Wazir Khan mosque, Lahore

VEON is committed to fostering a **risk aware culture**

The ‘three lines of defence’ approach provides a simple and effective way to enhance communications around governance, risk management and control.

In this section

Our principal risks

How we **manage** risks

VEON has adopted the criteria set forth in 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. Through VEON's ERM framework, our management and Board aim to identify, assess, adequately manage, monitor and report risks that could jeopardise the achievement of our strategic objectives.

Identify → **Assess** → **Manage** → **Monitor** → **Report**

The VEON ERM framework is implemented and consistently applied throughout the organisation 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: three lines of defence

The three lines of defence 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 defence

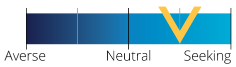
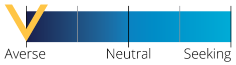
VEON recognises that the first line of defence consists of the business, which owns and is responsible and accountable for directly assessing, controlling and mitigating risks. Since 2016, targeted communication campaigns have been launched globally to foster risk and control awareness across the Group.

To embed a culture aligned with our risk appetite and individual responsibilities in relation to risk management we embarked on a programme in 2019 which continued through 2022. This programme involved an awareness campaign using sport, games and the idea of teamwork to highlight the importance of every individual's contribution to effective risk management and a strong control environment, which was launched to reinforce accountability and ownership for risk management and the internal control environment.

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 organisation 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 with exception of two which were in in line with the external consultant's benchmark, which demonstrates a continued very positive outcome.

To further improve risk culture and capitalise 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 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 plans development.

Risk appetite table

Risk category	Category description	Risk appetite
Strategic risk	Risks arising from strategic changes in the business environment and from adverse strategic business decisions impacting prospective earnings and capital	
Operational risk	Risks arising from inadequate or failed internal processes, people and systems or external events impacting current operational and financial performance and capital.	
Financial risk	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	
Compliance risk	Risks resulting from non-compliance with applicable local and/or international laws and regulations, internal policies and procedures, ethical behaviour, compliance culture also including legal and regulatory risks that could result in criminal liability.	

Status of the action plans and progress of the OpCos is tracked periodically and reported to the OpCos' Business Risk Committees (BRC) and the Group Audit and Risk Committee (ARC).

Second line of defence

The second line of defence 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 at BRC and leads the annual process of reviewing and revising VEON's risk appetite with the VEON Group Executive Committee 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 defence

The Group Internal Audit function comprises the third line of defence and is responsible for providing independent assurance to senior management on the effectiveness of the first and second lines of defence. 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.

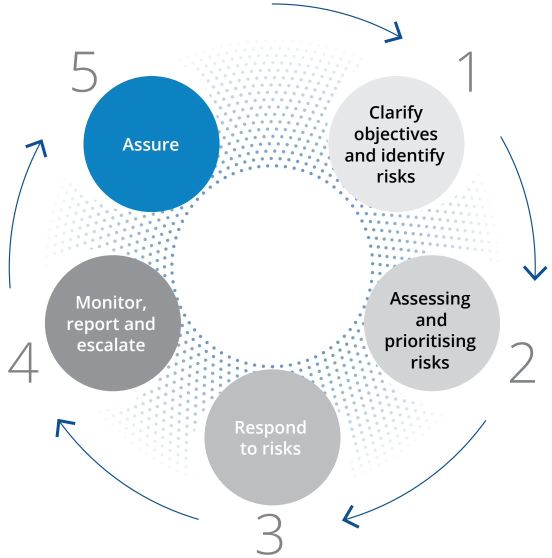
Defining our risk appetite

Defining our risk appetite in line with the COSO framework, the VEON ERM) framework 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 approved by the VEON Group Executive Committee and presented to the ARC. These statements are then integrated into the business through our Group policies and procedures and our risk management cycle.

Our principal risks 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

Assess and prioritise 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 operating companies.

3

Respond to risks

The assessed severity of the risk is utilised 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 Group Executive Committee reviews significant risks assessed and prioritise based on the Group's ERM framework. The top Group risks are reported to VEON's Board of Directors, in particular to the Audit and Risk Committee (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 OpCo CEO and senior management and are reported to the BRCs and OpCo Boards.

The Board of Directors maintains a number of committees, including the ARC, OpCo Boards and BRCs, which provide independent oversight of the ERM framework and the timely follow-up on critical actions based on the progress updates.

To ensure strong governance and oversight of our risks, we established in each of our OpCos a BRC and an OpCo Board. Each OpCo BRC is chaired by either the Group Chief Financial Officer, his nominee or the Group Chief Internal Audit and Compliance Officer. The purpose of the OpCo BRC 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 and policies. The BRC receives, reviews and makes recommendations on reports from OpCo management regarding any noncompliance with the VEON Group Authority Matrix/Delegation and policies. The 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 VEON Board and the VEON Board in its oversight role for the VEON Group.

Each of the OpCos are managed by way of OpCo Boards which comprises of the respective OpCo CEO and management team with the oversight by their respective Board of Directors. Each OpCo's overall risk profile is presented to its OpCo Board regularly (at least once per quarter) and is accompanied by recommendations of its OpCo Business Risk Committee. This programme is continuously monitored by OpCo management and the OpCo Boards, and reviewed by both OpCo and Group Internal Audit, with the Group Audit and Risk Committee providing ultimate oversight, with each OpCo Business Risk Committee providing active monitoring and engagement with the OpCo 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.

Our principal risks continued

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

Control framework

VEON is publicly traded on a US Stock Exchange and registered with the US Securities and Exchange Commission. Thus, it must comply with the Sarbanes-Oxley Act (SOX). Section 404 of SOX requires that management perform an assessment of 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'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 into our OpCo Business Risk Committees, OpCo VEON Boards, members of our Group Executive Committee, and our Audit and Risk Committee at least on a quarterly basis as part of our assurance model.

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.

Local management is responsible for business operations of our subsidiaries, including risk mitigation and compliance with laws, regulations and internal 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. The principles apply to all VEON employees in all operating businesses and headquarters. Employees receive annual Code of Conduct (Code) training, which includes certification to comply with the Code. Our group-wide Code applies to all VEON employees, officers and directors, including our Chief Executive Officer and Chief Financial Officer. 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 Annual Report.

A Group Authority Matrix/Delegation has been established and is regularly reviewed and updated. It provides clarity on the role and focus of the 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 CEOs and management teams and OpCo and VEON Boards, among others.

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 our Code of Conduct 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.
- Internal disclosure obligations.
- Deficiencies, if applicable, in design and operation of internal controls over financial reporting have been reported.

VEON has established uniform governance, policies and control standards that apply to controlled subsidiaries

Our principal risks continued

Key risks table for VEON and examples of mitigation and 2022 developments

Prioritisation of strategic, operational and financial risks is based on EBITDA business impact's thresholds and likelihood scales from one to five. Once the identified risks are assessed and prioritised based on the above scales, the risk response strategy (terminate, transfer) is decided and mitigating action plans are defined and/or updated, the outcome of the risk assessment information is captured in our Global GRC Tool. The risk response strategy is determined based on the business context, risk appetite, severity and prioritisation. In addition, further the risk response must consider the anticipated costs and benefits commensurate with the severity and prioritisation of the risk and address any obligations and expectations (e.g. industry standards, shareholder expectations, etc.).

Prioritisation of some compliance risks such as non-compliance to anti-bribery and corruption (ABC) laws, and non-compliance with international sanction and export laws and regulations is performed qualitatively, due to their nature, based on external factors sourced from independent non-governmental reports (where possible) and internal factors sourced from VEON's business processes by the local ethics and compliance and legal teams.

Risk trend:
(Qualitatively assessed of net risk i.e., considering mitigating actions):

Risk increased ↑
Risk decreased ↓
Risk stable =

The sequence in which the risks and mitigating actions are presented below are not intended to be in any order of severity, chance or materiality:

Risk		How we mitigate	2022 developments
1. Market			
Our business is subject to a variety of market-related risks across our geographies			
The ongoing conflict between Russia and Ukraine and the related responses of the United States, the European Union, the United Kingdom and certain other nations, as well as related responses by our service providers, partners, suppliers and other counterparties, have and will continue to impact our operations in Russia, Ukraine and elsewhere, including via reputational harm.	↑	• We closely monitor the developments related to international economic sanctions, including those recently imposed on Russia as well as counter-sanctions being rolled out by Russia, which allows us to adapt our services and capital structure accordingly in a timely manner and to ensure the Group acts in accordance with applicable sanctions requirements. • We hedge part of our exposure to fluctuations on the translation into US dollars of the revenues and expenditures of its foreign operations by holding borrowings in local currencies and by the use of foreign exchange swaps and forwards. • We review and analyse opex and capex expenditures on an ongoing basis to optimise the cost structure while maintaining our commitments towards VEON's employees, government and financial institutions and our critical business partners. • We manage a diverse portfolio of emerging markets businesses, which helps ensure that in the event of a market underperforming for whatever reason its impact on the financial and operating performance of the Group as a whole is limited.	• Project 'Optimum' was rolled out in 2021 throughout the Group to drive sustainable cost efficiency with P&L impact, focusing on all structural costs and headquarters. The project is driving short-term tactical improvement and long-term structural savings. In 2022, a total of 167 savings initiatives in Pakistan, Bangladesh, Kazakhstan and Uzbekistan contributed to considerable organic savings. • On 28 February 2022, the European Union imposed sanctions on Mikhail Fridman and Petr Aven, and on 15 March 2022, the United Kingdom imposed sanctions on then LetterOne shareholders, Mr Fridman, Mr Aven, Alexey Kuzmichev and German Khan, and the European Union additionally designated Mr Khan and Mr Kuzmichev (collectively, and with Mr Aven and Mr Fridman, the "Designated Persons"). Mr Fridman resigned from VEON's Board of Directors effective 28 February 2022. • Following the exercise of the put option for our stake in Algeria on 1 July 2021, the sale of our stake in Djezzy Algeria was completed on 5 August 2022 for a sale price of USD 682 million. In addition, on 8 June 2022, we announced that the sale of "VEON Georgia LLC", our operating subsidiary in Georgia, to our former local partner for USD 45 million was completed. Conclusion of these deals allows to further streamline our operations, with an improved focus on our core markets.
Foreign exchange-related risks since a significant proportion of our costs and liabilities are in US dollars while a proportion of our revenue is in a variety of other currencies.	↑		
Unfavourable economic conditions and the impact of geopolitical developments and unexpected global events outside of our control, such as, pandemics, wars, international economic sanctions and export controls, especially those recently imposed on Russia, among other factors.	↑		
Emerging markets-related risks given that all of our nine operating markets are in the developing world and are subject to a varying degree of political, economic and legal variability around issues such as capital controls and rules on foreign investment, as well as social instability and military conflicts.	↑	• We have taken a number of measures to protect our liquidity and cash position, such as accumulating a significant cash balance at HQ and maintaining a RCF from a group of diversified lenders headquartered in the United States, Europe and Asia. • We develop and offer customers new digital products and services in line with our digital operator strategy, which is focused on delivering high-quality and seamless services to our customers. • We are monitoring and responding to technology developments and competitor activity that could have an impact on us achieving our goals.	• In June 2021, PMCL secured a PKR 50 billion (USD 320 million) syndicated credit facility from a banking consortium led by Habib Bank Limited. This 10-years facility is used to finance the Company's ongoing 4G network rollouts and technology upgrades, as well as to address upcoming maturities. • As a result of current economic sanctions affecting Russian banks, we repaid our RUB 30 billion seven-year term loan with VTB Bank on 9 March 2022 and two of our Group-level loans with Sberbank and Alfa Bank respectively, totalling RUB 90 billion, were novated to PJSC VimpelCom, within the Russia operating segment, in April 2022. • On 24 November 2022, we announced the sale of our operations in Russia, which consist of PJSC VimpelCom (VimpelCom) and its subsidiaries (collectively, our "Russian Operations") to certain senior members of the management team of VimpelCom.
Risk related to our ability to continue as a going concern as a result of the effects of the ongoing conflict between Russia and Ukraine.	↑		
Competition since we operate in highly competitive markets which may impact our ability to attract, retain and engage customers and achieve our financial targets.	↑		
Keeping pace with technology since our future success will depend on our ability to effectively anticipate and adapt to the changes in the technological landscape and deploying networks and services that these enable.	=		

Our principal risks continued

Risk increased | Risk decreased | Risk stable

Risk continued		**How we mitigate**	**2022 developments**
2. Operational			
VEON is a complex business operating across six markets at various levels of development and each with a variety of opportunities and challenges. These give rise to operational risks:			
Cyber attacks and other cybersecurity threats, to which telecoms providers are vulnerable given the open nature of their networks and services, and as heightened by the ongoing war in Ukraine, which could result in financial, reputational and legal harm to our business should these succeed in disrupting our services and result in the leakage of customer data or of our intellectual property.	Risk stable	• We monitor and log our network and systems, and keep raising our employees' security awareness through training, and operate a structured vulnerability scanning process within our security operations centres. • Each OpCo monitors the business continuity risks and ensures appropriate mitigation action plans, activities and systems are put in place to minimise risks of network instability and disruption. • We reduce our reliance on single vendors to the extent possible and opt for use of alternative suppliers where possible and ensure compliance with the applicable licensing and approval requirements in case of sanctions and export control restrictions. • We conduct risk-based due diligence on our business partners and mitigate apparent risks through contractual requirements, representations, indemnities, warranties, etc. • We regularly monitor the media presence and reputations or our partners and respond accordingly. • We remain committed to simplifying our business structure, which extends to our local partnerships.	• Our updated cybersecurity policy came into effect in February 2022. We have a monthly cybersecurity forum to allow for structured and consistent governance throughout VEON, which is used to enforce the implementation of our cybersecurity policy, share best practices, lessons learned, industry developments, and other industries' experiences. We have established and continue to improve our VEON Group-wide horizontal experience exchange mechanism to share best practices in cybersecurity as well as to report and track operational alarms, ongoing attacks and more across operating companies to enable us to respond to cyber threats of global scale. • Furthermore, our cybersecurity policy requires each of our operating companies to meet international best practice standards including ISO 27001. Our operating companies in Bangladesh and Pakistan completed ISO 27001 (Information Security Management System) certification during 2022. • As part of our initiative to digitise our core telecommunications business, we intend to continue focusing on increasing our capital investment efficiency, including with respect to our IT, network, and distribution costs. We intend to maintain our focus on achieving an asset-light business model in certain markets, where we own only the core assets needed to operate our business. • As part of the execution of our digital operator strategy, in 2022, a special focus was given to the development, improvement and maintenance of our IT and cybersecurity systems. In 2022, we completed upgrade of the digital business support systems (DBSS) across our operating companies in Bangladesh, Pakistan, Ukraine, Georgia, and Kyrgyzstan. DBSS enhancements are currently ongoing in Russia, Uzbekistan, and Kazakhstan. • In February 2023, we completed the sale of our 55.37% share in joint-venture Buzton LLC to the joint-venture partner, JSC Uzbektelecom. • Ukrainian OpCo have thus far managed to repair most of our network assets that incurred damage in Ukrainian territory that is not under Russian occupation, as a result of the ongoing conflict between Russia and Ukraine there can be no assurance that our Ukrainian network will not sustain additional major damage. • We launched the TowerCo project of the sale of towers to external parties – we seek to execute our "infrastructure" strategy and sell our tower assets, as we have done in Russia in December 2021. • Banglalink has reached an agreement with Bangladesh Telecommunications Company Limited (BTCL) for a tower sharing initiative. It centres around an asset-light business model that enables us to focus on providing our customers with high-quality connectivity and world-class digital services. By reducing our direct ownership of capex-intensive tower infrastructure, we can focus on these high-growth digital services, delivering greater value to our shareholders and our customers.
Network stability and business continuity risks given that our equipment and systems are subject to damage, disruption and failure for various reasons, including as a result of the ongoing conflict between Russia and Ukraine.	Risk increased		
Supply chain risks since we depend on third parties for certain services and products important to our business and there may be unexpected disruptions to supply chains due to a variety of factors, including regulatory (e.g. trade and export restrictions such as a result of the ongoing conflict between Russia and Ukraine), natural disasters, pandemics and similar unforeseen events.	Risk increased		
Challenges in local implementation of our strategic initiatives, which could be affected by a variety of unforeseen issues, including (but not limited to) technological limitations, regulatory constraints and insufficient customer engagement.	Risk stable		
Partnership risks given that we participate in strategic partnerships and joint ventures in a number of countries, agreements around which may affect our ability to execute on our strategy and, where the consent of our partners is required, to withdraw funds and dividends from these entities. Partnerships could also give rise to reputational and indirect regulatory risks with respect to the behaviours and actions of our partners, as well as risks surrounding losing a partner with important insights in the local market.	Risk stable		
Infrastructure risks given that the physical infrastructure in some of our markets is in poor condition and may require significant investment by local governments or additional substantial and ongoing expenditures by us, in order to sustain our operations, in addition to risk of maintaining our infrastructure in Ukraine and responding to the ongoing conflict as it develops further.	Risk increased		
Spectrum and licence rights given that the success of our operations depends on acquiring and maintaining spectrum and licences in each of our markets, most of which are granted for specified terms with no assurance that they will be renewed once expired, or at what price.	Risk increased		
Interconnection agreements with other operators upon which the economic viability of our operations depend. A significant rise in these costs, or a decrease in the interconnection rates we earn, could impact the financial performance of our business, as could adverse local regulation of Mobile Termination Rates (MTRs), which govern the rates at which carriers compensate each other for carrying calls that originate on one another's networks.	Risk stable		

Our principal risks continued

Risk increased | Risk decreased | Risk stable

Risk continued	**How we mitigate**	**2022 developments**

3. Legal

Our business is subject to a variety of laws and regulations:

Risk

- Regulatory and compliance risks given that we operate in a highly regulated industry and are subject to a large number of laws and regulations, which change from time-to-time, vary between jurisdictions and can attract considerable costs, including fines and penalties, with respect to regulatory compliance.
- Sanction and export controls risks since we are subject to, depending on the transaction or business dealing, laws and regulations prescribed by various jurisdictions, including the United States, the United Kingdom and the European Union and especially in connection with the ongoing conflict between Russia and Ukraine. Applicable requirements remain subject to change and may impact our ability to conduct business in certain countries and with certain parties with which we have services, supply or other business arrangements. The risk of export restrictions for Chinese vendors has also gained relevance at the end of 2022.
- Unpredictable tax claims, decisions, audits and systems, as well as changes in applicable tax treaties, laws, rules or interpretations, which could give rise to significant uncertainties and risks that could complicate our tax planning and business decisions.
- Unethical or inappropriate behaviour, including potentially bribery and corruption, which could result in fraud or a breach of regulation or legislation and could, in turn, expose VEON to significant penalties, criminal prosecution and damage to our brand and reputation.
- Money laundering rules which require AML and Counter-Terrorism Financing (CTF) systems and controls due to our expansion of digital and mobile financial services (DFS and MFS) offerings beyond our core telecommunications services.
- Data privacy since we collect and process customer personal data, we are subject to an increasing amount of data privacy laws and regulations. In some cases, these laws and regulations also bring restrictions on cross border transfers of personal data and surveillance related requirements to store data and contents of communication for minimum periods.
- Volatility in the market price of our ADSs may prevent holders of our ADSs from selling their ADSs at or above the price at which they purchased our ADSs. The trading price for our ADSs may be subject to wide price fluctuations in response to many factors, including adverse geopolitical and macroeconomic developments, including caused by the ongoing conflict between Russia and Ukraine; involuntary deconsolidation of our operations in Ukraine; breach or default of the covenants in our financing agreements; etc.

How we mitigate

- We maintain good bilateral relationships with the regulatory authorities in our operating markets in order to help us understand and adapt to their concerns with respect to local regulation.
- We closely monitor the developments related to international economic sanctions and export controls to comply with applicable sanctions and export control requirements and restrictions.
- We operate a policy of diverse sourcing with respect to equipment suppliers to ensure that we are not overly reliant on any single vendor should a supply disruption arise, including as a consequence of the imposition of sanctions and export controls laws.
- Developments in tax legislation and requirements as well as tax claims and decisions are monitored by local tax teams with oversight from HQ to ensure compliance with tax reporting and timely mitigation of possible tax disputes and audits.
- Our ethics, compliance and legal teams maintain oversight and expertise from HQ and rely on dedicated local teams with knowledge of the legal and regulatory requirements of each of our operating markets and supplement with external counsel when required.
- We maintain an ethics and compliance programme which includes a comprehensive approach to detecting, investigating, remediating and reporting misconduct, as well as fostering a strong Tone at The Top (TaTT) to encourage discussions about behaviour and values and to optimise the cooperation and communication between HQ and OpCos to ensure appropriate standards of behaviours are communicated throughout the Group and enforced locally.
- We maintain appropriate know-your-customer (KYC) and AML controls across our DFS and MFS products and services as required by local rules and international best practices.
- We maintain a privacy programme that includes data privacy controls such as privacy assessments, data breach response and individual rights processes, to ensure we comply with EU and local data privacy laws for the collection and processing of personal data for our services, human resource management and compliance processes.
- OpCo Business Risk Committees (BRCs) are utilised to ensure Group management is in close alignment with local OpCo managers and key risks they face, and that effective, informed and risk-based decision-making by the local OpCo Boards and VEON's Board takes place.

2022 developments

- As of 16 June 2023, the Company continues to conclude that neither VEON Ltd. nor any of its subsidiaries is targeted by sanctions imposed by the United States, European Union (and individual EU member states) and, the United Kingdom.
- Management has actively engaged with sanctions authorities where appropriate. On 18 November 2022, VEON announced that the U.S. Department of the Treasury, Office of Foreign Assets Control (OFAC) issued General License 54 authorising all transactions ordinarily incident and necessary to the purchase and receipt of any debt or equity securities of VEON Ltd. that would otherwise be prohibited by section 1(a)(i) of Executive Order (E.O.) 14071. OFAC General License 54 applies to all debt and equity securities of VEON Ltd. that were issued before 6 June 2022, and confirms that the authorisation applies not only to the purchase and receipt of debt and equity securities, but also to transactions ordinarily incident and necessary to facilitating, clearing, and settling of such transactions. This General License ensures that all market participants can trade the relevant securities with confidence that such trading is consistent with E.O. 14071, which targeted "new investment" in Russia, and was issued following active engagement with OFAC on the topic. On 18 January 2023, OFAC has replaced the General License 54 originally issued on 18 November 2022, with General License 54A to now include both VEON Ltd. and VEON Holdings B.V.
- The Tone at The Top (TaTT) model was introduced in 2021 and continued in 2022, which focuses on fully embedding the new operational model and proper change management to realise value creation, protect and strengthen VEON's reputation, and better align the Board, GEC and OpCo management on Company culture.
- On 8 March 2023, following a previous announcement and approval by the Board of Directors a change of ratio in the Company's ADR programme became effective. The change of ratio comprised a change in the ratio of American Depositary Shares (the ADSs) to VEON common shares (the Shares) from one (1) ADS representing one (1) Share, to one (1) ADS representing twenty-five (25) Shares (the Ratio Change).

Our principal risks continued

Risk increased ↑ Risk decreased ↓ Risk stable =

Risk continued	How we mitigate	2022 developments
4. Liquidity and capital		
Our business requires considerable financial capital in order to invest in the growth opportunities we identify. This requires us to manage a number of risks relating to capital and liquidity:		
Liquidity risk since as a holding company, VEON Ltd. depends on the performance of its subsidiaries and their ability to pay dividends, and may therefore be affected by changes in exchange controls and dividends or currency restrictions in the countries in which its subsidiaries operate, as well as the ongoing conflict between Russia and Ukraine, impacting local economies and our operations in those countries. (Risk decreased) Debt service risks given that substantial amounts of indebtedness and higher debt service obligations could materially impact our cash flow and affect our ability to raise additional capital, especially in case of breach of covenants, significant FX volatility or impaired ability to generate revenue due to the ongoing conflict between Russia and Ukraine. (Risk stable) Access to capital since VEON's substantial amounts of indebtedness and debt service obligations may not be fully covered by our cash flow and VEON's worsened credit rating might hinder our ability to access capital markets on acceptable terms, both in terms of interest rate and financial covenants. (Risk decreased) Banking and Financial Counterparty risk given that the banking systems in many countries in which we operate remain underdeveloped and there are a limited number of creditworthy banks in these countries with which we can conduct business. In addition, restrictions on international transfers, foreign exchange or currency controls and other requirements might restrict our activity in certain markets in which we have operations, including as a result of the ongoing conflict between Russia and Ukraine. (Risk increased)	• We have a centralised treasury function whose job is to manage liquidity and funding requirements as well as our exposure to financial and market risks. • Our policy is to create a balanced debt maturity profile and to use market opportunities to extend the maturity and reduce the cost of its borrowings as they arise. • We monitor our risk to a shortage of funds using a recurring liquidity planning tool. Our objective is to maintain a balance between continuity of funding and flexibility through the use of bonds, bank overdrafts, bank loans and lease contracts. • The primary objective of our capital management is to ensure that it maintains healthy capital ratios, so as to secure access to debt and capital markets at all times and maximise shareholder value. We manage our capital structure and make adjustments to it in light of changes in economic conditions. • We adopt a prudent approach to managing our balance sheet leverage increasing the level of our local currency borrowing and maintain borrowing headroom in our revolving credit facilities.	• As of 31 December 2022, we had an undrawn amount of USD 44 million under the existing PMCL Term facility. On December 31, 2022, VEON had approximately US$2.5 billion of cash held at the level of its headquarters (HQ) in Amsterdam, which was deposited with international banks and invested in money market funds and which is fully accessible at HQ. In addition, VEON's operating companies had a total cash around US$0.6 billion. • On 24 November 2022, we launched a scheme of arrangement (the Scheme) to service our indebtedness as it related to the 2023 Notes, proposing an eight-month extension to the 2023 Notes as well as certain other amendments to the terms of the 2023 Notes and related trust deeds. While the extension under the Scheme provides us with additional time to pursue a number of strategic transactions, including the sale of the Russian Operations, it is possible that we could be required to make material payments in respect of the same amounts of interest and principal due on the 2023 Notes held through Russian depositaries and thus impact our liquidity.

5. Environment

The Group's operations are exposed to a variety of risks related to the environment, including, but not limited to, the increased frequency and severity of extreme weather events and regulatory challenges related to moving to a greener economy. We are committed to mitigating the Group's carbon footprint and the rollout of network energy-efficiency measures, which will contribute to a low-carbon economy, as well as offer us the potential to reduce our operating costs over time. We continue to upgrade existing diesel- and petrol-powered units with more energy-efficient, hybrid and renewable energy-powered network equipment and, where practical, increase the number of Base Transceiver Stations (BTS) situated outside to reduce the energy use involved in keeping them cool. In some markets we share tower capacity with other operators, which has had a direct positive impact on our energy consumption and our environmental footprint. We keep abreast of local environmental legislation and strive to reduce the environmental impact of our operations through responsible use of natural resources and by reducing waste and emissions.

Whilst we acknowledge the importance of the environment in the operation of our businesses, the nature of the business activities VEON conducts is not deemed to generate material environmental risks.

Our principal risks continued

6. Sale of our Russian operations

Risk one:

VEON's sale of its operations in Russia, which consist of PJSC VimpelCom and some of its current subsidiaries (collective, the "Russian Operations") are subject to customary closing conditions, including receipt of requisite regulatory approvals and licences from relevant government authorities. The consummation of the sale might be delayed due to the time required to fulfil the remaining requests or approvals by the relevant regulatory authorities or lenders. The terms and conditions of any further regulatory approvals, licences and consents that are ultimately granted may impose conditions, terms, obligations or restrictions on the conduct of VEON's business, which may have the effect of delaying the consummation of the sale of the Russian Operations or imposing additional material costs on VEON. In addition, any such conditions could result in the delay or abandonment of the sale. If VEON is unable to complete the sale, it will be exposed to additional risks.

Risk two:

VEON has incurred, and expects to continue to incur, significant costs in connection with the sale of its Russian Operations, including the fees of our professional advisors and separation costs in anticipation of the dis-integration of operations. VEON may also incur unanticipated costs associated with the sale, and these unanticipated costs may have an adverse impact on its results of operations following the effectiveness of the sale. In addition, if the sale is consummated, VEON expects to continue to incur additional separation costs following the consummation of the sale.

Risk three:

VEON's operating companies in Kazakhstan, Kyrgyzstan and Uzbekistan are currently using the trademark "Beeline" owned by PJSC VimpelCom ("VimpelCom") in accordance with trademark license agreements having an intergroup nature. Upon the completion of the sale of the Russian Operations, each of the operating subsidiaries in Kazakhstan, Kyrgyzstan and Uzbekistan and VimpelCom intend to enter into a new trademark license agreement, pursuant to which each operating company would receive a non-exclusive license in relation to "Beeline" name and associated trademarks for a term of five years (the "License Agreement"). VEON is currently negotiating the terms of the License Agreements with VimpelCom. Such License Agreements are expected to be subject to certain restrictions that may affect the operating subsidiaries' businesses. VimpelCom may also be entitled to terminate a License Agreement if the licensee does not comply with certain terms of the License Agreement. Further, VimpelCom may also retain the right to continue using the "Beeline" name and mark and grant license to use the trademarks to third parties. In this case, events or conduct by VimpelCom and such third parties that reflect negatively on the "Beeline" brand may adversely affect our reputation or the reputation of the "Beeline" brand on which VEON's operating companies in Kazakhstan, Kyrgyzstan and Uzbekistan will be relying upon completion of the sale of the Russian Operations. Consequently, VEON may be unable to prevent any damage to goodwill that may occur as a result of the activities of VimpelCom in relation to the "Beeline" brand.

Following the expiration of the initial five-year term of the License Agreement, each of the operating subsidiaries in Kazakhstan, Kyrgyzstan and Uzbekistan may need to extend the term of the License Agreement so that they can continue to use the "Beeline" brand and there is no guarantee that any operating company that chooses to pursue an extended licence term will be able to negotiate an extension on commercially reasonable terms, or at all. Alternatively, VEON may undertake a re-branding exercise in respect of any one or more of our operating subsidiaries that use the "Beeline" brand. VEON anticipates that any such rebranding strategy will involve substantial costs and may not produce the intended benefits if it is received unfavourably by our existing and potential customers, suppliers and other persons with whom it has a business relationship.

Risk four:

The ongoing conflict between Russia and Ukraine, and the responses of governments and multinational businesses to it, have created critical challenges for our business and operations, both in Russia and globally. These factors, including the specific risks outlined below, could materially adversely affect VEON's business, financial condition, results of operations and trading price if the sale of its Russian Operations does not complete or is significantly delayed:

- ***Sanctions, Export Controls, Capital Controls, Corporate Restrictions and Other Responses:*** The sanctions imposed on Russia by the United States, member states of the European Union, the European Union itself, the United Kingdom, Ukraine and certain other nations, countermeasure sanctions by Russia and other legal and regulatory measures, as well as responses by VEON's service providers, partners, suppliers and other counterparties, and the consequences of all the foregoing, are unprecedented and more complex and comprehensive than any such measures to date, and could continue to evolve. These make it challenging to continue VEON's Russian Operations. It may also have repercussions for entities remaining in the VEON group due to their nexus to a group with Russian subsidiaries and business ties. If the sanctions persist or further sanctions are introduced or otherwise impact our suppliers or other counterparties, this could result in substantial legal and other compliance costs and risks to VEON's business operations. Likewise, the countermeasures by Russia, including those that limit the transfer of foreign currency or Russian rubles from entities within Russia as well as corporate restrictions, could also materially impact VEON's business, financial condition, results of operations or prospects. Furthermore, VEON's Russian Operations have been negatively impacted by export restrictions, which has limited and could continue to limit the availability of certain supplies from reaching its Russian Operations.
- ***Economic deterioration in Russia:*** In Russia, the economic conditions and outlook have deteriorated significantly since the beginning of the conflict in Ukraine, including due to sanctions introduced by the United States, European Union (and its members), the United Kingdom and other countries, as a result of many U.S. and other multi-national businesses across a variety of industries leaving the Russian market, and Russia defaulting on certain of its sovereign debt obligations due to creditors being unable to receive debt repayments through international clearing systems in due course.
- ***Volatility of the Russian Ruble:*** During 2022, the Russian ruble experienced three significant declines in February, July and December. After reaching a record low in March 2022, the Russian ruble reached a seven-year high in June 2022. This volatility in the Russian ruble impacted VEON's U.S. dollar reported results of operations for its Russian operations during 2022 and VEON expects it will continue to impact its results of operation for its Russian operations moving forward if volatility in the Russian ruble to U.S. dollar persists.
- ***Rising costs in Russia:*** The sanctions and the resulting disruption of supplies into Russia have negatively impacted and could have a material adverse effect on VEON's costs in Russia, including the costs to power its networks, maintain or expand its infrastructure in Russia or otherwise manage its operations as a result of rising costs.
- ***Auditors:*** In the event the sale does not complete, VEON cannot rule out the possibility that it may not be able to appoint an auditing firm for the audit of our financial statements for the year ending December 31, 2023, due to sanctions restrictions on auditing services introduced by the United States, European Union, United Kingdom and other countries.
- ***Access to Capital:*** VEON's access to the capital markets is also impaired by certain sanctions restrictions. In addition, it could continue to face challenges with accessing capital after the completion of the sale of our Russian Operations, particularly if sanctions against certain ultimate beneficial owners of VEON's largest shareholder,L1T VIP Holdings S.à.r.l. make it difficult for it to appoint auditors or obtain capital through other financing means.

Risk five:

VEON could face continued challenges following the completion of the sale of our Russian Operations. Prior to its classification as a discontinued operation, VEON's Russian Operations represented its largest reportable segment. If VEON is able to obtain credit ratings again, it is not expected to be an investment grade rating, and moreover the credit rating may not be as favourable as its historical credit ratings, which benefited in the past from its Russian Operations, which were the highest rated part of our business. Furthermore, in the event VEON is able to access the capital markets again, it will be doing so as a smaller company, which VEON expects will carry a different credit and risk profile compared to VEON with our Russian Operations, and this may not be as attractive to investors or lenders. As a result, our costs of borrowing will likely be higher in the future and there is no guarantee VEON will be able to access the capital markets in the short term even after the completion of the sale. In addition, the completion of the sale of its Russian Operations may also cause disruptions in and create uncertainty surrounding our business, including with respect to our relationships with existing and future creditors, customers, suppliers and employees.