SUSTAINABLE DEVELOPMENT:

Technology. Partnership. Social Progress.

2018 VimpelCom PJSC Sustainability Report

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2018 VimpelCom PJSC Sustainability Report

В настоящем отчете (далее – «Отчет») под терминами Билайн, «Компания», «ВымпелКом» следует понимать информацию о деятельности ПАО «ВымпелКом». Отчет содержит информацию о бизнес-единице в России — Группе компаний VEON Ltd. (далее — «Группа»), международной телекоммуникационной и технологической компании со штаб-квартирой в Амстердаме, предлагающей своим клиентам новые возможности в цифровом мире.

Показатели, указанные в Отчете, представлены по состоянию на 31 декабря 2018 года, за исключением показателей, в отношении которых указаны иные даты.

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CEO's Letter

Dear Reader,

We are honored to present the Company's 2018 Sustainability Report. Sustainable development principles have become an integral part of what we do, and they have a considerable impact on our Company's long-term strategy and daily decision-making. Our commitment to them helps us build effective relationships with our partners, suppliers, industry associates and clients. **Our conviction that sustainable development is the right path for us only intensified in 2018 and we are extremely satisfied with what we have achieved so far.**

For us, sustainability is key to accomplishing our mission: helping people experience the joy of communication and the freedom of limitless possibilities. We are extremely responsive to global trends and play a leading role in the introduction of new innovations. We are incredibly proud of our contribution to the development of the telecoms sector in Russia.

We made a series of strategic decisions in 2018 aimed at ensuring that all our subscribers across Russia have access to the best quality communications services. We have made record investments in expanding the coverage and improving the quality of our high-speed 4G/LTE network, unveiled innovative tariffs and made international LTE roaming more affordable than ever to make sure we remain the number one choice for our customers. We understand that achieving this goal would be impossible without building a culture of corporate ethics, developing our internal compliance practices and recognizing our responsibilities to all our stakeholders.

We believe that innovation can both fuel business growth and help us tackle our most pressing social and environmental challenges. We have continued to support innovative digital startups, as we are convinced that new solutions will pave the way for the sustainable development of business, the economy and society.

A consistent approach and technological adaptability are what make our social projects so successful. Our long-standing partnership with the Liza Alert search-and-rescue squad is where our technologies are put to their best use: helping to save lives. We continued to focus on developing assistive technology to help lift some of the barriers disabled people face in their day-to-day lives.

Our staff remain the main driving force behind everything we have achieved. We were proud to receive the 2018 Award for the Best Employer in the Russian TMT industry from HeadHunter, the largest job-listing website in Russia. We continue to invest in unlocking new opportunities for our employees by helping them develop new skills, supporting leadership and backing innovative ideas. We set up our tech incubator — Beeline Innovation Lab — as a place where our employees can develop their own innovative products for market launch.

As a major player on the Russian TMT market, we are fully aware of our responsibility to reduce our energy consumption. In 2018, we continued our efforts to improve our environmental sustainability by boosting the energy efficiency of our data centers.

Beeline is proud to declare its commitment to sustainable development. We are delighted to be on this path alongside our clients, partners, and the society in which we live and work.

Regards, CEO
Vasyl Latsanych

A Word from the Sustainability Leader

Dear Reader,

I am proud to present 2018 VimpelCom PJSC Sustainability Report. In our quest to implement the best practices in sustainable development, we have moved to a new reporting format and will now publish a sustainability report every year. We believe that the new format will improve the way we monitor our non-financial performance and progress towards achieving the UN sustainability goals.

We believe that annual reporting will encourage our stakeholders to provide us with regular feedback on a wide range of topics, which will help us develop up-to-date solutions and prioritize our corporate and social responsibility initiatives. This year, we surveyed more than 1,500 respondents, including our customers, employees, business partners and managers in order to identify topics for our report. The survey showed us the topics that matter most to our stakeholders and identified the trends that will likely form the basis of our sustainable development agenda next year.

Beyond presenting our results for the year, this Report will illustrate our contribution to the **global sustainable development agenda**. The observance of **human rights** is an important part of our efforts to introduce responsible business conduct into day-to-day processes across all our interactions with stakeholders. We respect the rights of our employees and commit significant resources to developing solutions that will help redress social and economic inequality.

This year we boosted our contribution to the achievement of the UN Sustainable Development Goals (SDG). We again emphasized Goal 8 Decent work and economic growth. In addition to ensuring high-standard working conditions and competitive pay for our employees, we invested in their professional development and work-life balance initiatives. We launched the **Awareness and Development** Year project to encourage career growth, the **Go Learn** and **Go Lead** programs to develop leadership qualities, as well as the **Beeline Innovation Lab** (an incubator where employees can develop and test technology solutions). We also continued to explore new opportunities for young innovators, supporting the **GoTech** technology startup contest and the **Make Your Mark** project.

The nature of our business and our strategic priorities underpin our unwavering commitment to contribute to Goal 9 Industry, innovation and infrastructure. In the reporting period, we enhanced the quality of communications and significantly expanded high-speed network coverage and roaming to make digital communication services available to our 55 million customers. We are striving to become an innovative leader of telecommunications

and take bold actions to achieve this goal. In 2018, we conducted first-of-its-kind 5G holographic call in Russia using mixed reality glasses, which became a springboard for the biggest infrastructure overhaul ever initiated by the Company.

Goal 10 Reduced inequalities was one of our corporate and social responsibility priorities, driving our work to make the society more inclusive. We implemented a number of initiatives in this area, supporting the development of the **Braille glove** to help deaf-blind people communicate and introducing **remote monitoring systems** for smart prosthetics. The latter initiative was recognized by the professional community and received a prestigious **GSMA Global Mobile Award 2019** for Best Use of Mobile for Accessibility & Inclusion in February 2019.

This year we focused on adopting best disability management practices. We developed several programs aimed at facilitating social integration of people with disabilities, which span from remote education and employment opportunities to the establishment of

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ABOUT THE REPORT   MATERIAL TOPIC   ABOUT THE COMPANY   BUSINESS RELIABILITY AND FAIR PRACTICES   CUSTOMERS AND CERVICES   EMPLOYEES   SOCIETY   ENVIRONMENT   CONTACTS   GRI INDEX TABLE   APPENDICES

technology-driven environments driving overall wellbeing. Company supported the Cyborg Rights Bill and assisted with its presentation at MWC (Mobile World Congress) Barcelona 2019. The Bill was passed in Russia in 2018. These projects align with our goal of using our technological expertise to build a better world.

I hope that our report will help you gain a better understanding of our priorities and values. We will be glad to answer any questions you may have about the report and are ready to discuss your proposals. 🐝

Evgeniya Chistova,
Sustainability Leader

About the Report

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We are delighted to present our Sustainability Report (hereinafter – «the Report»), which summarizes the economic, environmental, and social achievements of Vimpel-Communications PJSC («VimpelCom»), including activities of the headquarters, call-centers and Beeline retailing segment in 2018. For certain indicators, the Report boundaries ware extended to cover activities of an affiliated entity of Natsionalnaya Bashennaya Kompaniya JSC (National Tower Company JSC).

This is our third non-financial report. The Report presents performance results of for a 12-month cycle while our previous report (released on 24 September 2018) covered two-year performance in 2016-2017.

Our report covers VimpelCom's operations in the Russian Federation. The Report includes

information on Company's contribution to the achievement of UN Sustainable Development Goals and corporate commitment to the UN Guiding Principles on Business and Human Rights. This report was prepared in accordance with Global Reporting Initiative (GRI) Standards: Core option.

REPORTING PRINCIPLES

In preparing this report, we complied with four principles for defining the content of the report and the six report quality principles set by the GRI Standards.

REPORTING PRINCIPLES FOR DEFINING REPORT CONTENT

STAKEHOLDER INCLUSIVENESS

The Report lists key stakeholder groups, communication channels and the results of stakeholder engagement. The material topics disclosed in the Report address questions raised by stakeholders.

SUSTAINABILITY CONTEXT

The Report presents the Company's sustainability vision and how it impacts corporate performance, delineates strategic priorities and the contribution made towards the achievement of the UN Sustainable Development Goals.

MATERIALITY

The material topics presented in the Report reflect the interests of a wide range of stakeholders, as well as corporate values, strategies and competences, including those pertaining to sustainability. The topics also translate the way the Company understands key trends in the telecommunications industry.

COMPLETENESS

The Report provides sufficient coverage of material topic and makes it easy to assess the organization's economic, environmental, and social impacts.

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ABOUT THE REPORT   MATERIAL TOPIC   ABOUT THE COMPANY   BUSINESS RELIABILITY AND FAIR PRACTICES   CUSTOMERS AND CERVICES   EMPLOYEES   SOCIETY   ENVIRONMENT   CONTACTS   GRI INDEX TABLE   APPENDICES

REPORTING PRINCIPLES FOR DEFINING REPORT QUALITY

BALANCE

The information provided in the Report reflects both positive and negative aspects of the organization's performance. There is no deliberate omission or distortion of facts in the Report.

COMPARABILITY

The Report includes the data for the reporting year (2018) and the two previous years (2016 and 2017), allowing readers to track performance trends. All data provided for several reporting periods has been calculated with the application of the same methodology and reporting boundaries. In the event of changes in the methodology or the reporting boundaries, the historical data were subject to re-calculation. Comments are provided where deviations from the methodology take place or a differing reporting boundary is applied.

ACCURACY

The GRI methodology is used to calculate the quantitative indicators. Comments are provided where deviations from the methodology, estimations or rounding took place.

CLARITY

The Report presents sufficient information enabling the reader to form an objective opinion on the Company's operations. The data in the Report are presented in different formats (charts, tables, and text) depending on the type of data.

RELIABILITY

The Report is subject to independent assurance within the respective boundaries and extend of the Report.

TIMELINESS

The report contains data for 2018 and is published in 1Q 2020.

The UN Sustainable Development Goals (SDGs)

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VimpelCom has secured its leading market position by maintaining professionalism, developing skills and advancing technology. The Company has remained focused on contributing to three UN Sustainable Development Goals (SDG).

The Company continues to emphasize Goal 8 Decent work and economic growth and Goal 9 Industry, innovation and infrastructure and makes every effort to achieve the specific targets set by these goals.

Furthermore, we have expanded the number of initiatives that address SDG 10 Reduced inequalities, thereby fostering

our contribution to the global sustainable development agenda, and taking further action on human rights in line with our commitment to the UN Guiding Principles on Business and Human Rights.

Decent work and economic growth

Industry, innovation and infrastructure

3 FOCAL GOALS

Reduced inequalities

SDG 8. PROMOTE SUSTAINED, INCLUSIVE, AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

8.2 Achieve higher levels of productivity for economies through diversification, technological upgrading and innovation <...>

The Company, and the industry as a whole, became more innovative by modernizing its operations, transitioning to the digital business model, and developing digital offerings to make the business more efficient and reduce environmental risks.

Please refer to the «Company Strategy: from Innovations to the In-House Digital Ecosystem» section for more details (page. 20).

8.3. Promote development-oriented policies that support <...> creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

Provided support for the GoTech technology startup contest, helping talented young people deliver and improve their innovative projects.

Launched the Beeline Innovation Lab, an incubator where employees can independently develop their own products and launch them on the Russian and global TMT markets.

Provided support for the Mobile Finance and Mobile Enterprise applications, making doing business and developing new product lines simpler for small and medium enterprises.

Please refer to the «Social Activities and Services» section for more details (page.58).

Please refer to the «Employee Training and Development» section for more details (page 48).

Please refer to the «Clients and Services» section for more details (cmp. 39).

8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation <...>

Outsourced network maintenance, reducing electricity consumption within the organization. Reduced the amount of energy used by equipment and personnel transportation.

Reduced the use of resources, including energy resources, by altering business practices as follows:

- Equipping infrastructure with Natural Free Cooling technology.
- Favoring digital transmission methods.
- Applying energy-saving technologies in Company's data center.
- Replacing face-to-face meetings with video conferencing.

Please refer to the «Environmental Strategy» section for more details (page 61).

Please refer to the «Energy Efficiency and Internal Environmental Initiatives» section for more details (page 62)

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Translated the principles of responsibility and non-discrimination through the HR policy, offered competitive payroll and fair terms of promotion to all employees. Provided a wide range of career opportunities to disabled and handicapped people.

Please refer to the «Principles of the HR Policy» section for more details (page 46).

8.8 Protect labor rights and promote safe and secure working environments for all workers <...>

Complied with stringent labor and industrial safety rules, and performed regular compliance Health & Safety audits in all regional business units.

Provided social support to all employees, including injury and life insurance.

Developed and improved the BeeFree program allowing employees to work remotely and manage their own work schedule.

Please refer to the «Labor Safety» section for more details (page 51).

Please refer to the «Employee Motivation and Evaluation» section for more details (page 50).

Please refer to the «Principles of the HR Policy» section for more details (page 46).

SDG 9. BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

- Increased coverage (including of the high-speed 4G/LTE networks) by increasing the number of base stations.
- Conducted first-of-its-kind 5G holographic call in Russia using mixed reality glasses
- Modernized stadiums and infrastructure facilities in preparation for the 2018 FIFA World Cup in Russia.
- Laid a broadband cable to increase the coverage and quality of the wired Internet access.
- Replaced the supplier of network equipment in Moscow and St. Petersburg, boosting the quality of communication services and the speed of the mobile Internet access.

Please refer to the «Increasing Accessibility of Digital Services and Technology» section for more details (page 39).

9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, <...> and their integration into value chains and markets

Provided support for the Mobile Enterprise application, which helped users from small enterprises to simplify their business operations.

Please refer to the «Customer Service and Feedback» section for more details (page 41).

SDG 10. REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES

10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Supported technology facilitating the integration of disabled and handicapped people into society, such as the remote monitoring system for prosthetics and the Braille gloves.

Launched a pilot project on interactive voice response (IVR) and speech recognition to help handicapped and disabled people use these services.

Please refer to the «Social Activities and Services» section for more details (page 56).

Please refer to the «Customer Service and Feedback» section for more details (page 41).

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard

Ensured equal opportunities for various categories of employees, which included career advancement, learning and development opportunities.

Please refer to the «Employee Training and Development» section for more details (page 49).

Moreover, VimpelCom contributes to the achievement of SDGs 1, 3, 4, 5, 7, 12, 16, 17, which are not the primary focus of corporate sustainability action though are still of importance to the Company and our stakeholders.

Please refer to the «Appendix 2. Contribution to other UN SDGs» for more details (page 86).

Material Topics

OUR STAKEHOLDERS

VimpelCom continued to interact with a diverse range of stakeholders. Under key stakeholders VimpelCom understands stakeholders who are most impacted by our activities, and who significantly influence our business. Our key stakeholders are:

- clients;
- shareholders;
- business partners;
- employees;

- communities;
- government and regulatory authorities;
- investors.

The Company worked to conduct an in-depth dialogue with stakeholders and remained open to discussing any proposals or contentious issues. We used various communication channels, including different feedback formats, a hotline, as well as regularly attending and organizing face-to-face events (conferences, roundtables, etc.) to ensure continuously interaction with all interested parties.

The Company performed a detailed analysis of these interactions with each stakeholder group. Based on the most frequently asked questions we developed a list of topics that are of the most concern to our stakeholders.

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The Company's customers attached high significance to:

- cyber security;
- modernization of equipment, expansion of network coverage;
- elimination of disruptions in network services;
- abolition of mass promotional messaging and mailing;
- a simple procedure for contacting the company and obtaining quick responses to their queries;
- provision of affordable mobile plans, loyalty programs, and special offers;
- censorship of prohibited content.

The employees of the Company are interested in:

- career advancement opportunities;
- working conditions;
- opportunities for enhancing professional skills;
- existence of a KPI system;
- application of social guarantees;
- feedback from management.

Shareholders expect that the Company acts as follows:

- operates in accordance with the strategy and goals set out in policy documents;
- strengthens its standing among competitors;
- boosts economic and operating efficiencies;
- timely discloses accurate and relevant information;
- complies with the principles of integrity and fair practice;
- uses energy efficiency tools;
- applies international standards and recommendations..

The Company's business partners require:

- transparent and open communications;
- a stable customer base;
- a simple procedure for contacting the company and obtaining quick responses to queries;
- cyber security.

Investors focus on:

- the Company's operating and economic stability;
- the absence of reputational risks;
- transparent and open communications..

Authorities and regulators expect the Company to:

- prevent corruption and comply with regulatory requirements. Engage in licensed operations and comply with requirements and terms specified in legal and regulatory acts;
- participate in lawmaking and engage in discussions of amendments to, approvals, or abolitions of legal acts;
- engage in fair market competition;
- pay taxes;
- expand the network coverage;
- cooperate with partners to address local social problems in the regions;
- introduce monitoring to block prohibited content..

Local communities want the Company to:

- expand the network coverage and ensure reliable provision of communication services;
- comply with electronic product safety requirements;
- provide access to mobile services;

- use mobile technology to fully integrate vulnerable social groups into society;
- introduce censorship to eliminate prohibited content

VimpelCom's activities to address issues raised by stakeholders are reviewed in respective sections of this Report.

OUR MATERIAL TOPICS

The processes of material topic identification and prioritization contained two stages. At stage one we formed a list of relevant topics based on an analysis of market trends, topics identified by industry peers and questions raised by our stakeholders. Under relevant topics we understood topics that could reasonably be considered important to reflect possible economic, environmental, and/or social impacts of business. As per the GRI approach, we narrowed down the list of relevant topics by selecting the most significant ones, which were considered material hereafter. The level of significance was decided based on the analysis of material topics identified for the last year's report and the assessment of their relevance. As a result, we selected 21 material topics.
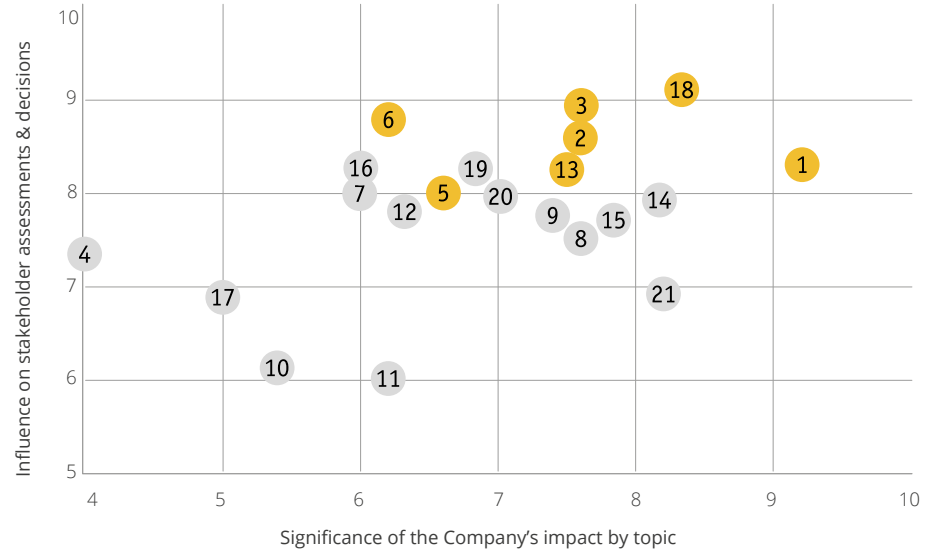
At stage two, we assessed relative priority of identified material topics based by engaging with stakeholders. Both the Company's internal (employees) and external (partners, suppliers) stakeholders were surveyed offline and online. We also launched a survey among executives to gain their insights on perceived impact of the Company's operations. We collected responses from a total of 46 people. The cumulative results reflected relative importance of topics to different stakeholder groups and were used as a basis for building our materiality matrix.

The analysis also sought to identify topics that are of high importance to Beeline's subscribers. Out of the 21 material topics, the ones with the highest score as per stakeholder survey (> 8) and the ones most frequently discussed by subscribers throughout the year were offered for ranking. An anonymous survey was introduced in VKontakte that received 1,699 respondents.

Read more about our approach to managing material topics in respective sections of this Report, as well as in Appendix 1.

Topics highlighted in yellow were included in a survey for customers

Materiality matrix

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Y-axis: Influence on stakeholder assessments & decisions

X-axis: Significance of the Company's impact by topic

1. Ethics, transparency, and corporate governance
2. Confidentiality and data protection
3. Service quality
4. Sustainable supply chain
5. Economic development and performance
6. Innovation and smart technology
7. Telecommunications infrastructure
8. Legal compliance
9. Anti-corruption
10. Government regulation of the industry
11. International legal norms, standards and recommendations
12. Energy efficiency and lean resources
13. Inclusiveness via access to digital services and technology
14. Personnel management, training and employee development
15. High labor standards
16. Human rights
17. Impact of mobile communications on health
18. Social innovation
19. Products ensuring a positive social and environmental impact
20. Safe web and responsible content
21. Employee-management relationship

MOST IMPORTANT TOPICS FOR THE COMPANY'S SUBSCRIBERS

Inclusivity via acces to digital services and technology* ○ 532

Service quality ○ 353

Confidentiality and data protection ○ 232

Ethics, transparency, and corporate governance ○ 224

Innovation and smart technology ○ 172

Economic development and performance ○ 97

Social innovation ○ 90

The cumulative number of votes for the following survey options: 1) Development of services and tariffs for welfare beneficiaries (students, large families, pensioners, disabled people); 2) The accessibility of services (by price, simplicity of design, transparency of terms, accessibility for disabled and handicapped people).

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The key difference in the relative priority of topics as compared to the last year is a shift of stakeholder interest towards social issues, with Social innovation and Inclusivity via access to digital services and technology ranked high as shown in the materiality matrix. The importance of in the quality of network, ethics, transparency, fair business practice and the confidentiality of customer data remained unchanged.

We aim to be responsive to the interests of all stakeholders in our reporting of the Company's economic, environmental and social impacts. We used the materiality matrix and important topics for the Company's subscribers to define the structure of this Report.

To address an increasing interest of our stakeholders to human rights issues, the Report includes a separate chapter on Humans Rights

that presents our approach to integrating peremptory norms and standards into all aspects of business.

Despite being an important topic for external stakeholders, The impact of mobile communications on health is not covered by the Report. The Company acknowledges growing attention to health issues and pledges to disclose re-

spective corporate efforts and research results in the 2019 report. In 2018, we developed an awareness program that addresses safety issues associated with the use of cell phones. The program realization is scheduled for 2019 and will target our subscribers in social media.

About the Company

OVERVIEW OF OPERATIONS

Public Joint Stock Company «Vimpel-Communications» (hereafter — the Company, VimpelCom) is one of the largest communications provider in Russia and a subsidiary of VEON. VEON Group is a leading global telecoms company, which serves more than 210 million subscribers.

Under the Beeline trademark, we offer integrated mobile and fixed-line services, local and long-distance voice services, converged communications and cloud services, digital products, wireless and cable Internet access, cable and online TV, as well as fixed-mobile convergence solutions for business. We are a top three player on the Russian telecommunications market. Our customers and partners include retail clients, SMEs, multinational corporations, and over 600 telecoms operators.

In 2018, we did not just achieve a 5.7% revenue growth but also demonstrated an increased EBITDA for the first time since 2013 resulting from improved performance of networks, retailing and online solutions.

Please refer to the «Clients and Services» section for more details (page 39).

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OUR OPERATIONS IN FIGURES

	Subscribers ('000)	Mobile traffic (GB)
2016	58,308	871,628,485
2017	58,160	1,278,410,532
2018	55,252	1,772,793,994

Decreased number of subscribers in 2018 as compared to the previous year is a consequence of our decision to cease the distribution of SIM cards through alternative channels (e.g. free distribution as a part of promotion campaigns).

FINANCIAL PERFORMANCE

	Total revenue (RUB mln)	EBITDA (RUB mln)	Capital investments (RUB mln)
2016	272,044	103,886	42,697
2017	275,987	102,710	40,017
2018	291,863	102,819	48,517

VimpelCom's financial performance indicators cover the reporting segment «Russia». Refer to the «Information by Segments» section in the Consolidated Financial Statements of the Company for 2018 and 2017 for more detailed information.

Company Structure

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The corporate governance framework in our Company consists of four bodies: the General Meeting of Shareholders, the Board of Directors, and two sole executive bodies: the Company's President and the CEO.

In 2018, there were three General Meetings of Stakeholders. The Board of Director met every six weeks (totaling at eight meetings in 2018) to discuss, among others, issues of sustainable corporate development.

The Company's corporate governance framework is reviewed in more detail in our 2016-2017 Corporate Social Responsibility Report, while the information about the Board of Directors and top management is available in the Management section on our website.

Company Strategy: from Innovation to Our Own Digital Ecosystem

In 2018, we continued to focus on our strategic priority: reinventing the business to increase innovation in the telecommunications industry, driving our move to a digital business model and the development of new digital services. We worked hard to improve the customer experience, expand our networks, access new markets, and develop communication services.

The strategy for 2016-2018 is reviewed in more detail in our 2016-2017 Corporate Social Responsibility Report (pages 18-19).

In addition, we developed a strategy that is consistent with our new ambitious goal: to grow into more than just a telecommunications company and outperform the market in the interest of our customers, partners, society and other stakeholders. The new strategy was developed in 2018 and approved in February 2019.

The strategy for 2019-2021 is based on three fundamental concepts – growth, efficiency, and cooperation – ensuring that business growth is coupled with positive social and economic impact.

- **Growth**: robust revenue growth with expansion across all business lines: mobile and fixed-line communications, retail and new digital products (in the B2C and B2B segments).

- **Efficiency**: industry leading cost efficiency and complete cost transparency. We see efficiency as a lean use of resources and readiness to spend more where the potential is greatest.

- **Cooperation**: the development of internal and external partnerships involves a drastic restructuring of partner relations: maximum automation, process acceleration and a desire to create value for partners.

Corporate Values

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Our mission is to help people experience the joy of communication and the freedom of limitless possibilities.

The following key values are the foundation for our operations at VEON Group:

- Customer obsessed
- Own the business outcome
- Shape the future
- Collaborative
- Truthful and open.

Our corporate values are reviewed in more detail in the 2016-2017 Corporate Social Responsibility Report (page 20)

RISK MANAGEMENT

The Company's risk management framework is based on VEON Group's Enterprise Risk Management Framework Policy and uses a comprehensive approach comprising data analysis and risk mitigation measures. On December 18, 2018, the Board of Directors of the Company approved a Corporate Standard on Risk Management and Internal Control, which is an internal regulatory document defining corporate approach to managing risks and conducting internal control procedures. In addition, in accordance with the Art. 404 of the SOX Law, the Company introduced and now successfully applies a system of control procedures aimed at reducing the risks of financial misstatement.

In 2018, the Company introduced and successfully tested a system of regular control procedures mitigating corruption risks.

The risk management policy is reviewed in more detail in the 2016-2017 Corporate Social Responsibility Report (page 21)

We have determined the following key sustainability risks in our operations:

ECONOMIC RISKS

Description of risks

VimpelCom operates at the highly competitive telecommunications market. The potential increase in the financial and management capabilities of existing telecoms operators, the use of new marketing approaches and the emergence of new products and services only add to this competition and lead to higher customer acquisition and retention costs.

In the globalized environment, a global economic downturn may lead to local economic challenges. Economic and political risks may materialize locally in countries and regions where the Company operates. A worsening economic or political situation may negatively affect the purchasing power of households and the Company' costs, which will inevitably depress the financial results.

The fluctuation of prices for services, equipment, and materials both on the Russian and external market also poses a risk. VimpelCom imports a significant amount of equipment and materials and is therefore affected by possible price fluctuations.

Please refer to the «Key Risk Factors for the Company's Operations» section of the VimpelCom PJSC 2018 Annual Report (page 9) to learn about industrial, country, and regional financial risks in more detail.

Risk management

- Continuously monitor the activities of competitors and the overall market situation.
- Use hedging to minimize consequences if economic risks cannot be directly mitigated.
- Negotiate with suppliers to renew agreements and fix prices for equipment, works and services denominated in rubles.
- Perform necessary actions in response to the evolving macroeconomic and market environment in strict compliance with legislation.

ENVIRONMENTAL RISKS

Description of risks

The Company recognizes environmental risks and identifies three main categories applicable to our business: energy risks, climate risks and risks associated with natural disasters.

Temperature differences resulting from climate change may make it necessary to adjust HVAC systems in the data centers. Higher air temperatures would increase equipment cooling costs. Besides, global warming is likely to lead to increased electricity costs due to the related shortage of hydropower, which now constitutes 17% of global electric generation.

VimpelCom faces the risk of natural disasters in some parts of the Russian Federation e.g. in earthquake or flood prone regions. Materialization of these risks may result in partial or complete disruption of the Company's base stations and the need to perform repairs, which is associated with additional costs. The quality of communications services may affect some customers. The disruption of transit to remote regions may complicate the recovery process.

Potential changes in environmental legislation may subject VimpelCom to higher material and resource prices, as well as the need to replace outdated equipment in accordance with new environmental standards.

Risk management

- Apply Precautionary Principle: assessing environmental risks prior to making decisions on infrastructure or other projects exposed to the natural environment.
- Implement advanced and energy efficient technologies to reduce the amount of energy needed to cool equipment.
- Monitor changes in local and international legislation; apply a proactive approach to comply with best practices.

SOCIAL RISKS

Description of risks

As a responsible operator, partner and employer, VimpelCom does not tolerate breaches of human rights with respect to its customers and employees. We pay close attention to human right risks such as breaches of the right to just and favorable working conditions; the right of children to special care and assistance and protection from harmful information; civil and political rights including confidentiality, freedom of self-expression, freedom of opinion, personal security; as well as social, cultural and economic rights that can be compromised by bribery and corruption. The Company acknowledges grave reputational and legal consequences shall human rights be disrespected by any of our employees.

The Company pays attention to health and safety risks associated with working at height with electrical equipment, field cable installations and the use of corporate vehicles. Lost time injuries occurring in such circumstances cause significant financial as well as reputational damage.

A part of VimpelCom's mission is to make communication convenient. However, services provided by our Company might be used for malicious purposes (e.g. by terrorist organizations), which is a solid reputational risk for the Company.

Risk management

- Implement initiatives to foster a responsible business culture based on respect of human rights. Implement the 'H-hour' (Honesty hour) project.
- Monitor compliance with business ethics and standards; register violations via the SpeakUp hotline.
- Fulfill provisions of the Anti-Corruption Charter of the Russian Business.
- Perform annual audit procedures to meet HSE requirements in all regional business units.
- Update HSE manuals regularly.
- Arrange the presence of a doctor in the Moscow offices.
- Comply with requirements of the rules governing marketing communications and service provision.

TECHNOLOGY RISKS

Description of risks

VimpelCom operates at a highly competitive telecom market, which is extremely sensitive to technological innovations. Rapid development of the telecom industry increases the risks of VimpelCom falling behind due to continuous advent of new technology products or the adoption of breakthrough solutions by competitors.

VimpelCom strives to provide uninterrupted communications and high quality services for its subscribers. Infrastructure and technology failures may lead to a decrease in the quality of communications and interrupted services.

VimpelCom holds the data of 55,2 mln subscribers and is responsible for confidential storage of this data. Data leaks compromise corporate reputation as a direct violation of the right to privacy and secrecy that each of our subscribers is entitled to. Such violations are fraught with plummeted subscriber acquisition rates as well as litigations.

Risk management

- Regularly update the Company's strategy based on the current level of technological development both in communication services and related fields.
- Support various innovative activities and events, including the tech startup contest.
- Monitor and test networks on a regular basis, maintain and upgrade infrastructure.
- Implement information security solutions to ensure data security and protect against external attacks.
- Operate a hotline that the Company's subscribers can use to report suspicious activities (spam messages and phone fraud).

COMPLIANCE RISKS

Description of risks

Compliance with license terms and respective standards is critical for VimpelCom's operations. The Company's licenses may be suspended or revoked in the event of non-compliance with these terms or a breach of Russian legislation.

Stricter regulation of roaming and interoperator activities may pose risks for the Company's performance.

Given that VimpelCom's subsidiaries operate in the CIS region and Georgia, the Company also acknowledges compliance risks linked to respective jurisdiction.

Please refer to the «Key Risk Factors for the Company's Operations» section of the VimpelCom PJSC 2018 Annual Report to learn about legal risks in more detail (page 9)

Risk management

- Ensure strict compliance with tax, customs, license, and currency legislation for the communications industry in Russia and other countries, track legal changes and respond to them promptly.
- Engage in a constructive dialogue with regulatory authorities on law enforcement practices.
- Hold compliance round tables in the Russian Chamber of Commerce and Industry

REPUTATIONAL RISK

Description of risks

Reputational risks arise from the materialization any of the above-mentioned risk. Reputational risks are linked to a negative perception with regard to corporate financial performance, the quality of products and services, and operations in general. When materialized, reputational risks negatively affect financial performance.

Risk management

- Monitor consumer preferences.
- Inform current and potential customers about the quality of the offered products and services.
- Ensure timely disclosure of the Company's financial and non-financial results.
- Implement the corporate responsibility strategy

Human Rights

Upholding human rights is one of VimpelCom's highest priorities. We comply with international and Russian human rights regulations as set out in the Russian Constitution, the Labor Code, the Universal Declaration of Human Rights, Guiding Principles om Business and Human Rights, implementing the UN «Protect, Respect and Remedy» Framework, the ILO's Guiding Principles for Business and Human Rights, as well as other documents.

Our commitment to human rights is outlined in the following internal documents:

• VEON Group's Code of Conduct
• SpeakUp hotline policy
• VimpelCom Corporate Social Responsibility Strategy

We guarantee observance of human rights throughout our operations, respect for employee rights, and aim to ensure that all our stakeholders do the same.

Our operations meet all statutory requirements, including:

• Ban on the use of child and compulsory labor
• Guaranteed protection of human dignity and personal privacy
• Right to freedom of thought, conscience and speech
• Creation of decent working conditions, pay and best possible social security for all employees
• Zero harm to local communities.

Human rights and VimpelCom's operations

▶ Equal dignity and rights

We vigorously implement initiatives aimed at combating gender inequality and strive to provide equal opportunities to all employees of the Company. In 2018, we continued focusing on the following:

- organizing the work of BEE Woman club, provided support for conferences and programs for women business leaders;
- guaranteeing remuneration based on employees' skills and experience without regard to age or gender.

We aim make our business as inclusive as possible and contribute to inclusivity in the regions where we operate. In 2018, we continued focusing on the following:

- providing career opportunities for disabled and handicapped people;
- implementing projects improve the quality of life of disabled and handicapped people.

Please refer to the «Principles of the HR Policy» (page 46) and «Social Activities and Services» (page 53) sections for more details.

▶ The right to life, freedom and personal security

▶ The right to equal protection from discrimination

▶ The right to privacy and secrecy of correspondence

We highly value people's right to life and well-being and support projects that defend this right:

- We have established a number of initiatives aimed at rescuing missing people in collaboration with the Liza Alert search-and-rescue volunteer organization.

We focus on preventing any form of discrimination and protect the freedom of our employees, customers and business partners by ensuring the confidentiality of personal data. In 2018, we carried out the following:

- developed a HR policy which strictly prohibits the discrimination and coercion of all employees, customers, suppliers and business partners;
- guaranteed anonymity of the Speakup hotline users and ensured non-retaliation;
- implemented cybersecurity projects to strengthen the protection of personal data and Internet freedom.

Please refer to the «Social Activities and Services» (page 53), «Group's Code of Conduct» (page 32), «Principles of the HR Policy» (page 46), and «Information Security» (page 43) sections for more details.

▶ The right to be presumed innocent until proven guilty in accordance with legal procedures

We deem it unacceptable to apply unjustified sanctions against employees and business partners. In 2018, we carried out the following:

• organized fair investigations against persons suspected of breaching the Group's Code of Conduct.

Please refer to the «The Group's Code of Conduct» section for more details (page 32).

▶ The right to freedom of opinion and expression

▶ The right to freedom of thought, conscience and religion

The freedom to express opinions and ideas is an integral part of our corporate culture and the basis for the feedback that we use to develop our business. We support different channels of communication and provide assistance to many platforms for exchanging experience, ideas and opinions. In 2018, we carried out the following key initiatives:

• continued operating SpeakUp hotline for collecting feedback from employees and other stakeholders;
• introduced Compliance dialogues, which are sessions for both top managers and employees to openly debate the effectiveness of introduced compliance and ethics-oriented initiatives;
• monitored consumer satisfaction to efficiently manage the customer experience;
• provided employees with the ability to thank each other via the SOTA application;
• launched the Beeline Innovation Lab, a place where our employees can develop their own innovative products for market launch.

Please refer to the «Group's Code of Conduct» (page 32), «Customer Service and Feedback» (page 41), «Employee Training and Development» (page 48), «Employee Motivation and Evaluation» (page 50) sections for more details.

▶ The right to work, as well as the right to just and favorable working conditions

▶ The right to equal pay for equal labor

▶ The right to fair and equal remuneration

▶ The right to social security

▶ The right to a standard of living adequate for the health and well-being for a person and his/her family

We care about the well-being of our employees and provide favorable working conditions, decent pay and social welfare. In 2018, we continued ensuring the following:

• equal pay for equal labor for all starting positions, premium remuneration and evaluated salaries solely based on KPIs;
• decent pay to all employees at levels exceeding minimum wages in the respective regions;
• telecoms services to employees on preferential terms;
• voluntary health insurance to employees, as well as injury and life insurance;
• safe and comfortable working conditions;
• financial assistance in the event of accidents.

Please refer to the «Principles of HR Policy» (page 46), «Employee Motivation and Evaluation» (page 50), «Labor Safety» (page 51) sections for more details.

▶ **The right to rest and leisure**

We help our employees ensure a healthy work-life balance, respect their private time and need for rest. In 2018, we continued focusing on the following:

- providing opportunities for remote work and flexible hours via the BeeFREE initiative;
- supporting maternity rights in accordance with legal requirements: ensuring employees' rights to return to work and their entitlement to a maternity pay.

Please refer to the «Principles of the HR Policy» section for more details (page 46).

▶ **The right to education**

We recognize the importance of lifelong learning and implement educational projects for both employees and communities. In 2018, we carried out the following:

- launched corporate training programs to help employees improve their leadership skills and learn about new technologies;
- covered expenses associated with third-party learning opportunities;
- organized lectures for Master's students in a number of tech-oriented universities in Novosibirsk;
- provided employees with opportunities to develop and launch their own training courses.

Please refer to the «Employee Training and Development» section for more details (page 48).

▶ **The right to enjoy the benefits of scientific progress**

As a telecoms operator and a major communications business we have assumed a leading role in the digitalization of society and promotion of innovative solutions. In 2018, we carried out the following:

- introduced innovations and applied advanced technology to maximize the quality and accessibility of mobile communications for all users, including business and retail customers, expanded the telecommunications infrastructure in the regions and increased high-speed network coverage.
- supported innovative startups as part of the Make Your Mark program developed to help young talent conduct tech engineering research.
- launched the Beeline Innovation Lab, where employees can independently develop their own products with the support of our professional team.

Please refer to the «Social Activities and Services» (page 39), «Group's Code of Conduct» (page 26), «Principles of the HR Policy» (page 46), and «Information Security» (page 43) sections for more details.

▶ The right to a healthy environment

We believe that taking care of the environment should be a priority for business, and the telecommunication industry in particular. VimpelCom prioritizes conservation efforts and strives to minimize its environmental footprint, hence implementing projects aimed at increasing the efficiency of resource use. In 2018, we carried out the following:

• ensured our work was in conformity with environmental legislation, norms and standards;
• implemented projects aimed at enhancing energy efficiency, e.g. supported the installment of distributed base stations and the application of Natural Free Cooling technology;
• implemented projects on water, fuel and paper use optimization to reduce water consumption and sustain air quality and biodiversity in geographical areas of presence.
• gave up corporate fleet, with the only exception made for service vehicles used for infrastructure maintenance purposes.

Business Reliability and Fair Practices

Ethical business conduct is our top priority. We apply the highest standards within our organization and communicate them to our business partners. We focus on preventing legal violations and malpractice. We value, and strive to enhance the trust society and the business community places in us.

There have been no functional changes to our compliance practice over the past year. The Compliance Department is in charge of ensuring compliance with all fulfilling established requirements, developing an ethics culture and directing anti-corruption efforts. In 2018, an anti-money laundering division (AML) was introduced within the Compliance Department, and the Company adopted an AML and Counter Terrorist Financing Policy.

In addition to the Business Ethics and Compliance Department, the Company has functions responsible for personal data protection and anti-monopoly compliance.

In 2018, we updated the following documents:

• Code of Conduct
• Conflicts of Interest Policy
• SpeakUp Hotline Policy
• Business Partner Verification Policy
• Investigation Policy

We plan to update the Anti-Corruption Policy next year in order to ensure compliance with most recent legal updates.

THE COMPANY'S COMPLIANCE AND ETHICS PROGRAM COMPRISES 10 AREAS:

1. Commitment of the Company's management to implement an efficient compliance and ethics program;

2. Development and implementation of compliance policies and procedures;

3. Regular risk assessment;

4. Independent compliance structure;

5. Effective compliance training and communications, training for executives, employees and business partners;

6. Operation of the hotline and corporate checks procedures;

7. Motivational tools and disciplinary actions;

8. Management relationships with business partners;

9. Integration of compliance programs at joint ventures, subsidiaries and associate companies;

10. Testing and monitoring to improve the compliance program and ethics practice.

The Company's activities in each area are reviewed in more detail in our 2016-2017 Corporate Social Responsibility Report (pages 22-30).

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ABOUT THE REPORT   MATERIAL TOPIC   ABOUT THE COMPANY   BUSINESS RELIABILITY AND FAIR PRACTICES   CUSTOMERS AND CERVICES   EMPLOYEES   SOCIETY   ENVIRONMENT   CONTACTS   GRI INDEX TABLE   APPENDICES

In 2018, we continued to develop the ethical component of our business. We launched the «H-hour» project. The H stands for honesty. The project focuses on three areas:

Ethical leadership

The Company's leaders (i.e. Regional Directors) regularly meet company employees and hold Yaroslav Chestny (the Honest) lessons to discuss ethics.

Ethics training

All managers in Beeline's retail chain are trained at the online Corporate Ethics School launched in partnership with the Higher School of Economics.

Ethics Audit

The Russian Business Ethics Network (RBEN) successfully completed a comprehensive audit of the corporate ethics culture. The audit took place from November 2018 to April 2019. A panel of experts reviewed Beeline's ethics culture in 10 areas using 249 criteria including ethical leadership, internal communications, management of the ethics function and the hotline operation.

We will review the audit in more detail in our 2019 report.

In 2019, we plan to continue and launch an updated version of H-Hour (**H-Hour 2.0**). The key new feature of the updated project will be an ethics study aimed at collecting employees' opinions about the Company's business ethics initiatives. The study should identify the most effective methods for training employees on compliance matters and communicating with them about ethics.

Code of Conduct

102-16

102-17

205-3

417-3

We updated our Code of Conduct, modified the tone and style of language, replacing the 'formal' style with something more relatable. The Code is now easy-to-understand for all employees and business partners, while the key message and principles remain the same. We reduced the amount of text by replacing long statements with an overview of corporate values and links to policies and procedures regulating particular aspects of the Code.

The updated the Code includes sections on corporate responsibility and social investment, and has a new paragraph on resolving conflicts of interests caused by personal relationships between employees.

In 2018, the Company continued to regularly analyze feedback collected through the SpeakUp hotline. This hotline is open to the Company's employees and third parties. We guarantee the freedom of opinion for all hotline users and are grateful for any information on matters relating to unethical conduct. The hotline is supported by an international external contractor (Convercent), which ensures independence and confidentiality throughout the claims process. The hotline has received 140 claims since its launch in July 2017. In 34 percent of recorded cases, the resulting investigation lead to preventive or punitive measures.

We presume all accused innocent before proven guilty and guarantee the fair investigation of any violations. We do not take disciplinary measures without sufficient grounds or evidence.

Incidents of breaches of the internal policy (including the Code of Conduct and the Anti-Corruption Policy)

Total incidents* where employees were disciplined for Code of Conduct violations

2016   798
2017   538
2018   111

Total public legal cases regarding breach of Code of Conduct and outcome

2016   384
2017   214
2018   0
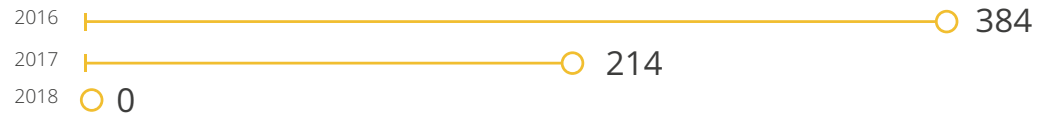
The number of incidents has been disclosed since 2017. In 2016, we recorded the number of employees who breached the Code of Conduct.

Incidents of non-compliance concerning marketing communications

Incidents of non-compliance with regulations resulting in a fine or penalty

2016   41
2017   2
2018   23

Incidents of non-compliance with voluntary codes

2016   0
2017   35
2018   43

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ABOUT THE REPORT   MATERIAL TOPIC   ABOUT THE COMPANY   BUSINESS RELIABILITY AND FAIR PRACTICES   CUSTOMERS AND CERVICES   EMPLOYEES   SOCIETY   ENVIRONMENT   CONTACTS   GRI INDEX TABLE   APPENDICES

Anti-Corruption Practices

We have introduced an **Anti-Corruption Policy** that sets forth fair business practices and anti-bribery standards that we expect from all our employees to be compliant with. No changes have been made to the Company's policy in the reporting period.

A. Shokhin, the President of the Russian Union of Industrialists and Entrepreneurs, presents the Certificate to I. Akhmetshin, the Compliance Director of the VimpelCom PJSC

B In 2018, the Anti-Corruption Charter of the Russian Business issued us with a Public Certificate of Endorsement, a strong confirmation of our commitment to combatting corruption and meeting our anti-corruption obligations. The evaluation encompassed 188 criteria, including compliance with legal anti-corruption requirements, the efficiency of measures and

the public disclosure of anti-corruption efforts. The Center for The Development of Corporate Relations and the Resolution of Economic Disputes (the Anti-Corruption Charter's authorized expert) issued an official certificate asserting responsibility of our business, which is expected to increase our investment attractiveness and reduce regulatory and financial risks.

Compliance Training

The Company places a great deal of importance on internal communications and compliance training. The Company has developed offline and online courses to facilitate this training.

We introduced a new e-learning to familiarize employees with the updated Code of Conduct, which has been completed by **100 percent of employees (27,663 people)** in 2018. We also developed an online course for both employees that engage with our business partners and the business partners themselves to communicate key business conduct standards applied by the Company. The course will be launched in 2019. Business partners did not undergo compliance training in 2018.

We have also launched an online course on anti-corruption principles. A total of **3,499 employees** in the high- and medium-risk

categories completed the course in 2018. Classroom sessions were held for **18 top managers**. We also conducted a large-scale awareness campaign about conflicts of interest, comprising a targeted online training and face-to-face meetings. Classroom sessions were attended by over 500 key executives in all regions, while 8,000 employees belonging to high- and medium-risk categories were trained online.

Following the introduction of our new AML policy in 2018, we released an updated e-learning to ensure the revisions are well understood by the personnel. In total, **3,686 employees** completed the course.

Moreover, our B2G division gets trained on procurement legislation.

The web-series on ethics

We launched a media project, the **Ethics Web Series**, to increase employee awareness about business ethics. A series of videos describe various ethical breaches and provide instructions on responsive actions. The situations reviewed include harassment, conflicts of interest and bribery. We produced five episodes in 2018 and uploaded them to the Company's Intranet portal. We received positive feedback from our employees who appreciated creative approach to compliance training, therefore encouraging us to expand the project next year.

205-2

Sustainable Business Partner and Supplier Relations

414-1

Business Partners

The Company has developed the **Business Partner Code of Conduct**, which sets out key principles of ethical conduct, fair business practices, avoidance of conflicts of interests, non-discrimination, labor safety, and other standards when dealing with business partners. We have updated our Background Check Policy and introduced the Contractor Selection Procedure.

The Business Partner Code of Conduct is reviewed in more detail in our 2016-2017 Corporate Social Responsibility Report (page 27).

We set stringent ethical requirements for our partners and regularly monitor their operations to make sure they comply with the same high standards we expect of ourselves.

In 2018, we introduced Business Partner Due Diligence Procedure that set out risk assessment guidelines related to third party relations. According to the Procedure, due diligence process depends on a risk level (high, medium or low) assigned to a business partner. The risk level can be adjusted following the results of screening.

Business partners with high and medium risk are required to complete Due Diligence Questionnaire annually and every three years, respectively. In 2018, more than 2,300 new suppliers passed the due diligence procedure.

We also established the Historical backlog initiative that targets active business partners. In 2018, we screened more than 450 high-risk counterparties that had effective agreements with the Company. As a result, **seven cases** of incompliance with anti-corruption standards were identified and followed by immediate termination of contractual relationships with involved business partners. In the following year, we plan to conduct checks of additional 5,300 business partners.

Suppliers

In 2018, we continued to implement projects to streamline logistics and procurement, including:

1. **Optimization of internal logistics and the introduction of 3PL software (logistics outsourcing).** This program saved the Company RUB 205 mln over the contract term. The contract has now expired and

we have held a tender to select a new 3PL operator for 2020-2025.

2. **Transformation of the procurement planning and supply chain management process,** helping the Company achieve significant efficiencies in 2018:

- Vacated the area of over 10,000 m³ by efficiently reallocating used equipment and materials across all regions of operation. This helped us expand network construction without increasing warehouse capacity;
- Reduced the time needed for accounting staff to process documents to 3-10 days (depending on the type of operation);
- Completed the largest RAN (radio access network) rollout in the Company's history (over 16,000 base stations);
- Exceeded working capital targets.

Our projects are reviewed in more detail in the 2016-2017 Corporate Social Responsibility Report (page 28).

In addition to these ongoing initiatives, we launched two new projects to optimize our supplier operations:
1. Contractor storage and repurchase of equipment dismantled during network modernization.

We have drawn up contracts that enable contractors to approve a list of equipment to be dismantled and repurchased prior to the start of network modernization work. After dismantling the equipment, the contractor takes it back to its warehouse and repurchases it in accordance with the acceptance certificate. The key results

of the initiative are as follows:

- Reducing the costs of transporting dismantled equipment to the Company's warehouses;
- Lowering warehouse costs, as the service provider stores and processes dismantled equipment.

2. Implemented the ADS Inventor project — End-to-End

This IT-solution helps the Company generate more accurate demand forecasts and improve the distribution of customer premises equipment, to ensure rapid delivery to the Company's sales outlets.
The solution offers:

- Individual product matrices for each Company store;
- Demand forecasts for each store, factoring in seasonality and current market trends;
- Automatic distribution and redistribution of goods across the retail chain to minimize costs;
- Identification of the optimal algorithms for distributing scare commodities;
- Calculation of target inventories for the sales networks and procurement planning.

The project made the increase of the HQ staff numbers no longer needed, which was presumed necessary in order to support procurement processes amid growing product matrices and higher sales.

The project became a winner in the Innovative Procurement Leader nomination of the 2018 Competitive Procurement Leader prize.

102-9

102-10

In 2018, we established new procurement procedures. We updated Disqualification of Contractors procedure that integrated changes to decision-making process with regard to disqualification. The following instructions and procedures were introduced to support corporate contracting strategy, to complement supplier application requirements, and to formalize tax risk identification process associated with third parties

- Corporate Contracting Strategy Development and Implementation instruction;
- Transfer of Rights and Obligations in respect of Revenue and Expenditure Contracts instruction;
- Tax Risk Assessment of Contractors procedure.

The Single Counterparty Selection instruction, which is effective since December 2018, has completely changed the approach to single-source procurement by emphasizing risk assessment and informed decision-making.

204-1

We are always striving to strengthen partnerships with our contractors to create an open and reliable business environment. We cannot achieve these strong relationships without the active involvement of contractors in direct dialogue and discussion. We aim to develop mutually beneficial cooperation with our partners. To this end, we set up the Conflict Commission as a platform for improving efficiency together.

102-43

The Conflict Commission's main task is to resolve disputes and review complaints from VimpelCom's contractors in the following areas:

- pre-qualification;
- selection of contractors;
- disqualification.

If a supplier finds the tender process:

- non-compliant,
- insufficient transparent,
- biased;

it can apply to VimpelCom's Conflict Commission to have the disputed case reviewed in more detail and obtain an objective judgement.

VimpelCom's Conflict Commission was set up in 2014 and has since reviewed 120 appeals from the Company's suppliers .

In the reporting period, we had contracts with 7,840 suppliers, 7,754 **(99%)** of which were with national (Russian) suppliers. The key procurement categories were:

- Mobile phones and accessories;
- Network services;
- Software maintenance.

In total, **91%** of procurement budget is spent on local suppliers (Russian legal entities).

Number of active suppliers, year-end

2016	2017	2018
8 513	8 465	7 840

The decrease in the number of supplier is attributed to the consolidated procurement.

Our supplier relations are reviewed in more detail in the 2016-2017 Corporate Social Responsibility Report (page 27)

Government Relations and Compliance

We acknowledge the importance of collaboration with public authorities to maximize contribution to social and economic progress, and consider legal compliance to be one of the underlying forms of private-public partnership. We strive to prevent any breaches of law and thoroughly investigate any case of non-compliance.

Legal actions for anti-competitive behavior, anti-trust and monopoly practices

2016	2017	2018
1	3	4

In 2018, two corporate actions resulted in monetary penalties. One case was closed without any following disciplinary action. One investigation was still ongoing as of the report preparation dates.

While strictly monitoring legal compliance, we also invest considerable resources in our partner programs to boost social and economic well-being, improve and modernize infrastructure, and drive innovation in our regions of operation.

Our government relations are reviewed in more detail in our 2016-2017 Corporate Social Responsibility Report (page 30).

206-1
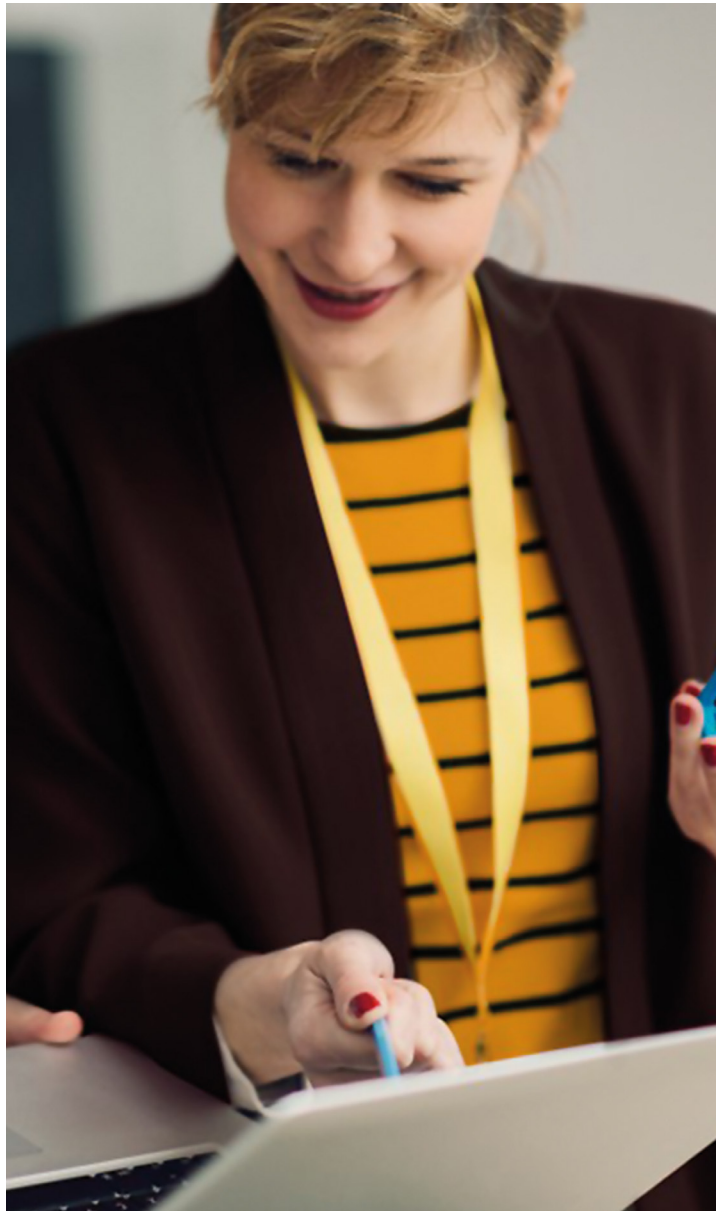
External Initiatives

VimpelCom aims to foster constructive dialogue with business society at all times. In 2018, we chaired seven anti-corruption compliance roundtables in the Russian Chamber of Commerce and Industry and participated in a number of conferences and events on ethics, corporate procurement, compliance best practices, internal and external communications, AML and anti-corruption practices:

- Meeting with the Association for Business Ethics and Corporate Responsibility (St. Petersburg);
- Workshop at the VI All-Russia Practical Conference: Corporate Procurement 2018: the practical application of Federal Law No. 223-FZ (Moscow);
- Dialog Management Partners Conference (Moscow);
- III International Forum on Efficient Business and Corporate Ethics (Munich, Germany);
- Vedomosti Business Ethics Solution Conference (Moscow);
- Morgan Lewis Conference: Business Ethics Tools, Compliance and Culture (Moscow);
- EBEN Annual Conference 2018: Re-inventing Capitalism – Business Ethics and its contribution to the «Doux Commmerce» (Tilburg, Netherlands);
- IV Compliance Case Forum 2018 (Moscow).

In addition, we held a conference for peers from other companies in March 2018 and organized the Business Ethics and Compliance Conference in November 2018 at our office.

VimpelCom took part in roundtables and expert council meetings organized by the Russian Federal Antimonopoly Service (FAS). In 2018, we participated in a roundtable discussion with the Russian Corporate Counsel Association (RCCA) and FAS on anti-monopoly practices, two with FAS on reducing roaming charges, as well as in four held by the FAS Department for Moscow and Moscow Region, to discuss advertising legislation and public procurements. We also took part in the expert council meetings on compliance and inclusivity organized by the Russian Federal Antimonopoly Service (FAS).

Customers and Services

Increased Access to Digital Services and Technology

Boosting the quality of mobile communications and its accessibility for all through innovation and the use of cutting-edge technology remains one of our top priorities and a commitment to the right to enjoy the benefits of scientific progress.

We expanded the coverage of our high-speed 4G/LTE network, increasing the number of LTE base stations by 50 percent. VimpelCom fulfilled its 2018 LTE TDD obligations in all 32 federal regions and ensured the coverage of 18 instead of ten regions that fell under the 2018 LTE FDD obligation. In total, 81 regions are covered by LTE networks.

Holographic call

In 2018, we conducted first-of-its-kind 5G holographic call in Russia using mixed reality glasses. The technology enables physical presence imitation through a 3D-hologram, which is meant to ease long-distance communication. The MR glasses user talks to a hologram of a person who is physically present in a room equipped with 3D-cameras.

In 2018, we changed our supplier of 2G, 3G and LTE network equipment and used Huawei technologies for base stations in Moscow and St. Petersburg. Besides economic benefits, our new partnership has had a positive impact on the quality of mobile reception, mobile Internet speeds, the quality of voice communications and stable network inside buildings and in remote locations.

As the Mobile Partner of the 2018 FIFA World Cup Russia, the Company upgraded 12 stadiums and more than 30 infrastructure facilities.

In 2018, the Company provided landline service to more than 5,100 new houses. The Company built four times more facilities over the past year than the year before.

102-10

The total number of base stations by type

20%   46%   26%   43%

2017   **2018**

34%   31%

■ Integrated BS 2G   ■ Integrated BS 3G (NodeB)   ■ Integrated BS 4G (ENodeB)
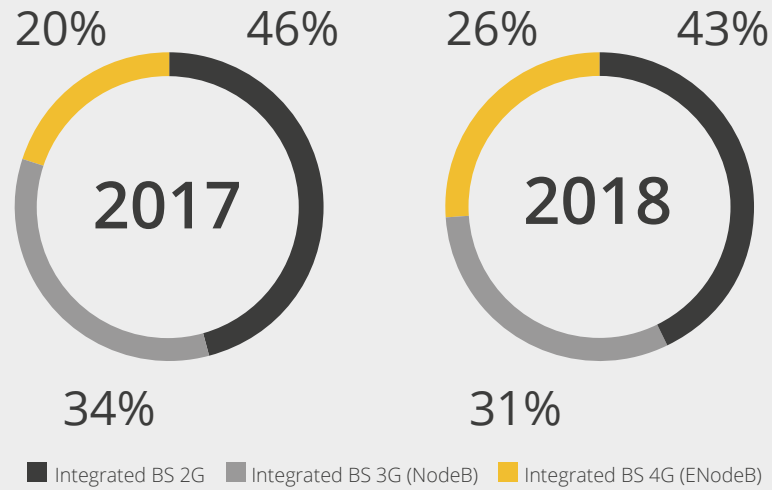
In addition to the construction of base stations, in 2018 the Company embarked on a wide scale deployment of a broadband access (BBA) infrastructure, which became the largest undertaking of its kind over the past five years. The new infrastructure is expected to ensure wider coverage and improved quality of wired Internet.

Infrastructure development in permafrost regions

In 2018, VimpelCom carried out infrastructure deployment in permafrost regions, building a 420-kilometer landline and 15 autonomous base stations on the Yamal Peninsula. As a result, about 30,000 people gained access to LTE network with the speed of 1 Gb/s.

In 2018, we led the market as the key provider of LTE roaming services. In addition to our existing 215 agreements, we entered into new LTE roaming arrangements with another 25 operators. We aim to make travel as convenient as possible for our customers and eliminate borders within our 4G networks.

Customer Service and Feedback

Our customers and partners include retail clients, small and medium-sized enterprises (SMEs), transnational corporations and over 600 telecom operators.

Dialogue with Business

The Company acknowledges the importance of developing SMEs in Russia and provides innovative and efficient solutions to meet their business needs.

We had over

300,000

corporate clients as at year-end 2018

In 2018, we continued to support the Mobile Finance application allowing our customers to simplify payment and money transfer procedures. We also continued to develop the Mobile Enterprise application, which facilitates customer transaction management, sales and promotions management, and the monitoring of customer service quality.

Total revenue from mobile finance services increased by 43% in 2018.

The Mobile Finance and Mobile Enterprise applications are reviewed in more detail in our 2016-2017 Corporate Social Responsibility Report (page 33).

VimpelCom is committed to the development of SMEs in Russia and works to expand their product mix to support this, finding new technological solutions and making the benefits of scientific advances available to our clients as soon as possible. In 2018, we launched **BeeCLOUD** cloud service, a multiplatform solution based on VMware и Openstack technologies, designed for SMEs. The service mainly targets retail, e-commerce, logistics, IT companies, software developers and HoReCa (Hotel, Restaurant, Catering) businesses. Moreover, BeeCLOUD is a suitable solution for charitable foundations that enables performance improvements. It is already used by the Volunteers to Help Orphans fund, as well as by the Liza Alert search squad.

Dialogue with Clients

The Company's top priority is to meet the needs of all its clients through the provision of high-quality services and outstanding customer support. In 2018, we focused on upgrading and improving our existing customer relations

mechanisms and reached new levels of quality in this area. Last year's high customer satisfaction levels are a strong endorsement of our progress.

In addition to VimpelCom's effort to diversify mobile products and services to accommo-

102-43

Call volumes and average wait time

Number of queries ('000)

2017   38,443
2018   41,880

Average wait time (seconds)

2017   110
2018   83

We process all calls and pass information on to the monitoring center. This helps us identify the most common causes of queries and respond accordingly.

Our monitoring procedures are reviewed in more detail in the 2016-2017 Corporate Social Responsibility Report (page 34).

date customers with different income level, the Company aims to increase the quality of customer support through running a 24-hour integrated call-center to deal with queries from all over Russia. For optimal customer support, the Company offers three communication channels where requests can be made:

- the hotline;
- chat;
- e-mail.

VimpelCom is dedicated to increasing the quality of its services and is constantly striving to reach perfection in this area. We record our progress by monitoring call volumes, average wait time (AWT), and the consumer loyalty index. In 2018, we reduced the AWT **from 110 seconds to 83** despite a **9 percent increase in call volumes**. The consumer loyalty index was almost unchanged at **around 44 percent**.

Customer queries are used to create a gap map. The gap map displays geographic areas that have the highest amount of network quality complaints registered. The complaint clusters are referred to as network coverage 'gaps'. The gap map accounts for the distribution and density of mobile subscribers and layers recorded complaints while linking them to originating geolocation. It is therefore an effective instrument for decision-makers showing where and when a problem occurred, and which group of subscribers was affected. In the reporting period, the Company took measures to address identified issues and improve mobile service quality in all «gap» areas.

Technology solutions for equal opportunities

The pilot launch of the interactive voice response (IVR) system was one of 2018's breakthrough initiatives. Our customers are now immediately directed to the information they need. Developments in speech recognition technology can potentially allow the IVR system to hold conversations with customers. The implementation of the voice recognition tools is expected to enhance the customer experience and expand opportunities for disabled and impaired customers.

In 2018, we also implemented innovative **neural network** technology to train our chat-bots. This system will help us identify the subject of the client's request more precisely, ensuring better responses from our chat-bots. This new technology is to increase the automated response rate for basic queries by 5 percent and reduce the average wait time for customer support with regard to non-standard issues.

VimpelCom continued to be recognized by the **Crystal Headset** contest for best call centers in the industry. In 2018/2019 the Company received four awards:
- HR Award;
- Best Team (two teams were awarded);
- Best Employee or Manager.

You can learn more about the Crystal Headset Awards at https://callcenterawards.ru/ Our previous awards and achievements are reviewed in more detail in the 2016-2017 Corporate Social Responsibility Report (page 34).

Information Security

Information security is the Company's strategic priority and underpins the quality of all our services. VimpelCom works to prevent the disclosure, distortion or theft of confidential information by using the most up-to-date technology solutions to ensure data security, freedom (including Internet freedom) and the privacy of correspondence.

There were no major changes to our information security management strategy in 2018, which remains the responsibility of the Company's chief information, economic security and material asset security officers. The Company also has a Committee for the Protection of Confidential Information and a Commission for the Protection of Confidential Information and Personal Data, both responsible for data security. The Information Security Policy and Personal Data Policy outline the Company's data protection and confidentiality approach.

VimpelCom is PCI DSS certified as complaint with the Payment Card Industry Data Security Standard

The information security management system is reviewed in more detail in our 2016-2017 Corporate Social Responsibility Report (pages 35-36)

In 2018, the number of information leaks has slightly decreased. We thoroughly investigated all incidents and introduced measures to pre-

vent the reoccurrence of similar information security breaches in the future.

Substantiated complaints concerning breaches of customer privacy and losses of customer data

Year	Value
2016	67
2017	68
2018	65

VimpelCom implements a wide range of initiatives and measures to protect the data of its customers. In 2018, we continued to operate the Mobile Security application to counter virus attacks, the SecretNet information protection data to protect against DDoS attacks and the hotline, which can be used by the Company's subscribers to report suspicious messages and calls.

Our services in the area of information security

are reviewed in more detail in our 2016-2017 Corporate Social Responsibility Report (page 35-36)

Building on our existing practices, the Company made the following steps to enhance information security in 2018:

- Launched a project to select and implement a mobile device management (MDM) solution. This will allow the Company to monitor the use of devices, manage software configuration, conduct remote troubleshooting and identify mobiles.
- Implemented Telecoms Attack Discovery, a next-generation signaling firewall to secure networks that use SS7 networks, protect subscribers and safeguard assets from hacker attacks.

Internet Safety

As an Internet service provider, the Company applies a responsible approach to content creation and complies with all applicable laws regulating online safety. Our Company uses Deep Packet Inspection (DPI), a solution that detects and blocks viruses as well as filters out information that does not meet certain criteria (for example, BitTorrent protocols, which are banned in Russia). DPI identifies and blocks malware and any potentially harmful code fragments. DPI also prevents accidental data leaks.

The Company's internet safety activities are subject to the federal law No. 139-FZ of 28 July, 2012. The Vice President for Government Relations and the Directorate for Infrastructure Development oversee compliance with internet safety requirements. The Company receives regular feedback from internet regulators.

The WebLandia Project

Since 2007, the Company has supported the WebLandia project. The project aims to create a catalog of children's webpages of various kinds (e.g. educational). The project, initiated by the Russian State Children's Library, involves specialists from more than 400 libraries across the country who collect, check and provide descriptions of new websites. The website then undergoes the second round of checks against the criteria of convenience and safety. A team of experts checks whether a webpage and the links it contains are functional, and if the information or ads are appropriate to be viewed by children. As a result, the project managed to assemble a list of safe and substantive websites recommended for infant learning and development. The project is supported by the Ministry of Culture of the Russian Federation.

418-1

Retail Services

Retailing has formed a separate business stream following the integration and rebranding of Euroset (a mobile phone retailer) that took place in 1Q 2018.

The main products sold by retailers are smartphones and accessories. In 2018, the number of sales outlets exceeded 3,000, while the revenue increased by 138%.

High-quality customer service provided in our stores was acknowledged by Telecom Daily, which placed VimpelCom first in a ranking of companies assessed by quality of service. The assessment lasted two months, took place in 16 cities and was performed by mystery shoppers that looked into five customer satisfaction criteria: materiality, reliability, responsiveness, assurance and empathy.

Employees

People are our most valuable asset. We do everything we can to support their well-being and ensure high levels of satisfaction. All our HR projects aim to create an open and inclusive environment that supports cross-functional teamwork, ensures high levels of efficiency and autonomy and makes VimpelCom a fun place to work.

We strive to treat all our employees equally and free from discrimination. Every-one is offered opportunities for career advancement, professional development and is a part of a comprehensive motivational system. We are proud that both employees and the professional community value our efforts. VimpelCom won HeadHunter's Best Employer in the TMT Industry prize in 2018.

«At Beeline, we work to build an environment where employees can unlock their full potential and put their ideas into practice through a flexible, adaptive and efficient talent development system. Being recognized as the best employer in an industry as dynamic as telecoms is therefore a major achievement and an important responsibility».

Natalia Albrecht,
Executive Vice-President for Human Resources,
Organization Development and Support, VimpelCom PJSC

Principles of HR Policy

Our relationships with our employees are based on principles of respect, non-discrimination and the full observance of human rights. All hiring and career advancement decisions are solely merit-based: we evaluate and consider the qualifications and professional achievements only, regardless of a person's gender, age, race and other characteristics. A wide range of career opportunities in the Company's contact centers are open to disabled and handicapped people.

Our HR policy principles and guidelines are reviewed in more detail in our 2016-2017 Corporate Social Responsibility Report (page 38-39).

The Company continued to grow and expand its operations last year, hiring 20,969 employees and expanding staff numbers by 31 percent as compared to 2017. The increase in the headcount was caused by the integration of Euroset stores into Beeline's retail chain nationwide, and the recruitment of a large number of specialists for our new retail outlets. Over 93 percent of new hires held permanent contracts, which is a 4 percent increase compared to previous year.

We value our employees and therefore strive to create just and favorable working conditions, and to give our employees a sense of security at a workplace.

In addition to the Company's full-time employees, we also engage contractors to provide installation work and transportation services.

Number of employees and employee turnover

Higher employee turnover in the reporting period was driven by hiring of new staff in the retail chain. We continue to support our employees even if they decide to leave the Company. We provide guidance on CV writing and opportunities to practice interview with career consultants.

■ Total number of new hires
■ Employee turnover

33% 13,220
35% 11,464
43% 20,969

2016 2017 2018
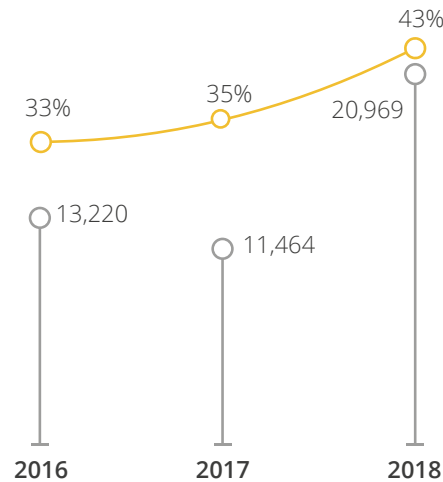
Number of employees (people):

2016 11,513 (Women) / 12,109 (Men)
2017 9,976 (Women) / 11,764 (Men)
2018 13,573 (Women) / 14,874 (Men)

■ Women ■ Men

2016: 934 / 10,171 / 12,517
2017: 560 / 8,732 / 12,448
2018: 652 / 10,517 / 17,278

■ Aged under 30 ■ Aged 30-50 ■ Aged over 50
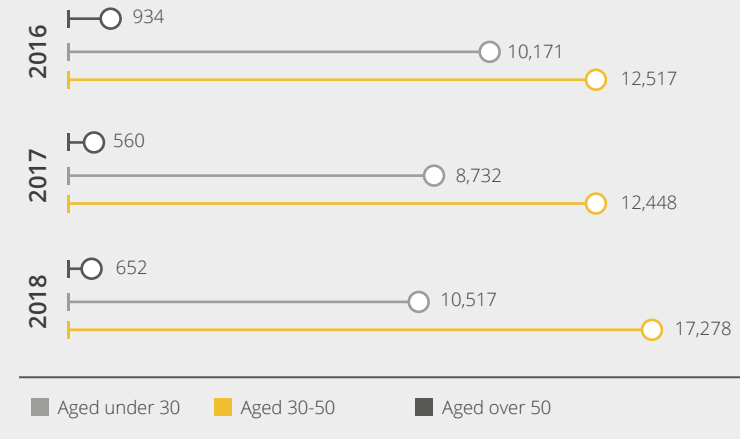
*   All employees aged 50 and over are included in the «Aged over 50» age group.
**   Please refer to the Appendices section for more details (page 90).
*** Employment figures are expressed in FTE (full-time equivalent).

Composition of governance bodies according to gender, age and ethnicity*:

Year	2016	2017	2018
Men	12	19	18
Women	1	1	2

Year	2016	2017	2018
Russian nationals	9	15	19
Foreign nationals	1	5	1

Year	2016	2017	2018
Aged under 30	0	0	0
Aged 30-50	10	16	17
Aged over 50**	3	4	3

*CEO and the direct subordinates.

**All employees aged 50 and over are included in the «Aged over 50» age group

We strive to minimize gender inequality and ensure equal rights for all employees. In 2018, we launched new initiatives to further

BEE WOMAN: WOMEN IN BUSINESS

B The corporate BEE Woman club, which provides career support to future female business leaders, built on its already strong popularity, attracting over **83 new female employees in 2018.**

In 2018, the Club held **two meetings** with over **150 female employees** in attendance. The meetings covered a wide range of topics including leadership, setting goals, developing skills, finding sources of inspiration, reducing stress and establishing a good work-life balance. Among invited guests were Natalya Matusova, Managing Director of AddWise, and Ursula Burns, VEON Ltd Group's CEO.

The Company's gender equality initiatives and partners are reviewed in more detail in our 2016-2017 Corporate Social Responsibility Report (page 39)

support the professional development of women, especially in high tech fields.

The corporate **BEE Woman Club** is continuing its work to promote women's leadership and strengthening their role within business. We expanded our cooperation with the **Women's Leadership Forum** and **Woman&Tech**, exchanging ideas and experience on elevating the position of women throughout our business and the industry.

The Company also continued to implement a number of initiatives to support equal opportunities for all its employees. One such initiatives, BeeFREE, grew in popularity in the reporting period as more employees were offered the opportunity to work remotely.

We prioritize the safeguarding of non-discriminatory labor conditions and respect for equal pay for equal work. Junior employees are paid equally irrespective of gender. For senior positions, remuneration, bonuses and pay rises are solely based on meeting KPI targets.

In 2018, the minimum wage in the Company increased by **19 percent** compared to last year, and was **more than double** the minimum national wage.
.

The minimum wage in the Company and in the region, RUB

■ Minimum wage in the region
■ Minimum wage in the Company

2017   7,800   20,000

2018   11,163   23,750
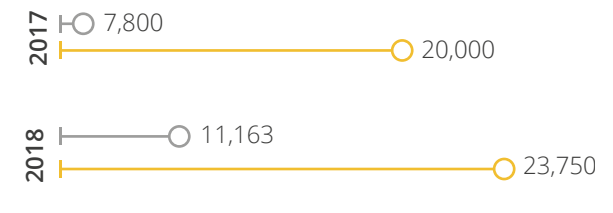
Salary figures for the year of 2017 disclosed in 2016-2017 Corporate Social Responsibility Report were recalculated. Figures presented in the Report reflect base salary and fixed bonus rates as compared to prior year methodology that only accounted for base salary.

405-1

202-1

202-2

Work-Life Balance

We respect the right of our employees to rest and leisure and strive to ensure that they are able to strike a satisfactory work-life balance. BeeFREE has exemplified our efforts in this area since 2016. The project allows the employees to work remotely and fit their working schedule around their lives. Offering such flexibility is a significant competitive advantage on the contemporary market: **over 76 percent** of VimpelCom employees cited flexible hours and the opportunity to work remotely as a reason why they chose to work in the Company. Meanwhile, the outflow of employees either fully or partially able to work remotely was almost half that of employees only working from the office.

The BeeFREE project is reviewed in more detail in the 2016-2017 Corporate Social Responsibility Report (page 39)

The Company ensures that employees have a balanced opportunity to build both a career and a family. In 2018, **1,236 employees** took parental leave. All workers are entitled to rejoin the Company after parental leave is over. Flexible hours allow young parents to combine their work and family duties. The vast majority of employees who returned to work after parental leave in the reporting period are still working with us.

Employee Training and Development

401-2

401-3

404-1

Our Company supports our employee's fundamental right to training both through continuous professional development and knowledge sharing. The employee training strategy is based on focused training programs and individual development plans. Our decentralized development system and training processes are also tailored to the specific business needs of each particular region.

We reviewed the personnel training system in our 2016-2017 Corporate Social Responsibility Report.

In 2018, we invested **177,378 man-hours** in the training of our employees at Head Office (excluding the staff of Beeline monobrand retail chain and call centers). Each employee spent an average of **12.3 hours in classroom training** and **8 hours in remote training**. The Company also partially or fully funds employee training in third-party educational institutions (depending on the needs of a business unit).

Detailed statistics on remote training is provided in the «Appendices» section (page 90).

BThe already successful **BeeGuide plat-form** and **Beeline-University** programs continued growing in 2018 along with the learning-from-within program, which gives employees the chance to develop and launch their own training courses.

In addition, we train our employees in **Design Thinking** and **Agile**, as well as supporting the work of various teams.

We focus on creating High Performance Teams to boost efficiency and the quality of customer service.

Our educational projects are reviewed in more detail in the 2016-2017 Corporate Social Responsibility Report (pages 40-41).

In 2018, employees have been given an opportunity to develop a learning program for first year master's students at the **Beeline Big Data Lab**. The course is taught by our employees in three technical universities in Novosibirsk (SIB-SUTIS, NSU, NSTU). **Four students** have already completed the first stream of the program. The second stream (**14 students**) has already been launched.

Last year, the Company introduced the **Beeline Innovation Lab**, an incubator for employees to develop their own innovative products for their launch in the market. We also initiated the **Awareness and Development Year Project** to support both personal and professional development of employees through coaching sessions with directors and executives, talk shows, lectures, discussions, online training sessions, tests and exercises.

The Company has taken top talent development to the next level. The **Go Learn** and **Go Lead** programs are aimed at developing management skills such as operational and strategic thinking, team engagement, integrity, emotional intelligence and change management. Program participants have developed 20 managerial initiatives which are currently being implemented in the Company.

404-2

Employee Motivation and Assessment

We acknowledge that motivation is crucial for employees to perform to their full potential. We aim to create working conditions that stimulate outstanding performance, which is why we introduced a comprehensive motivation and performance assessment system.

404-3

100 percent our employees (irrespective of their position) receive regular feedback and advice on career advancement. We continued using a KPI-based goal setting and performance assessment framework which enables thoughtful career guidance and career focus setting. The performance evaluation is used as a basis for annual bonus calculation.

102-43

The KPI and remuneration system is reviewed in more detail in our 2016-2017 Corporate Social Responsibility Report (page 42).

401-2

The Company uses a system of financial and non-financial motivation. Bonus payments are the standard form of corporate financial motivation, which are made in the end of a particular working period. Depending on a function, bonuses are paid monthly, quarterly or annually. Bonus amount is calculated based on individual performance monitored through KPIs, as well as on corporate volumes of sales and available funds. The Company holds contests and lotteries for employees that award cash prizes.

Non-financial motivation includes motivational contests and events with non-cash prizes. SOTA app is the most popular among employees, which is used as a tool to thank each other for value-adding behavior, for outstanding results and for the completion of top-priority projects.

The Company provides its employees with substantial social security benefits*, including:

- discounted telecommunication services;
- voluntary health insurance (*reviewed in detail in the «Labor Safety» section*) and foreign travel insurance;
- accident and life insurance
- financial assistance in the case of accidents;
- partial sick leave payments.

*provided to full-time employees, part-time employees working more than half of full-time hours, as well as to urgently contracted staff

BWe increased the share of employees covered by health and life insurance by **5 percent** in 2018 to a total of **90 percent** of our employees..

Internal Communications

We aim to increase employee awareness and engagement as we consider this a key path to future development of our business. As a communications company, the ability to communicate with our own employees is pivotal. We believe that well-coordinated operations will directly translate into enhanced growth.

The Company assessed the level of awareness expressed by employees with regard to events, key changes, strategy and Beeline's current projects in 2018. Employees were asked to pick one of three awareness levels. According to the survey, **87% of the employees felt well informed** about processes in the Company.

In addition to our in-house communications tools (Open Dialogue, Uley (Beehive), SOTA, and newsletters), we launched the updated **Space corporate portal** with a remote access and mobile access functionality. The portal became an additional driver for promoting the BeeFREE initiative, which enables employees to work remotely and plan their work independently.

Occupational Health and Safety

Protecting the health of our employees is paramount and we make sure to comply with the most stringent safety rules. We value health and well-being of each person and guarantee the highest levels of safety through the continuous improvement of our HSE processes.

The Company has a comprehensive HSE Policy, which remained largely unchanged in 2018. The Company's HSE framework is in full compliance with Russian legislation and applies to all employees.

The HSE framework is reviewed in more detail in our 2016-2017 Corporate Social Responsibility Report (page 44).

The Company implemented mandatory annual safety audit procedures for all regional business units in late 2018. A total of 37 audits were performed in the reporting period. .

Safety guidelines were updated following a comprehensive review of the safety framework in 2018. Having identified and eliminated unnecessary elements, we were able to almost halve the number of guidelines (the number of labor safety guidelines decreased from 73 in

2017 to 43 at the end of 2018). This made the framework easier to understand and apply.

We are pleased to report that we had no fatal accidents or serious injuries in 2018. There were five minor injuries (as per Russian statutory classification) from falling, structural collapse, dropped objects and falling on slippery surfaces (including snow and ice). The minor injury rate among employees fell slightly to 0.11. No contractors were injured at the Company's premises in 2018.

We investigate all incidents no matter how small, and do our best to stop these accidents from reoccurring in the future.

Each incident is followed by an appointment of an investigation commission, which is in charge of determining root causes of the incident and developing corrective actions to lower

■ LTIFR   ■ LTI

The lost time injury frequency rate (LTIFR) was calculated based on 1 mln hours worked. In total, in the reporting period, employees worked 47.5 mln hours.

Figures for accidents in 2016-2017 were recalculated in accordance with the 2018 methodology for recording injuries. According to the new approach, minor injuries (as per Russian statutory classification) are included in injury statistics.

In the reporting period, minor injuries resulted from third party negligence, falling on slippery surfaces (including snow and ice).

403-1

403-9

and eventually eliminate the risk of re-occurrence. The commission analyzes such factors as operational mistakes, violation of safety procedures, and insufficient safety training of staff. As a result of investigation, major and additional causes are identified to then constitute a basis for corrective actions.

Our business operations are not linked to activities that pose risks of occupational disorders. No occupational diseases were recorded in 2018.

In 2018, we developed and implemented measures to ensure acceptable lighting at workplaces, drawing upon laboratory studies and on-site measurements. We ensured access to clean drinking water in our sales offices, organized annual medical examinations for employees under 21 who are exposed to hazardous working environments.

403-10

403-6

Voluntary health insurance for employees

The Company seeks providing full social security benefits and making medical services available to its employees. VimpelCom offers corporate voluntary medical insurance to all employees who have worked in the Company for more than three months.

THE VOLUNTARY HEALTH INSURANCE PROGRAM COMPRISES THE FOLLOWING:

- outpatient care;
- dental services (excluding dental prosthetics);
- emergency and scheduled in-patient care.

The Company's employees regularly use their voluntary health insurance for medical checkups and can receive flu vaccinations.

Our plans

We plan to develop a detailed map of health and occupational safety risks in order to improve our HSE framework.

Society

Building on the nature of our business and expertise, we continue allocating social investments across three core areas: **missing people, inclusive technology, and charitable and community technology solutions**. We believe that we can make a considerable impact in these areas by making the best use of our skills and competences, applying various approaches to social engagement and diversifying our charitable initiatives.

Social Investment Principles

We made a few changes to our social investment policy over the past year. In 2018, we expanded the Commission for Social Investments, which oversees our social investment strategy and social initiatives. The Vice President for Marketing and Brand Management and Vice President for Sales and Client Services joined the Commission last year. The Commission meets every quarter.

The social investment and social impact assessment guidelines are set out in the Policy on Corporate Charitable Activities (Social Investments and Charitable Donations), as well as the Policy on the Commission for Social Invest-

ment. No significant revisions of these documents took place in 2018.

The corporate social responsibility management framework is reviewed in more detail in our 2016-2017 Corporate Social Responsibility Report (page 46).

In 2018, we invested RUB 11,763,000 in our social projects, which is a 18 percent increase as compared to 2017. We have continued focusing on innovative technological solutions with nation-wide social impact. The Company did not assess monetary value created through impact investing, though undertook social impact assessment.

By focusing on tech-driven approaches to social development, we reduce

the amount of time spent on physical volunteering. In the reporting period, our employees spent 1,656 hours volunteering, which is a 56 percent drop compared to the previous year. We have partnered with the ProCharity volunteering platform to connect our experts with charity funds that are in need of specific expertise, e.g. marketing, strategy building or design skills. In the following year, we plan to introduce Beeline Heritage, a new sustainability strategy that is to set forth sustainable and long-term forms of social engagement as underlying principles.

The Beeline Heritage strategy will be reviewed in more detail in the 2019 Sustainability Report.

Social investments, RUB '000

2016	17,486
2017	9,952
2018	11,763
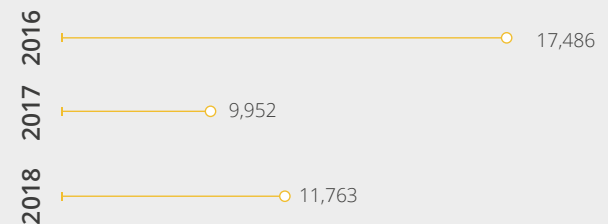
413-1

Employee volunteering during work time, hours

2016	4,800
2017	3,840
2018	1,656
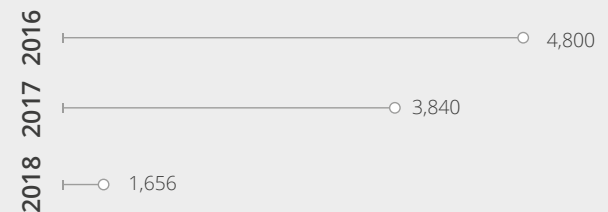
203-1

102-31

Investment in Social Development

Searches for Missing People

203-1

203-2

413-1

Our efforts to assist in the search for missing people are part of our commitment to protecting life and helping society. Helping to reunite missing people with their loved ones is one way the Company uses its technical expertise to benefit society at large.

> **«It is extremely important to involve all operators during searches for missing people. Everything is critical in these situations: response time, the use of technology and compatibility when dealing with poor quality signal in remote locations. The Liza Alert search-and-rescue volunteer team was lucky; we have had a strong partner — Beeline — by our side from almost the very beginning. This partnership has helped our organization grow into what we are today»**

Grigory Sergeev,
Liza Alert Chairman

Liza Alert

We continued supporting the **Liza Alert** search-and-rescue volunteer organization in 2018. We provide communication services to ensure that the hotline used to gather information about missing people is always operational. Apart from a well-known 112, the number 8 800 700 54 52 is currently the second emergency dial-in to report a missing person and request assistance and support with searching.

The partnership between VimpelCom and Liza Alert is reviewed in more detail in our 2016-2017 Corporate Social Responsibility Report and on the website of the organization https://lizaalert.beeline.ru/

Our SMS alert system «Lost Doesn't Mean Gone» help us boost volunteer numbers by one third during searches. In the first year of the project realization, **over 30,000 volunteers** joined the project, notifications about **more than 750 incidents** were sent and **over 1.5 mln messages** were delivered.

Although we are proud of these impressive results, our ultimate goal is to reduce the number of such incidents. We aim to build awareness of the Russian population about the problem of missing children, and sincerely believe that prompt alerts help prevent tragedies. In March and April, VimpelCom and Liza Alert hosted a **series of meetings with parents** in more than 10 Russian cities. We thought parents the fundamentals of keeping children safe, and provided guidelines for taking an action if a loved one goes missing. We used games to explain basic survival and self-defense skills to children

We see it as our mission to develop tech-

nological solutions to help locate missing people and mobilize volunteers. Supporting volunteers is critical to ensure success of search missions.

We unveiled the monument to missing children on 25 May, the International Missing Children's Day, to remind people to care for their loved ones and support the ones that are in need of help.

The Company received numerous awards for the «Lost Doesn't Mean Gone» project in 2018. In April 2018, VimpelCom received a **Change Management**. **Visionaries** award, Russia's first professional award for sustainability. We were also recognized as Corporate Charity Leaders, coming first in the Best Volunteering Promotion Campaign in Russia category.

In April 2019, our project «Lost Doesn't Mean Gone» received a prestigious **Effie Award** in the Contribution to Society and Sustainable Development. Brands category.

Also in 2019, Beeline got a silver prize in the Best community involvement during a CSR programme nomination of **Corporate Engagement Awards 2019** in London

Place of Refuge

In June 2018, we launched the Place of Refuse initiative in order to help people who get lost or disoriented in cities. All Beeline

> 30,000
volunteers

> 750
incidients

> 1,500,000
messages
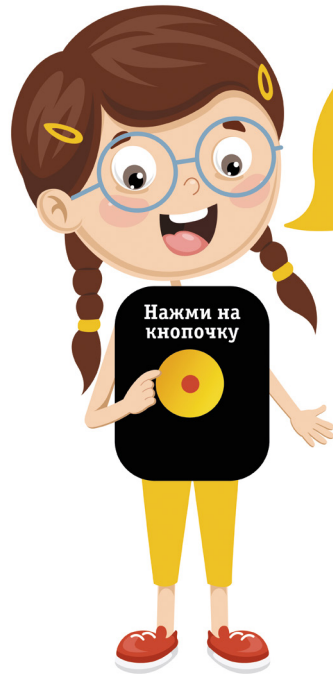
Потерялся?
Я помогу вернуться домой!

Нажми на кнопочку

Билайн®   LizaAlert.org

Потерялся?
Здесь тебе помогут!

Островок безопасности

stores (**over 3,000 stores across Russia**) are now places where lost people can find assistance. All employees have been trained to help confused or disoriented people by calling the police, an ambulance, contacting Liza Alert or the relatives of the lost person. We guarantee safe shelter in our stores for all lost people.

Every Beeline store has a sign informing people that they can seek assistance inside.

Sberbank and **Pyaterochka** have joined Beeline in providing places of refuge. We are proud to see our idea gaining popularity and look forward to expanding our partner network.

Inclusive Technology

We believe in **equal opportunities for handicapped and disabled people**. We use cutting-edge technology solutions to make our society more inclusive and ensure that everyone can enjoy basic fundamental rights.

«Collaboration with Veon Group, and with Beeline in particular, helps us build a solid technological base to go internationally to present prosthetic limbs, our wearable gadgets with steady network connection».

Ilya Chekh,
Motorica CEO

Braille glove

VimpelCom supports the Make Your Mark Program, which assists innovative startups and sponsors the development of the Braille glove. The Braille glove is a portable glove used to communicate with deaf and blind people. The device is suitable to assist people with communication disorders caused by various factors, including stroke. It can both receive and transmit speech using the Braille alphabet and touch-sensitive input sensors. The user simply has to touch the palm of their hand to activate the device, after which the program will recognize the signals and transform them into speech. The software is available in **36 languages** and can transmit **up to 34 words per minute**. Learning to use the device takes around **2-3 weeks**.

36
languages

34
words per minute

2-3 weeks
duration of learning of use the device

We supported product launch in the international market. We also sponsored participation

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ABOUT THE REPORT   MATERIAL TOPIC   ABOUT THE COMPANY   BUSINESS RELIABILITY AND FAIR PRACTICES   CUSTOMERS AND CERVICES   EMPLOYEES   SOCIETY   ENVIRONMENT   CONTACTS   GRI INDEX TABLE   APPENDICES

of device developers in the 4YFN (Four Years From Now) conference of the Mobile World Congress (held on February 26-28, 2018 in Barcelona).

Monitoring Assistive Devices

A joint project of Beeline and Motorica helps people adapt to the use of bionic prosthetic limbs, which can be a challenging process that needs to be monitored by medical specialists. Launched in 2018, the project aims to **monitor assistive devices remotely**. This is now possible thanks to the use of GSM-modules linked to Beeline's IoT platform. The smart device reads signals from implantable myoelectric sensors that detect changes in electric potential during muscle contraction. The data is sent to the hand's microprocessor, making the limb move. By connecting to the online platform via the personal account, physicians 24/7 gain access to prosthetics usage data and can adjust training sessions accordingly. This is expected to reduce the duration of adaptation period and the number of visits to the doctor, make the rehabilitation process easier and significantly increase the quality of life.

In February 2019, we received the prestigious **GSMA Global Mobile Awards 2019** prize in the Best Use of Mobile for Accessibility & Inclusion category in recognition of our contribution to the project.

Joint projects with inclusive partner Everland

Apart from supporting enabling technologies for disabled and handicapped people, we strive to apply the principle of inclusiveness when dealing with our employees and contractors. In 2018, we implemented **three projects with the help from our inclusive partner Everland**. Everland's specialists developed layouts for our sustainability and CSR reports released this year and in the previous year.

We are planning to develop and strengthen our partnership in 2019. We aim to create an ecosystem of accessible services in our stores and call-centers. In addition to creating an inclusive environment at all our retail outlets, we are planning to launch a course for call-center employees on serving customers with disabilities. Training and employing disabled and handicapped people is another important objective of our inclusivity projects. We are preparing the launch of an extensive platform offering motivation assessment, psychometric testing, professional coaching and assistance in finding employment. Moreover, we aim to support independent living by reducing the cost of internships and offering new employment options. We are hoping to achieve far-reaching results and support more than 40,000 people nationwide over the following 3 years.

We will review these projects in more detail in our 2019 Report.
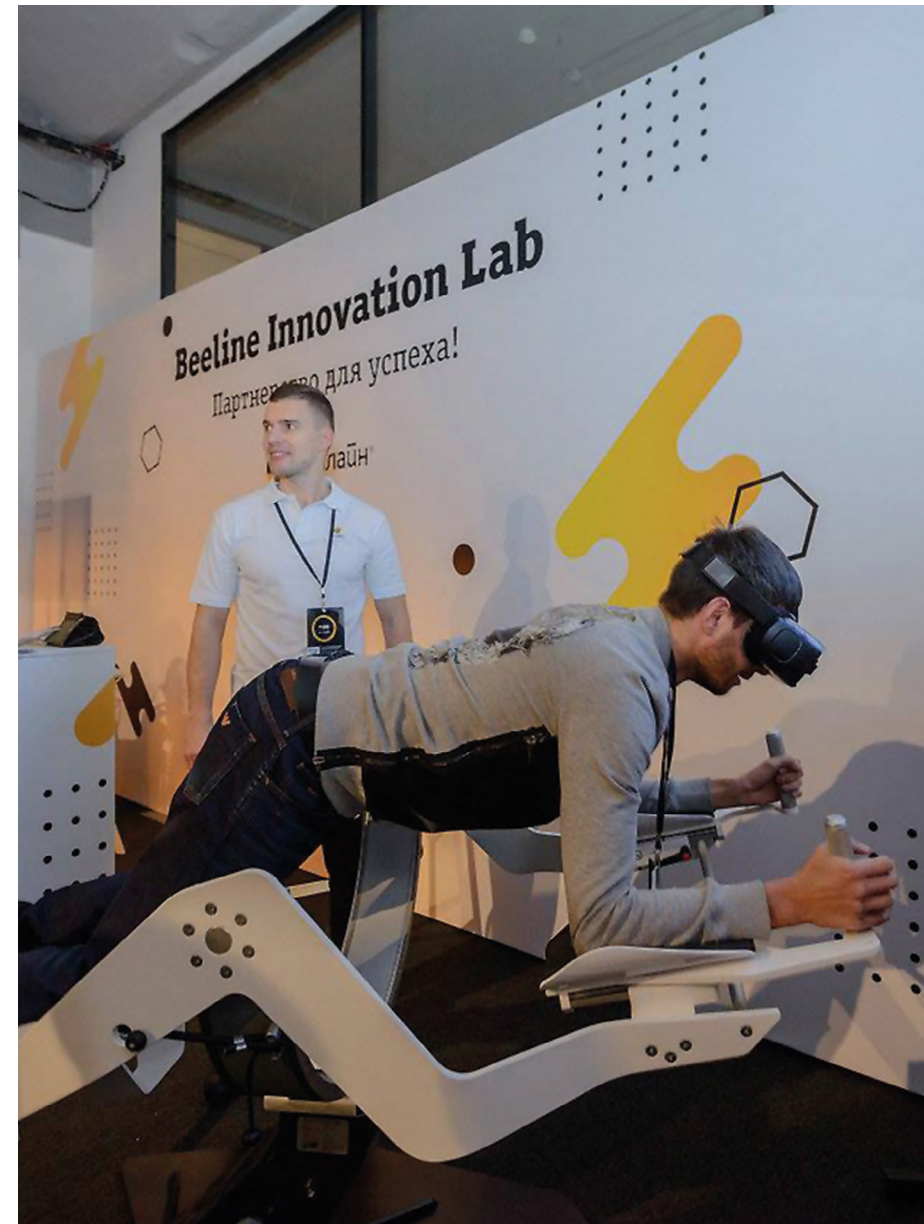
MY DOCTOR TELEMEDICINE SERVICE

In 2018, we expanded mobile service package offered to subscribers and launched My Doctor telemedicine service, which was developed in collaboration with Mobile Medical Technologies Ltd. With the launch of the service, Beeline clients gained access to online consultations of more than 150 medical practitioners (including sub-specialists across 42 medical fields), health and wellbeing tips, second opinions and medical test explanations. Response time is set not to exceed 3 minutes.

By introducing the service a few months after 'telemedicine' became a legal term in an updated Russian legislation, the Company made a big step towards meeting social goals in line with our Digital strategy. The appearance of telemedicine services ensured accessibility of medical services in remote regions providing for the right to high-quality medical assistance.

203-1

413-1

Everland's DisQuestion study noted the Company's significant efforts in improving the access of the handicapped to the infrastructure. The study recognized Beeline as the most accessible mobile service. People with various types of disability were surveyed, reflecting different accessibility requirements both online and offline.

In 2019, we were also pla ced first in the **Best Corporate Social Responsibility Projects** category at the Lime International Social Advertising festival for technology innovations that promote inclusivity and accessibility.

Technological Solutions for Charity and Social impact

We are constantly increasing our technological potential and strive to employ our best innovations for the benefit of society. We believe that **technological solutions** enable local development and therefore reaffirm our commitment to making an impact.

M-Charity Service

We continue to support to the **M-charity service**, a joint project set up by VimpelCom and the Gift of Life Foundation in 2013. M-Charity helps customers easily make one-off or regular donations from their mobile accounts. The service constantly evolves and grows. Donations from subscribers increased **35 percent** to over **RUB 1.1 bln** in 2018. An ever-increasing number of foundations are signing up to the service: in 2018, **almost 600 NGOs and charities** were using the M-Charity platform.

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NGOs and charities

The **Corporate Charity Award** put us **second** in the Best program promoting the development of NGO infrastructure, charity and volunteering in the company's region of presence nomination for the high quality and efficiency of our technology in solving pressing social tasks.

Search for new technological solutions

We believe that tech startups are the future of social innovation. This is why we do our best to spot the best ideas and make sure they are transformed into functional products and services. In 2018, we continued supporting the **GoTech** technology startup contest for talented young entrepreneurs developing B2B and B2C solutions. This year, we focused on tech projects with social purpose, especially those aimed at helping disabled and handicapped people, as well as **M-Health** startups.

We continued to participate in VEON's global **Make Your Mark** initiative to support talented youth and innovative digital solutions. This year the program gathered over 20,000 young people who attended workshops, visited accelerators and entered contests for digital entrepreneurship and innovative solutions.

The Company's contribution to the Make Your Mark initiative

200

Number of people attending entrepreneurship educational events

20 359

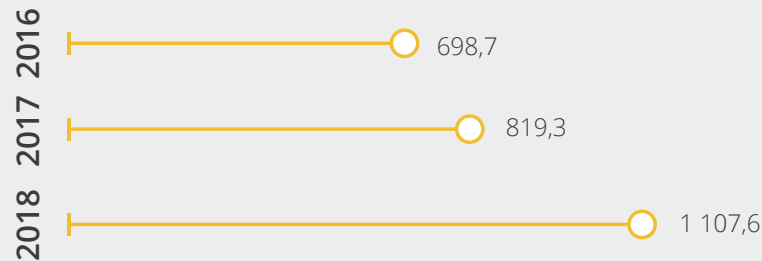Number of people entering digital entrepreneur competitions

1 500

Number of people participating in accelerators / incubators

Intellectual Volunteering

We are working hard to develop and promote the philosophy of **intellectual volunteering**, which we consider to be the future of

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Mobile donations, RUB mln

2016   698,7

2017   819,3

2018   1 107,6

volunteering. We believe that social impact is amplified when charity work builds on most relevant resources and skills.

"Beeline joined the platform as a corporate partner in the end of 2018 and quickly became a leader in the implementation of pro bono technologies in Russia. The Company is currently developing intellectual volunteering alongside its wider corporate social responsibility efforts and encourages its employees to transfer their professional expertise to charities. The potential of the corporate partnership between ProCharity and Beeline is tremendous, with a vast array of possible areas for cooperation "

Natalya Malafeeva,
ProCharity Project Leader

ProCharity Platform

In 2018, we were among first major Russian companies to join the ProCharity intellectual volunteering platform. The Company is extremely enthusiastic about its employees sharing their unique expertise. ProCharity is the largest platform that helps experts volunteer their services to NGOs.

One of the most pressing issues facing charities today is resource allocation. While using most of the resources to help those in need, charities struggle to boost their own operating efficiency. The ProCharity platform empowers charities to address this challenge by connecting people who are ready to contribute and NGOs in need of support. Joining the platform is easy: one simply needs to register and specify the skills to share. A separate portal was created for VimpelCom's employees to enable

management to track progress in intellectual volunteering and offer additional incentives and bonuses for successfully completed tasks.

As a result, around **26,000 employees** and the Company's **59 mln clients** can now support charities and other public organizations by sharing their professional skills.

Our significant contribution to the development of the platform was recognized by the Druzya (Friends) Foundation, which named us the winner of the **Pioneer ProCharity award** for leadership in intellectual volunteering and social responsibility.

Volunteers to Help Orphans

In 2018, we continued to support Volunteers to Help Orphans (Volontery v Pomoshch Detyam Sirotam) project. The partnership was established in 2007 when we helped set up a hotline for the adoption of children. The hotline has processed around **24,000 telephone calls** about adoption in **81 regions** of Russia. The charity has arranged **6,252 adoptions** over 12 years, including those organized through our Territory without Orphans (Territoriya bez Sirot) project. Our psychologists, lawyers, and speech therapists held over **10,000 face-to-face consultations** with adopting families. We prevented the separation of **142 families** by providing support to mothers planning to give their children up for adoption after birth. Moreover, our projects have helped **over 1,200 orphans with serious diseases** get the medical treatment they needed.

The blood donor day

On 11 April 2018, we hosted Blood Donor Day at our headquarters, during which **103 employees** donated their blood. The initiative was held in collaboration with the Gift of Life foundation (Podari Zhizn), for the benefit of patients undergoing treatment at the Dmitry Rogachev National Research Center of Pediatric Hematology, Oncology and Immunology..

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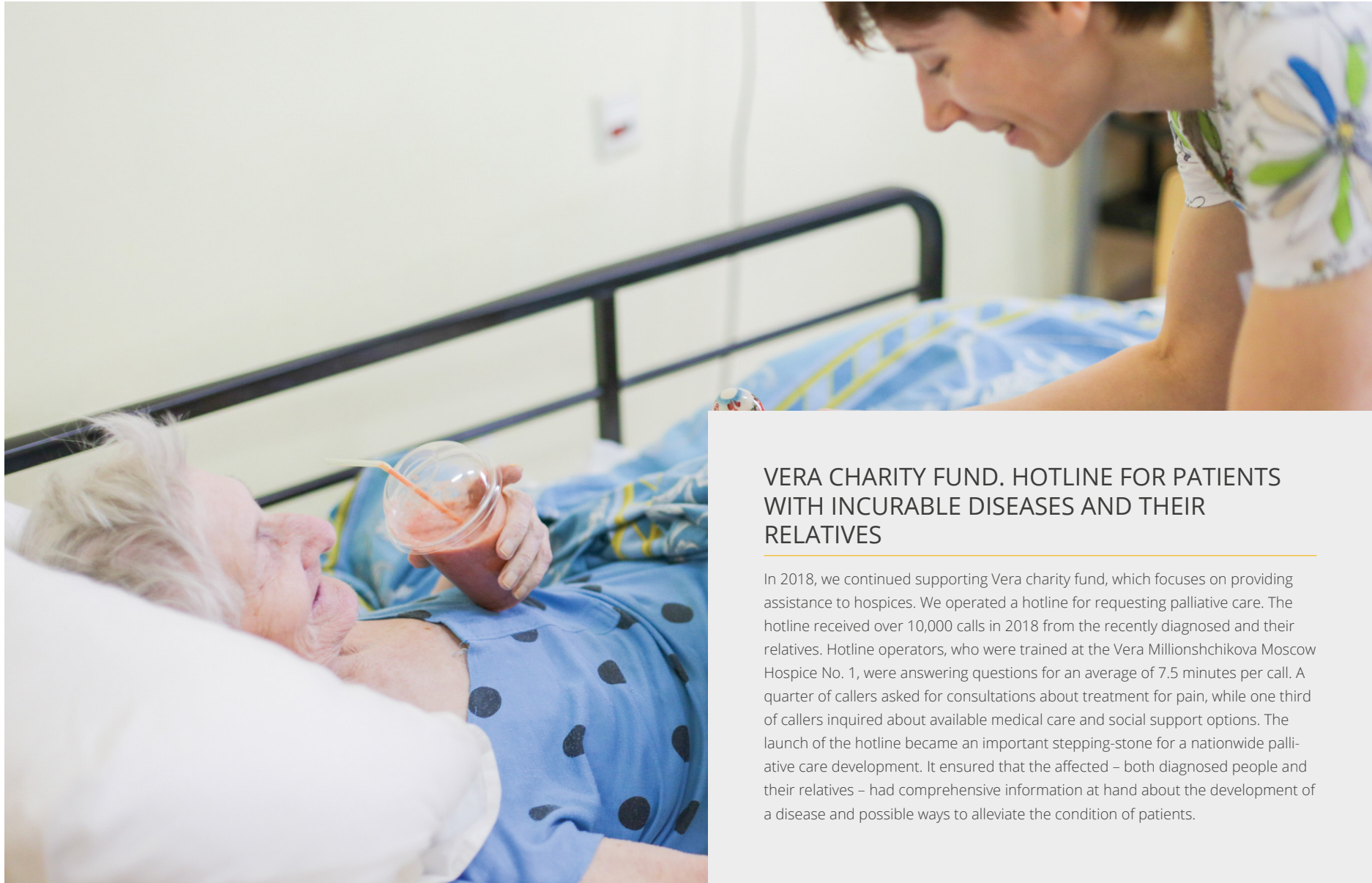
VERA CHARITY FUND. HOTLINE FOR PATIENTS WITH INCURABLE DISEASES AND THEIR RELATIVES

In 2018, we continued supporting Vera charity fund, which focuses on providing assistance to hospices. We operated a hotline for requesting palliative care. The hotline received over 10,000 calls in 2018 from the recently diagnosed and their relatives. Hotline operators, who were trained at the Vera Millionshchikova Moscow Hospice No. 1, were answering questions for an average of 7.5 minutes per call. A quarter of callers asked for consultations about treatment for pain, while one third of callers inquired about available medical care and social support options. The launch of the hotline became an important stepping-stone for a nationwide palliative care development. It ensured that the affected – both diagnosed people and their relatives – had comprehensive information at hand about the development of a disease and possible ways to alleviate the condition of patients.

Environment

ENVIRONMENTAL STRATEGY

We acknowledge our environmental responsibility associated with our role of one of the biggest mobile operators in Russia. We strive to ensure that both the right to economic development decoupled from environmental damage and the right to health and wellbeing are duly respected.

Telecommunications companies are traditionally large energy consumers. This is why our environmental strategy focuses on energy efficiency projects and meeting the most stringent environmental norms and standards.

The Company's environmental strategy concept is reviewed in more detail in our 2016-2017 Corporate Social Responsibility Report (pages 54-55).

Penalties for breaching environment legislation

In 2018, our performance incurred certain penalties for minor breaches of environmental legislation; however, fines were reduced significantly compared to previous reporting period.

In 2016-2018, VimpelCom paid penalties totaling RUB 1,990,000 for the late submission of environmental reports to regulatory authorities, for minor incompliance with forest protection management regulations and safety issues associated with electric equipment exploitation.

Apart from accepting the liability and making necessary payments, we ensured that each issue was thoroughly investigated and mitigated, and took measures to prevent its reoccurrence

Fines paid for breaches of environmental legislation, RUB

2016 год	2017 год	2018 год
223,000	739,000	1,028,000

In 2018, we succeeded in avoiding non-cash penalties by promptly responding to notices received from government authorities the year before.

In accordance with a notice received from the Environment and Water Resource Protection Department of the Karachay-Cherkess Republic, the Company developed a draft regulation on emissions limits, measured hazardous air pollutants, and established waste management standards.

Energy Consumption

Our calculation of electricity consumption and energy efficiency is based on the following regulatory documents:
- стандарт ГОСТ Р 54097–2010;
- The Analytical Center for the Government of the Russian Federation's report «Minimum standards for energy consumption for certain types of equipment as an efficient mechanism for ensuring energy efficiency in the industrial policy».

VimpelCom has outsourced the maintenance of its base stations to Huawei and Nokia (the producers of telecoms equipment) as a part of its Felix initiative. Since the launch of the initiative, all fuel for stationary diesel generators at access networks, controller positions, and switch centers, as well as mobile diesel and gasoline generator units used by VimpelCom to generate power, has been purchased by business partners. This is why power consumption figures significantly changed between 2018 and 2017: VimpelCom did not include fuel purchased by third parties in its 2018 figures of direct energy consumption.

Solar energy accounted for 21 percent of the total energy consumption used by VimpelCom's mobile networks in 2018, down 15 percent compared to the previous year. The reduction is a result of decreased electrical load of the infrastructure as well as the decommissioning of equipment.

Energy consumption in offices increased by **26 percent** in 2018 due to the increase in the number of stores. Diesel consumption fell by 49 percent year-on-year due to the closure of a data center that used diesel as its main energy source.

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Direct energy consumption within the organization, '000 kWt*h

Direct Energy Consumed by Network (Non-Renewable)

2016	2017	2018
589	1259	108

Direct Energy Consumed by Network (Renewable)

2016	2017	2018
16,2	27,6	23,2

Direct Energy Consumed by Offices (Non-Renewable)

2016	2017	2018
Total		
993	1 181	2 379
Natural gas		
906	1 671	2 273
Diesel		
87	210	106

Non-renewable mobile network power consumption is diesel consumption. In 2018, total diesel consumption did not include fuel purchased by business partners and contractors as part of the Felix network maintenance outsourcing initiative.

Renewable energy is not a part of power mix used by office buildings.

In addition to reducing power consumption within the Company, we succeeded in decreasing the amount of power we use to transport equipment and personnel by more than a third compared to 2017. We achieved that by opting for public transportation and taxis as compared to more intensive corporate fleet use in previous periods.

Total amount of energy used to transport equipment and personnel, '000 kWt*hour

2016	2017	2018
4 048	2 558	1 603

Energy Efficiency and Internal Environmental Initiatives

On top of our efforts to reduce direct power consumption, we have launched a number of initiatives to promote rational use of resources and responsible treatment of the environment in our regions of operation. We identify the following focus areas, which appear the most material given the nature of our business:

1. efficient energy consumption;
2. rational material and waste management;
3. responsible water consumption.

Energy-Saving Technologies

We opened a new data center in Yaroslavl in 2013, which has become an example of successful application of energy efficient tech solutions. The data center has adopted energy-saving **Natural Free Cooling** technology, which is also used to cool base stations. The technology was installed at an additional 1,003 base stations in 2018, although their share remained unchanged due an overall increase in the number of base stations.

The use of **distributed base stations (DBS)** is another effective energy-saving approach. These stations are located outdoors and cool naturally. The Company operated 12,575 DBS in 2018, or 10.4 percent of the total.

The data center in Yaroslavl, Natural Free Cooling, and DBS are reviewed in more detail in our 2016-2017 Corporate Social Responsibility Report (page 56)

Power saving at base stations

Base stations running on Free Cooling technology, % of the total

2016	2017	2018
6,5%	6,8%	6,8%

Base stations exposed to open air, % of the total

2016	2017	2018
9,4%	10,3%	10,4%

Base stations employing energy-saving equipment, % of the total

2016	2017	2018
14,2%	12,4%	0*

In accordance with our methodology, we only count base stations for which energy-saving technology is a supplementary feature of the core equipment. In 2018, the Company fully integrated energy-saving technology into the software of base station equipment. As a result, there are currently no base stations where energy saving technology is used as a supplementary feature.

We strive to maximize energy efficiency at our offices by imple-

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menting automated power management systems, and by cutting fuel costs by using video conferencing instead of face-to-face meetings that involve travel. Our offices switched to the use of LED and energy-saving bulbs, replacing fluorescent and incandescent lighting. We also installed state-of-the-art heat transfer technology when renovating our offices to boost efficiency.

Rational Waste and Resource Management

We aim to achieve lower levels of resources consumed and waste generated. We reduced the amount of printed materials we use, giving preference to digital copies wherever possible, which allowed us to cut the paper consumption by 22 percent compared to the previous year. Eighteen percent of the paper we used was handed over for recycling.

Paper consumption, tons

2016	2017	2018
203	156,9	122,4

When printing is unavoidable, we use the EcoPrint function, which helps to significantly reduce toner consumption.

Responsible Water Consumption

The Company's offices are equipped with water meters. Water consumption increased by 201.3 m3 and amounted to 128,686.2 m3 in the reporting period as we phased out the use of bottled water and installed tap water purification units. This is a part of our initiative to make office buildings greener by reducing plastic waste.

Water consumption figures are provided for VimpelCom office buildings and do not account for Beeline stores

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GRI Index Table

No.	Disclosure	Group of Standards	Reference/ Commentary	Note
101	Foundation	GRI 101: Foundation 2016	*Reporting Principles*	
102-1	Name of the organization	GRI 102: General Disclosures 2016	*About the Company*	
102-2	Activities, brands, products and services	GRI 102: General Disclosures 2016	*About the Company*	
102-3	Location of headquarters	GRI 102: General Disclosures 2016	*GRI Index Table*	VimpelCom PJSC is headquartered in Moscow
102-4	Location of operations	GRI 102: General Disclosures 2016	*GRI Index Table*	VimpelCom PJSC operates in Russia.
102-5	Ownership and legal form	GRI 102: General Disclosures 2016	*About the Company*	Please refer to page 7 of the VimpelCom PJSC 2018 Annual financial Report to learn about ownership and legal form in more detail.
102-6	Markets served	GRI 102: General Disclosures 2016	*About the Company*	VimpelCom PJSC operates in Russia.
102-7	Scale of the organization	GRI 102: General Disclosures 2016	*About the Company*	According to the issuer's quarterly report, market capitalization is not indicated by issuers whose common stock is not admitted to circulation by the trade organizer. *Please refer to pages 8 and 28 of the VimpelCom PJSC 2018 Annual financial Report to learn about capital and organizational structure in more detail.*
102-8	Information on employees and other workers	GRI 102: General Disclosures 2016	*Principles of HR policy*	

No.	Disclosure	Group of Standards	Reference/ Commentary	Note
102-9	Supply chain	GRI 102: General Disclosures 2016	_Sustainable business partner and supplier relations_	_Please refer to pages 48-49 of the Issuer's Quarterly Report for 1Q 2019 to learn about key suppliers and costs spent in more detail._
102-10	Significant changes to the organization and its supply chain	GRI 102: General Disclosures 2016	_Sustainable business partner and supplier relations_	
102-11	Application of the Precautionary Principle	GRI 102: General Disclosures 2016	_Risk management_	
102-12	Increasing access to digital services and technologies	GRI 102: General Disclosures 2016	_United Nations Sustainable Development Goals (UN SDGs)_ _Anti-corruption practices_ _GRI Index Table_	VimpelCom complies with the principles and recommendations of the Corporate Governance Code recommended by the Bank of Russia. Please refer to page 29 of the VimpelCom PJSC 2018 Annual financial Report to learn more.
102-13	Membership of associations	GRI 102: General Disclosures 2016	_GRI Index Table_	_Please refer to pages 135-137 of the Issuer's Quarterly Report for 4Q 2018 to learn about bank groups, holdings and associations in more detail._
102-14	Statement from a senior decision-maker	GRI 102: General Disclosures 2016	_CEO's Letter_	
102-15	Key impacts, risks, and opportunities	GRI 102: General Disclosures 2016	_Risk management_	Partial disclosure. The Report does not disclose information about potential opportunities to mitigate risks because it was not possible to provide the details required by GRI at the data collection stage, in particular due to confidentiality constraints.
102-16	Values, principles, standards, and norms of behavior	GRI 102: General Disclosures 2016	_About the Company_ _The Group's Code of Conduct_	

No.	Disclosure	Group of Standards	Reference/ Commentary	Note
102-17	Mechanisms for advice and concerns about ethics	GRI 102: General Disclosures 2016	*The Group's Code of Conduct*	
102-18	Mechanisms for advice and concerns about ethics	GRI 102: General Disclosures 2016	*The Group's Code of Conduct*	
102-22	Composition of the highest governance body and its committees	GRI 102: General Disclosures 2016	*The Company structure*	Information about our Board members, including their executive functions, tenure, gender, and economic, environmental and social competences can be found on our website in the «Leadership» section and in the Company's 2018 Annual Report. The Board of Directors does not include any members from underrepresented groups or external stakeholders.
102-31	Nature and total number of critical concerns	GRI 102: General Disclosures 2016	*Social activities*	Partial disclosure. The Report does not disclose the information about the frequency of economic and environmental topics review by the highest governance body as it was not possible to provide the details required by GRI at the data collection stage.
102-32	Highest governance body's role in sustainability reporting	GRI 102: General Disclosures 2016	*GRI Index Table*	The quality check of the Report is performed by data owners who provided the information, and by Vice President for External Communications. The report is then reviewed and approved by the Social Investment Committee, as per internal Regulation on the Committee on Social Investments.
102-40	List of stakeholder groups	GRI 102: General Disclosures 2016	*Our stakeholders*	
102-41	Collective bargaining agreements	GRI 102: General Disclosures 2016	*GRI Index Table*	Beeline has no collective bargaining agreements.
102-42	Identifying and selecting	GRI 102: General Disclosures 2016	*Our stakeholders*	
102-43	Approach to stakeholder engagement	GRI 102: General Disclosures 2016	Reviewed in several sections	

No.	Disclosure	Group of Standards	Reference/ Commentary	Note
102-44	Key topics and concerns raised by stakeholders	GRI 102: General Disclosures 2016	*Our stakeholders*	
102-45	Entities included in the consolidated financial statements	GRI 102: General Disclosures 2016	*GRI Index Table*	*The list of subsidiaries included in the consolidated financial statements for 2018 is disclosed in the consolidated financial statements of VimpelCom PJSC (page 35).*
102-46	Defining report content and topic Boundaries	GRI 102: General Disclosures 2016	*Reporting principles* *Material topics*	
102-47	The list of material topics	GRI 102: General Disclosures 2016	*Material topics*	
102-48	Restatements of information/new definitions	GRI 102: General Disclosures 2016	*GRI Index Table*	Information about revisions of data for previous periods is indicated in the comments to relevant numerical disclosures. Where not indicated otherwise, it shall be considered that no revisions were made.
102-49	Changes in reporting	GRI 102: General Disclosures 2016	*Materiality topics*	In the reporting period, the boundaries of the «Energy Efficiency and Rational Resource Use» material topic (referred to as «Rational Resource Use» in the 2016-2017 report) changed due to changes in the perimeter of data collection on energy consumption indicators: in 2018, network services were outsourced as part of the Felix initiative, so the figures do not cover energy purchased by business partners and contractors.
102-50	Reporting period	GRI 102: General Disclosures 2016	*About the Report*	
102-51	Date of most recent report	GRI 102: General Disclosures 2016	*About the Report*	
102-52	Reporting cycle	GRI 102: General Disclosures 2016	*About the Report*	
102-53	Contact point for questions regarding the report	GRI 102: General Disclosures 2016	*Contacts*	

No.	Disclosure	Group of Standards	Reference/ Commentary	Note
102-54	Claims of reporting in accordance with the GRI Standards	GRI 102: General Disclosures 2016	*About the Report*	
102-55	GRI content index	GRI 102: General Disclosures 2016	*GRI Index Table*	
102-56	External assurance	GRI 102: General Disclosures 2016	*Appendices*	Confirmation has been carried out in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.
103-1	Explanation of the material topic and its Boundary	GRI 103: Management Approach 2016	*Material topics*	All material topics were identified based on an analysis of the stakeholders' opinions.\n\nThe Company's impact within the topical framework discussed in this Report is limited by the reporting boundaries. Impacts created by business partners or contractors are not considered in the Report.
103-2	The Company's impact within the topical framework discussed in this Report is limited by the reporting boundaries. Impacts created by business partners or contractors are not considered in the Report.	GRI 103: Management Approach 2016	*Appendices*\n\nThe description of the management approach and its components is also integrated into various parts of the Report.	
103-3	Evaluation of the management approach	GRI 103: Management Approach 2016	*Appendices*\n\nThe description of the management approach and its components is also integrated into various parts of the Report.	

No.	Disclosure	Group of Standards	Reference/ Commentary	Note
201-1	Direct economic value generated and distributed	GRI 201: Economic Performance 2016	*Overview of operations*	Partial disclosure. From the list of elements covered by the disclosure, we agreed to disclose the following financial indicators for non-financial reporting: revenue, EBITDA and CAPEX on telecommunication infrastructure development. Please refer to our financial statements available on the official website to learn more about our financial performance.
201-4	Financial assistance received from government	GRI 201: Economic Performance 2016	*GRI Index Table*	*The Company did not receive financial assistance from the government in the reporting period. Please refer to page 33 of the VimpelCom PJSC 2018 Annual financial Report to learn more.*
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	GRI 202: Market Presence 2016	*Principles of HR policy*	
202-2	Proportion of senior management hired from the local community	GRI 202: Market Presence 2016	*Principles of HR policy*	
203-1	Infrastructure investments and services supported	GRI 203: Indirect Economic Impacts 2016	*Principles of social activities*	
203-2	Significant indirect economic impacts	GRI 203: Indirect Economic Impacts 2016	*Appendices*	Partial disclosure. From the list of elements covered by the disclosure, we did not report on the organization's negative indirect economic impacts. The information is not included because it was not possible to provide the details required by GRI at the data collection stage.
204-1	Proportion of spending on local suppliers	GRI 204: Procurement Practicies 2016	*Sustainable business partner and supplier relations*	*Please refer to page 48-49 of the Issuer's Quarterly Report for 1Q 2019 to learn about key suppliers and costs spent in more detail.*
205-2	Communication and training about anti-corruption policies and procedures	GRI 205: Anti-Corruption 2016	*Anti-corruption practices*	

No.	Disclosure	Group of Standards	Reference/ Commentary	Note
205-3	Confirmed incidents of corruption and actions taken	GRI 205: Anti-Corruption 2016	*The Group's Code of Conduct*	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	GRI 206: Anti-Competitive Behaviour 2016	*Government relations and compliance*	
301-1	Materials used by weight or volume	GRI 301: Materials 2016	*The rational waste and material management*	Partial disclosure. From the list of elements covered by the disclosure, we did not provide a breakdown of materials used by non-renewable and renewable. The information because is not included because it was possible to provide the details required by GRI at the data collection stage.
302-1	Energy consumption within the organization	GRI 302: Energy 2016	*Energy efficiency and internal environmental initiatives*	Partial disclosure. From the list of elements covered by the disclosure, we did not report data on the consumption and sale of steam or energy used for cooling. The Report does not disclose this information because it is not possible to provide the details required by GRI at the data collection stage.
303-3	Water recycled and reused	GRI 303: Water 2016	*Responsible water consumption*	Partial disclosure. From the list of elements covered by the disclosure, we did not provide a breakdown of water consumption by sources and categories. The Report does not disclose this information because it was not possible to provide the details required by GRI at the data collection stage.
307-1	Non-compliance with environmental laws and regulations	GRI 307: Environmental Compliance 2016	*Environmental strategy*	
401-1	New employee hires and employee turnover	GRI 401: Employment 2016	*Principles of HR policy*	Partial disclosure. From the list of elements covered by the disclosure, we did not presented a breakdown of figures for new employee hires and staff turnover by age group, gender and region. The Report does not disclose this information because it was not possible to provide the details required by GRI at the data collection stage.

No.	Disclosure	Group of Standards	Reference/Commentary	Note
401-2	Benefits provided to full-time employees benefits that are not provided to temporary or part-time employees	GRI 401: Employment 2016	*Employee motivation and assessment*	Partial disclosure. From the list of elements covered by the disclosure, we did not present a breakdown of employee benefits by significant regions of operation. The Report does not disclose this information because it was not possible to provide the details required by GRI at the data collection stage.
401-3	Parental leave	GRI 401: Employment 2016	*Principles of HR policy*	Partial disclosure. From the list of elements covered by the disclosure, we did not presented a breakdown of figures for the number of employees who took parental leave by gender. We did not disclose the number of employees who were entitled to parental leave; the number of employees who returned to work after parental leave and who were still employed 12 months after their return; the return to work and retention rates of employees who took parental leave. The Report does not disclose this information because it was not possible to provide the details required by GRI at the data collection stage, in particular due to confidentiality constraints.
403-1	Occupational health and safety management system	GRI 403: Occupational Health and Safety 2018	*Occupational safety*	
403-6	Promotion of worker health	GRI 403: Occupational Health and Safety 2018	*Occupational safety*	
403-9	Work-related injuries	GRI 403: Occupational Health and Safety 2018	*Occupational safety*	
403-10	Work-related ill health	GRI 403: Occupational Health and Safety 2018	*Occupational safety*	
404-1	Average hours of training per year per employee	GRI 404: Training and education 2016	*Employee training and development* *Appendices*	Partial disclosure. From the list of elements covered by the disclosure, we did not present a breakdown of figures for the number of employees who received training by gender and employee category. The Report does not disclose this information because it was not possible to provide the details required by GRI at the data collection stage.
404-2	Programs for upgrading employee skills and transition assistance programs	GRI 404: Training and education 2016	*Employee training and development*	
404-3	Percentage of employees receiving regular performance and career development reviews	GRI 404: Training and education 2016	*Employee motivation and assessment*	

No.	Disclosure	Group of Standards	Reference/ Commentary	Note
405-1	Diversity of governance bodies and employees	GRI 405: Diversity and Equal Opportunity 2016	*Principles of HR policy* *Appendices*	
405-2	Ratio of basic salary and remuneration of women to men	GRI 405: Diversity and Equal Opportunity 2016	*GRI Index Table*	Salary calculation is based solely on skills, professional experience and on-the-job performance, and is not gender-related. Other things being equal, the ratio of basic salary of women to men is 1:1.
408-1	Operations and suppliers at risk for incidents of child labor	GRI 408: Child Labor 2016	*GRI Index Table*	The operations of the Company, including the head office, retail stores, the contact center, as well as contractors are compliant with the Russian legislation, which prohibits the use of child labor.
409-1	Operations and suppliers at risk for incidents of forced and compulsory labor	GRI 409: Forced or Compulsory Labor 2016	*GRI Index Table*	The operations of the Company, including the head office, retail stores, the contact center, as well as contractors are compliant with the Russian legislation, which prohibits the use of forced and compulsory labor.
413-1	Operations with local community engagement, impact assessments, and development programs	GRI 413: Local Communities 2016	*Social investment principles* *Investment in social development*	
414-1	New suppliers that were screened using social criteria	GRI 414: Supplier Social Assessment 2016	*Sustainable business partner and supplier relations*	Partial disclosure. From the list of elements required by the disclosure, we did not report the percentage of new suppliers that were screened using impacts on society criteria, although we did indicate their number in absolute terms. The Report does not disclose this information because it was not possible to provide the details required by GRI at the data collection stage.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	GRI 416: Customer Health and Safety 2016	*GRI Index Table*	No incidents of non-compliance with regulatory requirements concerning health and safety impacts of products and services were recorded.
417-3	Incidents of non-compliance concerning marketing communications	GRI 417: Marketing and Labeling 2016	*Code of Conduct*	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	GRI 418: Customer Privacy 2016	*Information security*	

Appendix 1. Table of Material Topics' Management Approach elements

	Material topic	Description of the topic	Relevant GRI Standards and additional metrics	Topic management approach and its components	Evaluation of the management approach
103-1 103-2 103-3	1. Ethics, transparency, and corporate governance	The following elements are considered material for the topic: ethical conduct, compliance with anti-corruption legislation, transparent business practices and corporate governance systems.	GRI 102-16. Values, principles, standards, and norms of behavior GRI 102-17. Mechanisms for advice and concerns about ethics GRI 102-18. Governance structure GRI 102-22. Composition of the highest governance body and its committees GRI 102-31. Review of economic, environmental, and social topics GRI 102-32. Highest governance body's role in sustainability reporting	The Business Ethics and Compliance Unit is responsible for managing this topic. Ethics, transparency and corporate governance are regulated in accordance with Russian legislation, internal policies and other regulatory documents, including: VEON Group's Code of Conduct, Conflicts of Interest Policy and the SpeakUp Hotline Policy.	The company regularly conducts an ethics audit to identify non-compliance with internal standards, and develops an action plan based on its findings.

Material topic	Description of the topic	Relevant GRI Standards and additional metrics	Topic management approach and its components	Evaluation of the management approach
2. Confidentiality and data protection	The following elements are considered material for the topic: preventing the disclosure, distortion and theft of confidential client information and correspondence.	GRI 418-1. Substantiated complaints concerning breaches of customer privacy and losses of customer data	The directors for IT Security, Economic Security and the Security of Tangible Assets are responsible for managing this topic as well as the Data Protection Committee and the Commission for Information Security and Personal Data. Matters related to information security and data confidentiality are set out in the Information Security Policy and Personal Data Policy.	KPIs have been set for the functions that are responsible for managing this topic. KPI performance is monitored regularly.
3. Service Quality	The following elements are considered material for the topic: the technical specifications of services (Internet speed, coverage quality), the quality of customer service (demand, call center response times and customer loyalty index).	GRI Standards do not contain disclosures directly related to the quality of mobile services. The topic is partially covered by GRI 102-2. Activities, brands, products, and services. The following additional non-GRI indicators were included to reflect the Company's activities within the scope of this topic: data on the number of subscribers and Internet speed. The Report also discloses service quality indicators adopted by the Company.	The Client Service Directive, the Analytics and Service Process Development Department and the Operations Support Department are responsible for client service quality. The mission of these bodies is to introduce effective tools to support subscribers and optimize call centers. The Company has a Monitoring Center, which analyses subscribers' requests to identify the most common reasons for contacting the Company. The Company regularly updates a gap map, which displays geographic areas that have the highest amount of network quality complaints registered. An action plan is established based on identified issues.	KPIs have been set for the functions that are responsible for managing this topic and are updated every year. KPI performance is monitored regularly. There are KPIs for call center capacity. Call center employees have individual KPIs and undergo customer service quality reviews on a regular basis.

Material topic	Description of the topic	Relevant GRI Standards and additional metrics	Topic management approach and its components	Evaluation of the management approach
4. Sustainable supply chain	The following elements are considered material for the topic: the Company's main principles and procedures for supplier selection and continuous interaction with them, including sustainable development issues.	GRI 102-9 Supply chain GRI 102-10. Significant changes to the organization and its supply chain GRI 204-1. Proportion of spending on local suppliers GRI 414-1. New suppliers that were screened using social criteria	The procurement function is responsible for managing this topic. Management is conducted in accordance with internal regulatory documents, including: the Business Partner Code of Conduct, Contractor Selection Procedure, Business Partner Due Dilligence Procedure, Contractor Disqualification Procedure, Development and Implementation of a Contracting Strategy Instructions, Transfer of Rights and Obligations for Cost and Income Contracts Instructions, Checking Contractors for Tax Risks Procedure and Selection of a Sole Contractor Instructions.	KPIs have been set for the functions that are responsible for this topic. KPI performance is monitored regularly.
5.Economic development and performance	The following elements are considered material for the topic: key financial and operational performance indicators.	GRI 201-1. Direct economic value generated and distributed GRI 203-1. Infrastructure investments and services supported The Company's economic performance indicators are also available in its Annual Report, financial and accounting reports (https://moskva.beeline.ru/about/about-beeline/disclosure/annual-reports/) and quarterly reports (https://moskva.beeline.ru/about/about-beeline/disclosure/quarterly-reports/).	The Finance Unit is responsible for managing economic performance. The Company regularly discloses its financial results in accordance with the Bank of Russia's Regulation on Information Disclosure by Issuers of Issue-Grade Securities No. 454-P, dated 30.12.2014 (registered in the Russian Justice Ministry 12.02.2015 N 35989), section 69. All information disclosures are available on the Company's website.	Shareholders assess how effectively this topic is being managed.

Material topic	Description of the topic	Relevant GRI Standards and additional metrics	Topic management approach and its components	Evaluation of the management approach
6. Innovation and smart technology	The following elements are considered material for the topic: the use of innovative technologies to develop urban infrastructure and increase the standard of living of both the Company's clients and residents of regions of presence, including vulnerable groups.	GRI Standards do not contain disclosures directly related to innovation. The following additional non-GRI indicators were included to reflect the Company's activities within the scope of this topic: information about the first holographic call in Russia using 5G networks, information about Beeline Innovation Lab and Make Your Mark projects, information about the development of innovative inclusive technologies (Braille Glove and Monitoring of Wearable Bionic Prostheses projects), telemedicine services and a high-tech payment service for M-Charity.	Employees responsible for developing technology products manage this topic. The development of innovative technologies is governed by Beeline's Strategy, which aims to move to a digital business model and create digital services.	N/A
7. Telecommuni-cations infrastruc-ture	The following elements are considered material for the topic: infrastructural changes taking place during the reporting period and the impact of these changes on quality of service and urban infrastructure.	GRI Standards do not contain disclosures directly related to infrastructural development. The topic is partially covered by: GRI 102-10. Significant changes to the organization and its supply chain (specifically concerning the replacement of the network equipment supplier, which led to improved infrastructure quality) GRI 203-1. Infrastructure investments and services supported The following additional non-GRI indicators were included to reflect the Company's activities within the scope of this topic: the number of base stations and infrastructure projects implemented in collaboration with regional authorities (the construction of a broadband network using FTTB, infrastructure in permafrost regions).	The Infrastructure Development Unit and Investment Management and Commercial Analysis Directive are responsible for managing this topic. The Infrastructure Development Unit conducts infrastructure development planning, manages efficiency and operations, interacts with partners and responds to stakeholder queries and the Investment Management and Commercial Analysis Directive ensures base stations remain in good condition.	KPIs have been set for the functions that are responsible for this topic. KPI performance is monitored regularly.

Material topic	Description of the topic	Relevant GRI Standards and additional metrics	Topic management approach and its components	Evaluation of the management approach
8. Legal compliance	The following elements are considered material for the topic: compliance with general legal requirements and the requirements of antimonopoly, anticorruption and environmental regulators.	GRI 205-3. Confirmed incidents of corruption and actions taken GRI 206-1. Legal actions for anti-competitive behavior, anti-trust, and monopoly practices GRI 417-3. Incidents of non-compliance concerning marketing communications GRI 307-1. Non-compliance with environmental laws and regulations This topic is also covered by a statement of adherence to human rights in accordance with the Russian Constitution and Russian Labor Code.	The Legal and Corporate Relations Unit and Business Ethics and Compliance Unit are responsible for managing this topic. Matters related to legal compliance are regulated in accordance with the Russian legislation, internal policies and other regulatory documents, including the Anti-money Laundering and Counter Terrorist Financing Policy. The Company strives to comply with anti-monopoly regulations and does not obstruct the development of competition at the Russian market. The Department for Managing Anti-monopoly Practices is responsible for monitoring violations of anti-monopoly regulations. The Department protects the Company's interests at the Federal Anti-monopoly Service or in court if indications of possible violations of anti-monopoly regulations are detected. The Department also participates in the approval of corporate documentation, including contracts, to mitigate legal risks.	KPIs have been set for the specific functions responsible for this topic (excluding the Department for Managing Anti-monopoly Practices)

Material topic	Description of the topic	Relevant GRI Standards and additional metrics	Topic management approach and its components	Evaluation of the management approach
9. Anti-corruption	The following elements are considered material for the topic: management of the Company's anti-corruption activities, monitoring the availability and use of regulatory documents.	GRI 205-2. Communication and training about anti-corruption policies and procedures GRI 205-3. Confirmed incidents of corruption and actions taken The topic is also covered by information about the Company's anti-corruption policy and an assessment of compliance with the provisions of the Anti-Corruption Charter of The Russian Business.	The Legal and Business Relations Unit and the Business Ethics and Compliance Unit manage this topic. The topic is regulated by the Russian law and the Company's anti-corruption policy.	KThe Company received a certificate of public confirmation, which acknowledged the implementation of the provisions of the Anti-Corruption Charter of The Russian Business.
10. Government regulation of the industry	The following elements are considered material for the topic: compliance with the legal requirements applicable to the telecoms industry.	In addition to GRI disclosures covering the topic «Legal Compliance", the Company states its compliance with laws for the telecoms industry and adherence to the license obligations for LTE FDD and LTE TDD.	The Government Relations Unit, Legal and Corporate Relations Unit and Business Ethics and Compliance Unit manage this topic. The topic is regulated by the Russian law and license obligations.	Для функций, в сферу ответ-ственности которых входит управление темой, разработаны соответствующие КПЭ. Выпол-нение КПЭ регулярно отслежи-вается.

Material topic	Description of the topic	Relevant GRI Standards and additional metrics	Topic management approach and its components	Evaluation of the management approach
11. International legal norms, standards and recommenda-tions	The following elements are considered material for the topic: compliance with international norms and standards, directly or indirectly applicable to the Company's activities.	GRI Standards do not contain disclosures directly related to compliance with international norms and standards. In addition to the statement of compliance with GRI 2018 international non-financial reporting norms and standards, the Report presents corporate commitment to the UN's Sustainable Development Goals, principles of the Universal Declaration of Human Rights, the Guiding Principles for Business and Human Rights and the International Labour Organization (ILO). The report provides information about the Company's PCI DSS accreditation, which is a data security standard for the payment card industry.	Compliance with international norms and standards is regulated by the Company's senior management and is set out as one of the key objectives in the Company's Strategy.	The Company conducts independent verification of the non-financial information disclosed in its annual report and undergoes accreditation for compliance with international standards applicable to the telecoms industry.
12. Energy efficiency and lean resources	The following elements are considered material for the topic: the Company's energy consumption statistics, information about energy-saving initiatives and information about the material resources used by the Company (paper).	GRI 301-1. Materials used by weight or volume GRI 302-1. Energy consumption within the organization The topic is also covered by information about the energy-efficiency technologies in use (natural free cooling at base stations) and relevant statistics	The Infrastructure Development Unit, regional management and energy and environmental protection specialists are responsible for managing this topic: collecting and analyzing data and develop initiatives to improve operational efficiency. Activities are regulated by the relevant internal documents, including the Organization of the Management of Electrical Facilities Provision.	KPIs have been set for the functions responsible for this topic. KPI performance is monitored regularly.

Material topic	Description of the topic	Relevant GRI Standards and additional metrics	Topic management approach and its components	Evaluation of the management approach
13. Inclusiveness via access to digital services and technology	The following elements are considered material for the topic: projects aimed at ensuring equal rights, projects aimed at social integration of people with disabilities and other vulnerable groups.	GRI 203-2. Significant indirect economic impacts GRI 413-1. Operations with local community engagement, impact assessments, and development programs This topic is also covered by information about inclusive technology projects (Braille Glove and Monitoring of Wearable Bionic Prostheses projects), information about the construction of infrastructure in remote regions (permafrost regions), the integration of technological solutions to create equal access to services, mobile plans for clients with various income levels.	The Committee for Social Investments reviews the Company's social activities and is responsible for approving social investment strategy and social initiatives. The Committee meets on a quarterly basis. The Corporate Social Responsibility Function oversees the implementation of projects. The topic is regulated by the corresponding regulatory document, and specifically, the Corporate Philanthropy Social Investment and Charitable Donations Policy and Procedure.	KPIs have been set for the functions responsible for overseeing this topic. KPI performance is monitored regularly.
14. Personnel management, training and employee development	The following elements are considered material for the topic: the HR policy, staff diversity, and development and training.	GRI 401-1 New employee hires and employee turnover GRI 401-2. Benefits provided to full-time employees that are not provided to temporary or part-time employees GRI 401-3 Parental leave GRI 404-1. Average hours of training per year per employee GRI 404-2. Programs for upgrading employee skills and transition assistance programs GRI 404-3. Percentage of employees receiving regular performance and career development reviews. GRI 405-1 Diversity of governance bodies and employees	The HR, Organizational Development and Support Unit is responsible for managing this topic. The Unit is divided into Directives overseeing the following: operational support for HR, mass recruitment and talent development, compensations and benefits, high potential talent development, corporate culture and internal communications. The activities of these functions are regulated by the relevant internal policies.	KPIs have been set for the functions responsible for this topic. KPI performance is monitored regularly.

Material topic	Description of the topic	Relevant GRI Standards and additional metrics	Topic management approach and its components	Evaluation of the management approach
15. High labor standards	The following elements are considered material for the topic: fair remuneration.	GRI 202-1 Ratios of standard entry level wage by gender compared to local minimum wage GRI 405-2. Ratio of basic salary and remuneration of women to men	The HR, Organizational Development and Support Unit, and specifically the Compensation and Benefits Directive is responsible for managing this topic.	KPIs have been set for the functions responsible for this topic. KPI performance is monitored regularly.
16. Human rights	The following elements are considered material for the topic: the Company's key human rights initiatives, compliance with applicable legal requirements.	408-1. Operations and suppliers at significant risk for incidents of child labor 409-1. Operations and suppliers at significant risk for incidents of forced or compulsory labor The topic is also covered by information about how corporate activities integrate human rights principles.	Compliance with human rights is regulated by the Company's senior management and is set out in the Company's Strategy. All Company employees, without exception, as well as suppliers and business partners with which the Company has contractual relations, are responsible for ensuring compliance with human rights. Activities to ensure compliance with human rights are regulated by the Russian Constitution, the Russian Labor Code and international statues, including: The Universal Declaration of Human Rights, the Guiding Principles for Business and Human Rights and conventions of the International Labour Organization (ILO).	N/A

Material topic	Description of the topic	Relevant GRI Standards and additional metrics	Topic management approach and its components	Evaluation of the management approach
17. Impact of mobile communications on health	The following elements are considered material for the topic: information about the potential and actual negative impacts of the Company's services on health.	GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services The Report states that it does not disclose information on this topic. The Company acknowledges the growing importance of this issue and is committed to increasing transparency about its activities and research in this area in its 2019 Report.	N/A An outreach program focusing on mobile communication and health was developed and approved in the reporting period and will be launched in 2019.	N/A
18. Social innovation	The following elements are considered material for the topic: the Company's initiatives that use technology to generate a wide-ranging social impact.	In addition to GRI disclosures covering the topics «Inclusivity through access to digital services and technologies", the «Social innovation» topic is covered by information about social projects: the Liza-Alert search-and-rescue project, which uses the Company's digital technologies and support for the ProCharity intellectual volunteering platform.	The Committee for Social Investments reviews the Company's social activities and is responsible for approving social investment strategy and social initiatives. The Committee meets on a quarterly basis. The Corporate Social Responsibility Function oversees the implementation of projects. The topic is regulated by the corresponding regulatory document, and specifically, the Corporate Philanthropy Social Investment and Charitable Donations Policy and Procedure.	Corresponding KPIs have been set for the functions responsible this topic. KPI performance is monitored regularly. There are plans to develop and implement evaluation parameters to measure the social impact of selected social projects in the next reporting period.

Material topic	Description of the topic	Relevant GRI Standards and additional metrics	Topic management approach and its components	Evaluation of the management approach
19. Products ensuring a positive social and environmental impact	The following elements are considered material for the topic: a description and assessment of positive social and environmental impact of the Company's services.	GRI Standards do not contain disclosures directly related to positive social and environmental impacts. Disclosure of the topic overlaps with disclosures under the topic «Inclusivity through access to digital services and technologies».	The Committee for Social Investments reviews the Company's social activities and is responsible for approving social investment strategy and social initiatives. The Committee meets on a quarterly basis. The Corporate Social Responsibility Function oversees the implementation of projects. The topic is regulated by the corresponding regulatory document, and specifically, the Corporate Philanthropy Social Investment and Charitable Donations Policy and Procedure.	N/A There are plans to develop and implement evaluation parameters to assess social impact of selected social projects in the next reporting period.
20. Safe web and responsible content	The following elements are considered material for the topic: virus protection, content compliance with legal criteria.	GRI Standards do not contain disclosures directly related to the development of a safe web. The following additional non-GRI disclosures were included to reflect the Company's activities within the scope of this topic: information about the use of DPI technology and interaction with government authorities to develop a safe web.	The Vice President for Government Relations and the Directive for Infrastructure Development are responsible for overseeing this topic. The Company's activities aimed at building a safe web fall within the scope of the federal law «On protecting children from information harmful to their health or development.» The Company receives regular feedback from Internet regulators.	N/A

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Material topic	Description of the topic	Relevant GRI Standards and additional metrics	Topic management approach and its components	Evaluation of the management approach
21. Employee-management relationship	The following elements are considered material for the topic: staff motivation, dialogue between employees and management.	GRI 404-3 Percentage of employees receiving regular performance and career development reviews

The topic is also covered by information about the SpeakUp hotline and regular all-staff meetings. | The HR, Organizational Development and Support Unit, and specifically the Directive for Talent Management and Development and the Directive for Corporate Culture and Internal Communications, are responsible for overseeing this topic. The activities of these functions are regulated by the relevant internal policies. | N/A |

102-12

Appendix 2. Contribution to Other UN SDGs

SDG 1. END POVERTY IN ALL ITS FORMS EVERYWHERE

1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services <...>

Ensured availability of mobile plans and mobile devices for customers with different income levels.

1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters

Worked on the Volunteers to Help Orphans project (Volontery v Pomoshch Detyam Sirotam) to support children without parents.

Please refer to the «Social Activities and Services» section for more details (page 53).

Continued working with the Liza Alert search-and-rescue volunteer organization that conducts searches for missing people and provides support for their relatives. We achieved the following through the partnership:

• Ensured uninterrupted functioning of the hotline.
• Established shelters for lost people (Places of Refuge) in Beeline's stores.
• Organized meetings for parents.
• Installed a monument to missing children.

The partnership helps vulnerable people in their time of need.

Please refer to the «Social Activities and Services» section for more details (page 53).

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SDG 3. ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

3.8 Achieve universal health coverage, including <...> access to quality essential health-care services <...> for all

Launched telemedicine services enabling remote medical consultations, i.e. My doctor application.

Launched a voluntary health insurance program for employees.

Please refer to the Section «Labor Safety» for more details (page 51).

Launched and operated the hotline for terminally ill people in partnership with the Vera Hospice Charity Fund.

Please refer to the «Social Activities and Services» section for more details (page 53).

SDG 4. ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL

4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

Invested in employee training and introduced courses on e.g. Design Thinking and Agile skills.

Company employees developed and launched Big Data Lab courses for first year master's students in a number of technical universities in Novosibirsk.

Please refer to the «Employee Training and Development» section for more details (page 49).

Participated in VEON's Make Your Mark initiative to create opportunities for young talent to join educational events, accelerators and contests for digital entrepreneurship and innovative solutions.

Please refer to the «Technology Solutions for Charity Purposes and Social Impact» section for more details (page 58).

102-12

SDG 5. ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

5.1 End all forms of discrimination against all women and girls everywhere

5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

Implemented ethical business principles, including gender equality in pay.

Supported the BEE Woman Club, partnered with the Women's Leadership Forum program and the Woman&Tech conference to foster women's leadership and professional development in business.

Please refer to the «Principles of the HR Policy» section for more details (page 46).

SDG 7. ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

7.3 By 2030, double the global rate of improvement in energy efficiency

Implemented the advanced energy-saving Natural Free Cooling technology to cool equipment in the Yaroslavl data center, as well as in some base stations.

Please refer to the «Energy Efficiency and Internal Environmental Initiatives» section for more details (page 62).

SDG 12. ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

12.2 By 2030, achieve the sustainable management and efficient use of natural resources

Reduced the amount of energy consumed by offices and networks; also cut water and paper use.

Please refer to the «Energy Efficiency and Internal Environmental Initiatives» section for more details (page 62).

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SDG 16. PROMOTE PEACEFUL AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT, PROVIDE ACCESS TO JUSTICE FOR ALL AND BUILD EFFECTIVE, ACCOUNTABLE AND INCLUSIVE INSTITUTIONS AT ALL LEVELS

16.5 Substantially reduce corruption and bribery in all their forms

Ethical business conduct remained the Company's ultimate priority.

Acted in strict compliance with the Anti-Corruption Policy; performed regular assessment of corruption risks.

Set up the Compliance function, which included the Anti-money laundering unit that counters the legalization of income derived from criminal activity.

Please refer to the «Business Reliability and Fair Practices» section for more details (page 30).

SDG 17. STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

17.8 Fully operationalize the technology bank and science, technology and innovation capacity-building mechanism for least developed countries by 2017 and enhance the use of enabling technology, in particular information and communications technology

Increased the number of base stations and Internet coverage.

Please refer to the «Increasing Accessibility of Digital Services and Technology» section for more details (page 39)

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Appendix 3. Additional Information on GRI Standards Disclosures

Information on employees and other workers	2017	2018
Total number of employees with permanent employment contract	19,474	26,517
women	10,383	13,730
men	9,092	12,787
Total number of employees with temporary employment contract	2,265	1,930
women	1,382	1,145
men	883	785
Total number of employees	21,739	28,447
women	11,764	14,875
men	9,975	13,572

102-8

BU	2017*	2018
Total number of employees working full-time (40 hour per week)	N/A	26,254
women	N/A	13,413
men	N/A	12,841
Total number of employees working part-time	N/A	2,193
women	N/A	1462
men	N/A	731
Total number of employees	N/A	28,447
women	N/A	14,875
men	N/A	13,572

Business unit «Russia» is considered as a region of operations as states the Veon's Report (https://www.veon.com/media/2325/veon-report-2018-v3.pdf)

*Data for 2017 is partially unavailable due to absence of data collection system last year

404-1

Average hours of training per year per employee, broken down by gender and position, 2018

Total hours of online training that the organization's employees have undertaken during the reporting period	70,594
women	40,164
men	30,430
governance bodies*	37
employees**	70,557
Number of organization's employees that have taken online training	8,747
Average hours of online training that the organization's employees have undertaken during the reporting period	8,1

Only headquarters employees are included in figures without accounting for employees of the Beeline monobrand retail chain and call centers. Similar figures for classroom training data, as well as figures for 2017, were unavailable and hence are not presented.

* Group «Governance bodies» includes CEO, president and vice president.

** Group «Employees» includes all except CEO, president and vice president.

GRI 405-1. DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

405-1

a. Number and percentage of individuals within the organization's governance bodies in each of the following diversity categories:

	Aged under 30			Aged 30 -50			Aged over 50			Total number and percentage of governance bodies		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Total number of governance bodies	276	271	314	1,095	946	1,014	79	50	59	1,450	1,267	1,387
women among governance bodies	128	133	144	475	483	498	24	25	28	627	641	670
men among governance bodies	148	138	170	620	463	516	55	25	31	823	626	717
Percentage of governance bodies	19.0%	21.4%	22.6%	75.5%	74.7%	73.1%	5.4%	3.9%	4.3%	100.0%	100.0%	100.0%
women among governance bodies	8.8%	10.5%	10.4%	32.8%	38.1%	35.9%	1.7%	2.0%	2.0%	43.2%	50.6%	48.3%
men among governance bodies	10.2%	10.9%	12.3%	42.8%	36.5%	37.2%	3.8%	2.0%	2.2%	56.8%	49.4%	51.7%

405-1

b. Percentage of employees per employee category in each of the following diversity categories:

	Aged under 30			Aged 30 -50			Aged over 50			Total number and percentage of employees		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Total number of employees	12,241	12,177	16,964	9,076	7,786	9,503	855	510	593	22,172	20,473	27,060
women among employees	6,453	6,307	8,381	4,788	4,616	5,583	241	200	240	11,482	11,123	14,204
men among employees	5,788	5,870	8,583	4,288	3,170	3,920	614	310	353	10,690	9,350	12,856
Percentage of employees	55.2%	59.5%	62.7%	40.9%	38.0%	35.1%	3.9%	2.5%	2.2%	100.0%	100.0%	100.0%
women among employees	29.1%	30.8%	31.0%	21.6%	22.5%	20.6%	1.1%	1.0%	0.9%	51.8%	54.3%	52.5%
men among employees	26.1%	28.7%	31.7%	19.3%	15.5%	14.5%	2.8%	1.5%	1.3%	48.2%	45.7%	47.5%

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Appendix 4. External confirmation

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FBK
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INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT [TRANSLATION FROM RUSSIAN ORIGINAL]

To the management of VimpelCom PJSC

We have undertaken a limited assurance engagement of compliance of the accompanying 2018 VimpelCom PJSC Sustainability Report (hereinafter referred to as the Report) with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Core option as well as of compliance of VimpelCom PJSC stakeholder engagement during Report preparation with the requirements of AA1000 Stakeholder Engagement Standard.

Responsibility of VimpelCom PJSC

VimpelCom PJSC is responsible for preparation of the Report in compliance with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Core option as well as for compliance of VimpelCom PJSC stakeholder engagement during Report preparation with the requirements of AA1000 Stakeholder Engagement Standard. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Rules of Independence of the Auditors and Audit Organizations and The Code of Professional Ethics of the Auditors, which are in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The firm applies International Standard on Quality Control 1, Quality Control for Firm that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on compliance of the Report with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Core option as well as on compliance of VimpelCom PJSC stakeholder engagement during Report preparation with the requirements of AA1000 Stakeholder Engagement Standard based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform this engagement to obtain limited assurance about whether VimpelCom PJSC complies with the requirements of AA1000 Stakeholder Engagement Standard in its stakeholder engagement during Report preparation and whether the Report is free from material misstatement.

A limited assurance engagement undertaken in accordance with these standards involves assessing the following criteria (hereinafter referred to as Criteria):

- Compliance of the Report with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Core option;
- Compliance of VimpelCom PJSC stakeholder engagement during Report preparation with the requirements of AA1000 Stakeholder Engagement Standard.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we have performed the following procedures:

- Study and selective testing of systems and processes implemented by VimpelCom PJSC to ensure compliance of its stakeholder engagement during Report preparation with the requirements of AA1000 Stakeholder Engagement Standard.
- Interviewing the management and employees of VimpelCom PJSC and obtaining documentary evidence;
- Study of information available on the VimpelCom PJSC website related to its activities in the context of sustainable development;
- Study of public statements of third parties concerning economic, environmental and social aspects of VimpelCom PJSC activities, in order to check validity of the declarations made in the Report;
- Analysis of non-financial reports of companies working in the similar market segment for benchmarking purposes;
- Selective review of documents and data on the efficiency of the management systems of economic, environmental and social aspects of sustainable development in VimpelCom PJSC;
- Study of the existing processes of collection, processing, documenting, verification, analysis and selection of data to be included into the Report;
- Analysis of information in the Report for compliance with the requirements of Criteria.

The procedures were performed only in relation to data for the year ended 31 December 2018.

The evaluation of reliability of the information on performance in the Report was conducted in relation to compliance with the requirements of Standards to the report prepared in accordance with the Core option and information referred to in the annex to the Report "GRI Content Index". In respect to this information assessment of its conformity to external and internal reporting documents provided to us was performed.

The procedures were not performed in relation to forward-looking statements; statements expressing the opinions, beliefs and intentions of VimpelCom PJSC to take any action relating to the future; as well as statements based on expert opinion.

The procedures were performed in relation to the Russian version of the Report, which includes information to be published in a hard-copy form as well as in digital form on the VimpelCom PJSC website.

We had no chance to verify that the Report was published on the VimpelCom PJSC website as well as that Global Reporting Initiative was notified of the use of the Standards in the Report preparation, due to the fact that the date of signing this Assurance Report preceded the planned dates of these procedures completion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about compliance of VimpelCom PJSC stakeholder engagement during Report preparation with the requirements of AA1000 Stakeholder Engagement Standard as well as about compliance of the Report, in all material respects, with the Criteria.

Limited Assurance Conclusion on Nature and extent of compliance of VimpelCom PJSC stakeholder engagement during Report preparation with the requirements of AA1000 Stakeholder Engagement Standard

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes as to believe that VimpelCom PJSC stakeholder engagement during Report preparation has not complied, in all material aspects, with the requirements of AA1000 Stakeholder Engagement Standard.

Limited Assurance Conclusion on Compliance of the Report with the GRI Sustainability Reporting Standards (Core option)
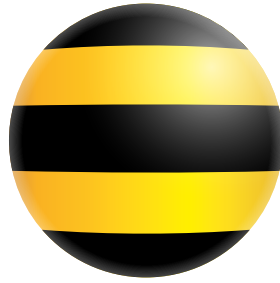
Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Report has not complied, in all material aspects, with requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Core option.

FBK, LLC
Practitioner
Partner   _____ V.Y.Skobarev
acting under Power of Attorney No. 76/18 of December 17, 2018
The Russian Federation, Moscow, December 25, 2019

Beeline™