Risk and Opportunities (R&O) Assessment. The ERM team provided vital support for this assessment, leveraging our network of ICRM teams across OpCos to ensure a comprehensive evaluation of ESG risks and opportunities. The R&O assessment was facilitated by the ICRM functions at the OpCo level, collecting inputs from local Risk Owners who were tasked with rating and identifying the most material risks and opportunities.

For further details on the DMA Process Note, methodology, and outcomes of the ESG Double Materiality assessment, please refer to pages 12 and 13 of this report.

