



VEON

S U S T A I N A B I L I T Y R E P O R T 2 0 1 7



SUSTAINABILITY REPORT 2017



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Sustainability lies at the heart of how we do business at VEON. Our products and services play an important role in empowering and enabling the daily lives of our 240 million customers across the markets that we serve. With that role comes considerable responsibility. Our ambition is to become the leading provider of connectivity and internet services in these markets by increasing and enhancing access to services that matter most, while building trust with our stakeholders through responsible and sustainable behaviour.

In 2017, we relaunched the company and rebranded from Vimpelcom to VEON to underscore our transformation into a more versatile and sustainable enterprise. Our business strategy remains committed to driving the future growth of the company via continued technological innovation and operational change.

We have made good progress on this strategy over the past year, with a particular focus on the digitalisation of our core infrastructure; transforming our networks and systems to host and provide new services and improve the ways we engage with our customers. We launched the VEON personal internet platform in some of our key markets and expect to deploy further customer engagement platforms in the future as we broaden the VEON ecosystem.

We remain focused on continuing to improve our connectivity and personal internet services, securing significant additional spectrum in Bangladesh and making progress in the preparation for the roll out of 4G in Ukraine. We have seen additional developments in our financial performance, including an enhancement of our cash upstreaming capability.

VEON is committed to upholding responsible and effective corporate governance as a core element of our culture and we have reinforced our governance structure to promote integrity in everything we do. As a publicly-owned company, we have improved our balance sheet through both the refinancing and divestment of infrastructure while our new brand and services have positioned us for growth across our markets.

Underpinning these developments is our emphasis on our corporate culture, built on clearly defined values and supported by a robust set of controls and a compliance framework that we continue to reinforce. We see this as integral to achieving our goal of building an organisation with the highest standards of ethics, integrity and compliance.

9.5 billion

Total Revenue (USD)

> 40,000

Employees*

1.5 billion

Capex excl. Licenses (USD)**

3.6 billion

EBITDA (USD)***

* Including Italy Joint Venture (JV)

** Non-IFRS measure: the comparable IFRS measure is cash paid for purchase of property, plant, equipment, and intangible assets of USD 2.037 billion in 2017

*** Non-IFRS measure: the comparable IFRS measure is operating profit of USD 1.506 billion in 2017

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Our corporate values lie at the core of our culture, capturing the essence of who we are as an organisation: customer-obsessed, entrepreneurial, innovative, collaborative and truthful. These values guide how we conduct our business, enabling us to deliver unparalleled products, build trust with our stakeholders and become leaders in the markets we serve.

Our approach to sustainability is reinforced by our ongoing dedication to investing in initiatives for social good. VEON's Make Your Mark (MYM) programme, launched in 2014, fosters local entrepreneurial ecosystems in our markets to encourage the growth of technology start-ups and help young people to create better futures for themselves and their communities. As part of this programme, we have partnered with a number of start-up accelerators and incubators while also funding and organising a range of events to support young entrepreneurs.

To ensure that the young people of today can become the entrepreneurs of tomorrow, they need strong foundational Information and Communications Technology skills. To this end, we have created the Digital Skills & Literacy initiative, which works in parallel with MYM to provide educational programmes and support to schools, providing the skills necessary to thrive in the digital economy.

Just as VEON has transformed itself for the better in the past year, we aim to do the same for the communities we serve – because we know that it is only by helping others to prosper that we will be able to achieve our own ambitions. I'm proud to be a part of the extraordinary team working to realise this goal.



Ursula Burns
Executive Chairman

2017 Overview

Q1

- VimpelCom relaunched as VEON, representing an important milestone for the company to reinvent itself from a telco company to a global technology and connectivity provider
- Increase of VEON's stake in Global Telecom Holding (GTH) to 57.7% after GTH's completion of a share buyback and cancellation of treasury shares

Q2

- Established a second listing on Euronext Amsterdam (in addition to the listing on NASDAQ), giving the company the opportunity to broaden its access to Eurozone capital markets
- Strengthened the Supervisory Board with a majority of unaffiliated directors and the appointment of Ursula Burns as Chairman
- Consolidated the monobrand strategy in Russia with Euroset transaction

Q3

- Launched the VEON personal internet platform in Russia, Ukraine, Georgia, Italy, and Pakistan
- Appointment of Trond Westlie as Group Chief Financial Officer
- Completion by Telenor of its sell down in VEON – substantial free float increase to 29.2%
- Completion by Wind Tre (VEON's joint venture in Italy) of the full refinancing of its debt
- Announced the sale of Jazz tower business for approximately USD 940 million, subject to adjustments

Q4

- Announced the sale of VEON's operations in Laos
- Successful repatriation of USD 200 million from Uzbekistan following currency regime liberalisation



We are VEON

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VEON is a leading global provider of connectivity and internet services. Operating in some of the world's most dynamic markets, VEON provides more than 240 million customers with voice, fixed broadband, data and digital services.

In 2017, we rebranded from VimpelCom to VEON, and launched the VEON personal internet platform, in Russia, Ukraine, Georgia and Pakistan (the platform originally launched in Italy in 2016). Our strategy is to evolve from operating solely as a telecommunications company into a broader business that leverages new technology platforms with an asset-light model to better serve customers. Technology continues to revolutionise the way users communicate, travel, bank, shop, consume and are entertained. We are focused on digitalising our core telecommunications business to ensure that our customers can interact with us online via each of these channels, while increasing customer satisfaction and realising a lower cost structure for our business.

We are re-engineering outdated systems and processes to enable new personalised services for users. Among our highest priorities are the development of new digital services, including what we believe to be an industry-first DBSS transformation and an integrated messaging and marketplace platform. Our second priority is to digitalise the customer experience in our core telecommunications business.

As part of this initiative, we are completely renovating our technology to deploy a fully digital end-to-end solution to benefit our customers. With the new so-called digital stack and data management platform, our network is becoming increasingly virtualised, software defined, and dynamic. We are also continuously future-proofing our networks to prepare them for data growth and for new technologies such as 5G.

In addition, we have made a significant effort to re-engineer our internal administrative systems and back-office processes in order to make our operations more flexible and transparent.

The VEON platform combines a marketplace, messaging services, and access to content, in order to provide a new, personalised internet experience. The platform integrates a host of services from partners including music, transport, banking, and e-Commerce. These partnerships are based on revenue-share relationships, and will help us to further grow our business across our markets.

VEON serves customers in 12 countries: Russia, Italy Joint Venture (JV), Pakistan, Algeria, Uzbekistan, Ukraine, Bangladesh, Kazakhstan, Kyrgyzstan, Tajikistan, Armenia and Georgia.



Beeline Russia employees celebrating the launch of VEON personal internet platform

VEON at a Glance

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> 90,000

Total Digital Skills and Literacy programme beneficiaries

2,940,421 TB*

Total mobile equivalent traffic (voice and data), including Italy JV

9.47 billion

Total Revenue (USD)

>1,400

Total Start-ups supported

> 240 million

Customers

* Terra-bytes



VEON at a Glance

We serve over **240 million** customers* within a market of a potential **740 million** people in **12 countries**

* Including Italy JV

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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 and Pakistan).

10%

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



Our Six Brands



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

VEON's Values

Our values serve as guiding principles for our business decisions and for our interactions with our stakeholders

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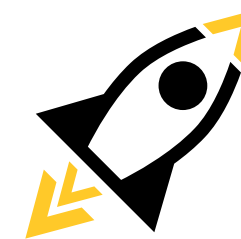
Additional Disclosures

In 2016 we announced new company values, thereby laying the foundation to begin our corporate cultural transformation. The new values support our long-term vision, reflect our digital agenda, and unify our diverse workforces across our global markets. VEON's future success will be driven by a more collaborative, inclusive and entrepreneurial environment in which employees are appreciated for honesty and truthfulness, and have the opportunity to innovate while remaining customer-focused.



Customer Obsessed

Listen, Learn and Grow



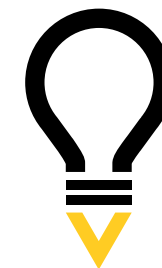
Entrepreneurial

Agility to seize opportunities and turn possibilities into new realities



Truthful

Firmly uphold integrity and the highest ethical standards



Innovative

Relentless pursuit of the next ultimate customer experience



Collaborative

Work as a team, learn from failures to create value with success

VEON's Values

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At VEON, we have undertaken a number of global cultural transformation initiatives over the past 18 months. This is to ensure that everyone in the company is familiar with these values.

GLOBAL CULTURAL TRANSFORMATION COMMUNITY

In 2017, we created a global VEON community of local market ambassadors called Culture Transformation Leaders (CTLs) to drive our cultural transformation. This year, we plan to strengthen our cultural transformation by increasing the number of ambassadors and by empowering and celebrating current members.

OFFICE REDESIGN AND CHANGE MANAGEMENT

Office design has a major impact on business productivity. An average employee spends a significant number of hours within the workplace. It is therefore important that the surroundings are not only fit for purpose and for supporting employees' needs, but that the workplace is also comfortable, visually appealing and welcoming. With that in mind, we redesigned all our offices, engaging employees throughout the process.

Our new offices reduce barriers to communication and collaboration and are designed to be conducive to a fastpaced work environment. The London, Tbilisi, Amsterdam, Islamabad, St. Petersburg, and Yerevan offices were completed in 2017, while other locations are currently undergoing redesign. Alongside the enhanced office space, some operating companies also introduced flexible work schedules and remote working.

VEON GLOBAL DIGITHON 2017

The Global Digithon is a VEON corporate hackathon where employees develop innovative solutions to real-world business challenges. For the second year running, this successful event was highly anticipated by employees, and began with local Digithons hosted by each operating company and the HQ. The winners of each local Digithon then convened in Armenia for the final round, where they were re-grouped to create cross-functional and multi-market teams, and tasked to compete in a new business challenge.

The winning team of the 2017 Global Digithon comprised of a mix of employees across our markets. Dubbing themselves as 'the Invincibles', the team developed a solution to customise the experience on the VEON platform based on upvoting and downvoting of people, groups, and content. As a reward, the winning team went on a tour to Silicon Valley to learn world best practices and bring new ideas back home.

SILICON VALLEY IMMERSION TOUR

Embodying the concept of 'training the trainer', our Eurasian leadership team visited Silicon Valley for an 'Immersion Tour'. While there, they were introduced to a range of disruptive, 'digital native' companies and ideas. Upon their return, they used the lessons learned to inspire their teams. Other initiatives focusing on talent management and staff development include the Digital Boot Camp.



VEON's Values

Global Values Months

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Global Values Month events were held between June and December across VEON to celebrate our corporate values. These events were interactive, included individuals at all levels of the organisation and were held as townhalls and informal lunch sessions with each month's event emphasising a different value.



June

INNOVATIVE: Leaders Forum in Kazakhstan

The Kazakhstan Annual Leaders' Forum for the top 130 team members focused on the 'Innovative' value. As part of the forum, senior executives held discussions about the products, services and customers of the future, and visited the International Expo 2017, which focused on the topic of 'Future Energy'.



July

ENTREPRENEURIAL: Local Digithon in Bangladesh

In July, Banglalink hosted a local digithon in which 32 teams participated. The winning team, 'Digital Dominators', created a digital tele-assessment called 'My Interactive Tele Assistant' (MITA). Many employees from across our operating companies participated in VEON's annual Global Digithon exhibiting the company's entrepreneurial value.



October

CUSTOMER OBSESSED: 'Customer Obsessed Day' in Pakistan

On Jazz's 'Customer Obsessed Day', employees interacted with their customers in markets and public spaces across five of the largest cities of Pakistan. This provided them the opportunity to get to know their customers and receive direct feedback about service pain points and the overall user experience.



November

TRUTHFUL: 'Truthful Talks' by Global Executive Committee Members, HQ Amsterdam

As part of November's celebration of the 'Truthful' value, members of the senior management team in the Amsterdam HQ gave 'Truthful Talks' to all employees. VEON's leadership shared their personal reflections and reiterated the importance of ethics, integrity, and truthfulness.



December

COLLABORATIVE: 'Company Day' in Armenia

December was devoted to our 'Collaborative' value and brought employees together to celebrate the year's achievements. Armenia held 'Towards New Digital Victories', a special company day devoted to recognising employees for their accomplishments in putting the VEON values into action. The CEO gave awards to 35 employees across 10 categories.

How VEON Creates Value

International Integrated Reporting Council (IIRC) Capitals

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VEON recognises the importance of the IIRC's six capitals - human, intellectual, financial, social and relationship, manufactured, and natural. Our business model takes into account key societal and environmental issues so that we can be a source of sustainable, longterm value for each capital.

HUMAN CAPITAL

We create human capital by providing training and development opportunities to our employees. As our business continues to grow, we seek to recruit new talent. These activities are conducted in accordance with our talent and performance management strategy.

INTELLECTUAL CAPITAL

VEON generates intellectual capital by investing in both product and employee development. We develop knowledge systems to support our employees' effectiveness and productivity. This allows us to enhance the provision of our services. We also incubate new technologies and start-ups at our tech hubs through VEON's MYM programme.

FINANCIAL CAPITAL

We invest our financial resources in our networks to enable technical superiority and in our employees to ensure they possess the skills we believe are needed to make a difference now and in the future. VEON is committed to paying a sustainable and progressive dividend based on the evolution of the company's equity free cash flow. Further information on our dividend policy and financial performance can be found in our [Form 20-F](#).

SOCIAL & RELATIONSHIP CAPITAL

We create social and relationship capital by working closely and collaboratively with key stakeholders including governments, business partners, and our host communities to build trust and solidify our reputation. The outcome of our efforts to build these key relationships permits us to increase the scope and scale of our business operations and social investments, and is an important contributing factor to our success.

MANUFACTURED CAPITAL

Our manufactured capital includes network technology, infrastructure, and retail channels. We generate manufactured capital through incremental investments to improve and expand our network, and through the procurement of latest hardware and software. We have secured network sharing agreements and intend to maintain our focus on achieving an asset-light business model, where we own only the core assets needed to operate our business.

NATURAL CAPITAL

We consume natural capital in the form of materials and energy required to manufacture the network equipment and mobile devices critical to our services. We also utilise energy to power our networks and our buildings. However, our technology also helps reduce the need to travel, thereby offsetting carbon emissions that result from our network operations.



How VEON Creates Value

International Integrated Reporting Council (IIRC) Capitals

(in USD or absolute numbers)

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Inputs

HUMAN CAPITAL

7.8 million USD

VEON spent on training during 2017

INTELLECTUAL CAPITAL

4

Number of tech-hubs under Make Your Mark programme

FINANCIAL CAPITAL

1.79 billion USD **5.89 billion USD**

Capital expenditure Operating expenditure

SOCIAL & RELATIONSHIP CAPITAL

1,871,741 USD **677,044 USD**

Total social investment Total in-kind contribution

MANUFACTURED CAPITAL

16,569 (YoY 70%)

Number of new 4G BTS installations

NATURAL CAPITAL

3.55 tWh

Energy consumption

Technology to Empower Communities

Network & Distribution

To maintain and enhance the infrastructure which enables our services, we manage a large network of digital channels, retail channels and suppliers.

Services & Products

We provide access to digital, voice, data and other value add services to our communities. We invest in products and services that enable our communities to enhance the quality of their lives.

Development & Support

We invest in the development of our people and our communities. Our social investments foster innovation and entrepreneurship in the communities we serve.

Outcomes

HUMAN CAPITAL

291,360

Training hours

71%

Employee engagement rate

INTELLECTUAL CAPITAL

2,424

Participants in incubation/acceleration programmes

2,977

Participants in digital entrepreneurial competitions*

* including coding days and hackathons

FINANCIAL CAPITAL

9.47 billion USD

Total revenue

28 USD cents

Dividend per share

SOCIAL & RELATIONSHIP CAPITAL

25,617

m-Literacy learners

30,767

VEON established ICT Labs

MANUFACTURED CAPITAL

2,940,421 TB

Total mobile equivalent traffic (voice and data) including Italy JV

NATURAL CAPITAL

1.68 mega tonnes

Total CO₂ emission

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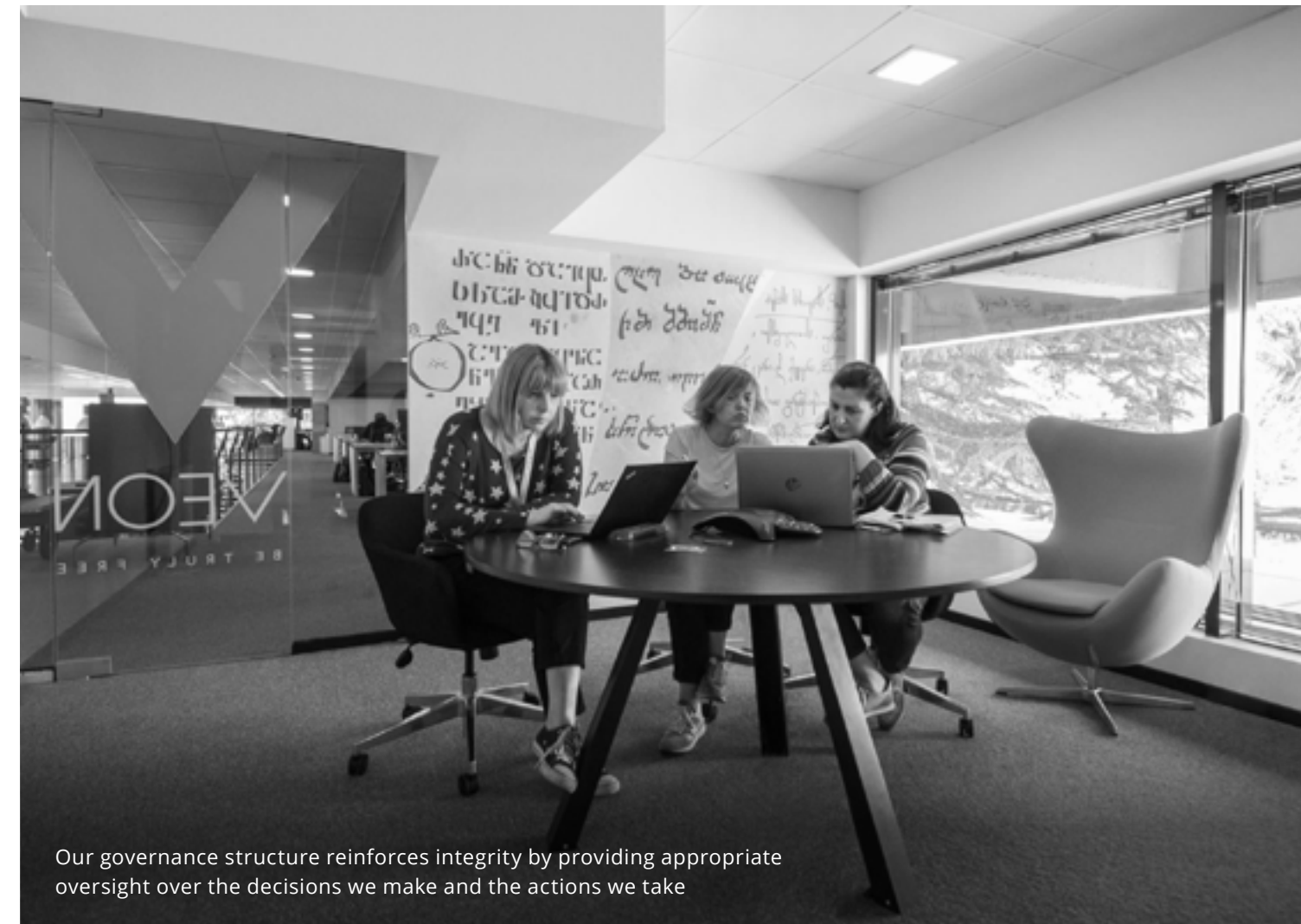
VEON is committed to delivering high standards of corporate governance, both now and in the future. Our governance structure is designed to promote integrity in everything we do, and we are committed to responsible and effective governance as a core element of our culture.

Key governance bodies include the Company's Supervisory Board and its Nominating and Corporate Governance Committee, Audit and Risk Committee, Compensation Committee and Finance Committee. These bodies and other important aspects of our governance framework are described in greater detail in VEON's [Form 20-F](#) for the year ended 31 December 2017 filed with the US Securities and Exchange Commission.

The Corporate Citizenship (CC) team has a direct line to our senior decision makers. As of December 2017, VEON's Group CC team reports to the Group Chief Corporate and Public Affairs Officer who reports directly to the Group Chief Executive Officer and participates in the Group Executive Committee, an advisory committee to the Group Chief Executive Officer. During 2017, we developed and rolled out extensive employee communications around the business principles that reinforce our Code of Conduct and commitment to doing business with integrity and transparency. We also shared best practices, ongoing challenges and emerging issues across the businesses through monthly update calls and our dedicated intranet pages.

The CC teams periodically share programmatic updates with senior management, both at the HQ and in our markets. This includes major developments as well as any challenges encountered in the implementation of projects. We do not mandate a particular CC governance approach for individual businesses; this means each business unit reports progress on a timescale suited to their own governance and managerial requirements.

Our governance structure reinforces integrity by providing appropriate oversight over the decisions we make and actions we take. Our Supervisory Board plays a key role in our governance structure and has the authority to make strategic decisions for the Group. The governance authority matrix (contained in the company bye-laws) requires that the Supervisory Board approves important matters including, among others, the Group's annual budget and audited accounts, organisational or reporting changes to the management structure, significant transactions as well as changes to share capital or other significant actions. All Supervisory Board members are elected by our shareholders through a cumulative voting process.



Our governance structure reinforces integrity by providing appropriate oversight over the decisions we make and the actions we take

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MANAGING ENTERPRISE RISK

VEON has embedded the criteria of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and Enterprise Risk Management (ERM) – Integrated Framework (2017) as the foundation of its enterprise risk management approach. Through VEON's ERM framework, the management aims to identify risks and adequately manage, monitor and report those risks that could jeopardise the achievement of VEON's strategic objectives. Our ERM framework is used throughout the organisation to identify and manage risks. This framework is formalised in the Group's ERM policy and procedures, and each quarter, senior leadership at the Group level and in the Group's operating subsidiaries complete a compliance sign-off process to confirm that they are in compliance with our policy and procedures.

At the senior management level, VEON's Group Executive Committee reviews on a regular basis risks significant to the Group and the Group's ERM framework. Members of the Group Executive Committee also regularly discuss with VEON's Supervisory Board, in particular with the Audit & Risk Committee, to evaluate material group risks and generate group risk appetite statements. As of December 2017, the Group Executive committee is comprised of VEON's Group Chief Executive Officer, Chief Financial Officer, Group General Counsel, Group Chief Technology Officer, Group Chief Corporate & Public Affairs Officer, Chief Commercial & Digital Officer, Chief People Officer, Chief Operating Officer, Head of Eurasia, and Head of Emerging Markets.

Management also evaluates risk through VEON's Risk Ethics and 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 & Risk Committee and the Group Executive Committee when risks have been evaluated and prioritised. It acts as an escalation body to resolve issues around the management of group risk. It drives corporate communication regarding risk management.

The Supervisory Board maintains a number of committees, including the Audit & Risk Committee, the Compensation Committee, the Nominating & Corporate Governance Committee and the Finance Committee. Each committee's charter describes the committee's purpose and areas of responsibility.

Committees generally advise the full Supervisory Board and make recommendations on matters within its remit. The Audit & Risk Committee's charter expressly refers to its role in overseeing VEON's ERM systems.

Certain risk factors relevant to our business, markets and industry in general are set out in [Form 20-F](#) filed with the U.S. Securities and Exchange Commission.



Our Enterprise Risk Management (ERM) framework is used throughout the organisation to identify and manage risks

Risk & Governance

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CONTROL FRAMEWORK

VEON is a U.S. registrant and subject to certain requirements of the U.S. Sarbanes Oxley Act ("SOX"). SOX Section 404 requires that management performs an assessment of the Internal Controls over Financial Reporting ("ICFR") to confirm both the design and operational effectiveness of the controls. Both our Risk & Controls and Internal Audit functions help to ensure that we maintain and improve integrity and effectiveness of our system of risk management and internal control. Internal Audit undertakes regular risk-based, objective, and critical audits. These functions also monitor the effectiveness of corrective actions undertaken by management.

The VEON Control Framework incorporates risk assessment, the effectiveness of design, the execution of control activities and monitoring into our business practices at entity-wide and functional levels. VEON established uniform governance and control standards that apply to controlled subsidiaries.

VEON business is conducted in accordance with ethical principles, internal policies and procedures, applicable laws, and regulations. Our standards are designed to ensure that employees understand and follow relevant compliance and ethical principles. The principles apply to each VEON employee. Employees are acquainted with our core values and principles and are required to act in accordance with our Code of Conduct. Additionally, we encourage them to know when and where to ask for advice or report a compliance or ethics concern, which includes the use of a whistle-blower line.

Local management is responsible for business operations of our subsidiaries, including risk mitigation and compliance with laws, regulations, and internal requirements. Financial thresholds have been established to ensure that all expenditures and decisions are approved by the appropriate levels of management, with more significant decisions requiring approval from senior management at the Group level.



At VEON, business is conducted in accordance with ethical principles, internal policies and procedures, applicable laws, and regulations

Stakeholder Engagement

Meaningful Dialogue is Critical to Maintaining Trust

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At VEON, we define stakeholders as the groups or individuals we influence through our activities, products and services, and who in turn affect our ability to achieve our goals. Based on this, we have identified stakeholder groups that are of material importance to the sustainable success of our business. Stakeholder engagement includes the formal and informal ways we stay connected with our stakeholders; the individuals or parties that have an actual or potential interest in or impact on the company, its operations and financial results.

Central to our stakeholder engagement process is our focus on the most pressing and material issues. We strive to maintain a constructive dialogue and consider their opinions in our decision-making by focusing on the topics our stakeholders deem most important.

Governments, employees, regulators, customers, investors and our communities are amongst our most important stakeholders. Our stakeholders are prioritised by those that are most likely to be impacted by our business and operations, and those with the most influence on VEON achieving its strategic goals.

Rather than having one-off consultations around specific topics, we prefer to take an integrated approach and have an ongoing dialogue about our role in society, our products and services, our business performance and other issues. This is done at both operating company as well as the Group level.

Working groups, regular meetings, conferences, workshops, surveys and town hall meetings are just a few examples of how we interact with stakeholders. These engagements are transparent and help ensure that we are closely connected to the socio-economic and environmental issues which are crucial to optimising our contribution to society.

This report is one of the methods we use to seek engagement and we actively encourage feedback on it via cr@VEON.com.



Participants discussing the role of start-ups in economic development during DEEP research launch in Kyiv, Ukraine

Stakeholder Engagement

Meaningful Dialogue is Critical to Maintaining Trust

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GOVERNMENTS AND REGULATORS

VEON believes it has a responsibility to contribute to the public debate on a wide range of issues relevant to our industry, as well as broader sustainable development issues. Our knowledge and understanding of our industry and the markets in which we operate enables us to inform and advise government and regulatory authorities on high priority issues. These include spectrum policy, digital transformation, innovation in the mobile and fixed telecommunications sector, and delivery of public services through technology. Our engagement with government and regulatory authorities is proactive and transparent. We communicate our aims, prioritise international best practices, and provide empirical evidence when developing public policy positions. We have also established an internal Government and Regulatory Affairs Policy, setting out our requirements for interactions with government and regulatory officials.



EMPLOYEES

We engage with our employees in a number of ways, such as town hall meetings, which are used to announce and discuss our financial results, strategy and other important business developments, and we use a variety of digital tools including social media (such as Facebook at Work, JIVE and Microsoft SharePoint), newsletters and targeted surveys. Additionally, our five company values are helping to further unite the VEON community with a common purpose. Several of our markets encourage volunteering which is a foundational building block for both staff and community engagement (see the Additional Projects and Initiatives section for more details). In certain markets, we also work with trade unions on employee remuneration and welfare issues.



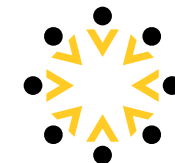
INVESTORS

Our shareholders appoint the directors who constitute our Supervisory Board. In addition to meetings and conference calls on quarterly results and announcements, we hold meetings and calls with analysts and institutional investors on a regular basis. This is just one element of our ongoing engagement with the financial community. We also meet with market participants to discuss financial results, market trends and business strategy, and to address other topics of interests and areas of attention. This activity is co-ordinated and carried out by our Investor Relations department which is responsible for engaging with potential investors, current shareholders, and both buy-side and sell-side analysts covering the stock.



CUSTOMERS

We engage with our customers in various ways: via call centres, retail, and online channels including social media. We analyse our customers' satisfaction in detail through processes such as a network quality app which helps to determine future improvements. We employ an adaptive learning style that allows for consistent customer interaction and ongoing development in our understanding of their satisfaction. Customer satisfaction is also a key component of the senior executive bonus scheme. Across the global VEON footprint, we not only provide customer care via live agents in line with local regulatory requirements, but also provide free, accessible customer service through a variety of channels.



COMMUNITIES

As a global company, we are keen to team up with non-governmental organisations (NGOs). At the market level, our operating companies engage with a wide variety of NGOs and community-based organisations. These organisations are typically focused on development issues such as education, livelihood support, poverty alleviation, and post-disaster risk reduction and rehabilitation. Our belief in and commitment to these partnerships helps us to facilitate local and regional collaboration, learning and development.

Stakeholder Engagement

Engaging Through Standards, Principles and Membership Organisations

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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, and also offer knowledge sharing platforms and facilitate stakeholder forums and panels. These cover a number of topic areas including digital innovation, sustainability, international economic development and diversity and inclusion. Some key examples are provided below.

CENTRE ON REGULATION IN EUROPE (CERRE)

CERRE is a Brussels-based think tank that promotes robust and consistent regulation in Europe's network and digital industries. We have participated in a number of their workshops, including those that focus on the impact of data-driven business models on competition, platform policies and regulations, and net neutrality and zero rating. As a company, we take a keen interest in these topics.

UN BROADBAND COMMISSION

As a member of the UN Broadband Commission for Sustainable Development, VEON actively participate in all events and meetings held by the commission. At these meetings, participants discuss progress towards achieving the Broadband Commission's targets on digital development and inclusion. In 2018, a new set of targets for 2025 is expected to be adopted. We also participate in several Broadband Commission working groups.

We are part of the 'Expert Group' of the Broadband Commission that has worked on a set of policy recommendations aimed at closing the global gap on internet availability and adoption. We are also active in the Working Group on Digital Entrepreneurship. This group, chaired by the European Commission, looks at the policies and regulations needed to foster and enable a competitive business environment in which start-ups and SMEs can grow.

GSMA ASSOCIATION (GSMA)

GSMA represents the interests of mobile operators worldwide. We are a prominent member of GSMA's extensive network of operators, and have representatives in various forums and working groups. We are active on the Public Policy Committee, the Chief Policy and Regulatory Officer Group and the Connected Society Programme Leadership Group which focuses on digital inclusion and internet access in remote areas. We are also on the programme leadership group of the Ecosystem Accelerator which supports the growth of digital start-ups and links closely with our MYM programme (see page 30-39). We also participate in regional collaborations on the digital economy, taxation and financial services. Our senior executives participate in the GSMA's Mobile World Congress. For the past two years, we have sent start-ups from our markets under our MYM programme to 4 Years From Now (4YFN) in Barcelona.



We actively participate in and contribute to multistakeholder initiatives

Stakeholder Engagement

Engaging Through Standards, Principles and Membership Organisations

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WORLD ECONOMIC FORUM (WEF)

We continue to engage with the WEF, a multi-stakeholder institution, as a strategic partner. During the Davos Forum, VEON was represented by several members of our senior team. Our former Group CEO was a speaker at the session Strategic Outlook: Eurasia, together with the Prime Minister of Georgia, the President of the Republic of Azerbaijan and the Deputy Prime Minister of the Republic of Kazakhstan. He also participated in meetings on Information and Communications Technologies (ICT), cross-industry governor sessions and in the 'Partnering Against Corruption Initiative'. Our Executive Chairman, Ursula Burns, contributed as a speaker to the 'Big Tech, Big Impact' WEF session and to the 'Women Leaders Dinner' on the subject of the next wave of change. VEON also hosted a dinner on 'Empowering Women in Emerging Markets' for business representatives and government officials in Davos.

As a member, VEON is involved in WEF activities including the annual meeting of WEF New Champions and the steering committee of the WEF Internet For All project. VEON is also a member of the Europe and Eurasia Business Council where we contributed to the Forum's Digital Transformation of Industries (DTI) project and joined the Stewardship Board of the Future of Information and Entertainment Systems initiative. We are also active in ICT initiatives around the future of the internet, cyber-security and digital enterprise, and continue our support of the Technology Pioneers and Young Global Leaders communities.

UNITED NATIONS GLOBAL COMPACT (UNGC)

Since 2013, we have been a signatory to the ten UNGC Principles for responsible business. The principles span various categories in human rights, labour, environment, and anti-corruption. Such principles help to formulate the backbone to create and ensure an effective corporate sustainability strategy for companies. Being a signatory to the principles has allowed VEON to better shape its Corporate Citizenship (CC) strategy and responsible business principles. Furthermore, both our Jazz and Kyivstar subsidiaries are signatories in their own right.

GLOBAL E-SUSTAINABILITY INITIATIVE (GESI)

In the past year, we have contributed to GeSI's work on the impact of ICT to the Sustainable Development Goals and on a GeSI report titled 'System Transformation: 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 a GeSI paper on human rights and base station security. Both programmes involve the interaction of a diverse stakeholder group, facilitating access to a wide range of expert viewpoints. Membership of GeSI also allows for access to important sustainability projects such as the climate change programme, the supply chain capacity-building work programme and the Conflict-Free Sourcing Initiative.



VEON actively participates in and contributes to multi-stakeholder initiatives

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INTERNATIONAL TELECOMMUNICATION UNION (ITU)

The ITU is the United Nations specialized agency for information and communication technologies. It allocates global radio spectrum and satellite orbits, develop the technical standards that ensure networks and technologies seamlessly interconnect, and strive to improve access to ICTs to under-served communities worldwide. For VEON, the ITU is an important forum to address multiple issues which impact our business.

As part of our participation, we have partnered with the regional ITU office of Commonwealth of Independent States (ITU CIS) to support two of its events. One of these events was held in July in Kazakhstan and focused on the topic of advancing digital financial inclusion. In September a second event took place in Moscow regarding the digital economy. We are also involved in the World Summit on the Information Society (WSIS) Forum, where we annually contribute to the High-Level Panels and various workshops.

NEXT GENERATION MOBILE NETWORK (NGMN)

We are a member of the NGMN Alliance, an association of mobile operators, vendors, manufacturers and research institutes, who collectively represent the full spectrum of the telecommunication industry. The association was founded in 2006 as an open forum to evaluate candidate technologies and to develop a common view on the future solutions of the next generations of wireless networks. Today the association combines discussion regarding technological advancements and their implications with driving the implementation of new networks and work to help design spectrum requirements. These are aimed at fulfilling its objective of fuelling development and ensuring the successful commercial launch

of future mobile broadband networks through technology and user-friendly trials.

LOCAL MEMBERSHIPS

Many of the memberships and initiatives that we participate in and contribute to are initiated at the Group level. At the same time, by forging local relationships in our operating markets, we are able to establish meaningful partnerships that help us to operate more effectively. By also forging local relationships in our operating markets, we are able to establish meaningful partnerships that help us to operate more effectively. Below we have listed a number of the locally organised membership groups that we are proudly affiliated with:

- Asstel (Italy), the industry association within Confindustria, the main body representing Italian manufacturing and service companies
- The European Business Association of Kazakhstan
- (EUROBAK), a non-commercial organisation representing the European business community in Kazakhstan
- The National Chamber of Entrepreneurs of the Republic Kazakhstan ('Atameken'), a non-profit organization designed to enhance the negotiation power of business with the Government and public authorities.

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



We establish meaningful partnerships in our operating markets that help us to operate more effectively

What Matters Most to Our Stakeholders

Materiality Matrix

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Our stakeholders provide us with a rich range of perspectives that help inform our identification of critical, social, economic, and environmental impacts and how we perform and act as a business. Using these perspectives as a starting point, our Corporate Citizenship (CC) strategy focuses on highly material topics* for our stakeholders and our businesses, which in this context are broader than issues identified by traditional measures of financial materiality.

To help identify the priorities for our CC strategy, we have been conducting formal assessments of materiality since 2013. In a dynamic and sometimes volatile market, these assessments help us to recognise the environmental, social, and economic impacts that underpin how we create value for stakeholders in the short, medium and long term. This robust analysis of current and emerging issues forms the basis of our CC strategy and the scope of our reporting.

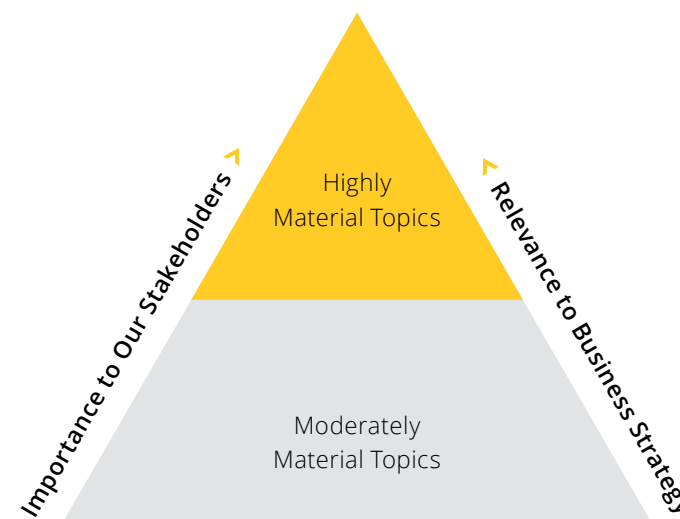
Our strategy takes into account the diversity of our operating markets and the contrasting socio-economic and business landscapes across which we operate as a company. The significant material topics vary according to region and country, which can pose a challenge in accommodating all aforementioned topics in one effective and 'one size fits all' CC strategy. To address this, CC teams across our operating companies work very closely to ensure that we address the most significant material issues in the CC strategic framework.

Our materiality assessments have helped us to adopt a more focused and current approach towards corporate citizenship. For instance, the 2017 materiality assessment revealed that the topic of 'social impact' had increased in relevance. This triggered a repositioning of our strategic framework and, as a result of this, it was revised to give greater emphasis to this topic.

Highly Material Topics*

- Social impact
- Talent management
- Ethics, transparency & governance
- Environmental performance
- Digital inclusion
- Privacy & data security
- Service quality
- Responsible supply chain
- Occupational health & safety
- Economic development

* A detailed definition of our material topics is provided in the appendix. Topics are listed in random order.



Moderately Material Topics**

- Net neutrality
- Tax payments
- Labour standards
- Online child safety
- Safety while driving
- Mitigation of e-Waste
- Freedom of expression
- Responsible marketing
- Use of physical security services
- Board compensation and independence

** Topics are listed in random order.

Corporate Citizenship Strategy

Technology to Empower Communities

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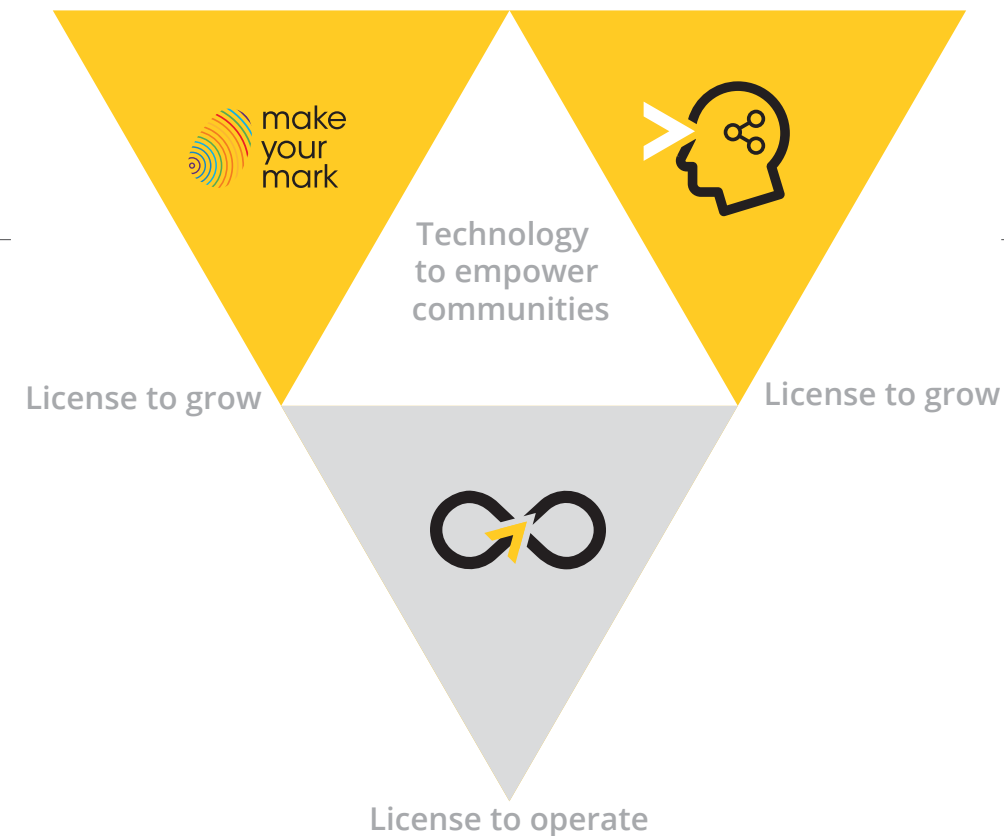
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Corporate Citizenship (CC) for our company goes beyond corporate philanthropy and consists of two important elements: our 'license to grow' and our 'license to operate'.

The Make Your Mark (MYM) and Digital Skills & Literacy (DS&L) programmes emphasise our 'license to grow' and are designed to help prepare the company to contribute long-term value, both by unlocking new revenue streams and simultaneously delivering social impact to the communities we serve. In parallel, our approach to earning and preserving our 'license to operate' is focused on continuous effort and investments to improve and maintain sustainable operations.

In 2017, we reshaped our CC strategy with the aim of adopting a more consistent and coherent approach across our footprint. Based on the concept of 'Technology to Empower Communities', the new approach focuses on creating and offering new opportunities and services to enable and empower the people we serve across our markets.

Corporate Citizenship at VEON contributes to the creation of more sustainable and productive communities and helps create relationships with global stakeholders and partners. We believe that the revised approach promises a compelling 'critical mass' of case studies and best practices, results in noticeable impact and boosts our reputation.



Make Your Mark (MYM)

MYM aims to help young people shape their future. This is achieved by the development of a network of tech-hubs across VEON's markets, focused on fostering a local entrepreneurial ecosystem. This ecosystem in turn facilitates the growth of technology start-ups and the empowerment of young entrepreneurs, enabling them to realise their aspiration and provide their communities with innovative products and tools.

Sustainable Operations

Our sustainable operations focus on our operational reliability and resilience. By identifying and responding to key operational and corporate governance issues, including bribery and corruption, customer privacy, ethical procurement, and health and safety, among others, we aim to build world-class operations.

Digital Skills & Literacy (DS&L)

DS&L aims to help improve digital skills and literacy in our markets through tech-centric educational initiatives. It also allows us and our operating companies to provide services to parts of society which are disenfranchised due to lack of access to basic literacy, gender, and socioeconomic opportunities.

Corporate Citizenship Programme Framework

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Make Your Mark

LICENSE TO GROW



MATERIAL & BUSINESS SIGNIFICANCE

By supporting the digital entrepreneurial ecosystem in our markets, VEON aims to contribute towards achieving sustainable development of its communities. The MYM programme supports early stage start-ups in achieving growth and impact, and paves the way for VEON to digital leadership and unlocks new revenue streams.

Link to values: Innovative Entrepreneurial

HIGHLY MATERIAL TOPICS

- Social impact
- Digital inclusion

SCORES & GOALS IN 2017

4 Total tech-hubs operational 2020 Goals: 10	1,400 Start-ups supported 2020 Goals: 10,000
---	---

Digital Skills & Literacy

LICENSE TO GROW



Literacy and educational challenges can limit the size of our customer base. By supporting training in digital skills and literacy, we aim to bring people into the digital world, creating new digital natives and consequently broadening our market base.

Link to value: Customer Obsessed

- Social impact
- Digital inclusion

17,639 Benefitting from free internet connections 2020 Goals: 25,000	25,617 Participation in literacy programmes 2020 Goals: 50,000
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Sustainable Operations

LICENSE TO OPERATE



Our sustainable operations focus on building operational reliability while adhering to the highest ethical standards in our business activities and behaviour. We measure our impact on the environment and aim to reduce our carbon footprint through a combination of resource optimisation, behavioural changes and technological innovation. This commitment to sustainability is something VEON also expects from its business partners, such as vendors, contractors and suppliers. We expect business partners to comply with our Suppliers Code of Conduct and assess suppliers against sustainability criteria, which cover fair business practices and environmental and labour standards.

Link to values: Truthful Customer Obsessed Collaborative

- Environmental performance
- Service quality
- Responsible supply chain
- Talent management
- Occupational health & safety
- Privacy & data security
- Ethics, transparency & governance
- Economic development

0.57 Tons of CO ₂ emission per unit (TB) of Traffic	4 Markets with NPS score above target
71% Employee engagement rate	1.50 Injury rate per million hours worked

VEON and the SDGs

How VEON Contributes to Four of the Sustainable Development Goals

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The 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development were officially announced on 1st January 2016. Adopted by world leaders in September 2015 at a historic UN Summit, the goals encompass a wide range of economic and social development issues, each with their own distinct aims.

Over the next 15 years, the governments of all UN member states will aim to use the SDGs to help co-ordinate efforts alongside NGOs and the international business community to end all forms of poverty, fight inequalities, and tackle climate change. The SDGs also represent an opportunity for VEON to promote prosperity and to help to preserve the environment in the countries where we operate. The goals listed below demonstrate our acknowledgement of our need to assist in meeting fundamental social needs such as education, healthcare, security, and job opportunities.

Work to end poverty must go hand in hand with strategies designed to boost economic growth. VEON's position as a leading provider of telecommunications and technology in developing countries makes us uniquely placed to help local communities achieve long term prosperity. Access to connectivity not only contributes to local economic growth but also helps to combat inequality. Our business and technology are not only well positioned to help local communities communicate, but are also enable to gain better access to financial services, agricultural knowledge, healthcare and education programmes.



1 No Poverty

2 Zero Hunger

3 Good Health and Well-Being

4 Quality Education

5 Gender Equality

6 Clean Water and Sanitation

7 Affordable and Clean Energy

8 Decent Work and Economic Growth

9 Industry, Innovation and Infrastructure

10 Reduced Inequalities

11 Sustainable Cities and Communities

12 Responsible Consumption and Production

13 Climate Action

14 Life Below Water

15 Life on Land

16 Peace, Justice and Strong Institutions

17 Partnerships for the Goals



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SDG #4 Quality Education



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

The broad aim of SDG 4 is to achieve high quality, equal, and inclusive education for all. The provision of quality education is a cornerstone of the effort to improve living standards and achieve sustainable development. Today however, more than 115 million young people (ages 15 to 24) still lack basic literacy skills (source: UNICEF). This is due in part to a lack of resources, robust curricula, and political capital to invest in education.

The role of technology in addressing these issues is increasingly prominent, both in terms of enabling access to education and in terms of enhancing the quality and effectiveness of teaching. However, in several countries in which VEON operates, the percentage of schools which have access to computers and the internet for teaching purposes is less than 40%.

To help reconcile this, our Digital Skills & Literacy (DS&L) programme offers a broad range of educational support to the communities of our host countries. The primary objective is to make programmes which will enable young people to acquire basic literacy and ICT skills. This initiative is creating an educational ecosystem aimed at helping learners to realise their potential as digital natives.

Our Jazz Smart Schools Programme has similar aims. Launched in 2017, the programme is designed to benefit more than 15,000 school children across 75 public sector female high schools in Pakistan's Islamabad Capital Territory. Managed in collaboration with The Capital Administration Development Division and Knowledge Platform, the programme is focused on improving the quality of education in public schools by introducing technology-based solutions. The implementation of these learning tools involves a broad range of technological, pedagogical, logistical, social, and evaluative activities.

In other countries, we also partner with various educational institutions to form coalitions that improve the quality of education schools provide, by helping them to make use of virtual class rooms, interactive online lessons and educational games. Please refer to page numbers 40-42 to see more regarding our work in this area.



In Kazakhstan, our digital skills programme offers a broad range of educational support to the local youth

VEON and the SDGs

How VEON Contributes to Four of the Sustainable Development Goals

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SDG #5 Gender Equality



Achieve gender equality and empower all women and girls

Gender equality is not only a fundamental human right, but a necessity for laying the foundations for a more peaceful, prosperous, and sustainable world. Yet across the globe, women and girls continue to suffer from discrimination and violence. Access to technology, and the ability to create, control, and shape it, are fundamental for helping to improve gender equality.

On average, women are 21% less likely than men to own a mobile phone (source: GSMA). Consequently, women have significantly reduced access to early warning systems, mobile healthcare, networking opportunities, money transfers, and more. One of our most important contributions to improve this is to better facilitate access to ICT among female populations in our host markets.

To help reconcile these issues, we have launched several initiatives aimed at promoting female empowerment. Our support has ranged from facilitating start-ups established by women to the development of female-targeted health apps. An example is our mobile health application, which enhances autonomy for pregnant women and young mothers by helping to reduce their dependence on medical centres. Within the app, women can update their own maternity records and access detailed information on relevant areas such as foetus development.

Beeline Russia has worked to empower women by organising special events supporting technology for and by women. During 2017, Beeline paid particular attention to female-driven start-ups and held Beeline Women Pitch, inviting 500 female participants. Additionally, VEON has formed a partnership with Unilever to promote women's financial inclusion. With support from the Bill & Melinda Gates Foundation, Jazz is working to empower women by helping them to enhance their quality of life and increase their influence within their communities.



VEON has launched several initiatives aimed at promoting female empowerment

VEON and the SDGs

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SDG #8 Decent Work and Economic Growth



Promote inclusive and sustainable economic growth, full and productive employment and decent work for all

SDG 8 aims primarily to increase labour productivity, lower unemployment – especially among young people – and improve access to financial services and benefits. All three are essential to achieving inclusive and sustainable economic growth.

In markets where we operate, there are now more people with mobile phones than bank accounts. As a result, access to digital payment instruments and other digital financial services are crucial for the success of digital ecosystems and for broader socio-economic development. In emerging markets alone, access to these services could potentially add USD 3.7 trillion to GDP and create up to 95 million jobs.

Consequently, mobile financial services remain a key priority for our company strategy. We are leveraging a broad range of disciplines to further develop and expand these services. We see this as a key step in the

transition from cash-based to cashless societies – a shift which will be crucial to improving transaction security and user trust, and eventually boosting economic growth.

At VEON, we offer a wide range of financial services in our operating markets, and play an important role in building digital financial ecosystems that nurture economic inclusion. In Uzbekistan, Beeline has designed and implemented a financial services app named Beepul. It offers a number of features including microloans and card-to-card transfers. Similarly, Kyivstar's mobile money application allows users to pay for utilities, internet provision, TV services and goods.

In 2017, StarMoney, a financial firm affiliated with Kyivstar, was licensed by the National Bank of Ukraine as a payment service infrastructure operator, allowing it to process e-Money operations for partner banks. VEON's operating company in Kazakhstan was the first private entity to have introduced payments using airtime balance. The service offers a convenient and safe method of paying for goods and services and is quickly developing markets traction.

JazzCash in Pakistan registered almost 8 million new mobile accounts, increasing their total userbase to over 14 million. In 2017, the service facilitated nearly 300 million transactions, worth a total of PKR 600 billion.



A street food vendor in Pakistan using Jazz's digital financial services - a key catalyst for socio-economic development

VEON and the SDGs

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SDG #9 Industry, Innovation and Infrastructure



Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

SDG 9 encompasses three aspects of sustainable development: infrastructure, industrialisation, and innovation. Our contribution to SDG 9 covers a variety of initiatives aimed at enhancing productivity and promoting innovation and digital inclusion. These efforts help to break down the 'digital divide', a key aim of this SDG. Central to our contribution to SDG 9 is our investment in digital entrepreneurship. We foster innovation on both a local and a global scale, in part by providing platforms for young people to showcase and commercialise their ideas.

The Make Your Mark (MYM) programme is one such example which focuses on achieving sustainable development by inspiring and empowering young people to better shape their future and their community through social entrepreneurship.

Under the aegis of MYM, we are supporting and creating co-working spaces, business accelerators and digital

incubators in many of our operating countries, which are helping to realise new high impact -sustainable businesses, creating hundreds of jobs and attracting sizeable investments for start-ups.

VEON's expansive network is a cornerstone of digital communications in many of the countries in which we operate. Development and maintenance of our digital infrastructure is fundamental to our contribution to SDG 9. We are committed to increasing digital access, coverage and connection speeds through continual investment.

VEON is making significant investment in our digital business to launch our global personal internet platform. Available to our users in Russia, Ukraine, Georgia, Pakistan, and Italy, the platform provides contextualised, personalised internet experiences and opportunities. Downloaded more than 8 million times, it enables our customers to access information and services, and to engage with their world in an entirely new way.

An example which demonstrates our commitment to inclusion is Beeline Kazakhstan's 'Unlimited Opportunities' programme. This initiative started in 2014, and provides free high-speed internet access to social institutions that support disabled children and adults. As of 2017, the project involves 24 participating organizations across Kazakhstan. The programme provides high quality, innovative computer classes, education programmes, and equipment to these participating organisations.



We foster innovation on both a local and a global scale, in part by providing platforms for young people to showcase and commercialise their ideas

Make Your Mark

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2,977

Registrations on digital entrepreneur competitions

30

Financial awards distributed from digital competitions

2,424

Participants in accelerators/incubators

9

National and international hackathons across five countries

1,400

Start-ups supported



Entrepreneurs preparing to pitch to investors at the Jazz National Incubation Centre, Islamabad, Pakistan

Make Your Mark

A Strategic Investment

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VEON's customer base and local market populations include a large number of young people inspired to find solutions to the challenges that the world faces today. 'Make Your Mark' (MYM) aims to support and equip young people with the tools to create locally tailored and globally scalable initiatives and solutions to make a positive and sustainable difference to their own lives, as well as the lives of others.

MYM, our flagship corporate citizenship initiative, is aimed at developing a network of tech-hubs across VEON's footprint to support the growth of local entrepreneurial ecosystem. The tech-hubs act as business and technology incubators and accelerators, and are the building blocks of the initiative.

Our operating companies are investing in and establishing these tech-hubs via a range of public and private partnerships and offering intensive mentorship, workspaces, shared working facilities and a range of other business support services. These are provided with the aim of assisting technology-oriented entrepreneurs in the start-up and early development stage of their businesses.

Replicating best practices from other existing initiatives, our tech-hubs' mentorship lasts four to six months and is structured and cohort-based. Mutually agreed upon milestones are used to gauge progress throughout the incubation cycle and successful start-ups are showcased at investor summits.

In addition, the tech-hubs offer a variety of non-resident acceleration programmes including hackathons and application development competitions.



'Make Your Mark' aims to support and equip young people with the tools to create locally suitable and globally scalable initiatives and solutions

Make Your Mark

A Strategic Investment

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A key component of our commercial strategy is to enable digital leadership, with the aim of creating a new ecosystem of digital services for our customers, as well as transforming our processes and business model.

Digital leadership is created not only by large corporations, but also by thousands of small, digital start-ups that address local issues. Supporting these start-ups and entrepreneurs through MYM has allowed us to diversify the services we offer customers, and simultaneously enabled us to transform our businesses. In doing so, we aim to build a more sustainable business environment, thereby adding value for society as well as our shareholders.

The implementation of MYM relies on leveraging our core competencies and building on our existing successes. To do so, we use a top-down and bottom-up approach, identifying the success factors in each of our market's most effective initiatives, then enshrining these as best practice and deploying them where appropriate.

This includes seeking opportunities to scale the scope of successful local market programmes from national to multinational. In parallel, we conduct targeted research to discover the developing digital ecosystems where our contributions can be the most effective.



Supporting start-ups and entrepreneurs through MYM has allowed us to diversify and innovate the services we offer customers

Make Your Mark

Incubators and Accelerators

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UKRAINE: TELECOM-ACCELERATOR 2.0

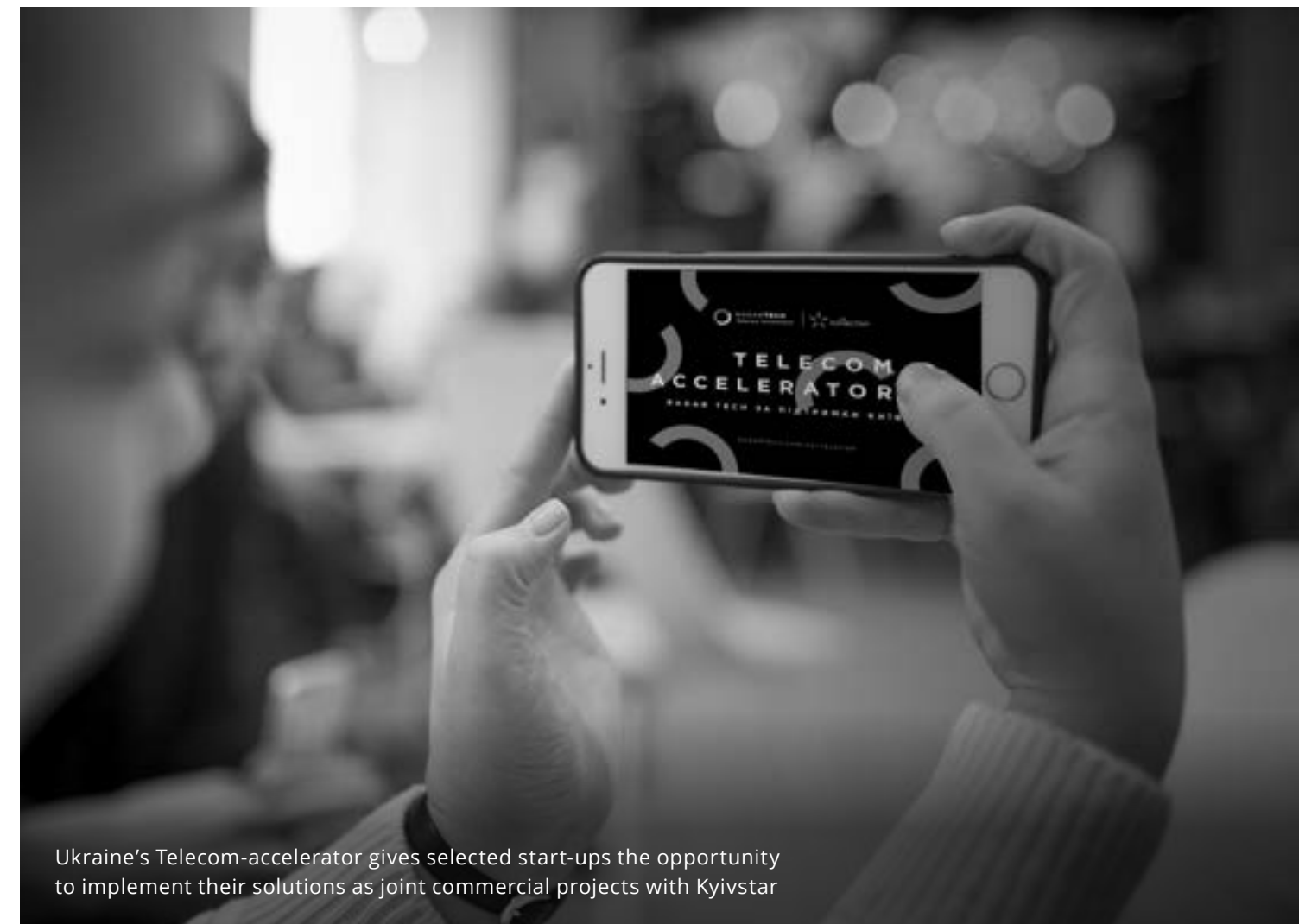
Launched in 2016, the Telecom-accelerator is a corporate start-up acceleration programme. Kyivstar supported it from its inception, and helped it become one of the largest start-up accelerators in Ukraine. The programme is part of a partnership with Radar Tech and aims to find fresh ideas and new products that can be integrated into the VEON platform. The initiative also supports the Ukrainian start-up ecosystem and contributes to the development of entrepreneurship and innovation in Ukraine more broadly.

The programme offers approximately 200 hours of training delivered by 20 local and international mentors, including Kyivstar's top management. In addition, the participating teams have the opportunity to test the solutions they have created using Kyivstar facilities. In 2017, more than 190 start-ups submitted their applications to participate in Telecomaccelerator 2.0. At the end of the programme, five start-ups were selected to implement their solutions as joint commercial projects with Kyivstar.

ITALY: LUISS ENLABS

Luiss EnLabs is one of the largest business accelerators in Europe. From their base in the Termini train station in Rome, they provide courses, services, and contacts with potential investors to more than 500 students and young entrepreneurs. Their goal is to help these aspiring founders to transform their business ideas into successful economic initiatives, and they have partnered with Wind Tre and the Luiss University in order to achieve this.

The project began in 2012 and since its launch Luiss EnLabs has created a portfolio of 50 start-ups, which collectively have raised more than EUR 30 million. Approximately 90% of the start-ups that emerge from the five-month acceleration programme succeed in raising money from third party investors, a percentage unrivalled throughout Europe. The initiative has allowed Wind Tre to collaborate with successful digital start-ups, many of whom have gone on to become part of the company's range of consumer and B2B services.



Ukraine's Telecom-accelerator gives selected start-ups the opportunity to implement their solutions as joint commercial projects with Kyivstar

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Incubators and Accelerators

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PAKISTAN: NATIONAL INCUBATION CENTRE

The National Incubation Centre (NIC) is the largest initiative of its kind in Pakistan. A public-private partnership between the Ministry of Information Technology & Telecommunications (MoITT) and Jazz, the NIC's first incubator programme was officially launched in January 2017. The NIC received over 1,100 applications from start-ups for the first two cohorts. Currently there are 20 start-ups who have been awarded a place in the programme, five of which are part of Jazz's digital accelerator, Jazz xlr8. A second cohort was recently inducted, and includes an additional 26 start-ups, five of which will also be inducted into Jazz xlr8.

At the NIC, start-ups are provided with state-of-the-art incubation facilities, digital skills, and opportunities to network with business experts. The incubation programme aims to bridge the gap between entrepreneurs, innovators, the academic community and investors in Pakistan's ongoing digital revolution.

The NIC has been well received, with positive feedback from the industry and the target audience of start-ups, key influencers, and the academic community. The aim is now to grow this new ecosystem of innovative start-ups and scale-ups, beginning with the expansion of the incubation programme to other economic hubs in Pakistan.

BANGLADESH: ICT INCUBATOR

Bangladesh's first ICT incubator was formed via a public-private partnership and launched in 2016. The platform is designed to identify and grow innovative digital ventures. In 2017, Banglalink organised a variety of start-up support events, including a national contest, in which more than 400 teams participated. The ten winners received the use of a well equipped high-tech office space for a year, helping them to scale-up while reducing their initial costs.



In 2017, Banglalink's ICT incubator organised a variety of start-up support events, including a national contest which had participation of over 400 teams

Make Your Mark

Developing Leadership and Entrepreneurs

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4YFN COMPETITION IN BARCELONA

4 Years From Now (4YFN) is a start-up business platform at Mobile World Congress (MWC) Barcelona that enables start-ups, investors and corporations to connect and collaborate on launching new ventures. As part of the MYM programme, ten start-ups from Italy, Pakistan, and Russia participated in 4YFN at the February 2017 MWC. Of these ten, two were chosen to formally pitch their businesses to investors, while others were given the opportunity to join the Global Mobile Challenge, an offshoot of the main event.

BANGLADESH: DIGIGEEK MEET-UP

In 2017, Banglalink created Digigeek Meet-Up to educate, inspire, and engage future digital entrepreneurs. The platform serves as a space for networking and learning for Bangladesh's next generation of digital start-up founders. During 2017, Banglalink organised mentorship sessions on topics such as design thinking, developing businesses without seed capital, and creating pitch decks for investors. These were attended by more than 200 Digigeek Meet-Up participants.

ARMENIA: SEVAN START-UP SUMMIT

Sevan Start-up Summit is an international event and business platform founded with the aim of giving Armenian start-ups the opportunity to network, form partnerships and attract investments. It took place in July 2017 on the Sevan lake shore in Armenia.

100 Armenian start-ups participated in the event's activities, which included contests, masterclasses, and the 'Campfire Talks and Pitches', where they met with established entrepreneurs, technologists, and investors from within Armenia and abroad. Beeline Armenia was the primary supporter of the Summit, and at the event their senior management shared their knowledge and experience with the attending start-up teams via a Campfire Talk. Beeline Armenia also provided all participants with an internet connection during the Summit. The event received significant attention via both mass media and social networks, with extensive coverage before and after the event.

PAKISTAN: DIGITAL YOUTH SUMMIT

The Digital Youth Summit (DYS) of 2017 brought together young aspiring entrepreneurs and innovators to discuss and map out Pakistan's digital future. The summit focused on youth empowerment and attracted high-profile domestic and international speakers who shared their knowledge and experience with approximately 4,000 young attendees from Khyber Pakhtunkhwa. It also included a three-day start-up expo where 25 start-ups, including five from Jazz's National Incubation Centre programme, were provided with a designated space to showcase their business solutions. Expected to continue in 2018, the summit has quickly become one of the most prominent tech conferences in the country.



4 Years From Now is the start-up business platform of Mobile World Congress Barcelona that enables start-ups, investors, and corporations to connect

Make Your Mark

Developing Leadership and Entrepreneurs

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Performance in 2017

Additional Disclosures

ITALY: WIND TRE BUSINESS FACTOR & START-UP AWARDS

Wind Tre Business Factor is a virtual incubator providing young start-up founders with information, training resources, and a connection to experienced entrepreneurs. This also offers guidance on digital business models and on how to grow and launch businesses in an increasingly competitive market. Wind Tre Business Factor also holds the 'Start-up Awards', a series of online competitions focused on helping young entrepreneurs refine and develop their business idea, before sharing it with the Luiss EnLabs business accelerator programme. The competitions focus on innovative digital business models and aim to foster the creation of products and services to benefit both consumers and businesses.

RUSSIA: GOTECH

GoTech is a forum and competition held in Russia. In 2017, the event was attended by more than 1,000 people including approximately 120 investors, 300 corporate representatives and 400 start-ups. The forum is one of the key events in Russia for the IT, telecom and digital industries and their stakeholders. During the event, 75 start-ups qualified to pitch to investors and 40 speakers appeared on two stages. The event also hosted the 'Web & Tech Ready' start-up competition, which is the largest competition of its kind in the region. Winners received the opportunity to work with leaders in digital design and development, information security and investment fund management.

The competition is also supported by Dell, Google, Intel, Runa Capital, Moreton, Kaspersky Lab, Skolkovo and IIDF among others. This year, the competition drew 725 competing projects from 40 different countries, producing a total of 22 winning companies.

KAZAKHSTAN & KYRGYZSTAN: PARTNERSHIP WITH ENACTUS

Enactus is one of the largest international non-profit organisations aimed at uniting students, business leaders, and universities. Participating founders develop and implement projects with the broad goal of improving the quality of life, and via the programme provide students with practical experience in implementing their own business ideas.

In 2017, Beeline Kazakhstan and Kyrgyzstan partnered with Enactus to help prepare students for the 2018 Enactus World Cup, a global entrepreneurial competition for students. To help the participants prepare, Beeline Kazakhstan held a national Enactus challenge, attended by more than 2000 students from 47 universities across the country. Concurrently, Beeline Kyrgyzstan created a two-day 'Digithon' event with the goal of giving students the opportunity to gain experience creating mobile products and to learn from Beeline professionals. Instead of financial prizes, the event focused on providing participants with feedback from judges to help them improve their products and realise functioning prototypes.



Beeline Russia supported the GoTech forum, a key event in Russia for start-ups and investors in the ICT, telecom, and digital industries

Make Your Mark

Digital Entrepreneurism Ecosystem Paper (DEEP)

About VEON

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Additional Disclosures

As part of Make Your Mark, we have commissioned the Digital Entrepreneurism Ecosystem Paper (DEEP), a research project focused on examining the digital entrepreneurial environment in Russia, Ukraine, Algeria, Pakistan and Bangladesh.

The project aims to identify challenges in the local digital ecosystems and to provide recommendations on how corporations, universities, investors, entrepreneurs, incubators, accelerators and the government can address these challenges in a sustainable manner. As part of the DEEP research project, we analysed each ecosystem according to a number of parameters, including internet and smartphone penetration, available ICT talent, relevant government regulation, potential customer base, education standards and the investment market, among others. The research confirmed and indicated a clear role for mobile operators in supporting local digital ecosystems.

RUSSIA

With 100 million people online in Russia and more than 1,000 digital start-ups launched each year, the market is promising. However geopolitical and economic issues have led to a decline in industry investment since 2014, prompting some ICT professionals to move abroad, reducing the availability of qualified staff. Furthermore, almost two-thirds of Russia's internet users live in small and remote communities that may not be economically viable for digital start-ups to serve.

However, entrepreneurs have noted publicly that support from accelerators, universities and large businesses could be improved, and regulations could be simplified to better meet the needs of the digital economy. By sharing expertise, expanding into foreign markets, encouraging investment, and stimulating innovation, there is the potential for Russia to create well-paid jobs and attract skilled engineers and managers back to the country.

UKRAINE

In Ukraine, approximately 400 digital start-ups are launched each year. The country has a solid digital foundation, thanks to a high degree of technical expertise and a strong supply of talented software developers. With a growing number of internet users and smartphone owners, with over 41 million forecasted by 2018, and a strong appetite for mobile commerce, the digital ecosystem has great potential.

However, the decline in investment capital since 2014, in addition to a lack of business and market knowledge, is making it difficult for talented specialists to succeed as entrepreneurs. By creating the right legal framework, strengthening collaboration between business and academia, promoting better managerial skills and gaining a stronger understanding of the youth market, we believe Ukraine could establish a vibrant digital ecosystem and become a major player in the global digital economy.



The DEEP project aims to identify challenges in the local digital ecosystems and to provide recommendations on how different stakeholders can address these challenges sustainably

Make Your Mark

Digital Entrepreneurism Ecosystem Paper (DEEP)

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ALGERIA

Algeria's digital start-up ecosystem is still in the very early stages of development. Nevertheless, Algerian start-ups are making significant progress around e-Health, e-Learning, e-Retailing, and communications. The rollout of 4G mobile network is enabling new online service platforms. The government is also using incentives to encourage a stronger ICT sector.

A key concern for the nascent Algerian digital ecosystem is that it is evolving at a relatively slow pace due to excessive bureaucracy, a shortage of ICT specialists, and a lack of venture capital. Due to regulatory hurdles, it typically takes Algerian start-ups more than two and a half years to transform an idea into a commercial product or service. This indicates that Algeria not only needs to continue to develop its broadband infrastructure, but also to reduce regulatory burdens. Key stakeholders could also support the development of the country's digital ecosystem by helping to increase expertise, expand markets and encourage investment.

PAKISTAN

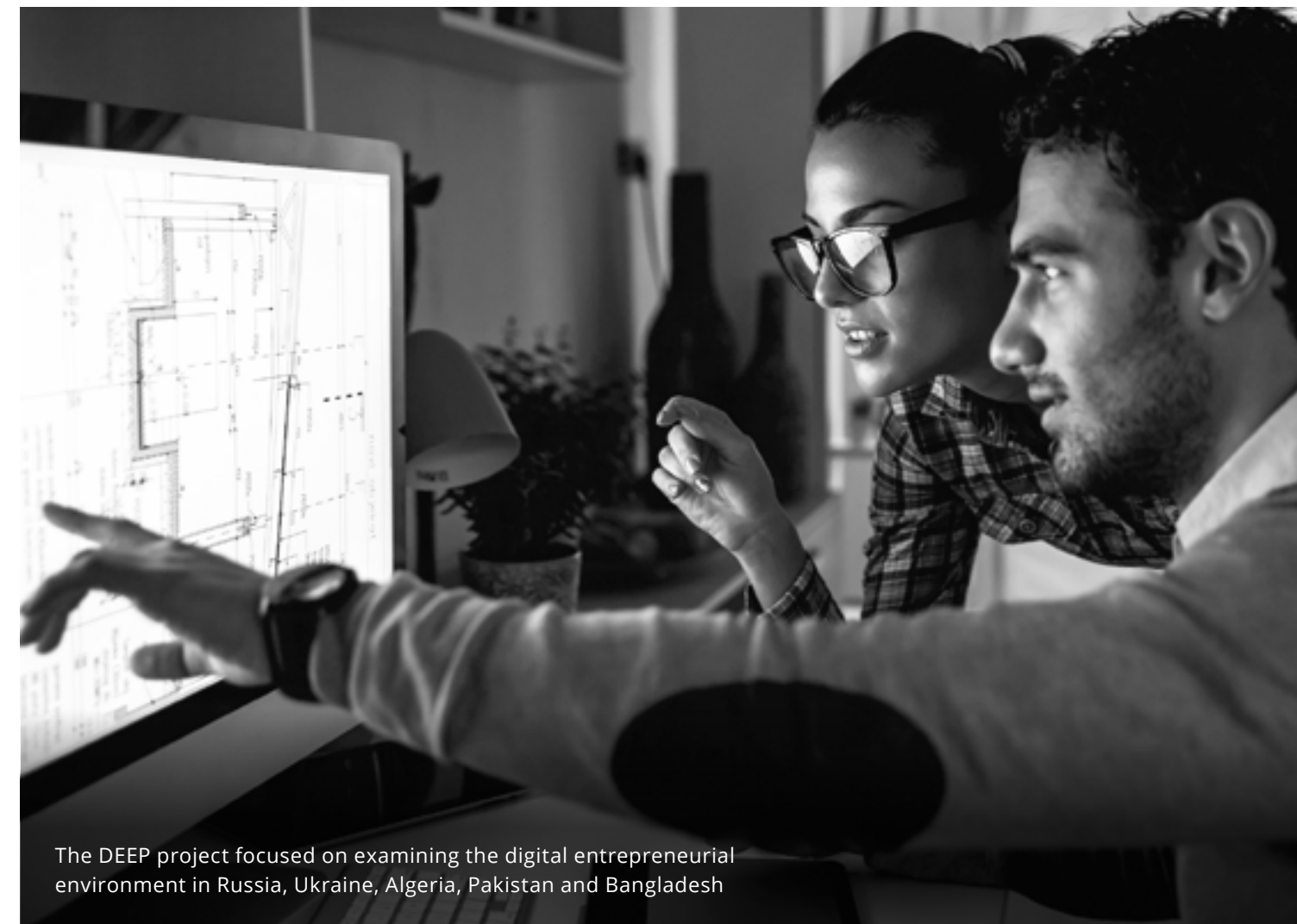
Approximately 300 digital start-ups are launched in Pakistan every year. The digital ecosystem is stimulated by the high availability of talented developers, a young urban population with an appetite for digital services, and rising internet usage. These factors are in addition to improvements in the regulatory climate and a growing support network, including 16 incubators and four accelerators.

Despite developments in recent years, start-ups in Pakistan continue to encounter challenges including limited venture funding, a lack of payment and advertising platforms to help monetise projects, regulatory hurdles, and an immature domestic market. However, Pakistan has the potential to build a formidable digital ecosystem. The domestic e-Commerce market alone could grow fivefold, but will require significant collaboration between business and governments to do so.

BANGLADESH

In Bangladesh, approximately 200 start-ups are launched annually. The ecosystem benefits from a large young demographic and an urban population of 34%, helping to rapidly increase consumer spending, while adoption of mobile financial services is also growing. In addition, local labs, incubators and government initiatives such as Digital Bangladesh 2021 are supporting start-ups. However, lack of infrastructure, a relatively small market and a lack of venture capital are ongoing challenges. In addition to these factors, there is also low internet penetration, a relatively limited appetite for technology, few options for monetisation models, and a limited number of skilled workers.

Collaboration between businesses and the government is key for Bangladesh to achieve its potential. One example of this could see corporations providing sales and marketing support to start-ups, while the government focuses on ensuring a timely execution of the Digital Bangladesh 2021 strategy.



The DEEP project focused on examining the digital entrepreneurial environment in Russia, Ukraine, Algeria, Pakistan and Bangladesh

Make Your Mark

Hackathons

About VEON

Corporate Citizenship

Performance in 2017

Additional Disclosures

VEON-hosted hackathons take place in many of our markets, attracting industry professionals, students and aspiring entrepreneurs.

Participants are challenged to use their technological expertise and entrepreneurial skills to solve problems and design new businesses and digital products. Over the past two years, hackathons have proved effective as a gateway for young talent and as a scouting opportunity for businesses and investors.

UKRAINE: EDUHACK

The Ukrainian Educational Hackfest (Eduhack) aims to find ideas and solutions for problems encountered by the Ukrainian education system. The 2017 event took place between 29th September and 1st October in Kyiv and attracted approximately 500 participants, including teachers, students, and education sector entrepreneurs. The winning project was named 'Sova', an innovative teaching system for English language learning.

RUSSIA: ANGELHACK

In 2017, Beeline Russia became a partner for the Russian leg of the AngelHack hackathon series, a programme from Apps4All, a community of application developers. This initiative focuses on helping talented young local developers to demonstrate and seek funding for digital prototypes aimed at solving problems related to socio-economic welfare.

The competition took place in five major Russian cities and was attended by 370 competitors. Participants competed for a sizeable monetary award and a trip to San Francisco to participate in a global 'Demo Day', featuring winners from 65 countries. The winning team was also invited to participate in a 12-week HACKcelerator training programme in Silicon Valley.

GEORGIA: PROFHACK

Beeline Georgia partnered with the local government to organise a hackathon for almost 300 students, from 14 state schools. Finalists were tasked with creating high-tech products using industrial technology including laser cutters, 3D printers, and programmable machines.

ARMENIA: THE HACKATHON ON BIG DATA

The Hackathon on Big Data was held in partnership with the Microsoft Innovation Centre Armenia. Approximately 80 participants took part in a 24-hour sprint to develop telecom centric products and services.

The aim of the competition was to promote the development of new tech products by providing support to local software entrepreneurs, start-ups, IT professionals and students via mentoring, networking, and business and technological consulting opportunities.



Beeline Georgia partnered with the local government to organise a hackathon for students from 14 state schools

Digital Skills & Literacy

30,767

Donated computer equipment

25,617

New enrolments in literacy programmes

17,639

Free internet connections

8,826

People attending entrepreneurship educational events (classes, conferences)



VEON's Digital Skills & Literacy programme aims to help improve digital skills and literacy in the markets that we serve

Digital Skills & Literacy

Mobile and Digital Learning

About VEON

Corporate Citizenship

Performance in 2017

Additional Disclosures

VEON's Digital Skills & Literacy programme aims to help improve digital skills and literacy in the markets that we operate in through tech-centric educational initiatives. It allows us to better serve parts of society which are marginalised due to lack of access to basic literacy, gender and socio-economic opportunities.

KAZAKHSTAN: GOOGLE+KAZAKH

The GOOGLE+KAZAKH project began in 2015 with the goal of integrating the Kazakh language into Google Translate. After this goal was achieved, a second phase was launched in 2017 with the help of Beeline Kazakhstan, with the aim of integrating voice-based translation in Kazakh.

The inclusion of Kazakh in the Google Translate system has allowed the approximately 20 million strong global community of Kazakh native speakers to use their language to access a large number of digital devices and platforms. Using Google Translate, it is now possible to translate Kazakh text into 103 different languages.

Additionally, the ongoing work of the GOOGLE+KAZAKH project has enabled the use of other Google services in Kazakh, including Google Chrome, YouTube, Google Classroom, Google Maps, Gmail, Google Docs, Google Drive and the Android operating system, among others.

PAKISTAN: JAZZ SMART SCHOOL

The Jazz Smart School programme is an initiative in the Islamabad Capital Territory, where it serves 75 public high schools for girls. In collaboration with the Capital Administration Development Division and Knowledge Platform, the programme is geared towards improving the quality of education in public schools by introducing technology-driven learning solutions.

Involving technological, pedagogical, logistical, social and evaluative activities, the Jazz Smart School programme is based on the concept of 'blended learning' and incorporates a combination of digital media and traditional methods to teach students. By deploying teaching environment equipped with modern computers, internet connectivity and digital projectors, the programme aims to boost the comprehension skills of students and improve the technical skills of teachers. The programme is expected to provide interactive learning solutions to more than 15,000 high school students.

The project also helps to ensure maximum class participation by continuously recording the performance of each student. Using this, parents can assess their children's progress with the help of a mobile application that provides regular updates on their work.



In Pakistan, the Jazz Smart School programme is geared to improve the quality of education for 15,000 students by introducing technology-driven learning solutions in 75 all-girls public schools

Digital Skills & Literacy

Supporting Schools and Skills

About VEON

Corporate Citizenship

Performance in 2017

Additional Disclosures

ARMENIA: ARMATH ENGINEERING LABORATORIES

This project supports Armenian schools in teaching students basic engineering skills and the rudiments of digital solutions development. Beeline Armenia supported the project by donating almost 1,000 retired Wi-Fi routers to the Armath engineering laboratories, which students were then able to use as raw materials to create different types of robot.

ARMENIA: NEW TECHNOLOGIES FOR REGIONAL DEVELOPMENT

Conducted in partnership with the Child Development Foundation and world-class app developer Picsart, this project aimed to teach teenagers aged from 14 to 17 to use smartphones and tablets, and the apps designed for them. As part of the programme, participants took pictures of the existing problems in their regions, and then used the Picsart application to show how they thought those problems could be solved. During the project participants visited both Technology & Science Dynamics (TSD), a company which makes Armenian smartphones and tablets, and the Ayb School, which uses modern educational methods. The project's finale was a competition between participants, which received coverage on local TV and in online media.

KYRGYZSTAN: CO-WORKING CENTRE BEELINE

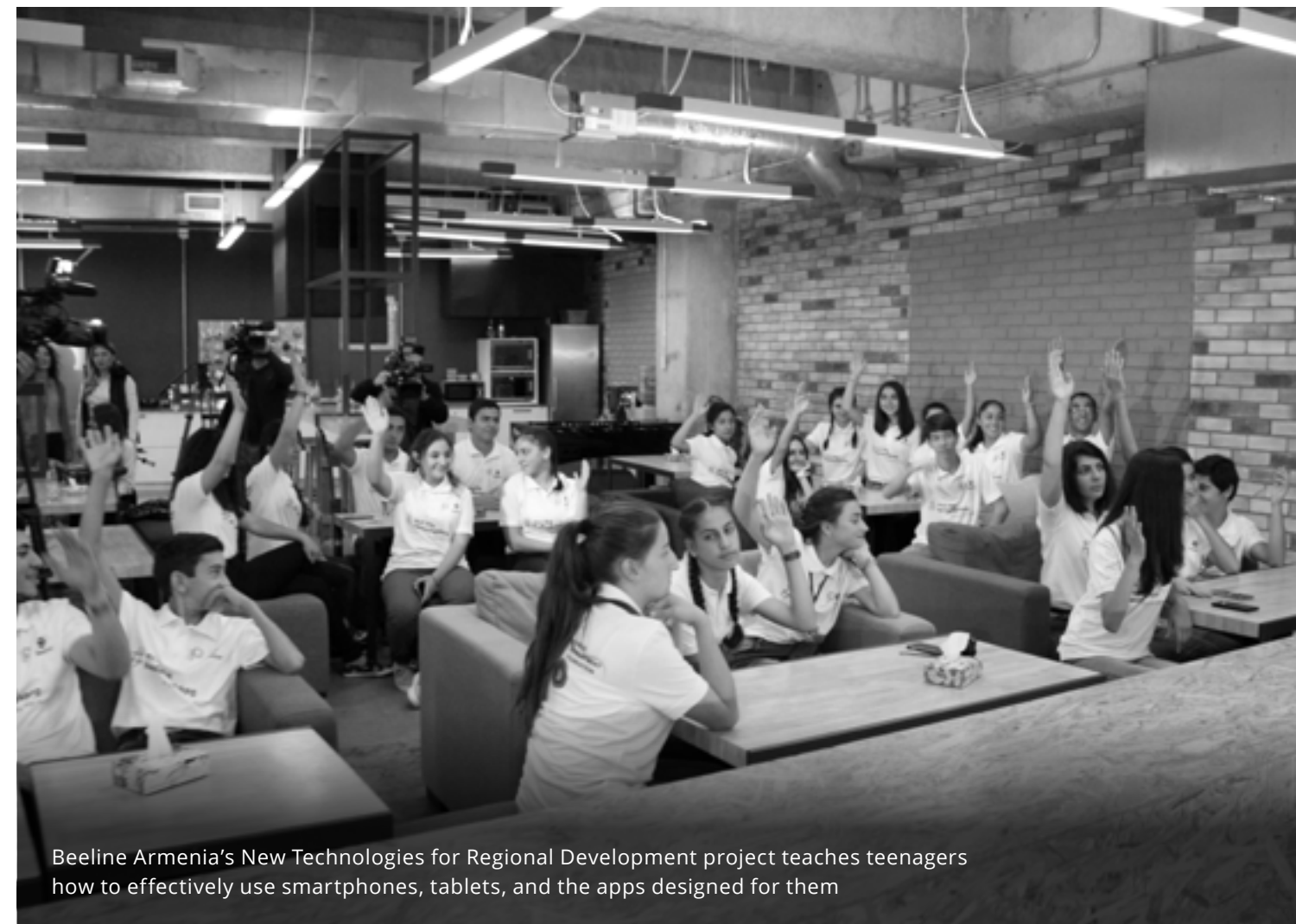
In 2017, Beeline Kyrgyzstan initiated the creation of co-working centres in universities and libraries in Kyrgyzstan, with the aim of providing audiences with resources to carry out educational, recreational and creative activities.

The first centre will open over the course of 2018 at the Technical University, which with over 15,000 students is one of the largest universities in the country. The co-working space provides a place for both teachers and students to learn, generate ideas, and conduct teaching.

ARMENIA: SAFE INTERNET EDUCATIONAL PROGRAMME

In 2017, Beeline Armenia implemented a project with World Vision Armenia which aimed to provide children with basic digital literacy. Approximately 600 teenagers participated and gained basic knowledge about the internet, its advantages, and its potential dangers.

Through lessons and a summer camp, participants learned how to find information online and how to identify trustworthy sources, knowledge which they can use in their future education and employment. The project ended with a round table discussion and an art competition focused on the topic of the importance of the internet. A video focusing on internet safety was also released online as part of the programme.



Beeline Armenia's New Technologies for Regional Development project teaches teenagers how to effectively use smartphones, tablets, and the apps designed for them

Sustainable Operations

2.472 million

Community investments (USD)

44%

Average smartphone penetration

441

Number of installations using renewable energy

26%

Reduction in 3G voice inaccessibility



CEO Beeline Armenia spending time with the local youth during a community outreach project

Sustainable Operations

Commitment to Ethics, Environment and Operational Responsibility

About VEON

Corporate Citizenship

Performance in 2017

Additional Disclosures

Sustainable operations represents the ‘license to operate’ component of VEON’s Corporate Citizenship strategy. This pillar focuses on promoting operational reliability and functionality, while emphasising interactions with customers, employees, society, and the environment that are helpful rather than harmful.

This strategic priority addresses a wide array of topics which are critical to VEON’s operations, including our commitment to act ethically and responsibly (all of our operating companies launched initiatives focused on this commitment in 2017). Every element of this pillar relates specifically to one of our material topics: environmental performance, service quality, responsible supply chain, talent management, occupational health and safety, privacy and data security, ethics, transparency and governance, and economic development.



Djezzy has adopted paperless work environment in an attempt to reduce its environmental footprint

Sustainable Operations

Environmental Performance

About VEON

Corporate Citizenship

Performance in 2017

Additional Disclosures

VEON strives to reduce the environmental and health impact of our operations and our supply chain through the responsible use of natural resources and the ongoing reduction of waste and emissions. We focus primarily on the reduction of our energy and fuel consumption, since that is where our impact is most significant.

There are several methods that allow us to keep track of our environmental progress and commitments. For instance, our responsible sourcing initiative helps to monitor our suppliers' social and environmental performance. Additionally, our operating companies are committed to adhering to local environmental legislation and international standards, as stated in our Code of Conduct. Furthermore, several of our operating companies manage their environmental programmes through an environmental management system. For example, WIND Tre Italy has an integrated management system approach which also incorporates health and safety, social accountability and data security standards.

GREEN OFFICE INITIATIVES

Several of VEON's brands have developed and deployed environmental management programmes specifically designed to reduce the environmental impact of their offices. For instance, Jazz has worked with WWF to adopt a robust Environmental Management System (EMS) at its premises. This development has been recognised by the WWF's annual Green Office Awards, as ongoing efforts have helped the company to decrease its non-network carbon footprint by 73%.

Beeline Russia also engages in several eco-office initiatives, including water consumption reduction via the installation of water meters, waste generation mitigation via an electronic document management system, the decrease of power consumption via an improved heat management system, lowered fuel consumption via investment in a sustainable fleet, and increased teleconferencing as an alternative to travelling for meetings.

Kyivstar promotes the use of an electronic document management system in their offices and has been able to significantly reduce paper consumption. All Kyivstar offices are equipped with video-conferencing facilities which has helped reduce business travelling. These environmental stewardship best practices are becoming popular among employees and are helping to reduce Kyivstar's enterprise carbon footprint.

Tigers' Den, Banglalink's head office in Dhaka, has been certified for the Green Office Initiative, and has achieved a score of 70.2%. It is the first company in Bangladesh to receive the WWF Green Office Certification. Banglalink's eco-friendly policy has helped the company make use of its resources more efficiently by reducing carbon dioxide emissions. The organisation maintains an open office environment which is a part of its green office strategy. With the target of creating an eco-friendly and paperless working environment, in 2017 Banglalink reduced the use of paper consumption by 49.2%, wastage by 14.8%, and electricity consumption by 13%.



Banglalink is the first company in Bangladesh to receive the WWF Green Office certification

Sustainable Operations

Environmental Performance

About VEON

Corporate Citizenship

Performance in 2017

Additional Disclosures

SPECIALISED FOCUS ON ENERGY REDUCTION

A significant share of our total business greenhouse gas emissions originate from energy use in our network. The introduction and large-scale implementation of network energy efficiency measures remains our primary focus. The benefit of focusing on energy efficiency in our business not only contributes to a low carbon economy, but it also reduces costs, helps to manage risks and strengthens our brand reputation.

To help achieve this, we are applying a series of energy efficiency measures across our network infrastructure. This includes an extensive programme of equipment 'swaps', where existing energy units are replaced with more energy efficient equipment.

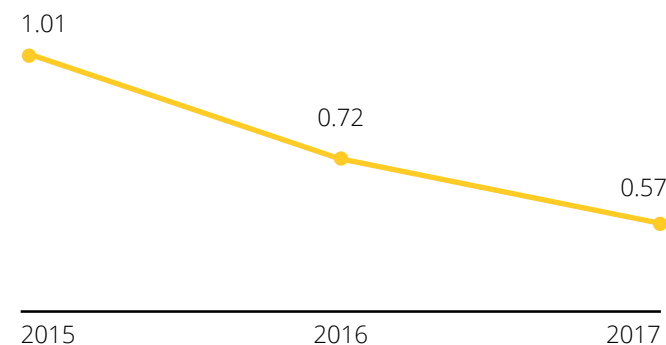
VEON's CO₂ emissions have decreased from 0.72 tons per terabyte in 2016 to 0.57 tons in 2017. This 21% decrease is the result of investments in energy-efficient Base Tranceiver Stations (BTS) and state-of-the-art free cooling technology, which has helped reduce our electricity and diesel consumption. Additionally, in December 2017, VEON introduced 428 renewable energy powered base stations. We are also increasing tower sharing with other operators across our markets, which has a direct positive impact on energy consumption and other environmental factors.

ENVIRONMENTAL DATA

Metric	2017	2016	2015
Number of BTS* with free-cooling technology	15,894	12,022	11,996
Number of BTS with hybrid-diesel technology	12,057	8,821	8,170
Number of BTS which are outdoor sites	39,053	29,452	28,109
Number of BTS using power-saving technology	56,617	61,231	58,269

* Base Transceiver Stations (BTS)

CO₂ EMISSIONS PER UNIT OF NETWORK TRAFFIC (t/TB)



Djezzy employee during the up-gradation and maintenance of Base Tranceiver Station

Sustainable Operations

Environmental Performance

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Corporate Citizenship

Performance in 2017

Additional Disclosures

ITALY: WIND TRE-WWF PARTNERSHIP

Continuing its long-standing engagement with WWF Italy, Wind Tre revised and broadened the scope of its partnership with the organisation in 2017. The first step of the partnership emphasises issues relating to climate and energy, and comprises of a complete re-assessment of the company's CO₂ emissions, primarily linked to network electricity and the redefinition of reduction targets.

Wind Tre has set ambitious targets for energy reduction which it plans to achieve by 2019. This includes investing EUR 15 million in energy efficiency, allowing the operating company to reduce its relative emissions by 54% (measured as tons of CO₂ per terabyte of data traffic). Similarly, Wind Tre is also increasing the amount of renewable energy it acquires to 70% of the total energy it purchases.

Furthermore, Wind Tre involved its customers and staff in supporting the Italian edition of Earth Hour, the global campaign organised by the WWF to combat climate change and to promote sustainable lifestyles. Earth Hour involves over 2 billion people all over the world.



Wind Tre involved its customers and staff in supporting the Italian edition of Earth Hour, the largest global campaign organised by WWF to combat climate change and to promote a sustainable lifestyle

Sustainable Operations

Service Quality

About VEON

Corporate Citizenship

Performance in 2017

Additional Disclosures

Service quality pertains to the technical and perceived quality of our service offering, including: network coverage and reliability, the quality of our interactions with customers, and customer and retail experience.

NETWORK COVERAGE AND RELIABILITY

The coverage and reliability of our mobile network are central to a positive customer experience. We continue to deploy high quality services across our markets*, most recently with the launch of 3G/HSPA and 4G/LTE technology in a number of territories. This included the 2017 deployment of 3G/HSPA service in Georgia.

4G is now available to 155 million people, an increase of 55% from 2016, and coverage continues to grow rapidly. In addition, 3G services now reach 462 million people, while 2G technology reaches over 593 million people.

In 2017 we continued to invest in modernising and enhancing our network to improve coverage, capacity, user experience, capability and sustainability. This investment is recorded via our 'group quality dashboard', which tracks customer satisfaction, quality of service, network performance and network assets at both group and country levels.

VEON's investment in new technologies has resulted in a significant enhancement of the mobile data speeds available to our customers. In parallel, we also continue to increase our use of sustainable practices. VEON already utilises many advanced power saving features across each market. In 2017, we introduced further energy conservation initiatives through collaboration with vendors to share best practices. Our aim is to operate in a manner that is sustainable for the environment and beneficial for our business.

RUSSIA: M-ENABLING CORPORATE SOLUTIONS

Our m-Enabling corporate solutions include the introduction of sign language interpreter services in Beeline Russia offices. These services allow hearing-impaired customers to conveniently access either an iCloud interpreter application or a free sign language translator. Currently, ten offices of Beeline in five Russian cities are equipped with the service.

MAIN NETWORK IMPROVEMENTS 2017*

18%

Reduction in 2G Voice Inaccessibility

13%

Reduction in 3G Drop Call Rate

26%

Reduction in 3G Voice Inaccessibility

4%

Reduction in Data Inaccessibility

5%

Reduction in 2G Drop Call Rate

* Please note that the figures do not include our Italy JV

Sustainable Operations

Service Quality

About VEON

Corporate Citizenship

Performance in 2017

Additional Disclosures

CUSTOMER SERVICE

At VEON, we place customers at the centre of our business, and we believe in developing products which enable them to lead richer lives. Our target is to deliver a customer experience that exceeds the standards set by our peers and we are focused on providing a consistent, intuitive experience across all of our channels. Across all of our operating companies, we continually improve our services to ensure that customer needs and feedback are addressed proactively. Ongoing engagement with our users is key to this process and our use of digitised customer service is a practical step towards realising this more consistently and effectively than ever before.

CUSTOMER EXPERIENCE

Customer experience has grown significantly in importance in the telecoms industry, and is now a key point of differentiation between providers. Customer experience goes hand in hand with customer satisfaction and, therefore, with customer loyalty and commercial success. With this in mind, we have worked to ensure that the VEON customer experience makes users feel positive when using our services. The customer experience team has outlined a set of new, 'disruptive' customer journeys to ensure that our users enjoy an optimal digital experience, unlike anything else provided in the sector.

A new, simplified value proposition portfolio is an important element of this. A significant reduction of our legacy products (by a total of 48%, with plans in place to

reach 75%) is key in ensuring that we offer a transparent, easy to understand set of services which help our customers connect to the digital world.

To help measure our progress in improving customer experience, in 2016 we initiated the use of a unified customer feedback collection platform called Medallia. This activity formed part of our company-wide 'Voice of the Customer' programme. In 2017, we took this work one step further, using Medallia to gather customer feedback at the most critical touch points. In 2018, we plan to extend coverage of Medallia to all of our operating companies and begin gathering feedback at an increased number of critical touch points, with the aim of further improving our Net Promoter Score (NPS) measurement and feedback collection. So far, the Voice of the Customer programme has led to a 30% reduction in inbound calls to our customer service centres in 2017 versus 2015 (taken as a baseline).

In 2018, we also plan to launch the 'Digitalisation of the Core' programme across all VEON operating companies. We believe this programme will accelerate customer empowerment and remove human dependencies wherever possible. This is helping us to deliver an improved customer experience, increase customer retention and reduce costs – thereby increasing revenues.

IMPROVING CUSTOMER EXPERIENCE

48%

Reduction of our legacy products

30%

Reduction in inbound calls to our customer service centres 2015 – 2017

Sustainable Operations

Service Quality

About VEON

Corporate Citizenship

Performance in 2017

Additional Disclosures

IMPROVING OUR RETAIL EXPERIENCE

At VEON, we focus on providing a world class omnichannel experience, including a superior retail offering. To help achieve this we launched new monobrand stores as well as a number of new store formats in 2016 and 2017. We also significantly upgraded our monobrand store capabilities in both our corporate owned and franchise stores.

During 2017, we expanded on this work by increasing the number of monobrand stores by 530, to a total of 6,255. We also increased the reach of our monobrand stores and, as a result, our revenue performance through this channel. Across all of our operating companies, monobrand stores now deliver the highest Average Revenue Per User (ARPU) and customer lifetime value of any of our retail outlets. This is testament to the fact that these stores provide customers with the highest quality experience.

Additionally, we upgraded over 1,700 stores with our new 'Unified Store Design'. This gives customers an enhanced retail experience through the provision of an exciting and inviting atmosphere, better trained sales people, a comprehensive portfolio of devices and accessories, live handset displays, and improved merchandising standards. This is in addition to offering new services such as mobile financial services and insurance. In combination, these improvements have allowed us to achieve higher revenue per store, higher ARPU and better NPS.

We also launched a retail sales academy in all of our operating companies, with the objective of training and motivating store personnel in techniques such as consultative selling, cross-selling and upselling. We have trained a total of 284 instructors and 2,200 frontline staff to date.

Our work in improving our retail experience does not stop there. In 2017, we piloted a process allowing customers to reserve products before visiting outlets, as well as to order products online and collect them in-store. Thanks to these efforts, our monobrand stores made excellent progress in 2017, and we anticipate continued improvement in 2018.

MAIN NETWORK IMPROVEMENTS 2017

6,255

Number of monobrand stores

284

Number of trained instructors

530

Number of new monobrand stores

2,200

Number of trained frontline staff to date

>1,700

Number of stores with new 'Unified Store Design'

Sustainable Operations

Responsible Supply Chain

About VEON

Corporate Citizenship

Performance in 2017

Additional Disclosures

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 recognise that this can be a major dilemma, particularly while operating in certain regions of the world. In 2017, we remained committed to progressing our responsible sourcing performance.

As stated in our Business Partner Code of Conduct, we aim to work with our suppliers, vendors, contractors and partners to achieve continuous improvement in our performance. Nevertheless, we are also realistic and acknowledge that total conformity across our supply chain is a long-term aspiration. The standards set out in our **Code** are the minimum compliance standards for our business partners but we also encourage them to explore where it is commercially sensible to go beyond them. This is particularly relevant in regions where local laws and regulations may be weak or are seldom enforced.

Our approach to monitoring performance in accordance with the Code entails desktop assessments, supplier self assessment and, for high-risk or poorly performing suppliers, targeted site visits. We also conduct a bribery and corruption screening of both new and existing suppliers.

A business relationship with VEON is conditional on a successful screening outcome. To help our assessment processes and to ensure good performance, suppliers are strongly encouraged to maintain some form of management system to monitor performance in accordance with the Code.

VEON uses EcoVadis, a specialist platform, to identify suppliers deemed to be high-risk by local and global procurement teams. The term 'high-risk' indicates those suppliers that VEON is heavily dependent on or those which could have a significant impact on the profitability of the company. In 2017, we assessed our high-risk suppliers and many of our local suppliers against sustainability criteria covering environmental and labour standards, fair business practices, and supplier management. Each supplier was scored and given a risk factor. Please see table 12 which indicates the results of the EcoVadis assessment.

Our suppliers received overall passing scores in four of the risk categories including environmental management, labour risk, human rights, and fair business practices. This year, 60 of our suppliers, 20 group suppliers and 40 local suppliers, were re-evaluated by EcoVadis. The re-evaluation results used a points system to show how each supplier rated in each risk category, alongside an overall score. VEON strives to assist suppliers in moving forward. Those who do not pass the overall risk assessment and do not meet our sustainability criteria are provided support to improve their compliance standards and performance. Over the last year and in collaboration with EcoVadis, we have run training sessions for more than 100 buyers across our procurement departments. Moving forward, our aim is to increase the percentage of suppliers we assess given the reputation and profitability risks associated with strikes, protests, negative publicity or environmental issues.

EVALUATION OUTCOME

20

Number of group suppliers re-evaluated by EcoVadis

40

Number of local suppliers re-evaluated by EcoVadis

Sustainable Operations

Talent Management

About VEON

Corporate Citizenship

Performance in 2017

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We are firm believers in nurturing the leadership capabilities of our people to meet the organisational needs of the business whilst also accommodating our employees' personal development goals.

We are investing in our people via our newly improved talent management programme which provides an integrated, strategic framework for staff to make a significant difference to the current and future performance of the company. The Talent Management framework is driven by several internal and external influences including VEON's business performance, overall strategy, vision, mission, values, organisational model and design, as well as our talent strategy and workforce analytics. The use of this framework confers a number of advantages, including more sustainable business relations, better talent retention and development and a fully transparent value proposition for employees.

PERFORMANCE MANAGEMENT

At the heart of the Talent Management framework lies a dynamic process for performance management and staff competency development. Our Performance Management process is an end-to-end approach to year-round career development and performance measurement for staff. Following recent streamlining, it is now a consistent global process that applies across all 12 operating companies and approximately 40,000 employees. This centralised approach allows us to better measure staff performance across markets and enables us to more effectively support their career progression. Fundamental to the process is an emphasis on helping staff achieve long term mobility through frequent feedback, regular career conversations, accurate assessments of achievements and feasible goal setting. It also provides a comprehensive overview of VEON's talent pool, an important tool in ensuring our company's continued success.



The Invincibles, the winning team of VEON's annual Global Digithon celebrating their success in Yerevan, Armenia

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PEOPLE & COMPETENCE DEVELOPMENT

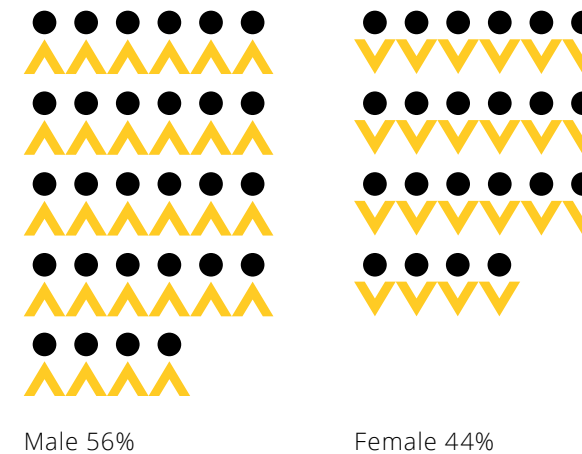
A core aspect of the Talent Management framework is our People Development strategy, which focuses on top leaders and key talent across the VEON organisation. The key pillars of our approach to People Development are 'Talent Identification', 'Talent Development', and 'Talent Deployment'. Each of these is measured on the basis of the VEON Competency Model, which is derived from our corporate values and organisational strategy and is foundational to how we analyse results across the business.

2017 marked the launch of VEON's new 'Digital Boot Camp', aimed at facilitating leadership development for our employees. The first boot camps were held over the course of three days with each day featuring its own theme. The first day focused on 'Digital Strategy', the second on 'Innovation Toolkits', and the third on 'Transforming VEON'. In total, the boot camps were attended by more than 200 VEON leaders.

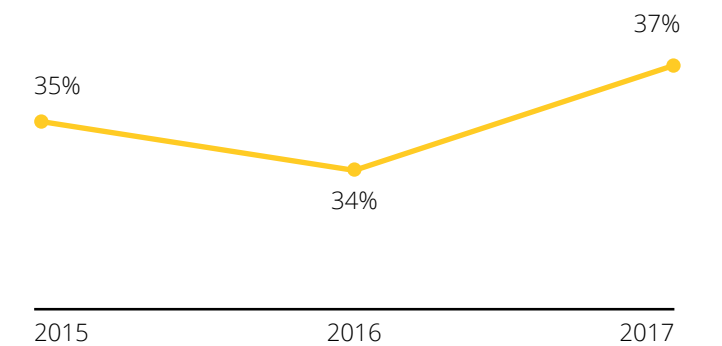
The objective of the boot camp was to help staff increase competencies in several key areas. These included the creation of a common understanding on how to manage uncertainty in digital transformation, and the crafting of digital strategies through radical innovation and digital disruption. The latter included guidance on problem solving using digital tools, and the development of tactics to overcome barriers to culture transformation.

In addition, staff were guided on how they can help create a concrete action plan for VEON's future digital strategy. The three-day event was met with positive reviews and feedback from the VEON employees who attended. The Digital Boot Camp and other leadership development programmes will continue in 2018.

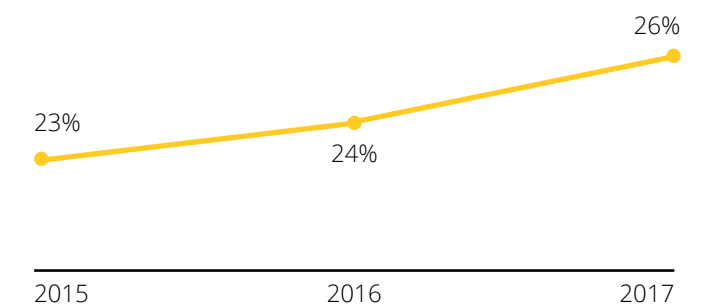
GENDER SPLIT



EMPLOYEE TURNOVER



COLLECTIVE BARGAINING AGREEMENTS



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Although a large proportion of VEON's employees work in offices and face a relatively low level of occupational health and safety hazards, we must manage a broad range of health and safety risks.

Within VEON, occupational health and safety is governed by different local labour protection laws and regulations. Each of our operating companies has their own health and safety procedures covering specific activities and several of our business units have formal health and safety management systems. Specifically, Wind Tre Italy has achieved certification of ISO18001 (Occupational Health and Safety) as part of its integrated management system approach. Our Health and Safety Policy Group, which was created in 2015, is still operational.

Several of our markets, including Ukraine, Pakistan, and Bangladesh, have continued to maintain operations during times of civil unrest. We must carefully manage the personal security of individuals trying to maintain network coverage and services, including replenishing diesel in remote generators. There were six reported work-related fatalities during 2017; one fatality concerned an employee and the other five were subcontractors. The fatalities were caused by road accidents and while working on the maintenance of BTS installations. VEON recognises the potential threat to the health and safety of employees and subcontractors working in higher-risk areas and in 2015 we initiated a project as part of Global e-Sustainability Initiative (GeSI) human rights

work programme. This ongoing research project is looking at the provision of security for base stations, particularly in remote areas.

One fatality is one too many, and VEON will continue to focus on enhancing our personnel safety protocols in order to reduce the number of work-related incidents, injuries, and fatalities.

HEALTH AND SAFETY INCIDENTS

Employees and Subcontractors	2017	2016	2015
Number of work related serious injuries	231	131	112
Work related security incidents	9	11	48
Work related security incidents (in million hours)	1.50	1.61	1.28
Work related fatalities	6	4	2



A Beeline Georige employee wearing personal protective equipment while inspecting a Base Transceiver Station

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Privacy and Security

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Data is the oxygen of the digital economy, and 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% 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.

At VEON, we recognise the careful balance required to use this data for the provision of innovative services, while simultaneously protecting people's privacy and security. As a telecom operator, we have always prioritised the treatment of personal data with the utmost care. Our approach to this has two main aspects. Firstly, that the right information is used for the right purpose, in full compliance with legislative requirements. Secondly, that the confidentiality, authenticity and integrity of information are protected at all times.

Privacy and security are at the core of VEON's digital strategy, since both are instrumental in establishing and preserving trust. Trust is fundamental to achieving higher customer satisfaction and maintaining our reputation with our stakeholders. To this end, VEON is adopting a 'privacy built-in' approach, with our digital offerings created using a 'privacy by design' mindset. Our operating principle is that we are a user-centric company that offers opt-in services, ensuring users are empowered and in control of their own data.

VEON is going 'beyond compliance' as we operate under a stricter regime than demanded by some of the local legislative requirements. We have a responsibility in the digital sector where developments are fast moving and many countries are unable to quickly establish the appropriate regulatory frameworks. We therefore aim to lead by example, defining best practices and working with both local and global actors to ensure that privacy and security principles are upheld and developed further, while also continuing to improve the digital services we provide for our customers. Please see table 1 for more information on our privacy management and performance.

Our emphasis on privacy and security means that data governance is a key issue for VEON. The Group is managing data in the same way it governs other critical assets. This is performed by recognising that proper governance is not just a compliance activity but that it also requires an overarching framework regulating its use, protection and deployment on a proactive basis with cross-functional participation. To establish robust governance, we have defined an overall Privacy Governance model for managing data usage, risks and compliance. VEON has also installed a Privacy Committee, which sets the privacy strategy and manages the governance compliance framework of data usage at HQ level. Additionally, we have appointed a Data Protection Officer as required under the General Data Protection Regulation (GDPR) and completed a GDPR Readiness Program to ensure ongoing focus on compliance.



We are a user-centric company that offers opt-in services, ensuring that our users are empowered and in control of their own data

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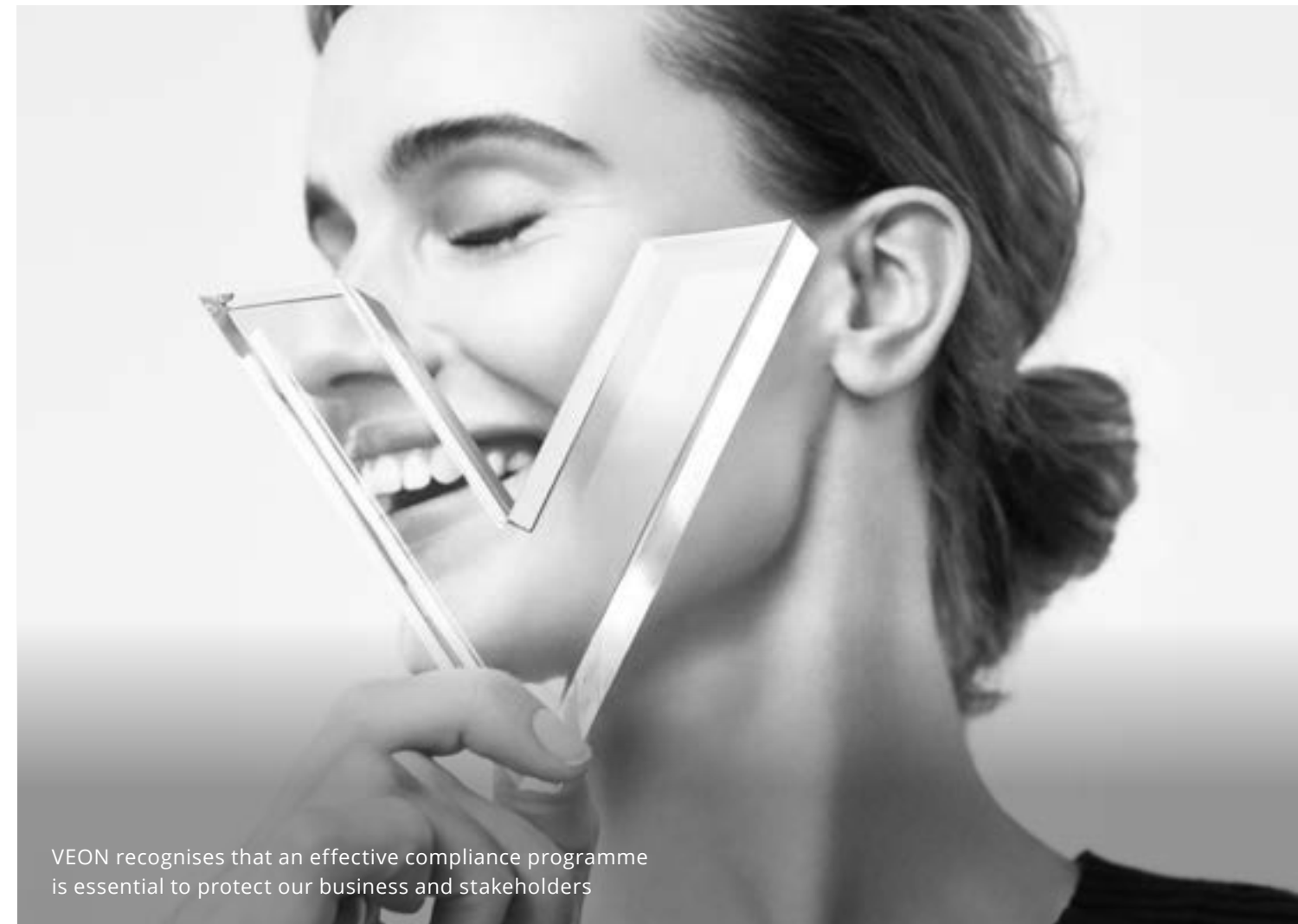
ANTI-BRIBERY AND ANTI-CORRUPTION

In 2017, VEON continued to strengthen its compliance framework. Group-wide policies and procedures were reviewed and revised and over 20 documents were introduced to establish minimum standards across the organisation. Topics of focus included, but were not limited to, anti-bribery and anti-corruption, business partner due diligence, reporting concerns, and standards for policy governance.

VEON recognises that an effective compliance programme is essential to protect our business and stakeholders. Therefore, we put in place a comprehensive, risk-based training programme that addresses function-specific needs across VEON's approximately 40,000-strong workforce. In addition, we added in-house expertise in due diligence, investigations, business partner risk management, risk assessments, anti-money laundering, international trade controls, and anti-bribery and anti-corruption to our already strong compliance team. Each VEON operating company has at least one full-time compliance professional who reports directly to VEON's headquarters compliance function. In total, there are more than 80 compliance professionals across VEON's organisation. We will continue training compliance staff and add additional resources when and where necessary to further strengthen and professionalise VEON's compliance function.

The Group Chief Compliance Officer reports directly to our Executive Chairman. He is a member of VEON's Group Executive Committee and has direct access to the Audit Committee of the Supervisory Board of Directors, to which he reports at least quarterly. VEON's Group Compliance Charter mandates an independent compliance function and sets forth the ten elements of VEON's compliance programme: high-level commitment (tone 'set from the top'), policies and procedures, periodic risk-based reviews, proper oversight and independence, training and guidance, internal reporting, enforcement and discipline, third-party relationships, mergers and acquisitions, and monitoring and testing.

Senior leadership demonstrates its commitment to compliance through town hall and skip-level meetings, video messages and email communications. An Investigations and Disciplinary Committee establishes consistent and fair discipline and remediation.



VEON recognises that an effective compliance programme is essential to protect our business and stakeholders

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MONITORSHIP

In February 2016, VEON announced settlements with the U.S. Securities and Exchange Commission, the U.S. Department of Justice, and the Dutch Public Prosecution Service, relating to VEON's business in Uzbekistan. In the settlement, we agreed to oversight by an independent compliance monitor (the Monitor) to promote continued, and regular, compliance enhancements across VEON and its subsidiaries. The Monitor will assess and review our corporate compliance programme, internal accounting controls, record keeping, and financial reporting policies and procedures. VEON continues to strengthen its compliance programme and internal controls by implementing the independent monitor's recommendations. VEON has taken and will continue to take appropriate measures to embed a culture of integrity across the Group.

CODE OF CONDUCT

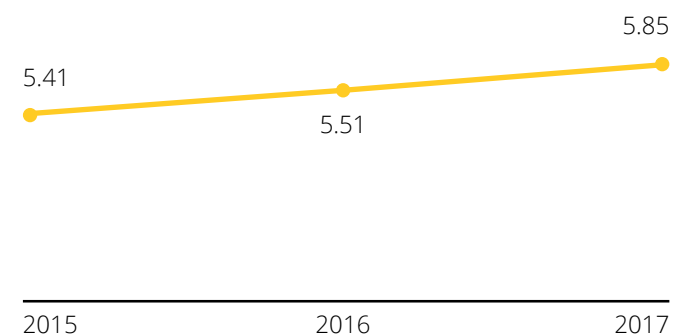
VEON's Code of Conduct provides group-wide standards designed primarily to deter wrongdoing and to demand honest and ethical business conduct. This includes compliance with applicable laws and regulations, and prompt internal reporting of violations and accountability. The Code of Conduct states unequivocally that VEON complies with applicable laws and maintains accurate books and records through accounting policies and controls.

VEON also expects its business partners to meet standards of good business conduct, including complying with anti-bribery and anti-corruption laws and regulations.

VEON's expectations are reflected in its **Business Partner Code of Conduct**, which was released in 2017. In addition, VEON's business partners are subject to risk-based due diligence consistent with VEON's Business Partner Due Diligence Procedures. VEON's Supplier Day initiatives also remind global strategic suppliers of the importance of not only VEON's anti-bribery and anti-corruption programmes, but also their own.

VEON's employees around the world have access to a confidential system where compliance concerns can be raised. The system, managed by an external service provider, is accessible by telephone, email and an internet portal. Reports to this 'SpeakUp' system are assessed and, if appropriate, investigated by internal or external teams. VEON maintains a strict anti-retaliation policy and does not tolerate retribution against any person who reports misconduct in good faith.

RISK CLARITY INTEGRITY INDEX SCORES (OUT OF 7)



Our employees follow our Code of Conduct which provides group-wide standards designed to deter wrongdoing, whilst demanding honest and ethical business conduct

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HUMAN RIGHTS

VEON has a responsibility with respect to human rights and considers it an integral part of our core business, we are cognisant that ICT can enable knowledge exchange and information access which is a key driver of social development and human rights advancement. Many different aspects of human rights are already ingrained within our core business activities. Customer privacy, labour practices, health and safety, equal employment opportunities, diversity, anti-bribery and anti-corruption are addressed every day during the course of our operations.

We believe advancements in communications technology generate socio-economic opportunities, foster inclusive development and increase openness and transparency. We are a signatory to the UN Global Compact (UNGC) and our processes have been crafted in line with the UNGC's areas of focus. Our commitment to human rights is demonstrated throughout our group's business principles and policies.

Human rights issues underpin both the Group Code of Conduct and Business Partner Code of Conduct, which all suppliers are required to comply with. In parallel, Group Health and Safety Policy provides guidelines to maintain a safe working environment for all VEON employees and third parties.

VEON also undertakes work concerning human rights issues more generally. We have been an active member of the GeSI 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 'operating in challenging environments' work strand and are actively engaged in a project to produce best practice guidance on human rights issues relating to security provision at remote radio base stations. Through membership of GeSI we also contribute to the Conflict-Free Smelter Initiative (CFSI) which aims to improve human rights conditions relating to conflict minerals.

Additionally, 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 responded to enquiries from relevant NGOs on a variety of topics relating to human rights. We were also observers at the Industry Dialogue on Freedom of Expression and Privacy.



We believe that ICT can enable knowledge exchange and information access which is a key driver of social development and human rights

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

Smartphone pricing is one of the most significant barriers in the adoption of digital products. For this reason, the delivery of affordable smartphones is a key focus for VEON. We not only have a commercial interest in the proliferation of affordable handsets and the commensurate increase in data usage, but also recognise that it represents a key step in addressing the digital divide globally.

BREAKING DOWN THE DIGITAL DIVIDE

The average smartphone penetration across our markets (excluding Italy JV) reached 44% by the end of December 2017, an increase from the 41% recorded in 2016. Smartphone penetration ranges from 30% in our markets where smartphone pricing is a significant barrier to adoption, up to 59% in our most mature markets. VEON's revenues for affordable (own-branded and co-branded) smartphones increased by 41% year on-year in 2017, reaching a total of 1.3 million devices. Overall group smartphone sales, including reverse bundles, grew by 42% and reached 4 million devices in total. For 2018, we have set a smartphone sales target of 5.9 million through our direct and indirect channels. In parallel, we expect average smartphone penetration to grow to 47% across our markets by the end of the year.

44%*

Average smartphone penetration across our markets (2016: 41%)

1.3 million*

Number of affordable, branded and co-branded smartphone devices

30 – 59%*

Range of smartphone penetration across our markets

4 million*

Total group smartphone sales devices

41%*

Increase of smartphone penetration across our markets (YoY)

* Excluding Italy JV

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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.

MOBILE FINANCIAL SERVICES

Globally, there are 2.5 billion people who do not have access to financial services, many of whom are potential customers living within our local markets. We are therefore focusing on developing digital mobile tools for financial services such as money transfers, bill payments, small loans and device financing, with the aim of both satisfying customer needs and supporting local trade, commerce and digital economies. Mobile online banking means that even those living in remote areas in developing or emerging economies have access to financial tools. This has a positive impact on the regional economy and helps to support local entrepreneurs.

We see the provision of digital financial services as a fundamental step in the transition from a cash-based to a cashless society. Additionally, it helps to improve security and efficiency in financial transactions, as well as increase user trust. VEON already offers a wide range of these

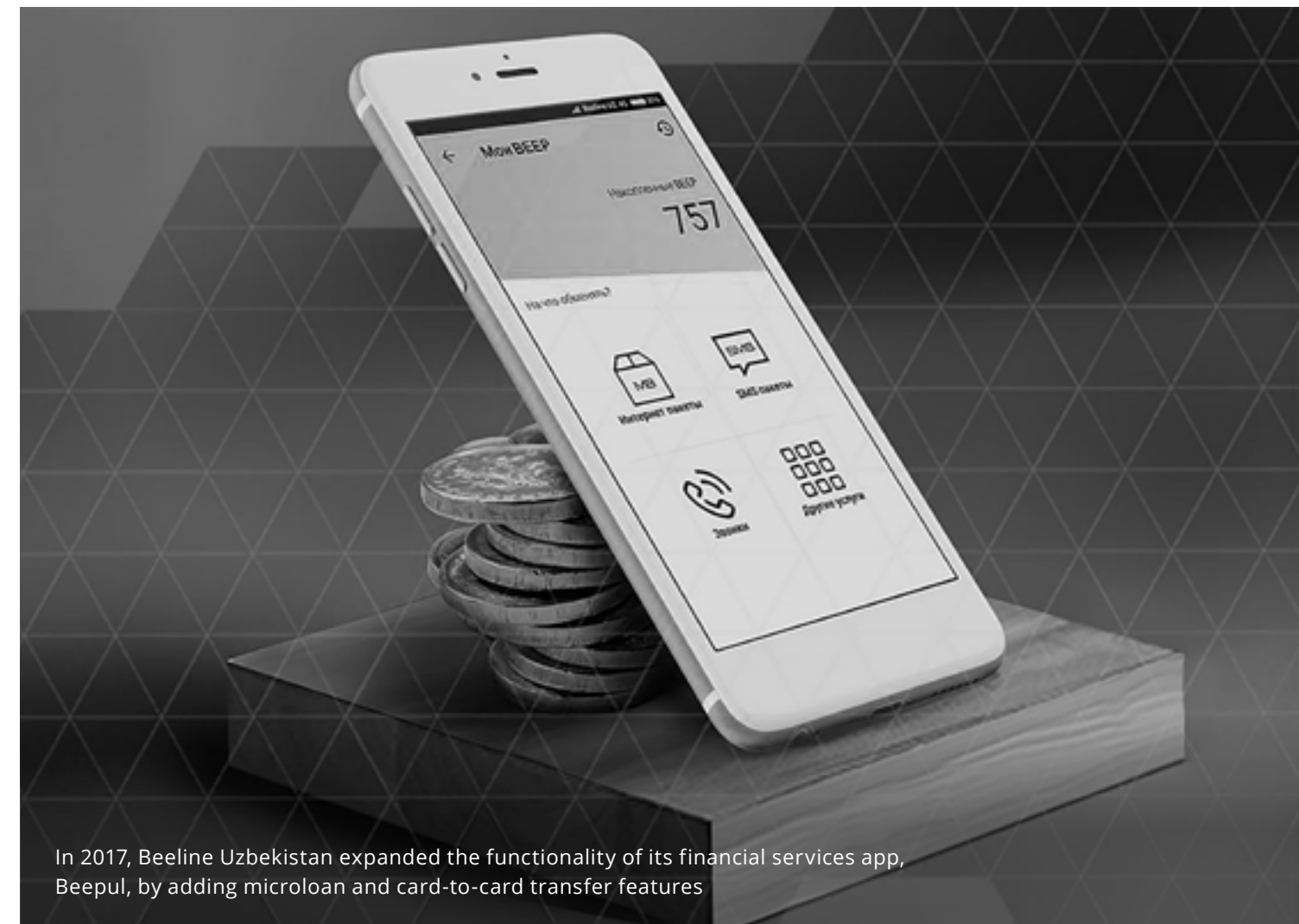
services across our markets, and plays an important role in both building local digital financial ecosystems and helping to advance financial inclusion.

UZBEKISTAN – BEEPUL

In Uzbekistan, Beeline has designed and implemented a financial services app named Beepul. It already offers a number of features and continues to be updated and improved. In 2016, Beeline launched a separate app facilitating payment of bills for utilities and other services. In 2017, microloan and card-to-card transfer functionality was added. Both apps are making a genuine difference to the lives of its users, particularly those in remote areas of the country.

UKRAINE – MOBILE MONEY

Kyivstar's Mobile Money app allows users to pay for utilities, internet provision, TV services and goods, as well as initiate transfers from their handsets. In 2017 StarMoney, a financial firm affiliated with Kyivstar, was licensed by the National Bank of Ukraine as a payment service infrastructure operator, allowing it to process e-Money operations for partner banks. We intend for this functionality to launch with two initial local partner banks in 2018.



In 2017, Beeline Uzbekistan expanded the functionality of its financial services app, Beepul, by adding microloan and card-to-card transfer features

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PAKISTAN – JAZZCASH INITIATIVE

Launched in 2013, JazzCash is one of the largest mobile financial services providers in Pakistan and offers a wide array of services to the unbanked and the underbanked. JazzCash has now evolved from offering simple bill payments and money transfers to being a 'one stop shop' for financial services including bank transfers, airtime top-ups, insurance payments, international remittances, debit cards and retail and online payments.

In 2017, JazzCash registered almost 8 million new mobile accounts, increasing their total userbase to over 14 million. In the same year, they processed nearly 300 million transactions, worth a total of PKR 600 billion. Backed by a network of over 75,000 agents spread across Pakistan, JazzCash is one of the key enablers of financial inclusion in the country.

JazzCash has also collaborated with other local organisations to enable a wide range of digitised payments. In 2017, JazzCash helped Pakistan Railways create a digital ticket payments system, enabling users to pay conveniently for this essential service. In the province of Khyber Pakhtunkhwa, payments to the Higher Education Commission for college entry tests were also digitised, with over 150,000 students now making use of the facility. JazzCash additionally works with provincial governments to efficiently disburse support and subsidy payments to underprivileged families for day-to-day living expenses.

BANGLADESH – FINANCIAL INCLUSION

Banglalink is a pioneer in digital financial services in Bangladesh. Originally offering utility bill payments and train ticket purchasing, its portfolio has grown considerably since its 2009 launch. This includes a collaboration with the Bangladesh Post Office which offers an international remittance disbursement and mobile money orders. Similarly, in alliance with Mastercard, Banglalink is also offering prepaid cards. These partnerships are crucial in fostering financial inclusion in Bangladesh and are having a visible impact.

KAZAKHSTAN – DIGITAL TREND-MAKER

The ability to make payments using airtime balance was first launched by Beeline Kazakhstan in 2016. This easy, fast and secure way to pay for goods and services is now growing in popularity in the country. In just 18 months, the number of Monthly Active Users (MAU) of the service increased seven times, reaching a total of over 120,000 users.

Customers have reacted positively to the fact that they can now perform a wider range of transactions using their mobile phones, including purchasing tangible items, settling bills, paying insurance and buying apps and games from Google Play. In 2017, airtime balance transactions exceeded KZT 18.8 billion.



JazzCash is one of the largest mobile financial services provider in Pakistan with a total userbase of 14 million customers

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KYRGYZSTAN – DIGITAL FINANCIAL SERVICES

In 2017 Beeline Kyrgyzstan launched the Balance.KG project in partnership with a local commercial bank, an initiative aimed at developing an exclusive network of payment agents via payment kiosks and SMS (the latter representing 80% of all payments made using the service). The main objective of the project is to develop a mobile payments ecosystem, enabling agents to provide subscribers with financial services such as cash-in, cash-out, money remittance, payments to third parties and loan repayment, among other features.

The service has garnered popularity amongst customers. By the end of 2017, Beeline had 4,000 active payment agents and 260 payment kiosks, which handled 11% of all customer transactions. In addition, Beeline Kyrgyzstan has launched a mobile wallet. This allows subscribers to make payments for more than 100 services using their airtime balance. Within just three months following its launch, 36,000 mobile wallets were already in use, with payment volumes totalling more than KGS 1 million.

Provision of the mobile wallet services may need to be re-assessed in the future, based on the changes in the regulations of the National Bank of the Kyrgyz Republic.

GEORGIA – WIRECARD INTEGRATION

A collaboration with leading digital payments firm Wirecard has enabled integration of Wirecard's services with the MyBeeline self-service app and the VEON platform, enabling subscribers to top-up their balance directly with their bank cards. The new MyBeeline payment process features an intuitive and user-friendly design. Moreover, it is no longer necessary for customers to use retail outlets or third party mobile banking apps to top-up. This has increased convenience and, crucially, helped to enhance the customer experience.



VEON aspires to develop mobile payments ecosystems in its local markets to ensure that subscribers can access financial services

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PAKISTAN: BA KHABAR KISSAN

Pakistan's agricultural sector contributes 21% of the national GDP and generates almost half of the country's jobs. In addition, almost 70% of the population depends on agriculture (directly and indirectly) for their livelihood. Despite an abundance of fertile land and favourable weather conditions in Pakistan, agricultural yields are still not meeting demand, mostly due to local farmers' lack of access to relevant information and knowledge.

A vast majority of the farmers are confronted by countless challenges, including:

- Lack of knowledge regarding good farming practices to maintain long-term soil fertility while safeguarding short-term crop yields
- Lack of knowledge about the responsible application of fertilisers and pesticides, and the prevention and control of diseases
- Lack of accurate local weather forecast information
- Insufficient and inaccurate market information
- Limited access to credit

Seeing an opportunity, Jazz created the Ba Khabar Kissan (BKK), an m-Agriculture service, which uses interactive voice response and location technology to address key local challenges and is helping to increase crop yields and household income. The objective of BKK is to provide a single, unified platform for all stakeholders in the agriculture space including farmers, fertiliser companies, agriculture engineering equipment providers and research institutions.

BKK enables the dissemination and exchange of relevant and actionable information including informational videos, latest agricultural news and a crop photo analysis. Information is provided using different channels including a smartphone app, SMS (in Urdu), Interactive Voice Response (in Urdu and five major regional languages) and via a call centre for farmers who cannot read.

BKK provides a unique electronic platform for farmers which enables them to increase yields and profitability. It helps to remove market intermediaries using block chain model to ensure farmers have comprehensive and easy access to the latest information. Currently the service sends 50 million SMS messages per month regarding agricultural prices and weather forecasts to farmers, and responds to more than 60,000 SMS queries. In addition, the Jazz call centre receives approximately 500 calls per day, covering issues related to farming, weather conditions, products, and market rates. In parallel, the app's Interactive Voice Response (IVR) feature makes approximately 450,000 calls per month, mostly related to agricultural products.

With over 600,000 subscribers in the first three months alone, the app is creating efficiencies and boosting household income while also gaining excellent customer satisfaction ratings. It currently has more than 1.3 million subscribers.

For more information, please see www.bakhaberkissan.com.



Ba Khabar Kissan has helped increase crop yield and revenue for over 1.3 million farmers in Pakistan

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BANGLADESH: RELIEF DISTRIBUTION FOR FLOOD-AFFECTED PEOPLE

Banglalink has been actively engaged in supporting communities affected by natural disasters by participating in several relief initiatives throughout the country. In June 2017, Banglalink collaborated with the Red Crescent Society to provide disaster relief to those affected by the landslide in the Bandarban and Rangamati regions.

In September 2017, Banglalink assisted with disaster relief distribution in flood-affected areas. Partnering once again with the Red Crescent Society, it provided nationwide support to flood victims. Additionally, a designated phone number was set up to facilitate donations to the Bangladesh Red Crescent Society by Banglalink employees.

RUSSIA: DIGITAL SOLUTIONS FOR RESCUE OPERATIONS – LIZAALERT

Beeline Russia has played a significant role in supporting rescue operations all over Russia by implementing connectivity and digital solutions for the rescue teams. In 2017, Beeline launched a new service for rescue operations including mass texting broadcast to inform people about on-going searches nearby. The SMS-notification from LizaAlert contains information about missing people, coordinates of the rescue team headquarters and the phone numbers of the coordinators who supervise the search.

With a goal of reaching 50,000 volunteers by the end of 2018, the expansion of the SMS notification project is still ongoing with new regions and search criteria continuously added. In 2017, the programme's effectiveness grew rapidly, with a total of 9,406 search requests and 7,151 missing persons safely recovered. These figures demonstrate growth since 2016, where approximately 6,000 rescue operations were conducted, resulting in around 4,800 safe recoveries.

RUSSIA: TIFLOKOMMENTATOR

Beeline Russia is supporting the innovative Tiflokommentator app which allows visually impaired users to watch films at the cinema with the help of descriptive commentary. Visiting the cinema has grown in popularity in Russia over the past ten years and this initiative aims to help make it an equal access pastime.

This initiative forms part of Beeline's effort to engage with sections of the population and is available in cities with populations greater than one million, and has a user base of approximately 1,000.



In June 2017, Banglalink collaborated with the Red Crescent Society to provide disaster relief to those affected by the landslide in the Bandarban and Rangamati regions

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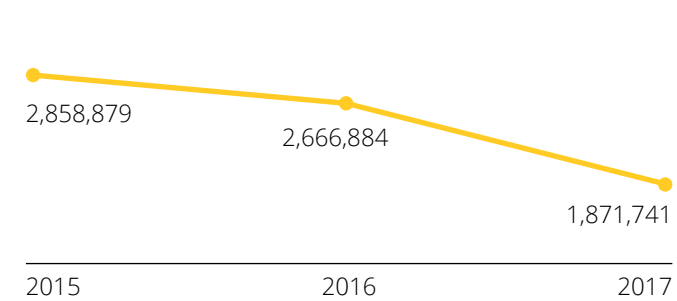
UKRAINE: KIDSEARCH

Kidsearch is a Kyivstar message service designed in collaboration with the National Police of Ukraine (NPU) to increase the effectiveness of their work in searching for missing children. Launched in September 2017, the programme provides the NPU with the ability to use text messaging to reach out to Kyivstar subscribers for help. The Kidsearch process begins when the NPU submits a text message request to Kyivstar, including information about the missing child and where they were last seen.

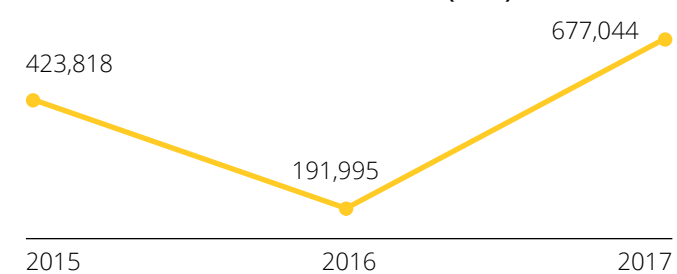
Kyivstar then uses this data to send a text message to all subscribers who have recently used their mobile phone within a one to three kilometre radius of the last known sighting of the child. The text message contains information about the missing child, a photo and a link to the official Facebook page for missing children.

Kidsearch regularly reaches between 10,000 and 300,000 subscribers in Kyiv. In 2017, a significant number of requests were received from local law enforcement agencies. Each request resulted in a safe recovery and return of the child in question.

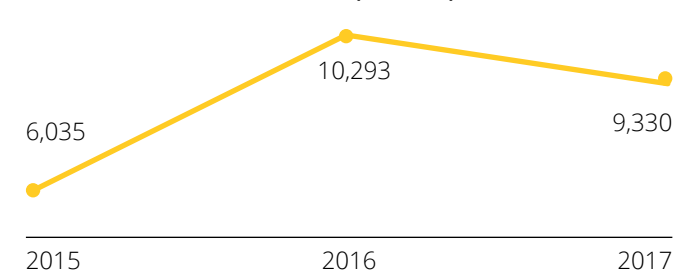
TOTAL SOCIAL INVESTMENTS (USD)



PRODUCT OR SERVICE DONATIONS (USD)



EMPLOYEE VOLUNTEERING (HOURS)



In 2017, our employees spent 9,330 hours volunteering

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ITALY: 'INSIEME SI PUÒ' (TOGETHER WE CAN)

The annual Insieme Si Può (Together We Can) initiative gives Wind Tre employees the opportunity to participate in the company's social investment by proposing and voting on social and environmental initiatives. The initiatives which receive the most votes are supported with a company donation. In 2017, a total of 40 projects were proposed, 30 of which were then put to a popular vote. Following over 3,500 votes via the company's intranet page, four projects were selected to receive a sizable donation. The four winning projects were: 'Clown Rescue' (a clown therapy programme), 'Invisible Care' (an initiative focused on providing telemedicine and tele-monitoring equipment and training for disabled and ill children), 'Now I'm Cooking!' (a project to provide cooking classes for people affected by Down's syndrome) and 'Joy Summer Camp 2018' (a summer camp for children in an area of central Italy affected by the 2016 earthquake).

UKRAINE: SHARITY

Sharity, a portmanteau of the words 'share' and 'charity', is a large scale communication platform Kyivstar social initiative. The project act as a support and fundraising hub for charity projects. Sharity also aims to make participation in charity work easier to access, allowing rapid dissemination of important information regarding charitable projects, increasing their visibility and enabling volunteers to share their time, skills or finances more conveniently.

The first Sharity project was 'Touch the Hearts', and was a collaboration with the charitable fund Tvoya Opora. The project focused on helping children with congenital heart disease. Kyivstar donated to the project and organised a fundraising campaign via the Sharity platform, which enabled 20 surgeries for affected children.

A new Sharity project was launched in 2017. It focuses on the Tabletochki charitable fund, which provides modern hospital equipment for the diagnosis and treatment of cancer. This is of particular importance in Ukraine, where many hospitals are not sufficiently equipped for cancer treatment, and a high percentage of patients are dependent on government support. To help support Tabletochki's efforts, a donation was made to purchase medical equipment to analyse blood chemistry in cancer patients.



The annual Insieme Si Può (Together We Can) initiative gives Wind Tre employees the opportunity to participate in the company's social investment by proposing and voting on social and environmental initiatives

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Table 1 Privacy Performance

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TABLE 1: PRIVACY PERFORMANCE

	2017	2016	2015
Number of complaints received from third parties relating to our management of privacy	1	0	1
Number of complaints received from regulatory bodies relating to customer privacy	2	2	4
Number of instance of customer data loss	56	62	5

Privacy and data management is critical to VEON's activity. We track our performance closely which is set out in the table above.

TABLE 2: NET PROMOTER SCORE*

	2017	2016	2015
Number of markets meeting or exceeding target position	4	4	4
Number of markets ranked first or second in their market	7	6	7
Number of markets improving relative NPS	7	7	9

*Figures exclude Italy JV

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TABLE 3: COMPETITION COMPLIANCE

	2017	2016	2015
Number of non-monetary incidents relating to anti-competitive behavior	6	7	19
Number of anti-competitive cases brought through conflict resolution processes	3	5	1
Fine relating to anti-competitive behavior (in USD M)	3.2	1.4	2.24

TABLE 4: MARKETING COMPLIANCE*

	2017	2016	2015
Number of incidents relating to our marketing activities that resulted in a penalty	2	41	13
Number of incidents that resulted in a warning from the relevant body	36	0	17
Number of incidents of non-compliance with a voluntary code	3	0	0
Fines relating to non-compliance with local legislation covering the provision of products and services (in USD M)	11.4	0.9	1.7

*Figures exclude Italy JV

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

	2017	2015	2010
Algeria	43	38	13
Armenia	62	58	25
Bangladesh	18	14	4
Georgia	50	48	27
Italy	61	66	54
Kazakhstan	77	71	32
Kyrgyzstan	35	30	16
Pakistan	16	18	8
Russia	76	7	43
Tajikistan	N/A	19	12
Ukraine	52	49	23
Uzbekistan	47	43	16

Data Source: ITU

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TABLE 6: MOBILE CELLULAR SUBSCRIPTIONS (PER 100 PEOPLE)

	2017	2015	2010
Algeria	117	113	88
Armenia	115	115	130
Bangladesh	78	83	45
Georgia	129	129	91
Italy	140	151	155
Kazakhstan	150	187	122
Kyrgyzstan	131	133	99
Pakistan	71	67	57
Russia	163	160	165
Tajikistan	N/A	99	78
Ukraine	133	73	75
Uzbekistan	77	144	117

Data Source: ITU

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

	2017	2015
Algeria	47	40
Armenia	54	41
Bangladesh	18	14
Georgia	58	51
Italy	87	82
Kazakhstan	71	60
Kyrgyzstan	46	31
Pakistan	20	13
Russia	75	71
Tajikistan	N/A	N/A
Ukraine	23	8
Uzbekistan	56	29

Data Source: ITU

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

Monthly Average (%)	Number of Markets		
	2017	2016	2015
0-1.0	11	9	8
1.0-2.0	0	3	4
2.0+	0	0	0

*Figures exclude Italy JV. Please note: incorrect data was used in the 2016 report due to human error.

TABLE 9: CALL DROP RATE*

Monthly Average (%)	Number of Markets		
	2017	2016	2015
0-1.0	9	12	12
1.0-2.0	2	0	0
2.0+	0	0	0

*Figures exclude Italy JV. Please note: incorrect data was used in the 2016 report.

TABLE 10: VEON NETWORK AND POPULATION COVERAGE

	2017			2016			2015		
	2G	3G	4G	2G	3G	4G	2G	3G	4G
%									
95-100	5	0	0	6	1	0	6	1	0
90-95	2	1	0	1	1	0	1	1	0
85-90	2	0	1	3	0	0	3	0	0
80-85	1	1	0	0	0	0	0	0	0
70-80	1	4	0	2	2	1	2	1	1
50-70	0	5	2	0	6	2	0	4	1
0-50	0	0	3	0	1	3	0	4	1
No deployment	0	0	2	0	1	2	0	1	9

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TABLE 11: ENGAGEMENT WITH SUPPLIERS*

	Total Identified	Assessed During 2017	Total Assessed	Status
Global Strategic Suppliers	27	4	27	100%
Local Suppliers	421	27	120	29%
Total	448	31	147	33%

*Figures exclude Italy JV. Please note: incorrect data was used in the 2016 report.

TABLE 12: SUPPLIER'S RISK ASSESSMENT*

	2017
Local Suppliers passing overall risk assessment	96%
Local Suppliers passing environmental risk assessment	96%
Local Suppliers passing labour risk assessment	93%
Local Suppliers passing fair business practices risk assessment	85%
Local Suppliers passing supplier management risk assessment	85%

*Figures exclude Italy JV. Please note: incorrect data was used in the 2016 report.

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TABLE 13: NEW HIRES

	2017	2016
Russia	13,755	13,171
Ukraine	390	326
Pakistan	582	813
Bangladesh	231	78
Algeria	499	186
Uzbekistan	363	408
HQ Netherlands and London	245	352
Italy – Joint Venture	87	102
Others	1,016	933

TABLE 14: NUMBER OF EMPLOYEES

	2017	2016
Russia	22,031	23,668
Ukraine	2,656	2,502
Pakistan	4,175	4,603
Bangladesh	1,178	1,326
Algeria	3,193	2,819
Uzbekistan	1,333	1,240
HQ Netherlands and London	640	566
Italy – Joint Venture	7,090	9,356
Others	4,732	5,270

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TABLE 15: HEALTH AND SAFETY INCIDENTS

Employees and Subcontractors	2017	2016	2015
Number of work related serious injuries	231	131	112
Work related security incidents	9	11	48
Work related Injury rate per million hours	1.5	1.61	1.28
Number of work related fatalities	6	4	2

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TABLE 16: THREE YEAR DATA SUMMARY

Employees*	2017	2016	2015
Number of employees	39,938	41,494	55,392
New hire turnover rate	37%	34%	35%
Diversity – the proportion of female senior leaders	20%	21%	20%
Proportion covered by collective bargaining agreements	26%	24%	23%
*Figures exclude Italy JV			
Network and Environment	2017	2016	2015
Total mobile equivalent traffic (voice and data) incl. Italy JV	2,940,421	1,608,421	1,136,636
Physical Base station sites	257,757		
Base station sites using renewable energy	441	428	282
Base stations using power-saving technology	56,617	61,231	58,269
Total CO ₂ emissions (megatons)	2	1.15	1.15
CO ₂ emissions scope 1 (megatons)	0.23	0.19	0.16
CO ₂ emissions scope 2 (megatons)	1.45	0.97	0.99
Use of diesel in network operations (MWh)	152,875	125,110	93,354
Average smartphone penetration	44%	41%	31%

Economic value generated and distributed (USD million)	2017	2016	2015
Economic value generated (operating revenue, interest & dividends received)	22,687	8,884	14,541
Economic value distributed:			
Payments to suppliers	16,155	6,361	11,413
Payments to employees	1,805	775	1,175
Payments to suppliers of capital	1,554	955	1,741
Payments to governments (taxes and license payments)	1,546	585	985
Community investment (including sponsorships)	1,9	2	1
TOTAL	24,255	8,679	15,315
Economic value retained	-1,569	228	-774

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This is VEON's sixth annual Group Sustainability Report. It focuses on our economic, social and environmental performance during 2017.

VEON has undergone a profound transformation since our new leadership team initiated a transformation of the company from a pure telecom operator into a world-class telecommunications and digital service provider. In February 2017, the company rebranded to VEON. This development, together with the secondary listing in Amsterdam in April 2017, marked the recent 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 over the coming years. 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 12 markets.

The core communications and connectivity services we provide are recognised as key drivers of social and economic development. With the acceleration in our digital strategy in parallel with our core business, we intend to develop innovative disruptive technologies to deliver new services and to drive growth. With this transformation, we remain firmly committed to the well-being of the communities we serve. VEON offers the ability to transform lives with our progressive and innovative digital services. We strive to continue delivering positive, lasting, and sustainable impact in our markets.

The Sustainability Report is intended for an audience of various stakeholder groups: from customers, suppliers and business partners to employees (existing and prospective), government and regulators, investors and the media. The report is supplemented by further information on the VEON website. Additionally, we provide the reports and publications of our operating companies. Our approach to corporate citizenship and reporting is guided by the principles of stakeholder engagement, materiality, and responsiveness.

SCOPE

This Sustainability Report covers calendar year 2017. The report applies only to those geographical markets where we had active operations until 31 December 2017. 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, those which don't have management control or, finally, those that represent less than 0.15% of service revenue. During the year we have not acquired any businesses in new geographical markets.

Our headquarters in Amsterdam and London is also included in the scope of reporting for energy, health and safety, and employees. Information on the principles that underpin our reporting, such as treatment of outsourced activities, basis for estimations, and definitions are provided in the Appendix of this report.

Please note that we only excluded the numbers of our Italy Joint Venture regarding Net Promotor Score, marketing compliance, unsuccessful call set-up rate, call drop rate, engagement with suppliers and employee numbers.

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

GUIDELINES

We report in accordance with the latest guideline from the Global Reporting Initiative (GRI), the GRI Standards and selected level Core. Moreover, we have aligned our report with the UN Global Compact (UNGC) and progressively integrated the recommendations set forth by the Dutch Transparency Benchmark. We have described the reporting scope and boundaries for each material issue in the GRI Standards table which can be found on our website. The GRI table includes our Management Approach, the Topic Specific Disclosures and the related indicators.

STAKEHOLDERS & MATERIALITY

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 to improve our business. We explain our approach to stakeholder engagement on pages 17-21.

We prioritise our issues, by assessing the materiality of individual issues to our strategy and their importance to our stakeholders in a context broader than captured by traditional measures of financial materiality. We explain our approach and the results on page 22. In 2017, we have revamped our materiality framework to include an increased number of more specific and more targeted categories.

This allowed us to provide a stronger, more inclusive framework. In the near future we want to work towards continuous reporting and dialogues with our stakeholders by means of an interactive website and feedback mechanisms.

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DATA QUALITY

During the last two years, the sustainability reporting system became more deeply integrated into our broader financial reporting system and controls. We defined several control measures to 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. This is important for our internal audit trail.
- Division of responsibilities between data owners on operating company level (responsible for providing initial data), finance officers on group level (responsible for the reporting and data entry process) and local reporting teams (responsible for checking data quality and content).

DATA ASSUMPTIONS & ESTIMATES

We are focused on improving the measurement of our Scope 1 and 2 carbon emissions and haven't 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. 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 or suppliers as these issues should be included in their own sustainability reporting.

We made assumptions and estimations in relation to our energy use and carbon footprint. The bulk of our energy consumption comes from our base stations, some of which are not connected to national power grids. This implicates that 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.

Sustainability reporting related information as well as 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. Local systems and different measuring methods and calculation approaches may result in some uncertainties.

Definitions of Material Topics

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MATERIAL TOPIC	DEFINITION
Social Impact	Social Impact relates to the positive impact created through innovations and services for society at large. This includes the impact start-ups have on communities and the local labour market, created by VEON's incubator and accelerator programmes. It also includes VEON's programmes that foster digital skills and literacy.
Talent Management	Talent Management refers to all human resource related elements of VEON's operations. This concerns training & development, remuneration, diversity (internal perspective), turnover ratios, employee engagement, and labour standards that are applied.
Ethics, Transparency & Governance	Ethics, Transparency and Governance relates to the responsibility and integrity of VEON's operations. It includes anti-bribery and anti-corruption, transparency on sensitive business matter, compliance with rules and regulations, anti-competitive behaviour and integrity.
Environmental Performance	Environmental Performance primarily focuses on the energy and fuel consumption of VEON's operations, mainly associated with the impact on climate change. It also includes the actions taken to install more environmentally friendly base stations.
Digital Inclusion	Digital Inclusion refers to the initiatives undertaken to make society more digitally inclusive. It concerns bridging the digital divide, equality, diversity (from an external perspective), connecting the unconnected, offering people Privacy and Data Security relates to VEON's efforts to respect customer privacy and keep customer data safe at all times. access to mobile financial services and other value adding applications.

MATERIAL TOPIC	DEFINITION
Privacy & Data Security	Privacy and Data Security relates to VEON's efforts to respect customer privacy and keep customer data safe at all times.
Service Quality	Service Quality has two dimensions. The first dimension is the technical service quality: uptime, number of 2G, 3G, and 4G networks, terabytes delivered etc. The second element is the VEON customer base's perception of the quality – including Net Promoter Scores and customer engagement research.
Responsible Supply Chain	Responsible Supply Chain is concerned with the sustainability aspects of VEON's suppliers. It includes e.g. conflict minerals, labour conditions and accordance with other legislation and international treaties.
Occupational Health & Safety	The Occupational Health & Safety of VEON employees, including best practices to facilitate continuous learning and improvement in operations.
Economic Development	Economic Development concerns the financial performance of VEON. Associated topics are the revenue, costs, wages and taxes paid, among other financial indicators.

Report Disclaimer

Cautionary Note Regarding Forward-Looking Statements

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This report contains estimates and forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the 'Securities Act') and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the 'Exchange Act'). Our estimates and forward-looking statements are mainly based on our current expectations and estimates of future events and trends, which affect or may affect our businesses and operations. All statements other than statements of historical fact are forward-looking statements. The words 'may,' 'might,' 'will,' 'could,' 'would,' 'should,' 'expect,' 'plan,' 'anticipate,' 'intend,' 'seek,' 'believe,' 'estimate,' 'predict,' 'potential,' 'continue,' 'contemplate,' 'possible' and similar words are intended to identify estimates and forward-looking statements.

Our estimates and forward-looking statements may be influenced by various factors, including without limitation: our plans to implement our strategic priorities; our targets and strategic initiatives in the various countries in which we operate; our ability to develop new revenue streams and achieve portfolio and asset optimisations, digitise our business model, improve customer experience and optimise our capital structure; our ability to generate sufficient cash flow to meet our debt service obligations, our expectations regarding working capital and the repayment of our debt and our projected capital requirements; our goals regarding value, experience and service for our customers, as well as our ability to retain and attract customers and to maintain and expand our market share positions; our expectations regarding our

capital expenditures and operational expenditures in and after 2018 and our ability to meet our projected capital requirements; our plans to develop, provide and expand our products and services, including operational and network development, optimization and investment, such as expectations regarding the roll-out and benefits of 3G/4G/LTE networks or other networks, broadband services and integrated products and services, such as FMC; our ability to execute our business strategy successfully and to complete, and achieve the expected synergies from, our existing and future transactions, such as the Italy Joint Venture and our merger with Warid Telecom Pakistan; our expectations as to pricing for our products and services in the future, improving our ARPU and our future costs and operating results; our ability to meet license requirements, to obtain, maintain, renew or extend licenses, frequency allocations and frequency channels and to obtain related regulatory approvals; our plans regarding marketing and distribution of our products and services, including customer loyalty programmes; our plans regarding our dividend payments and policies, as well as our ability to receive dividends, distributions, loans, transfers or other payments or guarantees from our subsidiaries; our expectations regarding our competitive strengths, customer demands, market trends and future developments in the industry and markets in which we operate; possible adverse consequences resulting from our agreements announced on 18 February 2016 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'), as well as any litigation or additional investigations related to or resulting from the agreements, any changes in company policy or procedure resulting from the review by the independent compliance monitor, the duration of the independent compliance monitor's review, and VEON's compliance with the terms of the resolutions with the DOJ, SEC, and OM; and other statements regarding matters that are not historical facts.

All forward-looking statements contained in this report are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Additional risk factors that may affect future results are contained in VEON's Form 20-F for the year ended December 31, 2017 (available at www.veon.com and www.sec.gov). These risk factors also expressly qualify all forward looking statements contained in this report and should be considered by the reader. Forward-looking statements speak only as of the date they are made, and VEON undertakes no obligation to update any forward-looking statement to reflect the impact of circumstances or events that arise after the date the forward-looking statement was made.

This report contains references to VEON's website. These references are for the readers' convenience only. VEON is not incorporating by reference any information posted on www.veon.com.

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Feedback and Contact

We are keen to improve the value of our reporting and therefore welcome comments on this document, and our sustainability information on the website.

Please contact **[cr@VEON.com](mailto:cr@veon.com)**

Note: Most images included in this year's Sustainability Report were submitted by employees in VEON and its operating companies.



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