



Faisal mosque, Islamabad

# Expanding **digital connections** that **empower lifestyles**

Creating a better future for our customers, employees and communities is what matters to us. Empowering digital lifestyles is how we achieve this.

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## Message from our CEO

# Fulfilling our digital promise

VEON's Digital Operator strategy has transformed the way we engage our customers during an unprecedented period of global uncertainty.

Kaan Terzioğlu  
Chief Executive Officer



**Success for VEON means putting the customer at the centre of everything we do.**

**We began this journey three years ago with a simple ambition: to become more relevant to our customers**

**Success for VEON means** putting the customer at the centre of everything we do. It means staying close to them by serving needs and opportunities others do not see. Yet the events of the past three years have brought us closer to our customers in ways we could not have foreseen as we embarked on our digital operator strategy in early 2020.

Just as Covid-19 transformed the world's dependency on high-speed connectivity, geopolitical situation in the regions where we operate is now reinforcing the fundamental need to remain connected with one another when distance and adversity come between us.

VEON's priority throughout has been to be there for our customers whenever they need us and to see adversity as an opportunity to serve them better, not as an excuse to disappoint.

While the tragedies of conflict and the pandemic will forever humble us, connecting people through an expanding universe of digital capabilities has been the driving force behind VEON's transformation since we embarked on our digital journey three years ago.

The past 12 months have brought this story to life through the results we have delivered. I am proud that during the course of 2022, most, if not all, of our current portfolio of markets achieved double-digit growth in revenues – a remarkable achievement given the global context. This has driven a welcome return to double-digit growth of 12.6% in local currency at Group level following the disruptions of Covid-19 during the prior two years.

 Refer to the CFO review on pages 37 to 40.

VEON is indeed a growth story. Our services are fundamental to the fabric of the high-growth markets we serve, and our capabilities are bringing to life a digital economy as we drive growth and prosperity through connecting people with opportunity.

### **Our digital operator strategy**

We began this journey three years ago with a simple ambition: to become more relevant to our customers. The traditional telecoms company serves its customers with call and voice services for an average of 32 minutes per day. VEON's goal is 1440 minutes – to be relevant to each of them in every moment of every day through digital services that align to our customers' changing needs as lifestyles evolve.



Message from our CEO continued

**VEON's goal is 1440 minutes** – to be relevant to each of them in every moment of every day through digital services that adapt as the lifestyles of our customers evolve

Our results-driven digital operator strategy  
Growing customer engagement and retention



That is the cornerstone of our Digital Operator Strategy. What started with the introduction of simple self-care applications has since grown into a complex ecosystem of services that has led us into a host of adjacent markets and continues to connect a wealth of new verticals beyond our connectivity offering.

This is a digital transformation that VEON's markets are ripe for. These are home to over 500 million people –

around 7% of the world's population – and span some of the globe's most dynamic economies.

Around half of this population in our footprint is yet be connected to internet experience, and these markets are expected to grow on average by around 5% in the year ahead.

The appetite in these nations for opportunity and betterment is mirrored by the pace at which new technologies are being adopted. This is transforming

the physical footprint of traditional industries into the growing number of virtual environments – there are opportunities to provide banking, education and healthcare services digitally. This helps to reduce the cost of these services and extending their reach, accessibility and affordability.

This transformation has enabled us, through JazzCash in Pakistan, to reach more finance customers than any other bank. It has allowed us to launch Kazakhstan's first digital payment card, Simply, and to show we can serve customers there without being their mobile services provider through our digital operator IZI. This has connected millions of our customers to live sports and entertainment through market-leading applications like Tamasha and Toffee that bring excitement, joy and a sense of togetherness that are the beating heart of the digital experience.

By imagining services that capture these opportunities, VEON is at the heart of this transformation. Alongside these verticals, we are deploying horizontal capabilities like credentials management, cloud services, cybersecurity and AdTech that few can match.

This transformation is still in its infancy. For a large proportion of our nations' adults, their first smartphone purchase is still several years away. As smartphone penetration increases, our fleet of digital applications already deployed in each marketplace will be increasingly more relevant.

**Towards an asset light future**

Just as our digital operator strategy has transformed our services, so too is our asset light strategy radically reshaping VEON's physical footprint across its operating markets.

The era of the vertically integrated telecoms company is over. Operators can no longer afford to possess and maintain their own unique, dedicated infrastructure. The physical delayering of the telecommunications industry is underway and is a process in which VEON is determined to be a pioneer.

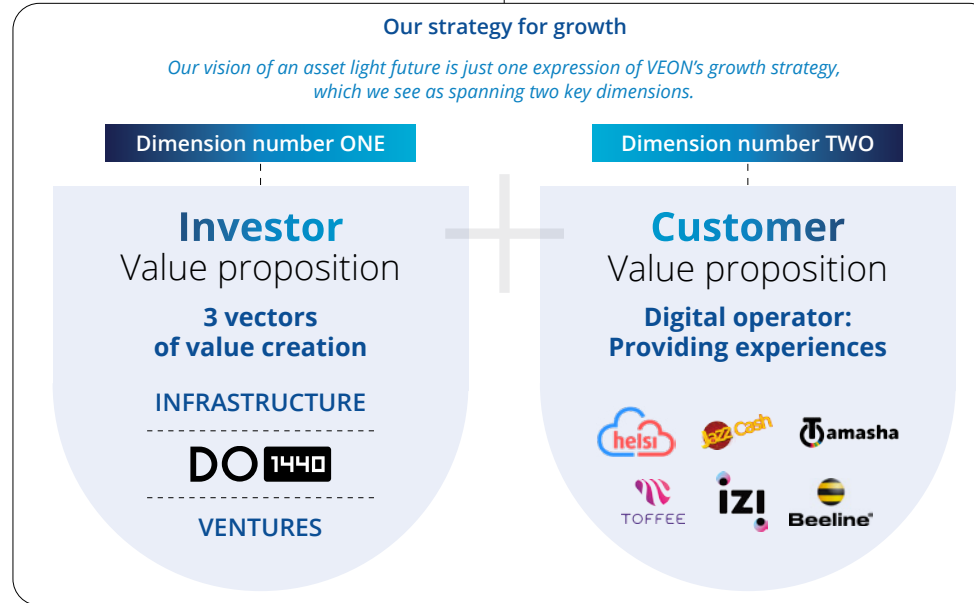
We signalled our intent in December 2021 by completing the sale of the majority of our Russian towers in a groundbreaking deal with Service-Telecom, which realised over USD 1 billion in cash proceeds.

Elsewhere, our pursuit of asset light has seen us separate our infrastructure businesses from our services through new legal entities, which are now in place in all our markets. It sees us pursuing monetisation opportunities with independent tower companies while collaborating with our fellow operators to explore efficient, shared solutions to our infrastructure needs.

Message from our CEO continued

# VEON's growth strategy

spans two key dimensions



Not only do transactions like these unlock considerable financial value, they reduce the resources that are wasted each day in powering the vast duplicate networks that still dominate our industry. This will enable our industry to reduce its carbon emissions and accelerate the move to net-zero, which VEON is proud to support.

The coming quarters are likely to see further progress on these fronts and I look forward to updating the market as opportunities present themselves.

### Our strategy for growth

Dimension number one governs our relationship with investors and the different sources of value we offer them. Collectively, these comprise three vectors of value creation: our infrastructure businesses, our telecom operations via VEON's digital operations and our stand-alone digital assets. Each attracts a different type of investor, illustrated by our success in unlocking the value of our infrastructure assets and the partnerships we have forged with private equity around our digital assets.

Dimension number two captures our relationship with customers. This is what we used to call our core connectivity business but now operate through six digital operators, each fully empowered to pursue growth opportunities in their local markets.

These brands are the heart of our business. They serve around 7% of the world's population eager for entertainment, financial services, education opportunities and healthcare. These are the distribution channels for the digital assets that are transforming VEON from being a seller of gigabytes to a provider of lifestyle services.

Each of these adjacent markets has the potential, over time, to become as large as our core communications market, and as we prospect them we are finding new verticals. It is these opportunities, and our belief that no one else can capture them more effectively than we can, that define the value of our digital operator model and the confidence we have in its future.

### Responsible business

Businesses cannot deliver long-term value without committing to sustainable business principles. These include our commitments to the environment, our governance and our culture. They extend to our customers, for whom our industry has a particular duty of care.

As a group of national digital operators, our brands will play a defining role in how digitisation unfolds in emerging markets. Throughout, we must view ourselves as the guardians of the data. This means upholding the highest standards of confidentiality and cybersecurity across our operations.

It is my fundamental belief that as a valuable resource, data should generate value within the geography where it is created, not be exported overseas to be sold back as a product. When used and processed locally, data can become a valuable contributor to sustainable economic growth through the cultivation of a wealth of value-added services.

As companies that are intrinsic and long-term players in the local economies, our digital operators are respectful of data sovereignty and focused on developing solutions that unlock the enormous economic potential that local data processing can create. Processed data will benefit the nations to which it belongs.

### The way forward

In three years, our digital operator strategy has come full circle. It has unified our three business pillars of infrastructure, our telecom operations and digital assets into a single, coherent whole and offers an unrivalled customer experience in each of the six markets we serve.

Each year, every step has brought us new challenges, from pandemic, to conflict to floods. Each time, we have demonstrated that we are not here to create excuses, but to deliver results. Collectively, our Company of 16,207 employees is stronger today than before, having solved problems and evolved business practices in ways previously unimaginable.

### Our future success is limited only by our imagination.

The one constant will be the creativity and ingenuity of our customers. Matching these with services that enthrall and entertain will ensure we deepen those partnerships while expanding future opportunities for all.

None of our achievements are possible without the dedication of our employees, the loyalty of our customers and the support of our shareholders and other stakeholders. We take none of these for granted, and I thank each of them for their confidence in our business, for their contributions to the results we have delivered and for their continued belief in VEON's exciting future.

**Kaan Terzioğlu**

**Chief Executive Officer**

June 2023