



VEON

C O R P O R A T E R E S P O N S I B I L I T Y R E P O R T 2 0 1 6

We are VEON

VEON has undergone a profound transformation since the new leadership team initiated the transformation of the company from a pure telecoms operator into a world class telecommunications and digital service provider. In February 2017, the company rebranded as VEON. This and the secondary listing in Amsterdam in April 2017 mark the latest steps in this strategy.

VEON is both the new name of the company and of our new personal digital platform, which we intend to deploy across all our markets in the coming year. With an increased free float of 24.1% and shares listed and traded on NASDAQ and Euronext Amsterdam, VEON serves over 240 million customers across 13 markets.

The core communications and connectivity services we provide are recognized as key drivers of social and economic development. With the acceleration in our digital strategy alongside the core business, we intend to develop innovative disruptive technologies to deliver new services and to drive growth.

We remain firmly committed to the well-being of the communities we serve. VEON can transform lives with the new innovative digital services and we hope to continue delivering positive, lasting and sustainable impact in our markets

About this Report

This is VEON's fifth annual Group Corporate Responsibility (CR) report. It focuses on our economic, social and environmental performance during 2016.

Our report covers sustainability issues considered materially significant for VEON and its stakeholders. We align with the Global Reporting Initiative's (GRI) latest G4 guidelines, the Integrated Reporting Framework, the UN Global Compact (UNGC) principles and the Dutch Transparency Benchmark.

This report is intended for a wide audience, from customers, suppliers and business partners to employees (existing and prospective), government and regulators, investors and the media. We supplement this report with further information on our corporate website, and the reports and publications of our Operating Companies (OpCos).

Our approach to corporate responsibility and reporting is guided by the principles of stakeholder engagement, materiality and responsiveness.

STAKEHOLDERS

A range of stakeholders have legitimate 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 explain our approach to stakeholder engagement on pages 11, 12 and 13.

MATERIALITY

We prioritize these issues logically, by assessing the materiality of individual issues to our strategy and their importance to our stakeholders. We explain our approach in the materiality assessment and the results on page 14.

RESPONSIVENESS

Having identified the priorities, we form our strategy (pages 8 and 9) and governance approach (page 15), take appropriate action and report on our progress.

This report applies only to those geographical markets where we had active operations at 31 December 2016. 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, or where they represent less than 0.15% of service revenue. During the year we have not acquired any businesses in new geographical markets.

Our HQ in Amsterdam is also included in the scope of reporting for energy, health and safety and employee numbers. We provide a list of the subsidiaries that comprise VEON for the year ended 31 December 2016 in our Annual Report on Form 20-F available at www.veon.com/investor-relations. Further information on the principles that underpin our reporting, such as treatment of outsourced activities, basis for estimations and definitions are provided in Appendix of this report.

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Our Responsibilities

2016 has been a year of bold transformation. We relaunched our company as VEON and are steadily delivering on our strategy. We are committed to bringing top-class connectivity and internet experience to the markets we serve.



JEAN-YVES CHARLIER
Chief Executive Officer

Our journey as a global communications and tech pioneer has taken a major step forward with the relaunch of VimpelCom as VEON, at Mobile World Congress Barcelona.

VEON's new world-class leadership team has already rebuilt our financial and operational foundations. We have drastically improved our telecom business with a lean, agile operating model and a significantly reduced cost base. We have stronger operating companies and an improved capital structure. As a business, we have returned to growth. We continue to build a new corporate culture with strengthened values.

The company is now fit for purpose, able to generate a good financial return from its existing connectivity business and invest in an exciting new Internet platform to secure future success with:

- A meaningful dividend: starting from 2016, a full year dividend of \$0.23 per share, the company is committed to supporting a sustainable and progressive dividend policy going forward
- Portfolio review complete: with successful transactions closed in Italy and Pakistan, and other divestments in non-core markets
- An enhanced European profile: a secondary listing on the Euronext Amsterdam will boost liquidity and gives us stronger access to European investors and the opportunity for inclusion in key indices
- A reduced debt profile: our improved financial performance enables a net debt/EBITDA ratio of around 2x

Our transformation and our role as a global communication provider give us unique advantages to disrupt from within, building a new digital infrastructure and personal internet platform, and bringing the full potential of the digital world to hundreds of millions of customers. At the heart of this journey is VEON, our new internet platform that provides customers a completely new digital experience. This fresh outlook and new product offer will secure existing revenue streams whilst generating new sources of income.

As a pioneering communications provider and tech pioneer in frontier markets, complex issues of social importance and corporate responsibility form an intrinsic part of our core business. These include issues of access, privacy, data protection and child safety, along with the social and economic change brought by the internet.

Our mobile financial services are delivering an inclusive, real and long term change in society, and is enabling the previously disenfranchised to participate in the digital economy. There are 2.5 billion unbanked people in the world, of which 410 million (20%) reside in our markets. Our emphasis is on providing improved access to basic financial services while helping the local businesses to grow.

240+ million
CUSTOMERS (INCLUDING ITALY JV, INCLUDING WARID)

41,994
EMPLOYEES (EXCLUDING ITALY JV, INCLUDING WARID)

Our strategy in corporate responsibility is designed to ensure that our business strategy addresses the issues which are materially significant to our stakeholders.

Our flagship corporate responsibility program, Make Your Mark, launched in 2014, continued to develop throughout 2016. Through helping young people to shape their future, our aim is to foster innovation and digital entrepreneurship in all of our markets; investing in and supporting tech hubs, accelerators, digital training and competitions. In 2016, our Eurasia Mobile Challenge in Russia and the CIS was our most successful yet with over 1,000 startups participating.

Our incubator and accelerator programs are active in Pakistan, Bangladesh, Italy and Russia, and will be extended to our other markets in the coming year. We are proud that our Make Your Mark program, which is creating exciting new partnerships and paving the way for new digital leadership, is seen by local governments as an important driver of digital economic growth.

VEON is also part of the project leadership group for the GSMA ecosystem accelerator, helping to build synergies between mobile operators and startups in emerging markets.

We carry a responsibility to protect people in a digital world and to share its benefits widely and fairly. We are committed to world class standards in anti-bribery and anti-corruption. This means our business model must be based on strong values and principles; that delivers for and benefits other stakeholders and that will sustain itself long into the future. Our business model will continue to drive long term sustainable value.

Our future is based on partnerships and in none more so than in corporate responsibility where we will continue to develop new relationships. We will remain committed contributors to various World Economic Forum initiatives from Internet for All, to Digital Transformation of Industries, and Global Future Council on Platforms and Systems.

As we lead the personal internet revolution for the 240+ million customers we currently serve, and many more in the years to come, we are determined to contribute to the UN's Sustainable Development Goals that are built on multi-stakeholder collaborations. We aim, throughout our operating companies, to uphold the principles of the UN Global Compact to which we are a signatory.

When it comes to corporate responsibility, collaboration goes hand in hand with transparency. This is why we align ourselves with best practice of the latest Global Reporting Initiative's (GRI) guidelines, the Integrated Reporting Framework and why we aim to maintain our good ranking in the Dutch Transparency Benchmark.

I'm proud to be part of this exciting journey, one that makes us a better company to invest in, do business with, and work for.



Jean-Yves Charlier
Chief Executive Officer

Some CR Performance Highlights 2016

2016 has been a transformational year for VEON and we continue to build on our CR strategy of recent years.

All of our OpCo's participated in our flagship Make Your Mark (MYM) program resulting in:

- 9,397 people attending entrepreneurship educational events (classes, conferences)
- The launch of ICT incubators in Bangladesh and Pakistan under public private partnerships
- Kyivstar's (Ukraine) launch of a big data school in 2016 to train young ICT specialists and engineers, implemented in partnership with a renowned business school in Madrid and Microsoft, Ukraine
- Expansion of our tech-hub in Rome, making it one of the largest business accelerators in Europe
- 1000 teams registering to participate in Eurasia Mobile Challenge 2016

Our focus is on "societal" services and scalable solutions in areas such as financial services, health, education and agriculture. This has allowed us to provide "mobile literacy" to 10,000 adult female learners in Pakistan, teaching them to read newspapers, write in Urdu, perform everyday calculations and gain life skills with the help of four specifically designed textbooks.

In mobile financial services, we continue to address financial inclusion. Banglalink started as a pioneer of new and innovative digital financial services and now has a total of 10.2 million customers who have a wallet with Banglalink. In 2016, it had some 88 million MFS transactions and Banglalink is growing a retail base actively participating in MFS.

Last year, Jazz Cash in Pakistan conducted over 100 million transactions amounting to over PKR 2.9 billion (USD 276 million) in value and now has the largest distribution network in the country. Jazz Cash is helping the local government with educational grants and has disbursed PKR 570 million (USD 5.4 million) amongst deserving students through digital wallets.

Our commitment to community engagement has resulted in over USD 2.6 million in social investments, 10,293 employee volunteering hours and USD 191,995 in in-kind donations.



VEON is a Leading International Telecommunications and Digital Service Provider

VEON is headquartered in Amsterdam and has a digital office in London. Our business units are divided into: Major Markets (Russia and Italy), Eurasia (Armenia, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Ukraine and Uzbekistan), and Emerging Markets (Algeria, Bangladesh, Pakistan and Laos).

10%

Our network has the potential to connect 10% of the global population

CONNECTING OUR CUSTOMERS THROUGH OUR BRANDS

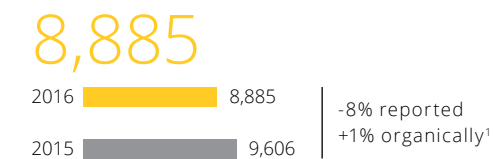


We serve **over 240 m** customers (including Italy JV and Warid) within a market of a potential **740 m** through **7** brands in **13** countries with global headquarters in Amsterdam.

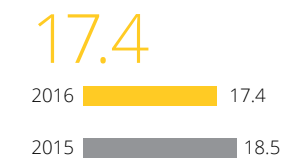


- 1 ALGERIA
- 2 ARMENIA
- 3 BANGLADESH
- 4 GEORGIA
- 5 ITALY
- 6 KAZAKHSTAN
- 7 KYRGYZSTAN
- 8 LAOS
- 9 PAKISTAN
- 10 RUSSIA
- 11 TAJIKISTAN
- 12 UKRAINE
- 13 UZBEKISTAN

TOTAL REVENUE (USD MILLION)



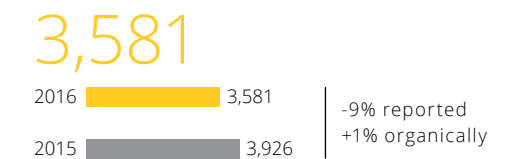
CAPEX (EXCL. LICENSES)/REVENUE (%)



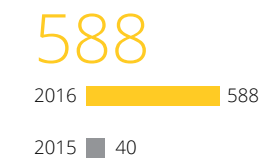
MOBILE NETWORK TRAFFIC (IN TB)



UNDERLYING EDITDA² (USD MILLION)



EQUITY FREE CASH FLOW³ (USD MILLION)



CO₂ (T) EMITTED (PER TB)



1. Organic change excludes foreign currency movements and other factors, such as businesses under liquidation, disposals, mergers and acquisitions

2. Underlying EBITDA excludes one-off charges

3. Equity FCF – Underlying equity free cash flow is defined as free cash flow from operating activities less free cash flow used in investing activities, excluding M&A transactions, transformation costs and other one-off items

VEON's CR Strategy

Our CR strategy is based on 7 strategic elements through which our business strategy can address the issues which are most material to our stakeholders. These reflect VEON's wider strategy as a global technology and digital leader. We track our CR performance against a framework of these 7 elements.

| STRATEGIC ELEMENT | OBJECTIVE/MATERIAL SIGNIFICANCE | MATERIAL ISSUE | STATUS |
|---|---|--|--|
| <p>MAKE YOUR MARK We transform lives through innovative mobile applications with social, economic and environmental benefits.</p> | <p>VEON's Make Your Mark program aims to help young people shape their future. The goal is to create more sustainable, productive societies – unlocking new revenue streams, paving the way for digital leadership, and enabling customers to prosper in the long term.</p> | <ul style="list-style-type: none"> • Access to service • Economic development | <p>We launched Make Your Mark at the end of 2014.</p> <p>Through the program, we have stimulated the development of projects across all our businesses – particularly around digital entrepreneurialism.</p> |
| <p>SERVICES FOR SOCIETY We transform lives through innovative mobile applications with social, economic and environmental benefits.</p> | <p>VEON taps into new commercial opportunities like mHealth, mEducation and mAgriculture, fostering new revenue streams while delivering benefits to society.</p> | <ul style="list-style-type: none"> • Social Benefit | <p>Beeline - Russia, Kyivstar, Banglalink, Jazz and others have developed innovative services in these areas, and impact is growing – particularly in MFS, mEducation and mAgriculture.</p> |
| <p>COMMUNITY ENGAGEMENT We support community projects and encourage employees to get involved.</p> | <p>As a global company, we recognize the importance of local engagement. We contribute to our host communities by encouraging our employees to participate in volunteering campaigns. This sets a positive performance culture and strengthens our local brands.</p> | <ul style="list-style-type: none"> • Access to service • Social Benefit | <p>Our Business Units have a rich legacy of community engagement and continue to invest human and financial resources to support important social causes. We also support NGOs in fund-raising by enabling customers to donate to important social causes.</p> |
| <p>ENVIRONMENTAL EFFICIENCY We minimize the environmental impact of our operations, the products and services we sell, and our supply chain.</p> | <p>Improving energy efficiency, network sharing and use of renewable energy is helping to reduce VEON's carbon emissions.</p> | <ul style="list-style-type: none"> • Environmental impact • Inclusive supply chains • Conflict minerals and climate change mitigation | <p>VEON has rolled out energy efficiency initiatives including the introduction of hybrid battery systems and solar powered base stations in numerous markets. Improved network infrastructure has reduced energy consumption.</p> |

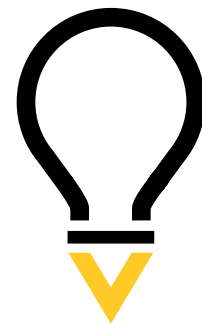
| STRATEGIC ELEMENT | OBJECTIVE/MATERIAL SIGNIFICANCE | MATERIAL ISSUE | STATUS |
|---|---|--|--|
| <p>ENGAGE IN THE GLOBAL AGENDA We are open and transparent with all our stakeholders.</p> | <p>This is a challenging area where there are many issues at stake. We progressively engage in numerous discussions in areas such as ICT4D (ICT for development), privacy, data protection and security.</p> | <ul style="list-style-type: none"> • Net neutrality • Privacy and freedom of expression • Online child safety | <p>We are signatories of the United Nations Global Compact. We contribute to various initiatives of the World Economic Forum on topics such as Internet for All, Digital Transformation of Industries, and Global Future Council on Platforms and Systems.</p> |
| <p>TRANSPARENCY We are open and transparent with all our stakeholders.</p> | <p>For our stakeholders to understand how we address their most pressing concerns, it is key that we are transparent and open. This approach allows stakeholders to give feedback, share their thoughts and become supporters on specific issues.</p> | <ul style="list-style-type: none"> • Transparency • Service quality and responsible marketing | <p>Our group CR report has progressively improved its score on the Dutch government's Transparency Benchmark and is prepared to meet the standards of the Global Reporting Initiative (GRI) v4. More of our OpCos are reporting annually on their CR performance. In Italy, Wind Tre continues to support the Wind Tre Transparency Forum.</p> |
| <p>RESPONSIBLE BEHAVIOR 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.</p> | <p>For a global digital leader, acting in a responsible manner requires a strong moral compass – especially since perceptions and values differ between countries. VEON has identified various focus areas including:</p> <p>Ethical behavior – Enhancing compliance measures to address corruption risks.</p> <p>Privacy – Managing customer privacy while using anonymized data for commercial purposes.</p> <p>Health and safety – Consistent standards to protect employees, contractors and the public.</p> <p>Procurement – Improving human rights and environmental performance within the supply chain.</p> | <ul style="list-style-type: none"> • Service quality and responsible marketing • Labor standards and other issues • Anti-bribery and anti-corruption • Talent management | <p>In 2016, we:</p> <ul style="list-style-type: none"> • Continued to strengthen our compliance program • Approved a group health and safety policy • Launched a supplier Code of Conduct and assessment process |

Our Values

We are committed to the well-being of communities in which we operate. We transform lives through innovative mobile applications with social, economic and environmental benefits and we will work to minimize the negative impact of our operations, the products and services we sell, and our supply chain on environment. Our five key values – being customer-obsessed, entrepreneurial, innovative, collaborative and truthful – are the basis on which we interact with each other, serve our customers, and make decisions about our business. They underpin our approach to CR and how our CR strategy will develop going forward.



CUSTOMER OBSESSED



INNOVATIVE



ENTREPRENEURIAL



COLLABORATIVE



TRUTHFUL

Meaningful Dialog is Critical to Maintaining Trust

One of our corporate values is about being collaborative. This means engaging with a wide range of stakeholders who affect, or are affected by our business. Regular, meaningful dialog with each group is critical to maintaining the trust people have in our business.

Stakeholder engagement includes the formal and informal ways VEON stays connected to its stakeholders; the individuals or parties that have an actual or potential interest in or impact on the company, its operations and financial results. We prioritize material issues and respond in a way that provides sustainable outcomes for ourselves and our stakeholders, while reporting on our performance openly.

We engage with our stakeholders directly and indirectly to shape our strategy and improve performance. The level and the methods of interaction varies with the nature of engagement and that of the stakeholder, including interviews, focus/working groups, surveys, town halls, conferences and workshops. This gives us a wider insight into societal and environmental issues, which in turn helps us find resolutions for as many groups as possible.

This CR report is one such channel and we encourage feedback and dialog on it cr@VEON.com

545

THE NUMBER OF INTERACTIONS WITH INVESTORS IN 2016

75%+

OF OUR EMPLOYEES BRIEFED ON OUR FIVE CORE VALUES

VEON'S PRIMARY STAKEHOLDERS



CUSTOMERS

We engage with our customers every day through our various retail, online, call centre, social media and other channels. We analyze our customers' satisfaction in detail through various processes, including a network quality app to determine how we can improve. Customer satisfaction is a key component of the senior executive bonus scheme.



EMPLOYEES

We engage our 41,994 (excluding Italy JV) employees face to face where possible, through 'town hall' meetings to discuss financial results and strategy. We also use articles and videos on our intranet sites, social media, and targeted surveys. Our five values help to unite the VEON community in a common purpose. Various markets encourage volunteering which is critical for both people and community engagement (see page 31). In certain markets we work with trade unions on employee remuneration and welfare issues.

VEON'S PRIMARY STAKEHOLDERS



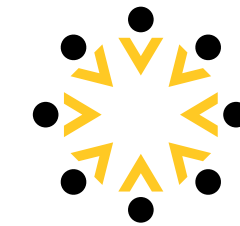
INVESTORS

Our shareholders appoint the directors who participate in our Supervisory Board meetings. In addition to quarterly results and announcements, analysts and institutional investors are also invited to participate in analyst and investor meetings. Our leadership team engages with investors to discuss financial results, market trends, business strategy as well as to address concerns. Our Investor Relations department responds to investor and analyst enquiries, of which there were over 545 during the year. We also receive enquiries from the ethical investment community and respond to these as comprehensively as possible.



GOVERNMENTS AND REGULATORS

We regularly meet representatives of local governments and regulators to discuss and update how VEON can contribute to enhanced connectivity and digital transformation. As part of our technology and infrastructure investments, we seek to understand and meet local needs. Our broader engagement includes regular interactions with local representatives from international financial institutions and development banks including the IMF, World Bank, Asian Development Bank and European Bank for Reconstruction and Development. 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.



COMMUNITIES

At HQ level, our engagements with NGOs are mentioned throughout the report. At the market level, our BUs engage with a wide variety of NGOs and community based organizations, typically those focused on development issues such as education, livelihood support, disaster risk reduction and rehabilitation, and poverty elevation.

Diplomatic Reception – The Hague

As a global company headquartered in Amsterdam, VEON is seeking to contribute to the digital agenda by increasing its partnerships with government. Jean-Yves Charlier, VEON's CEO hosted a diplomatic reception in The Hague on 30th of May, with aim to explore how mobile communications and digital services are accelerating national development and economic growth.

The event brought together senior diplomats, Dutch members of parliament, government officials and CEOs from the finance and communications sectors. VEON team led a wide range of discussions covering technological disruption and Sustainable Development Goals, in particular SDG 9 - Industry, Infrastructure & Innovation, in which VEON continues to have a pioneering approach.

Global Standards, Initiatives and Memberships

In order to align with global and regional best practices, we actively participate in and contribute to multi-stakeholder initiatives. We remain committed to industry standards and principles, facilitate stakeholder forums and panels, and offer knowledge sharing platforms. Some key examples are given here.

GSMA

The GSM Association represents the interests of mobile operators worldwide. VEON is a prominent part of GSMA's extensive network and is a representative of various forums and working groups. We lead its working group on the digital gender divide, aimed at facilitating public-private partnerships to increase women's access to mobile devices, particularly in developing markets. We are also active on the Public Policy Committee, the Chief Policy and Regulatory Officer Group, and the Program Leadership Group for the Ecosystem Accelerator, which links closely with our MYM program (see page 20). We participate in regional collaborations around taxation and mobile financial services.

GLOBAL E-SUSTAINABILITY INITIATIVE (GESI)

In 2016 we contributed to the GeSI work relating to the ICT impact on the Sustainable Development Goals and the GeSI report, "SystemTransformation: How digital solutions will drive progress towards the sustainable development goals". Our engagement in the GeSI Human Rights Working Group resulted in the publication of the GeSI paper on human rights and base station security. Both of these programs are multi-stakeholder in nature and facilitate 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.

UNITED NATIONS GLOBAL COMPACT (UNGC)

Since 2013, we have been a signatory to the ten UNGC Principles for responsible business. They help us shape our CR strategy and our business principles. Both Jazz and Kyivstar are also signatories in their own right.

WORLD ECONOMIC FORUM (WEF)

We are a strategic partner of the WEF and will continue our engagement with this multi-stakeholder institution. At the 2016 meeting in Davos, our CEO was a panelist at a session on digital divides and dividends, along with the President of the World Bank and the Secretary General of the International Telecommunication Union (ITU). Jean-Yves Charlier also participated in meetings on information and communications technologies (ICT) and cross-industry governors sessions.

We were also involved in the annual meeting of WEF new champions in China and our CEO is on the Europe and Eurasia Business Council; he contributed to the Forum's digital transformation of industries project; and joined the Stewardship Board of the initiative around the future of information and entertainment systems. Our Chief Digital Policy Officer is active on the WEF's initiative on the future of platforms and systems. Finally, we are active in ICT initiatives around the future of the internet and ICT strategy and continue our support of the Technology Pioneers and Young Global Leaders communities.

REGIONAL COMMITMENTS

Our business units are members of organizations relevant to their markets.

Beeline Russia: a member of the Safe Internet League, the Mobile Etiquette Charter, and the Russian Association of Networks and Services

Kyivstar Ukraine: a signatory of the Code for the Protection of Cruelty to Children on the internet and online resources

Beeline Tajikistan: a member the Association of Telecommunications Operators of Tajikistan

Wind Tre Italy: a member of the WWF Green Office Initiative

Djezzy: a member of Hawkama El Djazaïr, the Algerian Institute of Business Governance

Banglalink: a member of Asia Pacific Telecommunity and Association of Mobile Telecom Operators of Bangladesh

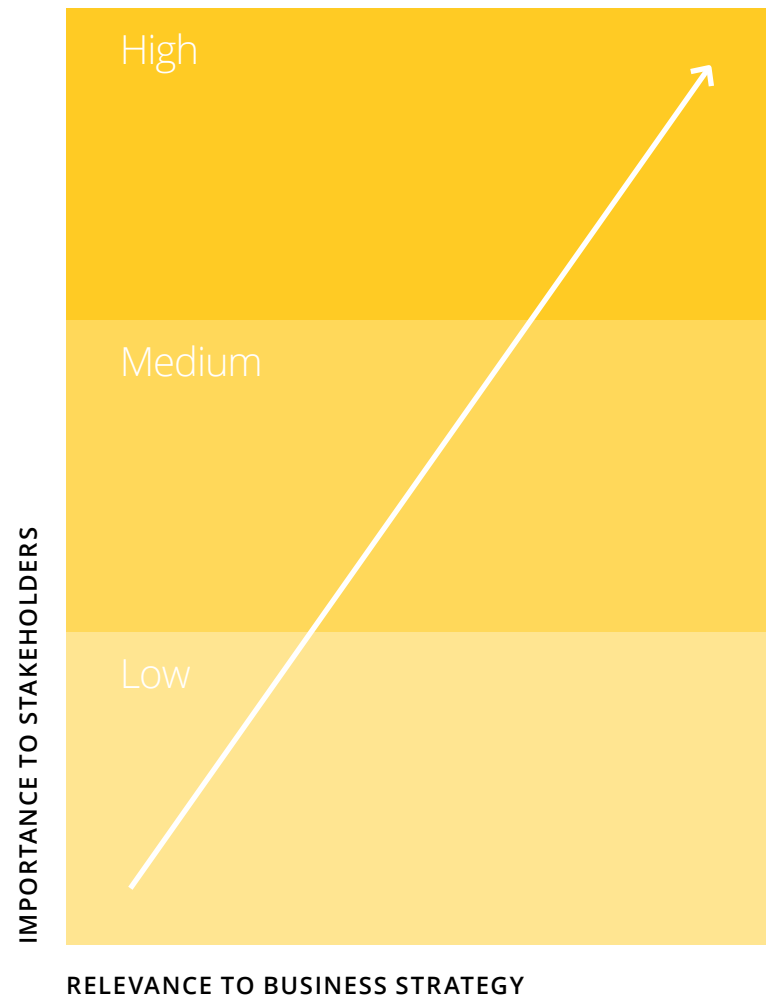
Beeline Kazakhstan: a member of National Telecommunication Association of the Republic of Kazakhstan

Most businesses are members of their national chamber of commerce or an international equivalent. Wind Tre and Djezzy have adopted ISO standards 14001 (Environmental Management), ISO 9001 (Quality) and ISO 27001 (Information Security), while Wind Tre and Mobilink are aligned to the social accountability standard SA8000. Wind Tre also aligns to OHSAS 18001 (Occupational Health and Safety Management).

What Matters Most to Our Stakeholders

Our stakeholders bring a rich range of perspectives that help us identify our most critical environmental, social and economic impacts; these impacts often go hand-in-hand with how we perform as a business. To this end, our CR strategy brings out the most important or material issues for our stakeholders and for our businesses.

OUR 2016 MATERIALITY MATRIX



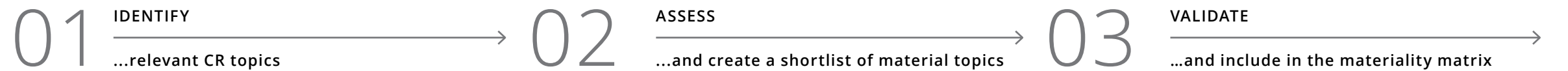
Since 2013, we have conducted formal “materiality” assessments to identify and prioritize where to focus our CR efforts. In 2016, we sought to validate the material issues identified in 2015 with our stakeholders including investors, peers, suppliers, NGOs and industry think tanks. In a dynamic and sometimes volatile market, our materiality assessments help us identify the environmental, social and economic impacts that underpin how we create value for all stakeholders through the short, medium and long term. Robust analysis of current and

emerging issues forms the basis of our CR strategy and the structure of our reporting.

At VEON, we appreciate the diversity of our operating markets and the contrasting socio-economic and business landscape across which we operate as a company. Similarly, the significant material topics also vary with region and country, which can pose a challenge in accommodating all above mentioned topics in one effective and “fit-for-all” CR strategy. To address the above, CR

teams across the BUs work very closely to ensure that we address all significant material issues in the CR strategic framework.

Our 2016 materiality matrix maps the most relevant areas of our business strategy to the issues our stakeholders consider most material. It allows us to prioritize them as high, medium and low. These involve specific issues which in many place form part of a broader human rights agenda. VEON looks to address human rights throughout its policies and operations.



- HIGH**
- Service quality and responsible marketing
 - Access to service
 - Privacy and data security
 - Social benefit
 - Talent management
 - Transparency
 - Anti-bribery and anti-corruption

- MEDIUM**
- Economic development
 - Online child safety
 - Privacy and freedom of expression
 - Net neutrality
 - Labor standards and other issues

- LOW**
- Diversity, discrimination, employment conditions
 - Energy efficient networks and products
 - Use of physical security services
 - Safety while driving
 - Tax payments
 - Health and safety
 - Climate change and mitigation of e-waste
 - Board compensation, independence and diversity
 - Environmental impact, inclusive supply chains and health concerns
 - ICT solutions for a low-carbon economy
 - ICT and empowering women
 - Employee engagement

Reinforce Integrity and Transparency

VEON's Group CR team sits within the Company's broader governance structure designed to promote accountability, integrity and transparency. Key governance bodies include the Company's Supervisory Board and its Nominating and Corporate Governance Committee, Audit Committee, Compensation Committee and Finance and Strategy Committee. These bodies and other important aspects of our governance framework are described in greater detail in VEON Ltd.'s Annual Report in its Form 20-F.

VEON's group CR team reports to the Group Chief Corporate and Public Affairs Officer who reports directly to the Group Chief Executive Officer and sits on the Group Executive Committee, the Group Chief Executive Officer's top advisory committee. The CR team has a direct line to our senior decision makers.

During 2016, we developed and rolled out extensive employee communications around the business principles that reinforce our Code of Conduct, and commitment to do business with integrity and transparency. We also shared CR best practices, ongoing challenges and emerging issues across the businesses through monthly calls with CR colleagues, and our dedicated intranet pages. The CR teams periodically share programmatic updates with senior management, both at the HQ and locally. This includes major developments as well as any challenges encountered in the implementation of projects

We do not mandate a particular CR governance approach for individual businesses; this means each business unit reports progress on a timescale suited to their own governance and managerial requirements.

MANAGING RISK

VEON has embedded the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and Enterprise Risk Management (ERM) – Integrated Framework (2004) as the foundation of its risk management approach.

Through VEON's risk management framework and control systems, management aims to provide assurance that strategic and business objectives can be achieved. The Group Executive Committee reviews the risk management framework and the company's main risks on a regular basis. For risks deemed material, action plans are developed in accordance with the risk appetite of the group. These are reviewed on a quarterly basis.

Members of the Group Executive Committee regularly discuss the group's material risks and the risk appetite statements with the Audit Committee and the Supervisory Board. Certain risk factors affecting our operations are set out in the Form 20-F filed with the US Securities and Exchange Commission.

The above-mentioned ERM Framework is used throughout the organization to identify and manage risks. Each quarter the CEOs of the operating companies must complete a compliance sign-off process to confirm that they are in compliance with VEON's policy and procedure.

We also evaluate risk through VEON's Risk Ethics & Assurance Committee (REAC), which is co-chaired by the Group Chief Financial Officer and Group General Counsel. REAC oversees and aligns the activities of the group's various risk and assurance functions to coordinate and manage actions efficiently across the group. REAC has a broad role which includes informing the Audit Committee and the Group Executive Committee when risks have been evaluated and prioritized. It acts as an escalation body to resolve issues around the management of group risk. It drives corporate communication about risk management.

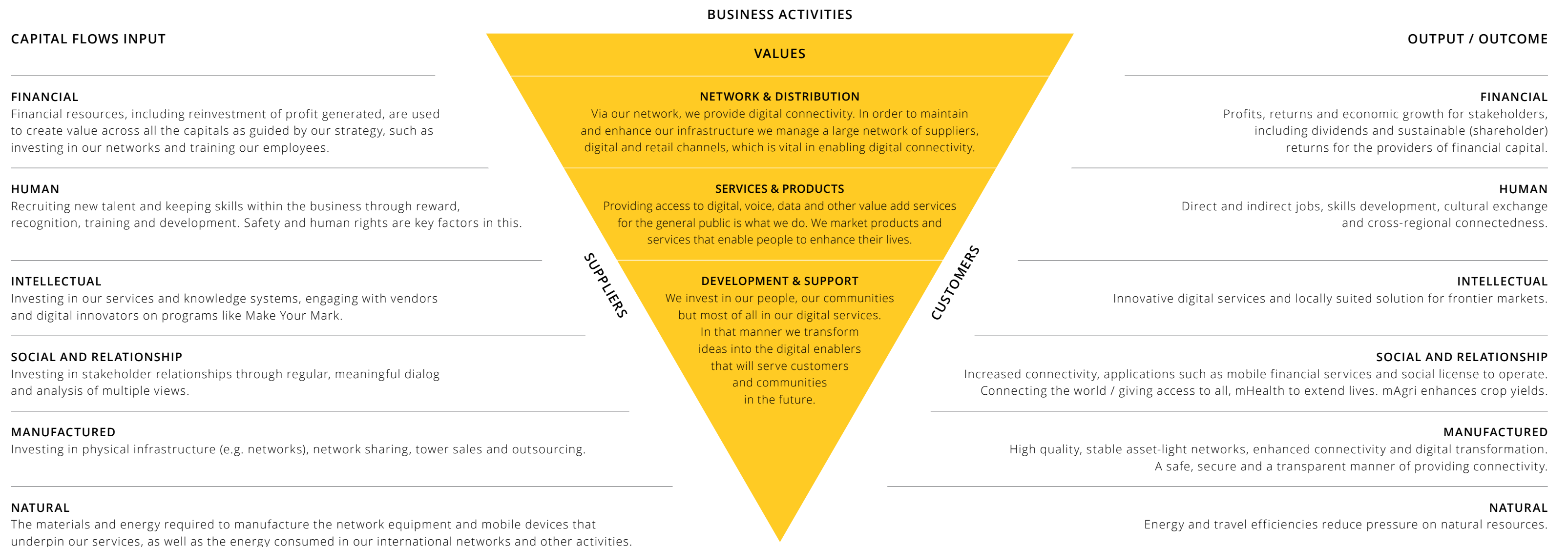
“The main challenge for VEON is to appreciate and manage the transformative and disruptive effects of swift technological developments, especially when these developments raise questions and demand decisions with regard to ethics & values”

Luis Neves

Chairman of the Board Global
e-Sustainability Initiative (GeSI)

How We Create Long Term Value

We recognize the importance of the International Integrated Reporting Council's (IIRC) identified six capitals – financial, human, social and relationship, intellectual, manufactured and natural. Our business model is a source of a sustainable, long-term value which sits at the heart of the flow of these different forms of capital. It relies on inputs from society and the environment and creates value in the short, medium and long term. How this works is shown below.



VEON's Developing Focus on the UN's Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) are a set of 17 global goals developed by the United Nations as part of a renewed sustainable development agenda. VEON shares the belief that companies can play a key role in achieving these goals by 2030.

The SDGs define global sustainable development priorities and aspirations for 2030 and seek to mobilize global efforts around a common set of goals and targets. They form a global agenda for the development of our societies and will allow leading companies to demonstrate how their business helps advance sustainable development, minimizing negative impacts and maximizing positive impacts on people and the planet.

VEON shares this vision. We will align our CR strategy with the SDGs to which we can contribute best. Going forward, we will seek opportunities to link and quantify our contributions to the SDG framework, enabling us to drive further positive impact on society.

MAKE YOUR MARK

The group-wide program MYM focuses on 'Helping Young People Shape Their Future', helping to find solutions to the challenge of achieving sustainable development, on both a local and a global scale. By creating access to education and inspiring social entrepreneurship, we empower young people to create a positive difference to their own lives and the lives of others. By educating and supporting them, we encourage them to use their energy, enthusiasm and knowledge to create opportunities to develop digital solutions for social, economic and environmental challenges. Our MYM program provides a perfect opportunity to strengthen the values and goals of the SDGs.


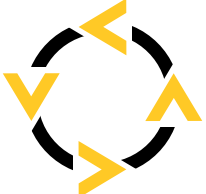


Our MYM program therefore covers some of the key components of the Sustainable Development Goals and provides a perfect opportunity to strengthen these values and goals within our company.

1. Educate – use technology and other resources to bring education to people who might otherwise not have access to it.
2. Support – help young people with creative digital ideas to build businesses and careers.
3. Inspire – encourage young people to turn their energy and enthusiasm into digital solutions for social, economic and environmental challenges.

“Business is a vital partner in most urgent social challenges in achieving the Sustainable Development Goals. Companies can contribute through their core activities, and we ask companies everywhere to assess their impact, set ambitious goals and communicate transparently about the results.”

Ban Ki-Moon
Former United Nations Secretary General

Our Focus is on The Following Four Goals

| | HOW VEON CONTRIBUTES | IMPACT/ SOCIO ECONOMIC VALUE ADDED | | HOW VEON CONTRIBUTES | IMPACT/ SOCIO ECONOMIC VALUE ADDED |
|---|--|---|--|---|---|
| <p>QUALITY EDUCATION</p>  | <p>Our MYM program offers a broad range of educational support to communities in our host countries. The aim is to increase the access and improve the quality of ICT education. VEON provides connectivity, equipment, knowledge, and motivational initiatives to create a stimulating educational environment for the young people aspiring to become digital leaders.</p> | <p>The cumulative effect of MYM is evident in a number of markets where the program has resulted in a number of high impact initiatives. Our digital and mobile literacy projects reached out to over 15,000 young individuals during 2016.</p> | <p>INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  | <p>Our focus on digital entrepreneurship fosters innovation on a local and global scale. We offer platforms where young people are able to showcase and commercialize their digital innovations. We continue to invest in digital infrastructure to bridge the digital divide and at the same time, provide financial inclusions to those who are previously disenfranchised.</p> | <p>Entrepreneurial competitions hosted by VEON across our markets are becoming increasingly popular. Eurasia Mobile Challenge, in its 2nd year, registered almost 1000 teams and partnered with some of the most prominent actors in the digital ecosystem in the participating markets.</p> |
| <p>DECENT WORK AND ECONOMIC GROWTH</p>  | <p>By enabling access to digital literacy, technical training, business mentorship and by incentivizing digital entrepreneurship, we improve opportunities for young people on the labour market. We inspire them to create their own livelihood by becoming entrepreneurs, aspiring to tackle societal problems, and then on their own, create decent work for the communities they operate in.</p> | <p>VEON supported/created co-working spaces, business accelerators and digital incubators are helping to create innovative, sustainable and high impact business ideas. Our tech hubs are creating jobs and attracting investments. Luiss EnLabs, Wind Tre supported digital factory, has created over 500 full time jobs and generated EUR 22 million in equity.</p> | <p>PARTNERSHIPS</p>  | <p>While pursuing the goals and objectives as laid out in the CR strategy framework, we are collaborating with a variety of stakeholders. We are leveraging on both in-house expertise and the experience of our program partners to deliver projects that create positive social impact as well as value for our stakeholders.</p> | <p>MYM has helped to foster stronger links with local players in the digital startup community, relevant government departments, private investors and academia. Our initiatives including Seedstars and AngelHack have seen us collaborate with global players like Google to bring together more than 50,000 developers from 60+ countries.</p> |

Our Performance

We manage and present our performance through the seven strategic elements which make up our CR Strategy.

1. MAKE YOUR MARK

- Running Incubators and Accelerators
- Supporting Schools and Skills
- Developing Leadership and Entrepreneurs
- Digital Ecosystems Research
- Digital Solutions to Socio-Economic Challenges

2. SERVICES FOR SOCIETY

- Mobile Financial Services
- Mobile Learning
- Mobile Agricultural Services

3. COMMUNITY ENGAGEMENT

- Social Media for Hearing Impairment in Russia
- Road Safety Campaigns in Pakistan
- Student Accommodation at Tashkent University of Information Technology

4. ENVIRONMENTAL EFFICIENCY

- Carbon Footprint
- Local Initiatives

5. ENGAGING IN THE GLOBAL AGENDA

- Privacy and Data Protection
- Net Neutrality
- Digital Divide and Gender Diversity

6. TRANSPARENCY

- Reporting
- Italy Promoting Transparency Across Society
- Progress on Transparency Benchmark Score

7. RESPONSIBLE BEHAVIOR

- Access To Services
- Breaking Down The Digital Divide
- Serving Customers
- Customer Satisfaction And Marketing
- The Voice Of Customer
- Customer Experience Transformation
- Improving Our Retail Experience
- Network Coverage And Reliability
- Human Rights
- Anti-Bribery And Anti-Corruption
- Monitorship
- Code Of Conduct
- Responsible Sourcing
- Employee Engagement And Diversity

8. CR STATEMENTS

Make Your Mark

Make Your Mark (MYM) is our flagship program and the first of the 7 elements of our CR Strategy. It is a group-wide program in which the entire VEON group contributes to a shared vision to empower young people to find solutions to the greatest challenges of our time and thus 'make their mark' on sustainable development.



VEON's customers and markets include a large number of young people inspired to find solutions to the challenges that the world faces today. MYM promises to support and equip them with knowledge and tools to create locally suitable and globally scalable initiatives and solutions to make a positive and sustainable difference to their own lives, as well as the lives of others.

A STRATEGIC INVESTMENT

The initiative offers a win-win deal to society and our business. For instance, in many of our markets, a lack of literacy can be a barrier for prospective customers. By investing in education, we include more people in the digital world, giving them access to knowledge and personal development, while expanding our own customer base. This has never been more important than it is today, as we transform into a digital enterprise – the impact of the VEON platform will be game-changing on this agenda. A key strand of our commercial strategy is to enable digital leadership, creating a new ecosystem of digital services for our customers as well as transforming our own processes and business model. Digital leadership is created not only by large corporations like ourselves, but also by thousands of small, digital startups that address local issues.

100%

THE NUMBER OF BUSINESS UNITS
IN 2016 WITH MYM INITIATIVES

By supporting these companies through MYM, we enhance our customer offers through a wider range of data services, as well as transforming our own business.

As well as benefiting from the direct commercial impact of this new wave of digital services, we aim to inspire these entrepreneurs to take on society's mega-challenges and contribute to an inclusive digital world, in turn supporting a resilient long-term business environment. In this manner, VEON creates shared value for the society as well as its shareholders.

In implementing MYM, we leverage our core competencies and build on existing successes. We take a top-down and a bottom-up approach to leverage best practices across our markets, identifying success factors and looking to replicate these models when and wherever appropriate. We have sought opportunities to extrapolate and scale individual market projects to a regional size. We conducted targeted research to help us intervene effectively in developing digital ecosystems.

5

THE NUMBER OF BUSINESS UNITS SUPPORTING
START-UP ACCELERATORS IN 2016

MYM is based on three strategic pillars: educate, support and inspire.

EDUCATE

Educate includes knowledge transfer projects – educational projects relating to schools and students, and those that help to foster entrepreneurship.

SUPPORT

Within the support pillar, we focus on developing local digital ecosystems with initiatives around incubators and accelerators, and competitions and researches.

INSPIRE

Inspire is about developing young entrepreneurs who, with the help of innovative digital services, can make their mark on the socio-economic environment within communities.

Together, these three pillars form a cycle of the creation, acceleration and consolidation of digital innovation.

9,397

ATTENDING ENTREPRENEURSHIP EDUCATIONAL EVENTS
(CLASSES, CONFERENCES)

We contribute to various initiatives of the World Economic Forum (WEF) on topics such as Internet for All, Digital Transformation of Industries, and Global Future Council on Platforms and Systems. In 2016, we were invited to join the project leadership group for the GSMA ecosystem accelerator, which aims to scale innovative and sustainable mobile services in emerging markets through partnerships between operators and innovators. The goal is to bridge the gap between operators and innovators, enabling strong partnerships that support the growth of commercially sustainable mobile products and services.

Through this partnership, we have inspired key players in the digital startup community, government departments and private investors, enterprise bodies, universities and business schools, as well as our own people. As we evolve into a digital enterprise, partnerships like this will become increasingly vital.

Over the course of this year, we developed MYM into a model for our operating companies and businesses, all of which are now participating in the initiative. This in turn is helping us to evaluate, grow and reinvest in the program.

Make Your Mark – Impact

2,018 Participants in accelerators/ incubators

5,870 New enrollments on literacy programs

3,221 Free internet connections

7,394 Individuals benefiting from donated computer equipment

4,674 Registrations on digital entrepreneur competitions

9,397 Attending entrepreneurship educational events (classes, conferences)

Our Performance: Make Your Mark

Running Incubators and Accelerators

BANGLADESH - ICT INCUBATOR

Bangladesh's first ICT incubator under a public private partnership was launched in 2016 as a joint initiative between the government and Banglalink. Around 400 startups competed to be awarded access to a high-tech office facility for a year, allowing them to accelerate growth while making use of an inspiring co-working environment.



Algeria

PAKISTAN - NATIONAL INCUBATION CENTER

With the support of Jazz, Pakistan's National Incubation Center - the largest tech facility in the country, was launched in 2016

Jazz X LR8 is a public-private partnership that will provide support to startups, under the government's Vision 2025. 40 participants are currently enrolled in and five of selected will take part in the 4YFN conference in Barcelona in 2017.

ALGERIA - ECOLE NATIONALE POLYTECHNIQUE (ENP) INCUBATOR AND STARTUP TOOLBOX

Djezzy collaborated with universities and higher education institutions to set up the ENP incubator, the first of its kind in Algiers, supporting the government's economic empowerment model. It offers digital entrepreneurs 100m² of work space for startups, technology, connectivity and technical and product support, along with coaching and mentoring sessions. The initiative supports the government's economic empowerment model. The startup toolbox gives young entrepreneurs access to experts with guidance, workshops, conferences and a roadshow covering, embedded systems, cloud computing and mobile development. There were around 800 attended sessions and 26 projects submitted to date.

UKRAINE - TELECOM ACCELERATOR

Kyivstar launched a telecom accelerator in partnership with tech cluster VDNG-Tech in 2016 to support young entrepreneurs where startups test their business models on the Kyivstar's platform. Kyivstar chose four high-growth, high impact startups to partner in the commercial launch of their products.

Kyivstar also supported the Eurasia Mobile Challenge. 88 Ukrainian startups competed to win USD 20,000 to develop their product.

WHAT JAZZ XLR8 OFFERS



50 MILLION CUSTOMERS



OPEN API GATEWAYS



DIGITAL PAYMENT SOLUTION



INVESTMENTS



MENTORSHIP



CONSULTANCY SERVICES



USER ANALYTICS

Running Incubators and Accelerators

RUSSIA – INTERNET INITIATIVE DEVELOPMENT FUND

Beeline teamed up with the Internet Initiatives Development Fund (IIDF), one of the largest startup accelerators in Russia making the digital market more accessible to internet entrepreneurs. More than 150 startups pitched their ideas to Beeline's stakeholders to get expert feedback. Over 1,200 participants attended the annual IIDF Startup Day in St. Petersburg, supported by Beeline.

ITALY – WIND TRE ACADEMY AND BUSINESS FACTOR

Wind Tre Academy offers free training to startups, to enable growth and to re-launch SMEs with digital business models. Participants can take advantage of 18 courses ranging from business skills to pitching, marketing and design.

Wind Tre business factor is a virtual incubator offering multiple services to entrepreneurs including matching them to venture capitalists and successful entrepreneurs. The most promising will qualify for Wind Tre Startup Award and pitch to a jury of businessmen, investors and academics. In 2016, 12 teams were shortlisted to join a six-week course with the winner joining a three-month pre-acceleration program in Luiss EnLabs, Wind Tre's digital factory for startups.

ITALY - DIGITAL FACTORY

Luiss EnLabs, a Wind Tre-supported digital factory for startups has expanded its acceleration hub in Rome to accommodate up to 80 startups, making it one of the largest accelerators in Europe. The lab has worked with approximately 40 startups to date, creating more than 500 jobs, and attracting EUR 22 million investment.

The advisory board has over 50 experts and a corporate network of institutions and companies that support the development of the best business ideas. With 94% of the accelerated startups receiving investment, in 2017 LUISS aims to expand in Milan.

WIND TRE BUSINESS FACTOR HIGHLIGHTS

33,607

REGISTERED USERS (+7%)

2,787

REGISTERED STARTUPS (+2%)

19,461

SOCIAL MEDIA FOLLOWERS

Supporting Schools and Skills

ARMENIA - ENTREPRENEURIAL THINKING FOR SCHOOL CHILDREN

Beeline Armenia launched a project to encourage entrepreneurship amongst Armenian school children. Part of MYM, this project gives them practical knowledge and skills for career planning and business. Students learned about cutting edge technology including marionette robotics. 25 teachers have been trained in a program which has now reached 300 students.



UKRAINE - SCIENCE, TECHNOLOGY, ENGINEERING AND MATHS (STEM) PROJECT

The Kyivstar STEM skills campaign has now supported 22 competitions involving more than 4,200 talented school children, student program and young entrepreneurs. These included the Romanian Master of Mathematics contest, the European Girls' Mathematical Olympiad and the International Mathematical Olympiad in Hong Kong.

PAKISTAN - ICT LABS

Jazz continues to support six state-of-the-art ICT labs in Pakistan in partnership with government and educational establishments, fostering literacy and ICT skills to equip young students in marginalized communities to thrive in the rapidly-evolving digital economy.



4,200

WE HAVE SUPPORTED 22 COMPETITIONS,
INVOLVING MORE THAN 4,200 SCHOOL
CHILDREN THROUGHOUT UKRAINE

Developing Leadership and Entrepreneurs



UKRAINE – BUSINESS HUBS

Kyivstar's lectures and events in economic and social sciences have reached more than 4,700 young entrepreneurs, Kyivstar launched a big data school in 2016 to train young ICT specialists and engineers in partnership with a renowned business school in Madrid and Microsoft in the Ukraine.

UZBEKISTAN – MOBICON

Beeline Uzbekistan sponsored MobiCon, the first digital mobile conference in Uzbekistan bringing together more than 1,200 telecoms, ICT professionals and young entrepreneurs. Beeline hosted the local final of Eurasia Mobile Challenge at MobiCon.

KAZAKHSTAN – UNLIMITED OPPORTUNITIES AND INTERNET4U

Unlimited Opportunities provides connectivity to social enterprises. The business has reached 13,000 children and young people from rehabilitation centers. The Internet4U project has given free computers and internet courses to 3,250 people from vulnerable groups including the unemployed and women on maternity leave.

ITALY – CHANGEMAKER SCHOOLS

Wind Tre partnered with Ashoka in Changemaker Schools to share and grow innovative approaches to learning. In 2016, over 300 schools across Italy were selected to join an international community of more than 1,000 education providers. The schools will be able to share their experiences and learn even more innovative learning methods across a global network.

BEELINE – WOMEN AND TECH EVENT

In Russia, Beeline partnered with the 'Women In Tech' event to support leadership and entrepreneurial skills. More than 400 women participated in workshops and most talented teams were invited to pitch ideas for Beeline's business.



3,250

THE UNLIMITED OPPORTUNITIES AND INTERNET4U PROJECT REACHED 3,250 PEOPLE FROM A RANGE OF BACKGROUNDS

Our Performance:
Make Your Mark

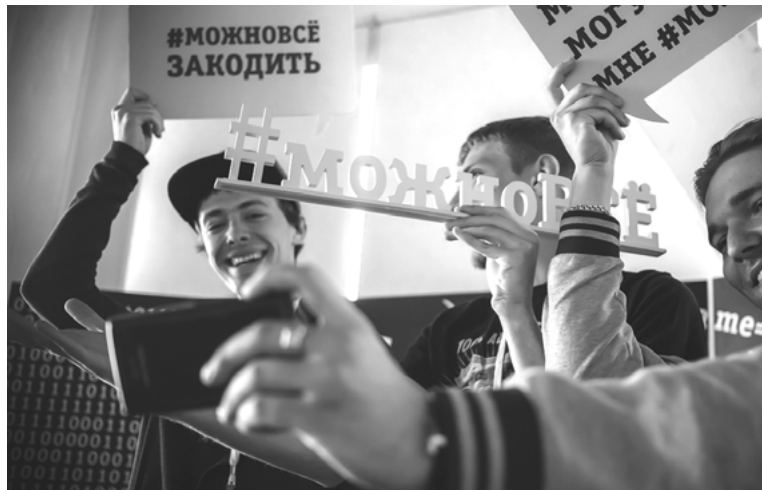
Developing Leadership and Entrepreneurs

ARMENIA – HACKATHON

Beeline Armenia organized the country’s first hackathon with the Microsoft Innovation Center to encourage young entrepreneurs. Seventeen teams came up with innovative solutions to a range of social challenges in a 12-hour hackathon.

ALGERIA – SEEDSTARS

Djezzy sponsored Seedstars World in Algeria to connect and invest in emerging market seed-stage startups. The winner, of more than 200 entries, went on to the regional summit in Bahrain.



RUSSIA – ANGELHACK

Beeline partnered with Google and Apps4 in Angelhack, the largest hackathon in the world, bringing together some 50,000 developers from more than 30 countries. During Angelhack - Russia, hosted at the Beeline head office in Moscow and three other cities, over 800 developers shared concepts and prototypes to pitch to tech giants like Google, Amazon and ourselves. The winners were offered a chance to pilot and launch their project in partnership with Beeline.

RUSSIA – WORLD CUP

VEON was the strategic partner for St. Petersburg University’s programming team which won the 2016 International Collegiate Programming Contest. Over 40,000 students took part in the contest.

EURASIA MOBILE CHALLENGE

The Eurasia Mobile Challenge is VEON’s largest entrepreneurial competition where young entrepreneurs find innovative and tech solutions to developmental challenges. Participating countries include Armenia, Georgia, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Ukraine and Uzbekistan. The competition accepts entries in environment, society, entertainment and culture categories.

Held in the 2nd half of 2016, the competition focused on innovation, originality, scalability, relevance to the community and business model feasibility in mobile solutions. Teams were coached and assessed by successful local and international entrepreneurs in accelerated boot camps. In 2016, almost 1,000 teams registered, double the number in 2015. Project submissions increased by almost 76%. 819 participants (an increase of 45%) from eight markets took part. EMC 2016 was supported by 58 market partners including the local businessmen community, tech hubs, business incubators and accelerators, academic institutions and various local government bodies.

The top three teams won funding and an opportunity to participate in the Global Mobile Competition and to exhibit at the Four Year For Now (4YFN) forum during the Global Mobile Congress, Barcelona.



EURASIA MOBILE CHALLENGE 2016 WINNERS



ConfBot

(RUSSIA) A ROBOT WHICH HELPS CONFERENCE ORGANIZERS COMMUNICATE WITH PARTICIPANTS



EarlyOne

(ARMENIA) A MOBILE PLATFORM TO SAVE TIME AND IMPROVE CUSTOMER SERVICE



Treepex

(GEORGIA) A MOBILE APP FOR TREE PLANTING

Digital Ecosystems Research

We commissioned grassroots research into the digital entrepreneurial environments in Russia, Ukraine, Algeria, Pakistan and Bangladesh. The aim was to analyze each ecosystem by a number of factors, including internet and smartphone penetration, ICT talent, regulation, customer base, education and the investment available. The research highlights the role of mobile operators in supporting a digital entrepreneurial ecosystem.

The report identified concerns which need to be addressed, for example the impacts of a decline in investment as witnessed in the digital ecosystem in Russia since 2014. It also identified positive areas to focus on to generate growth. For example, it concludes that the domestic ecommerce market could grow fivefold in Pakistan with effective national collaboration, which will support the growth of startup community.

The research is a very substantial undertaking and will allow us to shape the future of MYM program to target key issues more effectively. White papers will be launched in Pakistan, Algeria and Bangladesh during 2016.

Digital Solutions to Socio-Economic Challenges

ITALY – CROWDFUNDING FOR DIGITAL STARTUPS

The Wind Tre for Fund initiative was started in 2016, in collaboration with DeRev, one of Italy's largest crowdfunding platforms. The initiative supports non-profit organization, startups and social entrepreneurs by using a 'reward matches contribution' model and fundraises for projects promising social dividends. DeRev provides free consulting and support while Wind for Fund offers grants of EUR 5,000 to the first projects to reach 50% of their funding target. Find out more at www.windforfund.derev.com.

ALGERIA – SEEDSTAR

A startup named Dalil with an application designed to help visually impaired indoors and outdoors won our Seedstar competition in Algeria. The prototype is now being refined in partnership with the Association of Blind in Constantine. Find out more at www.dalil-project.com.

PAKISTAN – JAZZ GUARDIAN SERVICE

Jazz Guardian Service notifies friends and family of user's location in an emergency. The app transmits the person's location to up to five listed contacts via customizable SMS alerts. The app has now been downloaded by over 15,000 people and was developed by Virtual Prox a startup working under the mentorship and guidance of Jazz.

GEORGIA – TREEPEX

One of the winners of our Eurasia Mobile Challenge in 2016, Treepex, is a startup aiming to engage individuals and businesses in tree plantation. Via the website, individuals can plant a tree for their loved ones or offset their carbon footprint. The startup was launched in 2016 and has partnered with more than 20 companies from different sectors. Find out more at www.treepex.org.

Services for Society

VEON creates value for our stakeholders and for society by designing and providing services delivering specific positive benefits, over and above simple connectivity. Here we outline the initiatives for society which come under this element of the program. Our businesses are developing scalable solutions including mobile financial services, mobile learning and mobile agriculture services.

Mobile Financial Services

A prosperous, educated, productive and healthy population supports the growth of our business. To this end, we continue to invest in opportunities for services that can benefit society. We seek to develop solutions that have a tangible impact at scale, generate additional revenue through incremental sales of data services, encourage innovation, and create services that reduce churn and increase brand loyalty. VEON's services for society have helped to build deeper relationship with governments, communities and local NGOs.



JAZZ - Traffic

There are 2.5 billion people in the world who do not have access to financial services, many of whom are potential customers for us. Our focus is on providing access to basic financial needs and developing services such as money transfers and bill payments through digitally enabled devices while at the same time supporting local trade, commerce and digital economies. Mobile financial services allow people to bank online without having to go to a bank. This means that even those living in remote areas or in developing or emerging economies can access financial and banking services, supporting entrepreneurs and the local economy.

Mobile financial services is a key priority within VEON's business strategy, and leverages a broad range of disciplines to further develop and expand these services

We see these services as fundamental in the transition from cash-based to cashless societies, in turn improving security and trust in financial transactions. We already offer a variety of financial services in our operating markets, and play an important role in building local mobile money ecosystems and further enabling financial inclusion.

UZBEKISTAN - BEEPUL

In Uzbekistan, Beeline has designed and implemented Beepul, a financial services app, which will continue to develop further, to include microloans and card-to-card transfers in 2017. In 2016, Beeline has also launched an app that allows users to pay for utilities and other services more easily making a genuine difference to the lives of millions of people, particularly those in remote areas.

UKRAINE - MOBILE MONEY

Kyivstar's mobile money app allows users to pay for utilities, internet, TV and goods from their handset. With many instant payment options, over a million unique users are now registered. In 2016, Kyivstar's StarMoney was licensed by the National Bank of Ukraine for e-money transfers.



Ukraine

2.5 Billion

PEOPLE IN THE WORLD THAT DO NOT
HAVE ACCESS TO FINANCIAL SERVICES

Our Performance: Services for Society

Mobile Financial Services

PAKISTAN – JAZZCASH INITIATIVES

JazzCash service in Pakistan shows the tremendous potential of mobile finance. In just under two years, what started as a simple mobile transfer service has evolved into a wide range of financial services, whereby people can pay bills, deposit savings, and pay for goods, airtime and health insurance on their mobile phones.

GSMA reports that JazzCash is now recognized as the fastest growing mobile financial service deployment in Pakistan, contributing to financial inclusion on a vast scale. JazzCash has the largest distribution network of over 71,000 agents in 633 cities, towns and villages of Pakistan, with an extensive suite of financial services. Enabling registration in US dollars helped the initiative reach 1.6 million active mobile accounts (from 550,000 in 2015). During 2016, over 100 million transactions were registered with a total value of PKR 2.9 billion.

JazzCash has developed a passport fee payment service which allows people to pay from the comfort of their homes or through JazzCash's network of agents. Since its nationwide launch, the service has been utilized to pay over PKR 200 million (USD 1.9 million) worth of passport fees. In Punjab province, JazzCash is partnering with the Punjab Vocational Training Council to train young people in vocational skills. The team visits each school to register digital 'wallet' services for students or their guardians. Using this, students can withdraw funds from agents across Pakistan and PKR 570 million (USD 5.4 million) has been disbursed to date. In Sindh, JazzCash is providing free money transfer services so that families can pay for their children's education. Working through organizations like the Sindh Education Reform Program, 600,000 youngsters have benefited from the service to date.

BANGLADESH – FINANCIAL INCLUSION

Banglalink is a pioneer in innovative digital financial services in Bangladesh. It started in 2009 with mobile bill collection and train ticketing services, and today boasts 10.2 million customers who directly or indirectly have an online wallet. In 2016, around 88 million wallet transactions took place. Banglalink works closely with leading mobile finance and digital service operators to contribute to the development of a countrywide network and distribution channel.

UKRAINE – E-GOVERNANCE

Kyivstar has started a mobile pilot project in partnership with the Ukrainian government. Using mobile ID, citizens can access financial, medical, educational, social, and state services through their mobiles.



“For many years my mantra has been that enhancing communications systems will drive forward social and economic development. VEON, through implementation of its new strategy and bringing greater connectivity and new services to people and businesses, will foster and transform social and economic development in its markets and be a shining exemplar of the mantra.”

Tom Wheadon

Partner Simmons & Simmons LLP

Our Performance: Services for Society

Mobile Learning

SMS-BASED LITERACY IN PAKISTAN

In the Khyber Pakhtunkhwa (KP) province of Pakistan, more than half of the adult population is unable to read or write – with the adult literacy rate standing at 47% in 2014-15, falling to 29% for women. Rural women in particular are most marginalized, with just one in four able to read or write.

Data from surveys show that literacy impacts human capabilities, enhances productivity, broadens earning opportunities and improves personal well-being. There is growing evidence from across the world that Information and Communication Technology (ICT) offers powerful tools to change and foster new economic opportunities for women. In recent years, mobile learning in particular has become an effective medium to improve access to education and facilitate alternative learning processes through cost-effective approaches.

USING MOBILES TO TACKLE ILLITERACY

Working with the Institute of Social and Policy Sciences (I-SAPS) and GuarantCo, Jazz helped implement a mobile-phone-based learning program, aimed to tackle adult female illiteracy in rural areas of KP. This was a continuation of the project which was originally implemented with the support of United Nations Educational, Scientific and Cultural Organization (UNESCO).

The program used a hybrid approach, with a mix of in-class learning and SMS technology, to deliver basic literacy skills.

To build local support and identify and enrol learners, the program included Village Education Support Committees (VESC)s. Members of VESC)s included representatives from all sectors of the community, especially village elders, religious leaders, public representatives and influential individuals.

IMPROVING LIFE SKILLS

The program has so far enabled over 10,000 adult female learners to read newspapers, write in Urdu, perform everyday calculations and gain life skills with the help of four specifically designed textbooks.

The program activated mobile wallets and JazzCash accounts for all the female learners and teachers, giving them the opportunity to manage domestic finances effectively and play a more productive role at the community, family and individual levels.

The program has gained media attention and acclaim, and has also helped raise awareness about the benefits of girls' education in rural areas. Mobile learning has successfully helped in finding a way around the antiquated cultural barriers attached to female mobility and attending formal educational institutions, while imparting literacy and skills.

Mobile Agriculture Services

Mobile agriculture services support people along the agriculture value chain through mobile technologies that cover a broad range of devices and applications in voice, data, network and connectivity.

PAKISTAN – BA KHABAR KISAAN

Pakistan's agricultural sector contributes 21% to national GDP and generates almost half of the country's jobs. However, despite an abundance of fertile land and favorable weather conditions, agricultural yields are still not meeting demand.

Realizing an opportunity, Jazz created the Ba Khabar Kisaan app, which utilizes interactive voice response and location technology so that farmers can increase crop yields and revenue. With over 600,000 subscribers in the first three months alone, the app is transforming efficiencies and boosting income, while gaining excellent customer satisfaction ratings. Jazz is now looking to harness its extensive network to connect farmers with agribusinesses and rural communities. For more information, see www.bakhabarkisaan.com.

10,000

TOTAL ADULT FEMALE LEARNERS BENEFITED
FROM THE LITERARY PROGRAM



Pakistan

Community Engagement

We are proud of our record of supporting our communities through charitable donations, in-kind giving, employee volunteering, social sponsorships and encouraging our customers to donate to good causes. We identified specific areas to support in 2016 including hearing impairment in Russia, road safety in Pakistan and renovation of student university accommodation at the Information Technology University in Tashkent.

RUSSIA – SOCIAL MEDIA FOR HEARING IMPAIRMENT

Beeline Russia, through various sponsored campaigns, is supporting the integration of those with hearing impairments into Russian society. Beeline has sponsored a number of events, including the World of Deaf People Festival. Beeline is official partners of #UslyshMenya, a social media platform that facilitates interaction between people with hearing impairments and the wider community. It follows a number of deaf people through their daily lives and is supported by the All-Russia Society for the Deaf.

Beeline also sponsored the Moscow premiere of the first Russian feature film aimed at highlighting hearing impairment as a disability and to advocated improvements in relevant legislation. Produced by the Third Sector Social Film Laboratory, it was shown in Moscow and 40 other Russian cities.

PAKISTAN – ROAD SAFETY CAMPAIGNS

The growing use of mobile phones while driving is one of the major causes of road accidents. To address this problem, Jazz in collaboration with the Islamabad Traffic Police ran a road safety campaign. The campaign was geared towards educating children to act as change agents.

More than 1,200 young children attended the events moderated by traffic experts that featured orientation and educational sessions on road safety measures. Participants also included children with special needs who shared their own perceptions on road hazards through artwork.



UZBEKISTAN – RENOVATION OF UNIVERSITY STUDENT ACCOMODATION

Tashkent University of Information Technologies is one of the largest universities in Uzbekistan. The University was founded in 1955 and remains one of the major engineering schools in Central Asian region. Upon the request of University's management, Beeline Uzbekistan renovated the student accommodation at the University. This included all major civil works as well as refurbishing to improve the living condition of students living in the dormitories. In addition to essential civil works, the dormitories have also been provided with high speed WiFi internet connectivity.

SOCIAL INVESTMENTS*

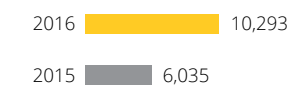
TOTAL (USD)

2,666,884



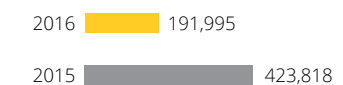
EMPLOYEE VOLUNTEERING (HOURS)

10,293



PRODUCT OR SERVICE DONATIONS (IN-KIND GIVING IN USD)

191,995



* Social investments and community engagement are addressed as social benefits in the materiality assessment (page 14).

Our Performance:
Environmental Efficiency

Environmental Efficiency

As most of our greenhouse gas emissions originate from energy use in our network, introduction and large scale implementation of network energy efficiency measures remain our primary focus. Conducting our business efficiently not only contributes to a low carbon economy, but also it reduces costs, helps to manage risks and enhances our reputation.

In recent years, we have actively pursued and invested in initiatives to improve our use of resources. We continue to invest in energy efficient base stations, making use of state-of-the-art free-cooling technology to reduce our electricity and diesel consumption. Operating in a more energy efficient way also reduces the risk of network downtime as an effect of local power outages.

We are increasing the extent of tower sharing with other operators across the group which has 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 proud of Wind Tre which met its 2016 emissions reduction target early, cutting carbon dioxide equivalent by 54% (per unit of traffic, against a 2013 baseline) and achieving energy efficiency certificates 28,355 tons CO2.

Wind Tre was the main partner in WWF's Earth Hour event to raise awareness of climate change through an online campaign. It also supported WWF's 'Save the Humans' initiative through a mobile and social media campaign.

Initiatives also take place on a local level, for example, Jazz has worked with WWF to adopt a robust environmental management system (EMS) at its corporate headquarters in Islamabad and regional offices in Lahore. It has been recognized by WWF annual Green Office Awards because it's ongoing efforts have helped the company to decrease its non-network carbon footprint by 73%.

We constantly strive to reduce the environmental and health impact of our operations and supply chain through the responsible use of natural resources and the reduction of waste and emissions. Our responsible sourcing initiative helps to monitor our suppliers social and environmental performance. As included in our Code of Conduct, we are committed to adhere to local environmental legislation and international standards.

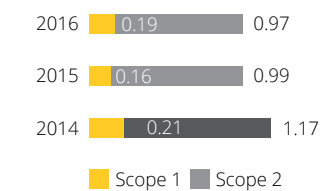
ENVIRONMENTAL DATA

| Metric | 2016 | 2015 | 2014 |
|---|--------|--------|--------|
| Number of BTS with free-cooling technology | 12.022 | 11.996 | 11.742 |
| Number of BTS with hybrid-diesel technology | 8.821 | 8.170 | 7.671 |
| Number of BTS with free-cooling technology | 29.452 | 28.109 | 24.183 |
| Base stations using power-saving technology | 61.231 | 58.269 | 58.269 |

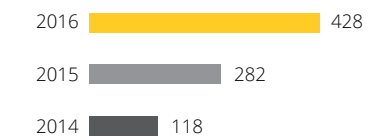
TOTAL CO₂ EMISSIONS (MEGATONS)

| | 2016 | 2015 | 2014 |
|---------|------|------|------|
| Scope 1 | 0.19 | 0.16 | 0.21 |
| Scope 2 | 0.97 | 0.99 | 1.17 |

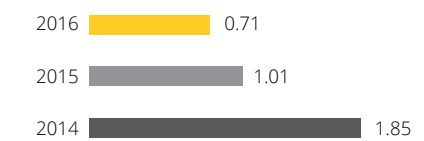
TOTAL CO₂ EMISSIONS (MEGATONS)



NUMBER OF BTS USING RENEWABLE ENERGY (TERAWATT)



CO₂ EMISSIONS (MEGATONS)



TOTAL ENERGY (TERAWATT)



Engaging in the Global Agenda

VEON regularly engages a variety of stakeholders in areas of global importance including Data Protection, Net Neutrality and the Digital Divide. We meet with world leaders and heads of state and we participate in the World Economic Forum's annual and regional meetings. We interact with our host governments and global vendors of equipment and services. We actively involve ourselves in digital public policy issues, working to influence our businesses and stakeholders around issues of global relevance.

PRIVACY AND DATA PROTECTION

Data is the oxygen of the digital economy. It allows for the provision of services previously unimaginable and inaccessible to many. The use of new technologies has resulted in an explosion of available data. 90 percent of the world's data has been generated within the past two years, and global data flows now contribute almost as much to global GDP as the trade in goods. We recognize the global discussion on the dilemma of using these vast amounts of data for the provision of innovative services to protecting people's privacy.

As a telecom operator we have traditionally treated personal information with utmost care. As we embrace new technologies and transform lives with new innovative digital services, we continue to see privacy as a key element of our service offering. VEON, the platform provides users with an ecosystem, acting as an intermediary for all online interactions with third parties, including local telecom services. We believe in providing user-centric transparency and enhanced user control on our VEON platform because protecting individuals' privacy is more than just a compliance issue. Instead, we have a digital responsibility, particularly as developments in our sector moves fast and many countries are yet to develop the appropriate regulatory frameworks. We therefore aim to set an example, define best practices, and work with both local and global actors in ensuring that privacy principles are upheld and developed further while continuing to improve the digital services for our customers. Please see table 1 in the for privacy management and performance.

NET NEUTRALITY

We fully support the concept of net neutrality with its overarching objectives to ensure that the openness of the internet is preserved, that innovation is promoted and consumer choice is protected. At the same time we believe it is important to find innovative ways to expand internet use in general, as well as to provide more transparent, simple and intuitive ways to enable users to perceive the value of digital services they consume. Moreover, digital customer care should enhance and not reduce user convenience and rights. Moving to the digital world should not mean depriving users of free and accessible customer care that they are accustomed to enjoying while using telecommunication services.

We have designed the VEON platform with the above principles in mind. First of all, it provides a totally free and always accessible customer care channel. It provides our community of users with a new way to communicate with each other, as well as to consume digital services in an affordable, transparent and intuitive manner; paying for actual digital services they use and not for the privilege of accessing them. VEON does not restrict the use of other applications but enables them. It expands access to and use of internet as the additional data allowance that users of VEON are awarded with boosts the usage of all digital applications and services. By allowing more people to use online services, we believe that VEON will contribute to digitalizing society, foster the knowledge economy, drive innovation and support the success of national digital agendas of the countries where we operate.

DIGITAL DIVIDE AND GENDER DIVERSITY

ICTs are unlocking new opportunities for sustainable economic growth, social development and the empowerment of individuals across the globe. Access to mobile technology has the ability to transform lives, particularly in emerging markets where the majority of our over 240 million customers reside.

Two-thirds of the population (472 million people) within our footprint has no access to internet. This is why we continue to invest in infrastructure, including the rollout of 4G networks, as we see data usage more than double in the majority of our markets. We align our approach and share best practices with other global actors, for example participating in the WEF 'Internet for All' dialog where we advocate for an integrated approach to access for all.

At VEON, we believe that connectivity is about more than just infrastructure. For many, mobile devices have become the primary interface with digital services.

These (often essential) services are realizing impact and directly contribute to the UN's Sustainable Development Goals. To understand better the hurdles and enablers of this impact through digitalization, we participate in the UN Broadband Commission's working group on Digitalization Scorecards.

We believe the benefits of digital services should transcend the boundaries of gender. In order to advance the agenda on gender equality we are engaging with UN Women and ITU in their efforts to create a network of organizations committed to three areas of action: access, skills and leadership.

To unlock the benefits of the internet for all and create real impact, businesses, governments and civil society must combine their individual interests into shared purpose. We will therefore continue our global engagement and are looking forward to continuing our work with a range of partners in converting development challenges into opportunities.

Transparency

As a publicly traded company with global reach, transparency is fundamental to our commercial success as well as critical for managing risk.

Disclosing our performance to a broad range of stakeholders is a strategic objective for the company. At VEON, we are constantly trying to improve and enhance our annual disclosures.

REPORTING

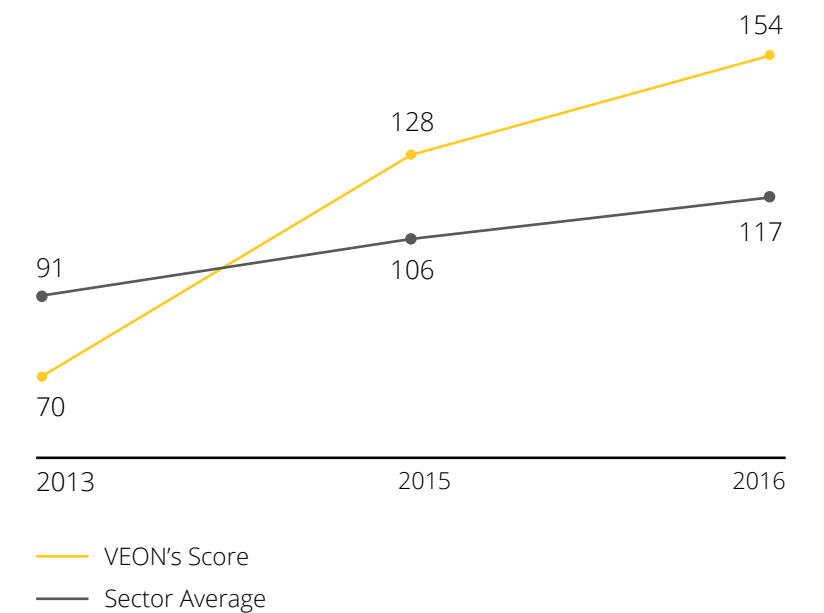
We report in line with the GRI and UNGC principles. We also align to the Dutch Transparency Benchmark – a government rating of the annual CR disclosures of the 500 largest companies in the Netherlands. Based on more than 40 criteria, the assessment scores each company based on its transparency. We improved our score in 2016, with 154 points (sector average 117), ranking us 71, compared to 128 in 2015. Other business units such as Wind Tre Italy, Jazz Pakistan and Beeline Russia also produce their own reports.

ITALY - PROMOTING TRANSPARENCY ACROSS SOCIETY

The second Wind Tre transparency awards for innovative projects that improve transparency in Italian society recognized three initiatives in 2016: Open Demanio, a portal enabling citizens to find government property; Social Stars, a social network for volunteering and social activism; and La terra di sotto, a photographic and interactive map of environmental pollution in Italy.

Wind Tre published the Wind Transparency Forum, which aims to inspire users through innovative initiatives in transparency and open data. During the year, the business won a social reporting award for its CR report.

PROGRESS ON TRANSPARENCY BENCHMARK SCORE



154

WE IMPROVED OUR SCORE IN 2016, WITH 154 POINTS (SECTOR AVERAGE 117), RANKING US 71, COMPARED TO 128 IN 2015

Our Performance:
Responsible Behavior

Responsible Behavior

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 and we do not tolerate bribery or corruption.

ACCESS TO SERVICES

The development of our device portfolio is a key pillar of our commercial strategy and is managed through a steering committee chaired by Group CEO and other members of senior management from HQ and our businesses.

Smartphones pricing is one of the most significant barriers to accessing the benefits of mobile data services which is why the delivery of affordable smartphones is our main focus. We have a commercial interest proliferating affordable handsets to increase data usage. This is a key element to addressing the digital divide.

Please see tables 5, 6 and 7 for market-wise mobile, internet and broadband subscriptions.

BREAKING DOWN THE DIGITAL DIVIDE

Average smartphone penetration across our markets, including Italy, is 41%. It ranges from 25% in markets where price remains a significant barrier and high speed networks are still a relatively new phenomenon; to over 73% in our most mature markets. Our range of affordable smartphones continues to grow. In 2016, we shipped almost a million low-cost devices, priced at 20% below average market prices.

We have committed to increase this to 3.8 million in 2017, including 1.4 million our own-branded smartphones priced between USD 30 to USD 120.

SERVING CUSTOMERS

We place our customers at the center of our business. They fuel our transformative ambition to bring the digital world to each and every customer. We believe in creating products that deliver opportunity and enable them to live richer lives. We aspire to be not only a trusted partner but an advocate on their behalf, bringing their voice to the world as well as the world to them.

Providing the highest quality service that is reliable and accessible is critical to our commercial success, and our core programs and our key performance metrics put customer centricity at the heart of what we do.

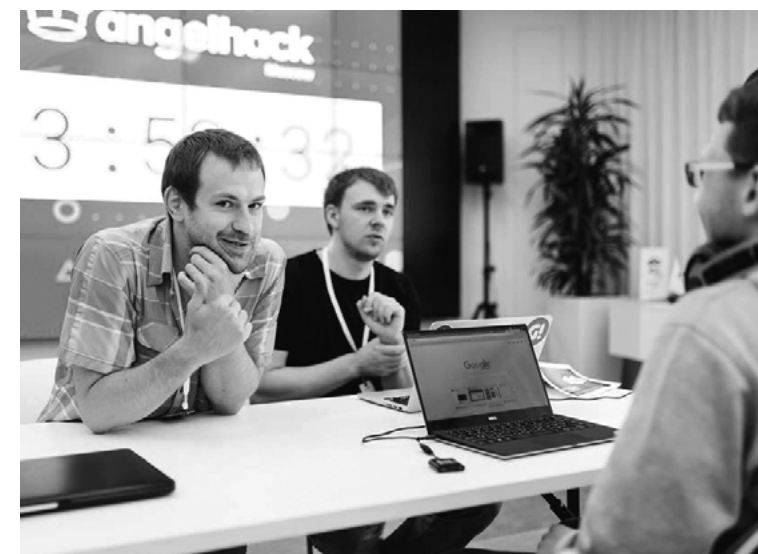
41%

SMARTPHONE PENETRATION IN VEON'S MARKETS INCLUDING ITALY

CUSTOMER SATISFACTION AND MARKETING

The importance of customer experience has grown significantly in the telecom industry and is now a key battleground where customer satisfaction goes hand in hand with customer loyalty and commercial success.

We built our first customer excellence program in 2013. This has evolved in 2016 into a consistent "voice of the customer" program which operates in all markets and is managed by our well establish 'Customer Experience Centre of Excellence' in Moscow, which is home to our best experts who focus on best practice customer engagement.



NETWORK COVERAGE IMPROVEMENTS 2016

22%

IMPROVEMENT IN 2G VOICE INACCESSIBILITY

27%

IMPROVEMENT IN 3G VOICE INACCESSIBILITY

16%

IMPROVEMENT IN 3G DROP CALL RATE

14%

IMPROVEMENT IN NETWORK UNAVAILABILITY

Our Performance: Responsible Behavior



THE VOICE OF THE CUSTOMER

We are proudly a 'Net Promoter Score' organization. In 2016, we advanced to the next level of customer feedback management and launched a unified and group-wide feedback collection platform called Medallia. The platform collects customer feedback at critical touch points across all our channels. This allows easy access to the voice of the customer across all operating companies and ensures that the focus of our management efforts are targeted at the issues that matter the most to our customers. This platform also provides a closed feedback loop to deal with individual customers who are not satisfied with the customer experience, and ensure we do everything to satisfy them.

During 2016, we also developed customer segmentation models across all our OpCo's in order to develop customer insight-led value propositions. The model uses advanced analytics, customer research and feedback to design products and services.

In 2017, we will launch our first digital market research platform in Russia which will help us to gather rich customer insights in an agile and media rich format. The digital platform will involve and integrate customers in the design of the products they ultimately consume.

Please see table 2 in the for market related net promoter score data.

CUSTOMER EXPERIENCE TRANSFORMATION

The customer experience program is strategically ingrained in the most significant developments of the group as we transition to a truly digital player. The program made substantial contribution in defining in-detail what VEON customers will experience when using our services. The customer experience team defined a set of 'disruptive' customer journeys to ensure our customers have an optimal digital experience, unlike anything else provided traditionally in the sector.

We defined a new and simplified value proposition portfolio, and reduced our existing legacy products significantly (reduced by 48%, with plans in place to continue reduction to 75%) to make sure that our customers have a transparent, easy to understand portfolio of services that helps them to connect and live in the digital world. In addition, we are implementing our omni-channel vision in all our markets so that customers can receive a seamless and consistent experience, even if they start their journey online and conclude it in a retail store.

We are fundamentally reshaping our commercial and customer care function to reduce the 'need to seek help'. Our voice of the customer program has led to 20% reduction of inbound calls to our customer service centres in 2016, and implementation will be further supported by a combination of new and enhanced IT systems across the board.

IMPROVING OUR RETAIL EXPERIENCE

At VEON, we have maintained our emphasis on leading a world class omni-channel experience including offering the Best-in-Class retail experience. In 2016, we launched a new retail format.

We started upgrading our network of over 5,500 stores with localized formats that enable our customers to experience our handset offerings from up close, get more information about our mobile financial service offerings and have closer contact with our retail staff.

We also launched a retail sales academy in Algeria, to be rolled out across the group with the objective of understanding our customers' needs. In 2017, we will work to make retail accessible via the online channels, enabling customer to order online and pick up their orders in our stores, and to make online reservations before visiting the outlets.

MARKETING

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. We regularly monitor feedback through our voice of the customer programs as well as other feedback mechanisms.

NETWORK COVERAGE AND RELIABILITY

The coverage and reliability of our mobile network are central to a positive customer experience. They are also regulated as part of our operating licenses. We continue to deploy high-speed services across our markets with the advancement of 3G and 4G/LTE technology. The speed depends on our license agreements. In 2016 we launched 4G/LTE networks in Algeria, Kazakhstan, Kyrgyzstan, Armenia and Uzbekistan.

In 2016, we continued our investments in network infrastructure to enhance coverage, capability, sustainability and capacity. This investment is captured via our group quality dashboard which tracks customer satisfaction, quality of service, network performance and network assets at group and country levels. Better network coverage has a direct positive impact on mobile data speeds available to our customers. We have implemented advanced power saving features in each market and in 2017 we expect to introduce even more such features by collaborating with vendors and industry organizations.

Network performance can be summarized through the KPIs set out in tables 8, 9, 10 and 11.

HUMAN RIGHTS

VEON has a responsibility to respect human rights. We do not treat human rights as a separate area of our core business because many different aspects of human rights are already intrinsic to our core business activities. Customer privacy, labour practices, health and safety, equal employment opportunities, diversity, anti-bribery and anticorruption are everyday issues that we address during the course of all of our operations. We also appreciate that information communication technology is a key driver of social development and the protection of human rights. It enables the exchange of knowledge and access to information.

Communications technology supports the development of socio-economic opportunities, fosters inclusive development and increases openness and transparency. We are a signatory to the UN Global Compact and separately outline our process against the UNGC's areas of focus. Nevertheless, our commitment to human rights is embodied throughout our business principles across the group and the group policies.

Human rights issues underpin both the Group Code of Conduct and Supplier Code of Conduct with which we require all of our suppliers to comply. Group Health and Safety Policy provides guidelines to maintain a safe and healthy working environment for our employees and third parties. In conducting materiality assessment for VEON (2013, 2015 & 2016), involving external expert input and involvement of all BUs, we identified the key CR issues for VEON, including the main human rights impacts.

VEON undertakes a number of actions around human rights issues on a more general level as well. VEON has been 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 security provision at remote radio base stations. Through GeSI membership we contribute to Conflict-Free Smelter Initiative ('CFSI') focused on improving the human rights position relating to conflict minerals.

We sponsored and contributed to the high-level Wilton Park conference on "Privacy, security and surveillance: tackling international dilemmas and dangers in the digital realm" and respond to enquirers from relevant NGOs on a variety of human rights related topics. We were also an observer at the Industry Dialogue on Freedom of Expression and Privacy.

Our Performance:

Responsible Behavior

ANTI-BRIBERY AND ANTI-CORRUPTION

In 2016, we continued to strengthen the governance framework, policies and procedures focused on anti-bribery and anti-corruption compliance, with a particular emphasis on building a strong compliance team and carrying out training and awareness-raising across the business.

We recognize that a strong and comprehensive approach to compliance is necessary 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 area as we regard it as a critical part of our future development and a particular focus of our leadership team.

Our comprehensive Group Compliance Charter sets out the organization, operation and governance of compliance management for the group, including the role and responsibilities of our global Risk and Ethics Assurance Committee, the group Compliance Program and group Compliance Function. The Group Chief Compliance Officer is a member of VEON's Management Board and has direct access to the Audit Committee of the Supervisory Board of Directors, to which he reports at least quarterly.

We now have over 40 full-time compliance personnel across our headquarters, subsidiaries and joint ventures, covering all our operations. The head of each compliance department within our local operating companies report with a solid line to the Group Chief Compliance Officer. Our anti-bribery compliance program is centred around the following core elements: commitment from senior management, Code of Conduct and compliance policies and procedures, appropriate oversight and resources, risk assessment, training and continuing advice, incentives and disciplinary measures, third party due diligence, confidential reporting and internal investigation, continuous improvement including periodic testing and review, and pre-acquisition due diligence and post-acquisition integration.

We carry out compliance risk assessments in all of our markets with the assistance of independent external counsel, and have also put in place an Investigations & Disciplinary Committee. We regularly reinforce the importance of our ethical culture and integrity by publishing video messages from our Group CEO and other senior executives on our intranet.

Monitorship

On February 18, 2016, VEON 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 VEON'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, VEON paid fines and disgorgements to the SEC, DOJ and OM in an aggregate amount of USD 795 million. VEON has agreed to a deferred prosecution agreement with the DOJ, a consent with the SEC and a settlement agreement with OM. In addition, VEON's subsidiary in Uzbekistan, Unitel LLC, has entered a guilty plea with the DOJ. VEON has also agreed to oversight by an independent compliance monitor ("Monitor") to promote continued and regular compliance enhancements across the company and its subsidiaries. VEON's cooperation in the investigation and actions in rapidly resolving this matter, together with substantial upgrades to its compliance program, were recognized by the authorities in the agreements.

VEON has significantly strengthened its internal controls and compliance program since the U.S. and Dutch investigations began in 2014, and the company continues to invest in this area. The company has taken, and will continue to take, strong measures to embed a culture of integrity across the group.

VEON has appointed an independent Monitor. During the three year term of the monitorship, the Monitor will conduct three reviews that will assess VEON's compliance program and internal controls. The Monitor's reports after each review will also include recommendations related to the company's implementation of a sustainable compliance program.



Our Performance: Responsible Behavior

CODE OF CONDUCT

Our Code of Conduct provides group-wide standards designed primarily to deter wrongdoing, and to require honest and ethical conduct, compliance with applicable governmental laws, rules and regulations, prompt internal reporting of violations, and accountability for adherence. 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 of Conduct states that, in addition to applying to its employees, officers and directors, VEON expects 'anyone doing business on the company's behalf' – a category that includes agents and other third parties – to comply with anti-bribery and anti-corruption laws. To reinforce this, we launched the Due Diligence Business Partner Compliance and Screening Procedure in 2016 and are implementing it throughout our Business Units during 2016. This Procedure is an addition to the range of policies and procedures that support the Group Anti-Bribery and Corruption Policy. It addresses issues such as conflicts of interest, gifts and hospitality, incident management and investigation, and social investment project approval. As part of our Supplier Day initiative in headquarters and across multiple operating companies, we focused our global strategic suppliers on the importance of our anti-bribery and anti-corruption program, as well as our Supplier Code of Conduct, which we require them to meet.

We operate a process that allows employees to contact a third-party service provider to raise any compliance related concerns. 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 Business Units.

RISK CLARITY INTEGRITY INDEX SCORES (OUT OF 7)



Our Performance: Responsible Behavior

RESPONSIBLE SOURCING

At VEON, we firmly believe that long term business performance is improved by sustainable operations which respect human rights and adhere to the highest standards of ethical conduct. We recognize that this can be a major dilemma, particularly while operating in certain regions of the world.



As stated in our Supplier Code of Conduct, we aim to work with our suppliers, including vendors, contractors, and partners to achieve continuous improvement in performance and are realistic that the total conformance across our supply chain is a long term aspiration. However, where we encounter a lack of will to change practices and improve performance in areas of weakness against the Code, we see this as a lack of commitment to working with VEON, and act accordingly.

The standards set out in the Code are the minimum compliance standards for the suppliers. We encourage our suppliers to explore where it is commercially sensible to go beyond these standards, particularly where local laws and regulations may be weak on particular issues, or are seldom enforced. Our approach to monitoring performance against the Code may involve desk-top assessments, self-assessment by the suppliers, and targeted site visits (for the highest risk, or poor performing suppliers).

We also conduct specific bribery and corruption screening of new, and sometimes existing, suppliers. Doing business with VEON is conditional on a successful outcome. To help our assessment processes and help to ensure good performance, suppliers are strongly encouraged to maintain some form of management system to manage performance against the Code.

We use a specialist supplier platform, EcoVadis, to identify suppliers deemed to be high-risk by local and global procurement teams. By high risk we mean those suppliers who we are heavily dependent on or those with a significant impact on the profitability of the company. In 2016, we assessed our high risk suppliers and many of our local suppliers against sustainability criteria covering environmental and labor standards, fair business practices, and supplier management.

Each supplier was scored and given a risk factor. Suppliers who do not pass the overall risk assessment and therefore do not qualify the sustainability criteria are provided support through webinars to improve their compliance standards and performance. Please see tables 12, 13 and 14 for EcoVadis assessment during 2016.

Going forward, we aim to increase the percentage of suppliers we assess. There is a business imperative for this since strikes, protests, negative publicity or environmental issues all affect our reputation and profitability. Over the past year, we have, in collaboration with EcoVadis, run training sessions on these risks for more than 100 buyers across our procurement departments.

“A company like VEON has large influence on its supply chain and can educate their suppliers. VEON has, due to its size and geographic spread, the opportunity to reach out to their suppliers and shape the way in which business is done, fostering more responsible business practices.”

Camille Messer
Senior Client Success Manager EcoVadis

Our Performance:
Responsible Behavior

Employee Engagement And Diversity

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

We are signatories to the UN Global Compact which sets out standards for companies to uphold, including whereby workers may engage in freedom of association and collective bargaining within the framework of national laws and regulations. We respect the different regulatory and cultural approaches to these issues in the markets in which we operate and do not impose restrictions or limitations on employees' freedom to associate, unionize, or to request collective bargaining.

In markets where unions are established and represent some or all members of our workforce, including Algeria, Armenia, Italy, Kyrgyzstan and, more recently, Ukraine, we work with trade unions on matters including employee remuneration and welfare. We estimate that approximately 24% of employees (23%, 2015) are covered by collective bargaining agreements.

FORCED COMPULSORY AND CHILD LABOR

VEON strictly prohibits forced, compulsory or child labor, as stated in the Group Code of Conduct. We do 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. As part of our supply chain management, the labor aspect of responsible sourcing is accommodated in the EcoVadis assessment.

DIVERSITY AND DISCRIMINATION

VEON employs 41,994 (including Warid, excluding Italy JV) people, of whom 56% are male. During 2016, VEON welcomed almost 16,000 new employees of whom 50.1% were women. Employee turnover during 2016 was 34%. During 2016 1,768 VEON employees were contracted on a part-time basis. The age and gender of the members of our supervisory and management boards can be found in our Form 20-F. For new hires and headcount by regions, please see tables 15 and 16. Across our leadership team as a whole, comprising of 150 senior leaders, gender and age diversity numbers are as shown in table 18.

We strictly prohibit discrimination of any kind and our 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.

TALENT MANAGEMENT

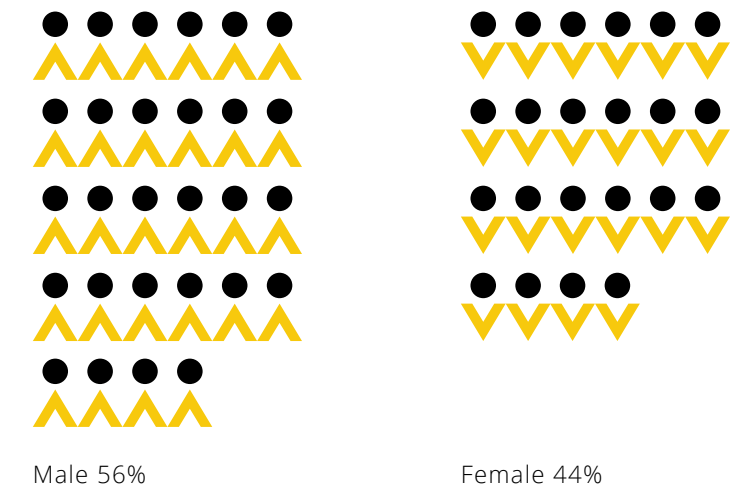
At VEON, we are committed to investing in our people. We nurture the leadership capabilities that meet our organizational needs and accommodate personal development goals. Within our development programs, we leverage a three level approach that is ingrained in our values; a mix between on the job training, formal technical learning events and social/relational workshops. Moreover, we recognize the importance of feedback and have adopted 360° feedback methodologies. This has helped us to carry out talent review and design developmental plans.



EMPLOYEE TURNOVER

| | 2016 | 2015 | 2014 |
|----------|------|------|------|
| Turnover | 34% | 35% | 30% |

GENDER SPLIT



COLLECTIVE BARGAINING AGREEMENTS



Our Performance:

Responsible Behavior

EMPLOYEE ENGAGEMENT & DEVELOPMENT

At VEON 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 50 thousand employees across 15 (including Netherlands and United Kingdom) countries, and with over 40 nationalities represented in our HQ, it is no surprise that we operate a huge variety of employee development programs.

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.



HEALTH & 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 VEON, 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 Tre Italy has achieved certification to ISO18001 (Occupational Health and Safety Assessment Series - OHSAS 18001) as part of its integrated management system approach. Our Group Health and Safety Policy which has been approved in 2015 and has been effective throughout 2016.

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 2016, we are reporting 131 work-related serious injuries to employees but it is likely that this represents an under-reporting of the actual position.

There were 4 reported work-related fatalities during 2016; two fatalities concerned employees and the other two were subcontractors (see table 17 in the appendix). 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 in 2015. In this project, we are looking at the provision of security for base stations, particularly in remote areas. This research is ongoing.

Every single fatality is one too many. Unfortunately, given the nature of a large part of our work and the markets we operate in, we do experience a few work related accidents and fatalities annually. However, we will continue to put effort in enhancing our personnel safety protocols in order to reduce the number of work related incidents, injuries and fatalities.

Tables and Data, Key and Material to VEON's Operations

| | | | |
|----------------|---|-----------------|--|
| Table 1 | Privacy Performance and Data Management | Table 10 | Network Quality |
| Table 2 | Net Promoter Score | Table 11 | VEON Network and Population Coverage |
| Table 3 | Competition Compliance | Table 12 | Supplier's Risk Assessment |
| Table 4 | Marketing Compliance | Table 13 | Engagement with Global Strategic Suppliers |
| Table 5 | Individuals Using the Internet as Percentage of Domestic Population | Table 14 | Engagement with Local High Risk Suppliers |
| Table 6 | Mobile Cellular Subscriptions | Table 15 | New Hires by Region |
| Table 7 | Active Mobile Broadband Subscriptions | Table 16 | Employees by Region |
| Table 8 | Unsuccessful Call Set-Up Rate (Voice) | Table 17 | Health and Safety Numbers |
| Table 9 | Call Drop Rate | Table 18 | Three Year Data Summary |

Our Performance:
CR Statements

TABLE 1: PRIVACY PERFORMANCE: PRIVACY AND DATA MANAGEMENT IS CRITICAL TO VEONS' ACTIVITY. WE TRACK OUR PERFORMANCE CLOSELY WHICH IS SET OUT IN THE TABLE BELOW.

| | 2016 | 2015 | 2014 |
|--|------|------|------|
| Number of complaints received from third parties relating to our management of privacy | 0 | 1 | 6 |
| N. of c. received from regulatory bodies relating of customer privacy | 2 | 4 | 2 |
| Number of instance of customer data loss | 62 | 5 | 16 |

TABLE 2: NET PROMOTER SCORE

| | 2016 | 2015 |
|--|------|------|
| Number of markets meeting or exceeding target position | 4 | 4 |
| Number of markets placed first or second in their market | 6 | 7 |
| Number of markets improving relative NPS | 7 | 9 |

Data loss: Reports the total incident of identified leaks, thefts, or losses of customer data.
 5 incident originate form Uzbekistan and 57 from Russia.

TABLE 3: COMPETITION COMPLIANCE

| | 2016 | 2015 | 2014 |
|--|------|------|------|
| Number of non-monetary incidents relating to anti-competitive behavior | 7 | 19 | 7 |
| Number of anti-competitive cases brought through conflict resolution processes | 5 | 1 | 13 |
| Fine relating to anti-competitive behavior (in USD M) | 1.40 | 2.24 | 0 |

TABLE 4: MARKETING COMPLIANCE

| | 2016 | 2015 | 2014 |
|---|------|------|------|
| Number of incidents relating to our marketing activities that resulted in a penalty | 41 | 13 | 13 |
| Number of incidents that resulted in a warning from the relevant body | 0 | 17 | 12 |
| Number of incidents of non-compliance with a voluntary code | 0 | 0 | 1 |
| Fines relating to non-compliance with local legislation covering the provision of products and services | 0.9 | 1.7 | 0.4 |

TABLE 5: INDIVIDUALS USING THE INTERNET AS PERCENTAGE OF DOMESTIC POPULATION

| | 2015 | 2010 | 2005 |
|--------------------|------|------|------|
| Algeria | 38 | 13 | 5 |
| Armenia | 58 | 25 | 5 |
| Bangladesh | 14 | 4 | 0 |
| Georgia | 48 | 27 | 6 |
| Italy | 66 | 54 | 35 |
| Kazakhstan | 71 | 32 | 3 |
| Kyrgyzstan | 30 | 16 | 11 |
| Pakistan | 18 | 8 | 6 |
| Russian Federation | 7 | 43 | 15 |
| Tajikistan | 19 | 12 | 0 |
| Ukraine | 49 | 23 | 4 |
| Uzbekistan | 43 | 16 | 3 |

Source: ITU

Our Performance:
CR Statements

TABLE 6: MOBILE CELLULAR SUBSCRIPTIONS (PER 100 PEOPLE)

| | 2015 | 2010 | 2005 | 2000 |
|--------------------|------|------|------|------|
| Algeria | 113 | 88 | 40 | 0 |
| Armenia | 115 | 130 | 11 | 1 |
| Bangladesh | 83 | 45 | 6 | 0 |
| Georgia | 129 | 91 | 26 | 4 |
| Italy | 151 | 155 | 122 | 74 |
| Kazakhstan | 187 | 122 | 36 | 1 |
| Kyrgyzstan | 133 | 99 | 11 | 0 |
| Pakistan | 67 | 57 | 8 | 0 |
| Russian Federation | 160 | 165 | 83 | 2 |
| Tajikistan | 99 | 78 | 4 | 0 |
| Ukraine | 73 | 75 | 3 | 0 |
| Uzbekistan | 144 | 117 | 64 | 2 |

Source: ITU

TABLE 7: ACTIVE MOBILE BROADBAND SUBSCRIPTIONS (PER 100 PEOPLE)

| | 2015 |
|--------------------|------|
| Algeria | 40 |
| Armenia | 41 |
| Bangladesh | 14 |
| Georgia | 51 |
| Italy | 82 |
| Kazakhstan | 60 |
| Kyrgyzstan | 31 |
| Pakistan | 13 |
| Russian Federation | 71 |
| Tajikistan | N/A |
| Ukraine | 8 |
| Uzbekistan | 29 |

Source: ITU

Our Performance:
CR Statements

TABLE 8: UNSUCCESSFUL CALL SET-UP RATE (VOICE)

| Monthly Average (%) | Number of Markets | | |
|---------------------|-------------------|------|------|
| | 2016 | 2015 | 2014 |
| 0 – 1.0 | 6 | 8 | 6 |
| 1.0 – 2.0 | 6 | 5 | 5 |
| 2.0+ | 0 | 1 | 1 |

TABLE 9: CALL DROP RATE

| Monthly Average (%) | Number of Markets | | |
|---------------------|-------------------|------|------|
| | 2016 | 2015 | 2014 |
| 0 – 1.0 | 6 | 8 | 6 |
| 1.0 – 2.0 | 6 | 5 | 5 |
| 2.0+ | 0 | 1 | 1 |

Our Performance:
CR Statements

TABLE 10: NETWORK QUALITY - BIT-RATE FROM PUBLIC CROWDSOURCING (OPEN SIGNAL)

| Last Six Months (MBPS) | Number of Markets | | |
|------------------------|-------------------|------|------|
| | 2016 | 2015 | 2014 |
| 5.0 - 10.0 | 7 | 1 | - |
| 3.0 - 5.0 | 3 | 1 | - |
| 1.0 - 3.0 | 2 | 9 | - |
| 0.0 - 1.0 | 0 | 1 | - |
| | 12 | 12 | - |

TABLE 11: VEON NETWORK AND POPULATION COVERAGE

| | Number of Markets | | | | | | | | |
|---------------|-------------------|----|----|------|----|----|------|----|----|
| | 2016 | | | 2015 | | | 2014 | | |
| (%) | 2G | 3G | 4G | 2G | 3G | 4G | 2G | 3G | 4G |
| 95 - 100 | 6 | 6 | 1 | 6 | 1 | 0 | 4 | 1 | 0 |
| 90 - 95 | 1 | 1 | 1 | 1 | 1 | 0 | 2 | 0 | 0 |
| 85 - 90 | 3 | 3 | 0 | 3 | 0 | 0 | 3 | 0 | 0 |
| 80 - 85 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| 70 - 80 | 2 | 2 | 1 | 2 | 1 | 0 | 2 | 0 | 0 |
| 50 - 70 | 0 | 0 | 4 | 0 | 4 | 0 | 0 | 3 | 0 |
| 0 - 50 | 0 | 0 | 4 | 0 | 4 | 0 | 0 | 2 | 0 |
| No deployment | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 4 | 0 |

Our Performance:
CR Statements

TABLE 12: SUPPLIER'S RISK ASSESSMENT

| | % of local suppliers 2016 | % of local suppliers 2015 |
|---|---------------------------|---------------------------|
| Suppliers passing overall risk assessment | 70% | 78% |
| Suppliers passing environmental risk assessment | 79% | 72% |
| Suppliers passing labor risk assessment | 85% | 72% |
| Suppliers passing fair business practices risk assessment | 82% | 63% |
| Suppliers passing supplier management risk assessment | 75% | 52% |

TABLE 13: ENGAGEMENT WITH GLOBAL STRATEGIC SUPPLIERS

| | Number of GSS | % of GSS 2016 | % of GSS 2015 |
|-----------------------------|---------------|---------------|---------------|
| Assessments completed | 26 | 96% | 93% |
| Assessments not yet started | 1 | 4% | 7% |

TABLE 14: ENGAGEMENT WITH LOCAL HIGH RISK SUPPLIERS

| Engagement with local high risk suppliers | # of local suppliers | 2016 | 2015 |
|--|----------------------|------|------|
| Assessments completed | 26 | 96% | 93% |
| Assessments in analysis | 4 | 1% | 1% |
| Assessments not yet started | 174 | 71% | 74% |
| Total high risk local suppliers approached | 284 | 100% | 100% |

Please note that for Russia and Bangladesh the 2015 list of high risk supplier was used for the 2016 assessment.

Please be aware that due to financial restrictions local suppliers in Uzbekistan and Algeria are not involved in the EcoVadis assessment and are therefore not included.

Going forward, we aim to increase the percentage of suppliers we assess. There is a business imperative for this since strikes, protests, negative publicity or environmental issues all affect our reputation and profitability. Over the past year, we have, in collaboration with EcoVadis, run training sessions on these risks for more than 100 buyers across our procurement departments.

Our Performance:
CR Statements

TABLE 15: NEW HIRES BY REGION

| | |
|---------------------------|--------|
| Russia | 13,171 |
| Ukraine | 326 |
| Pakistan | 813 |
| Bangladesh | 78 |
| Algeria | 186 |
| Uzbekistan | 408 |
| Other | 933 |
| HQ Netherlands and London | 352 |
| Italy – Joint Venture | 102 |

TABLE 16: EMPLOYEES BY REGION

| | |
|---------------------------|--------|
| Russia | 23,622 |
| Ukraine | 2,484 |
| Pakistan | 4,589 |
| Bangladesh | 1,319 |
| Algeria | 2,815 |
| Others | 5,222 |
| Uzbekistan | 1,234 |
| HQ Netherlands and London | 709 |
| Italy – Joint Venture | 9,356 |

Our Performance:
CR Statements

TABLE 17: HEALTH AND SAFETY INCIDENTS

| Employees and Subcontractors | 2016 | 2015 | 2014 |
|--|-------------|-------------|-------------|
| Number of work-related serious injuries | 131 | 112 | 184 |
| Work related security incidents | 11 | 48 | 48 |
| Work-related Injury rate per million hours | 1.61 | 1.28 | 1.93 |
| Number of work-related fatalities | 4 | 2 | 3 |

Serious injuries: Injuries that required medical attention beyond first aid.

Work-related fatalities: Two employees suffered work-related fatalities (in Russia & Pakistan) and two subcontractors suffered work-related fatalities (in Ukraine).

Our Performance:
CR Statements

TABLE 18: THREE YEAR DATA SUMMARY

| Economic value generated and distributed (USD Million) | 2016 | 2015 | 2014 | Economic value retained | | | |
|---|--------------|---------------|---------------|---|-----------|-----------|---------|
| Economic value generated (operating revenue, interest and dividends received) | 8,884 | 14,541 | 19,697 | Network and Environment | 228 | -774 | 521 |
| Economic value distributed: | | | | Network Traffic – combined voice and data traffic (terabytes) | 1,608,421 | 1,136,636 | 750,563 |
| Payments to suppliers | 6,361 | 11,413 | 14,182 | Physical Base station sites | 158,472 | 98,918 | 95,859 |
| Payments to employees | 775 | 1,175 | 1,539 | Base station sites using renewable energy | 428 | 282 | 118 |
| Payments to suppliers of capital | 955 | 1,741 | 2,247 | Base stations using power-saving technology | 61,231 | 58,269 | 38,285 |
| Payments to governments (taxes and license payments) | 585 | 985 | 1,206 | Total CO2e Emissions (tons millions) | 1.15 | 1.15 | 1.39 |
| Community investment (including sponsorships) | 2 | 1 | 2 | CO2e emissions per unit of network traffic (t/TB) | 0.72 | 1.01 | 1.85 |
| TOTAL | 8,679 | 15,315 | 19,176 | Use of diesel in network operations (MWH) | 125,110 | 93,354 | 128,467 |

Our Performance:
CR Statements

TABLE 18: THREE YEAR DATA SUMMARY

| Employees | 2016 | 2015 | 2014 | Other Indicators | 2016 | 2015 | 2014 |
|--|---------------------|-------------|-------------|---|-------------|-------------|--------------|
| Number of employees | 41,994 ¹ | 55,392 | 56,024 | Average smartphone penetration | 41% | 31% | not reported |
| New hire turnover rate | 34% | 35% | 30% | Complaints received from regulatory bodies relating to our management of customer privacy | 2 | 4 | 2 |
| Diversity – the proportion of female senior leaders | 21% | 20% | - | BU's ranking 1st or 2nd in their markets on NPS | 7 out of 12 | 7 out of 12 | 7 out of 12 |
| Proportion covered by collective bargaining agreements | 24% | 23% | 17% | Global strategic suppliers completing E-TASC assessment | 96% | 93% | 85% |
| | | | | Local higher risk suppliers completing E-TASC assessment | 28% | 26% | not reported |
| | | | | Financial contribution to charitable organizations (USD Million) | 2.7 | 1.3 | 3.0 |

1: 41,994 including Warid, excluding Italy

Appendix:

Reporting Principles

BASIS OF PREPARATION

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

REPORTING STANDARDS AND GUIDANCE

As a communication enabler, operating in multiple continents across the globe, the manner in which we deal with the challenges and opportunities that our businesses face, as well as the way our operating model and value chain interact with our stakeholders, is crucial. In order to accommodate all these elements and unite them with the interests of our stakeholders, our approach to the identification, management and evaluation of corporate responsibility is guided by three main factors:

1. STAKEHOLDERS

A range of stakeholders have 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 follow a number of multi-stakeholder defined standards and guidelines. Our reporting meets Global Reporting Initiative (GRI) version 4 guidelines at the core level, follows the guidance in the AA1000 Accountability Principles Standards (including AA1000 APS, AA1000 AS and AA1000 SES) and is influenced by the guidance issued by the International Integrated Reporting Council (IIRC) with the introduction of the graphic on page 16.

Several of our markets have adopted International Organization for Standardization standards, and the social accountability standard. VEON 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.

2. MATERIALITY

We prioritize potential material issues logically, by assessing the materiality of individual issues to our strategy and their importance to our stakeholders. Each corporate responsibility issue is scored against pre-defined criteria. Each year we consult a wide range of experts in order to prepare the CR report – in particular to identify our priority (material) issues. On page 14 we set out the approach we have taken in validating our material aspects. Last year we reassessed our materiality based on two factors: the results of a major new materiality assessment commissioned by GeSI in 2014, and significant events that occurred in the intervening period. In this validation process we spoke with a number of stakeholders; ranging from investors, peers and suppliers to NGOs and industry futurists. The validation was achieved by sending out surveys and conducting interviews. The stakeholders provided their insights which have been used to reorganize the material topics. The goal of validation is to ensure that the right topics will be covered and elaborated on in our business strategy and within this report. In this way we ensure that our disclo-

tures match the expectations and information needs of our stakeholders. The results of the validation are indicated in our materiality matrix (please see page 14).

The influence of the stakeholder validation was limited to the Y-axis covering the “Importance to Stakeholders”. The material issues were only moved on this axis due to the fact that the X-axis relates to business strategy. In the opinion of our stakeholders, issues like net neutrality, climate change and environmental impacts, and inclusive supply chains should become more material. On the other hand the stakeholders indicated that topics like health and safety, ICT and empowering women are less material. We will use these insights in our reporting framework and we will also use it in relation to our business strategy. Although some issues may not feature highly in the matrix they 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” program. As many of our businesses operate in emerging economies, our materiality matrix tends to be dominated more by social and economic development than by environmental issues.

3. RESPONSIVENESS

Having identified the priorities, we form our strategy and governance approach, take appropriate action and report on our progress through our corporate strategy framework overview. This overview includes analysis of the strategy elements and business principles, relevance to the business strategy, relevance to stakeholders and, finally, a status summary. Within the CR report, CR performance is disclosed periodically, which is used by the corporate responsibility team to determine the effectiveness of policy and design novel policy and management approaches.

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 2016, the CR reporting system became more deeply integrated into the broader financial reporting system and controls.

We have designed our KPIs to focus on our most material issues and, wherever appropriate, represent data already used for management purposes. We continue to develop and improve our reporting processes across the group, in order to be able to report on the most relevant and pressing dimensions of our business.

Appendix:

Reporting Principles

We have defined a series of control measures to help improve the quality of our data gathering, including:

- 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).

SCOPE

Published on May 30th 2016, this corporate responsibility report, covering the 2016 calendar year, includes all of our largest active markets as of 31 December 2016. We report information by brand or country, rather than legal entity. Our Amsterdam headquarters is included in the context of energy consumption, health and safety performance, and number of employees. As the new joint venture between Wind and 3 Italia was completed at the end of 2016, the performance of Wind Tre has been included fully, in line with the position in previous years. In November 2016 we acquired Warid Pakistan. Warid's information is not included in this year's CR report. We have not included our operation in Laos in the scope of our data collection process for this year.

As any businesses acquired by VEON will not need to submit CR performance data until the end of the financial year following the year of acquisition, these businesses will not be included within the scope of this report. The same applies for any businesses that we have sold during the year 2016. Other elements that are outside of the scope of our 2016 CR report are those businesses where we controlled less than 50% of the equity or where we did not have management control; those that are not consolidated in our financial statements; and those that represent less than 0.15% of service revenue.

Throughout the report, where we refer to Business Units (BUs), this also implies a reference to our operating companies (OpCos). A full list of subsidiaries can be found in our Form 20-F (filed with the U.S. Securities and Exchange Commission) or on our website www.VEON.com/investor-relations.

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 our approach to ethical procurement.

We are focused on improving the measurement of our Scope 1 and 2 carbon emissions and 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 VEON 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 scope and boundaries for material issues in the GRI reference table.

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. We have also provided a Glossary of Terms in our report.

DATA ASSUMPTIONS AND ESTIMATES

The area where we have made assumptions, and have to make estimates, 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.

CR information and non-financial data is retrieved from each of the operating companies and during the process of data collection, emphasis has been made on the uniformity of data. However, given local systems, measuring methods and calculation approach may differ, resulting in some uncertainties.

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 organizations 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 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 TRANSCIEVER 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. VEON 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 of 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. (www.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 (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 – www.integratedreporting.org

We have the ambition to enhance our reporting policies, including moving towards integrated reporting that brings into focus financial and sustainability information together with other considerations.



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 Organization, 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 (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 taking 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 services, 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)

WEF (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, and works in close cooperation with all major international organizations.



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VISIT OUR WEBSITE
[VEON.com](https://veon.com)



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@VEON.com](mailto:cr@veon.com)

DISCLAIMER

This Report contains “forward-looking statements”, as the phrase is defined in Section 27A of the US Securities Act of 1933, as amended, and Section 21E of the US Securities Exchange Act of 1934, as amended. These statements relate to our CR Strategy, our partnerships, initiatives, goals and network and service developments, as well as the anticipated benefits from such activities. The forward-looking statements included in this Report are based on management’s best assessments of the current situation. The actual outcome may differ materially from these statements. Certain factors that could cause actual results to differ materially from those discussed in any forward-looking statements include the risk factors described in the Company’s Form 20-F and other public filings made by the Company with the U.S. Securities and Exchange Commission. 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.



VEON