



Focusing Locally • Empowering People • Connecting Globally

**Sharing
Value**

**Behaving
Responsibly**

Corporate Responsibility Report 2013

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Services for Society

We believe we can share value through providing products and services which bring specific benefits to society, and our wider range of stakeholders.

See more on p18

Resource Efficiency

We are focused on being more efficient in how we use resources to ensure that we live within the boundaries of what is sustainable.

See more on p24

Responsible Behavior

We are committed to managing our business ethically and safely, and making our contribution to building a more sustainable world.

See more on p28

Social Investment

We support community causes through the services we provide, through financial support and employee volunteering.

See more on p34

Feedback and Contact

We are keen to improve the value of our reporting to our stakeholders and therefore welcome constructive feedback. Comments on this document, and our CR information on the website, can be forwarded to cr@vimpelcom.com.



For more information, visit our website
www.vimpelcom.com



Table 1: How our markets have contributed to this Report

Business Units	Markets in scope for data reporting	Markets included in Report on an ad hoc basis
Russia	Russia	—
Italy	Italy	—
Africa & Asia	Algeria, Bangladesh, Pakistan	Burundi, Central African Republic, Laos, Zimbabwe
CIS	Armenia, Georgia, Kazakhstan ¹ , Kyrgyzstan, Tajikistan, Uzbekistan	—
Ukraine	Ukraine	—
% of Service revenue	99.5%	0.5%
% of Customers	97.5%	2.5%

¹ Data reporting covers the Kar-Tel Beeline and Beeline Business brand only. This represents over 80% of the employees in Kazakhstan. The other businesses, 2Day Telecom and TNS Plus, will be included in next year's report.

About this Report

This is the second Group Corporate Responsibility ('CR') Report ('the Report') of VimpelCom Ltd ('VimpelCom' or the 'Company') and covers the year to 31 December 2013. Our first report was published in 2013 and summarized our general approach to CR, rather than covering a specific period.

The Report is being published alongside our Annual Report on Form 20-F filed with the US Securities and Exchange Commission. Further information is available on our corporate website including the reports and publications of a number of our constituent Business Units ('BUs') and Operating Companies ('OpCos').

Scope

This Report covers markets where we had active telecommunication operations at 31 December 2013. It does not include businesses that were sold during the financial year (Cambodia) or businesses where we control less than 50% of the equity. No businesses in new geographical markets have been acquired during the year. However, not all markets provided data to support publication of the Report as a new CR reporting system is being introduced on a phased basis. Table 1 summarizes how our markets have contributed to this Report.

The HQ operation in Amsterdam is also not included in the scope of reporting for issues such as energy and employee statistics, but will be included next year.

Businesses report on a geographical market basis, rather than on a legal entity basis. A list of the material subsidiaries that comprise VimpelCom is provided in our Form 20-F filing (available on our website). Further information on the principles that underpin our reporting, such as treatment of outsourced activities, basis for estimations, definitions, etc. is provided on page 39.

Intended Audience

We hope this Report will be read by a range of stakeholders but it has been prepared with particular audiences in mind. VimpelCom is a holding company with no brand presence in any of our markets and we rely mainly on our BUs and OpCos to communicate to our customers on CR issues through their own reports, websites and other channels. Therefore, this Report is intended primarily for corporate stakeholders: our investors and the financial community, the governments who host our operations and the regulatory bodies that oversee our activities, our global supply chain partners, the media and other opinion formers and, importantly, our employees at the HQ and across our businesses.

Reporting Standards and Guidance

In preparing this Report we have made reference to the Global Reporting Initiative ('GRI') guidelines, the principles set out in the AA1000 series of standards (namely AA1000 APS, AA1000 AS and AA1000 SES), and the emerging guidance on integrated reporting from the International Integrated Reporting Committee. We are aiming for our reporting to be in accordance with the core requirements of the GRI version 4 guidelines ('G4') with the publication of our 2014 CR Report. We have commissioned an assessment of our progress towards this from an independent consultant and are in the process of adopting their recommendations for improvement (see their statement on page 41).

On 28 May 2013 we signed up to the 10 Principles of the United Nations Global Compact and this Report represents our first annual Communication on Progress ('COP'). Table 16 on page 40 provides a cross-reference between the COP and sections of this Report.

Several of our BUs and OpCos prepare their own CR reports, a number of which follow the GRI guidelines, and these can be found on their websites.

Data Quality and Assurance

Prior to 2013, VimpelCom had no formal CR data reporting process in place and during the year we started to implement a reporting system to facilitate the gathering of performance information from across our markets. The system selected is a reporting module developed by Oracle which mirrors the management information system currently used for financial reporting (Hyperion Financial Management). The CR reporting system will become more integrated into the broader financial reporting system during 2014.

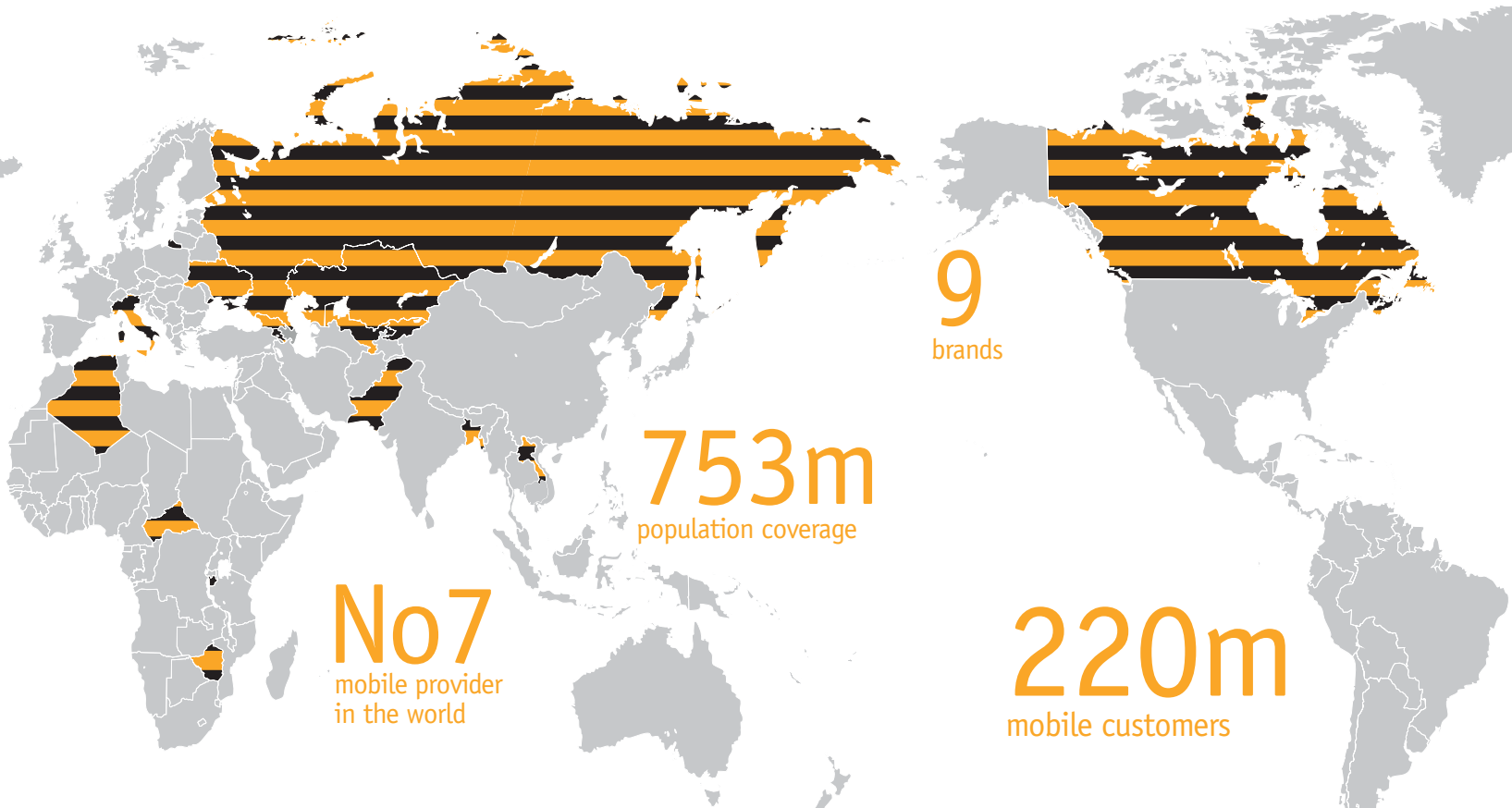
As many of our businesses have not previously collected and reported CR key performance indicators ('KPIs'), we are introducing the new system on a phased basis. This involved exempting certain smaller businesses from reporting on 2013 performance, and we introduced a sub-set of KPIs for those markets that are included in the Report scope. The KPIs have been selected to focus on our most material issues and, wherever appropriate, represent data already used for management purposes. Nevertheless, as Table 1 indicates, this covers 99.5% of our business by service revenue. Further markets and further KPIs will be included in scope in subsequent years.

We are building and improving our reporting processes across the businesses. We have used our best endeavors to ensure reported information is accurate but, as this is the first year we have reported quantitative data, we anticipate that the quality of our data has scope to improve. As a result, we have not commissioned external independent assurance of the Report, although we see this as an important future step (see page 41 for independent observations on our reporting approach).

Expert Comments

To help us identify our priority (material) issues, we consulted with external experts (see page 14). A number of quotes from this research are embedded throughout the Report. Under the terms of the research we are not able to identify the quotes with named individuals.

Focusing Locally, Empowering People, Connecting Globally

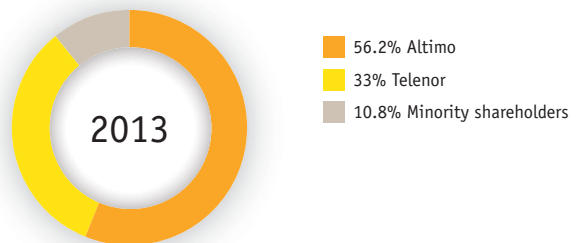


VimpelCom is one of the world's largest integrated telecommunications services operators, providing voice and data services through a range of traditional and broadband mobile and fixed technologies. At the end of 2013 we had 220 million mobile customers across 17 markets, and 30 million broadband customers. These markets have a total population of approximately 753 million.

Ownership

We are headquartered in Amsterdam, and listed on the Nasdaq, where 10.8% of our shares are traded. Our ownership structure is indicated below:

















Shareholder Structure



Company Structure and Brands

We operate a decentralized model based on our fundamental belief that all our business is local. VimpelCom's reporting structure is divided into five BUs – Russia, Italy, Africa and Asia, Ukraine and the Commonwealth of Independent States (CIS), all of which report to the Company's headquarters in Amsterdam. During 2013 the Company sold its business in Cambodia. VimpelCom operates through a series of leading brands in our markets. The table below summarizes the key facts about the markets we operate in.

Table 2: Company Structure and Brands

Country	Brands	Customers ('000)	Operating Revenue (US \$m)	EBITDA* (US \$m)	Market position	Employees
Russia		56,512	9,109	3,815	3	26,843
Italy	 	22,292	6,618	2,583	3	6,903
Africa and Asia						
Algeria		17,574	1,796	1,054	1	4,040
Pakistan		37,638	1,066	442	1	2,932
Bangladesh		28,838	504	187	2	2,634
Other Africa & Asia (Laos, Zimbabwe, CAR, Burundi)	  	4,897	140	-12	-	2,019
Ukraine		25,756	1,611	781	1	4,510
CIS						
Armenia		694	145	58	2	2,494
Georgia		1,091	88	27	3	478
Kazakhstan		9,158	840	391	2	1,469
Kyrgyzstan		2,662	192	97	1	810
Tajikistan		1,284	148	74	4	374
Uzbekistan		10,518	672	347	1	1,402

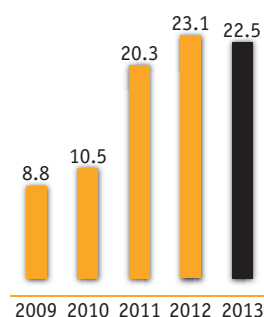
Group and BU HQ staff totals 330 employees.

Financial Performance

At 31 December 2013, VimpelCom had total assets of US\$ 50,419m.

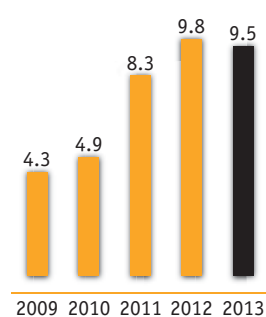
Total operating revenues
(US\$ bln)
Actual

\$22.5b



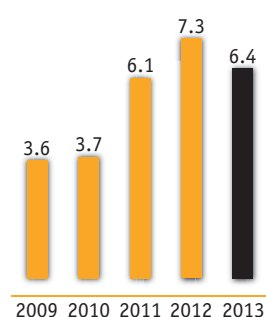
EBITDA (\$US bln)
Actual

\$9.5b*



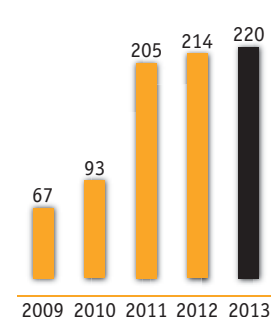
Net cash from operating activities (\$US bln)
Actual

\$6.4b



Mobile customers (mln)
Actual

220m

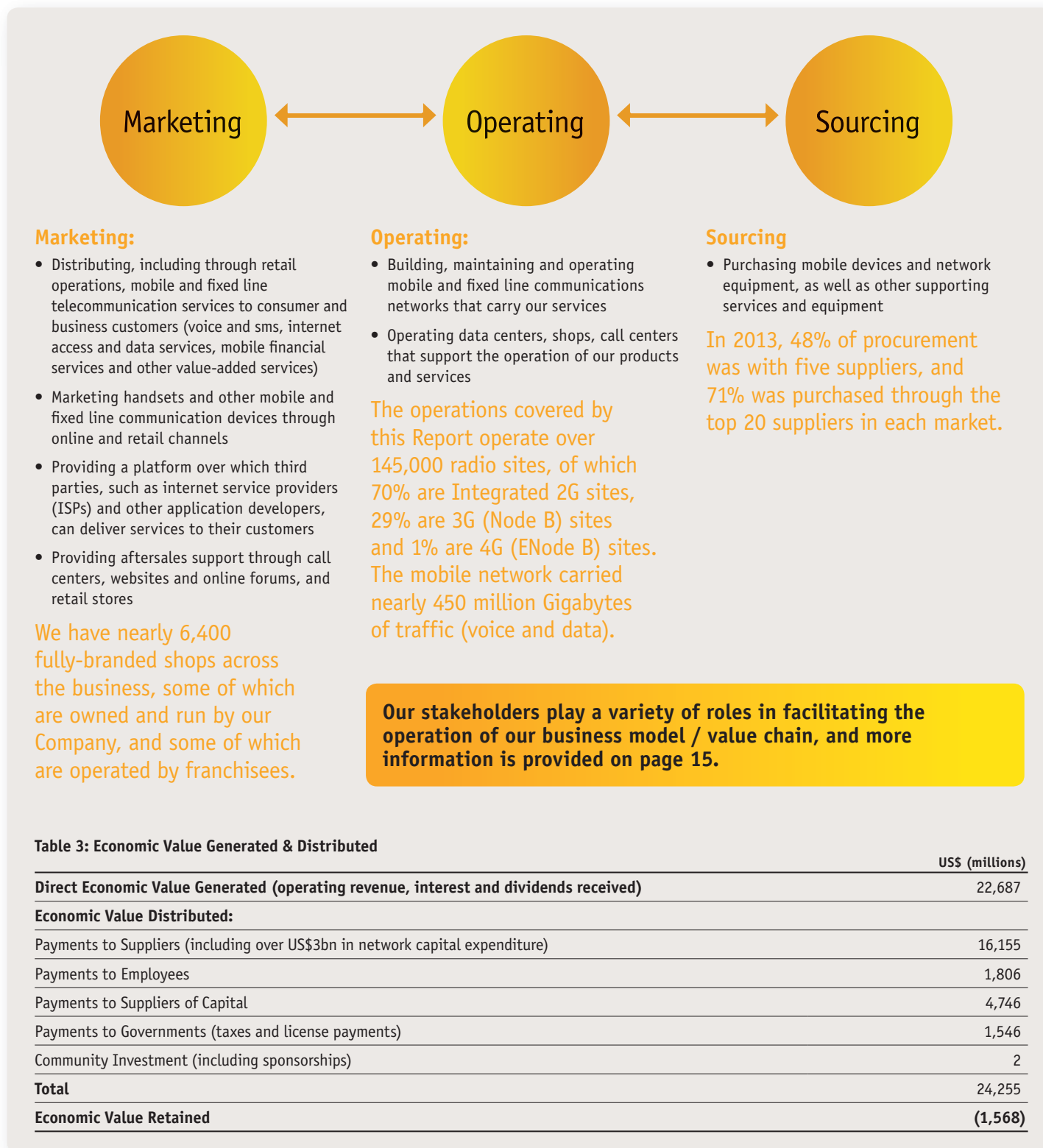


Note: Figures are based on IFRS.

* EBITDA excluding one-off charges related to the resolution in Algeria

Our Value Chain

Our value chain can be summarized under three main headings:



Building and Maintaining Trust



Jo Lunder
Chief Executive Officer (left)

Alexey M. Reznikovich
Chairman of the Supervisory Board (right)

Welcome to VimpelCom's second Group CR Report. A lot has happened in the last 12 months and we have taken a good step forward in managing our economic, social and environmental impacts.

We have approximately 220 million customers and 57,000 employees. Our services are important to economic productivity and social development and we are often one of the largest tax payers in the markets where we operate. Our fortunes are inextricably linked with those of the societies we serve. Therefore, we must understand and respond to short, medium and long term factors that impact in our markets.

These include the long term effects of climate change which will increasingly impact on our customers, the tensions that arise as the pace of technological change accelerates ahead of the regulatory and cultural framework of our society, and being able to manage the business through the periods of civil unrest we have seen in Ukraine, the Central African Republic and Bangladesh.

In 2013 we developed our CR strategy and this will be communicated widely through the organization in 2014. Our strategic priorities include the expansion of services which bring a particularly high positive societal impact, in areas such as education, health, financial services and agricultural productivity, as well as helping to ignite the entrepreneurial spirit in young people across our footprint, to help them shape a better future for themselves and their communities.

We are also focused on ensuring we behave responsibly as a business and in 2013 we signed up to the 10 Principles of the United Nations Global Compact. We are pleased to confirm our continuing support of the Principles in the areas of Human Rights, Labor, Environment and Anti-Corruption. This CR Report is

also our first annual Communication on Progress, and we describe our actions to integrate the Principles into our business strategy, culture and daily operations.

We have identified our priority focus areas and are working to understand how best to manage these, with the right balance between central and local input. In particular, we are looking at how we approach issues around privacy, our health and safety performance and ethical procurement. Part of our responsibility is to report on our progress openly and transparently and we have been working to develop systems to enable us to report more fully on our performance to our stakeholders. We recognize we are at the start of the journey and will work hard to improve the quality and reliability of our reporting.

Our vision is for our business to play a key role in the socio-economic success of the communities where we operate by providing high quality services to our customers, behaving as a responsible corporate citizen, and leveraging our technology to support development.

This Report tells the story of how we are trying to achieve this.

Alexey M. Reznikovich
Chairman of the Supervisory Board

Jo Lunder
Chief Executive Officer

Different Markets, Different Priorities

Our CR agenda is set by the interaction of the operating context for our businesses in their home markets, global issues that impact on society as a whole, and our business model and value chain.

Introduction

Our CR agenda is set by the interaction of the operating context for our businesses in their home markets, global issues that impact on society as a whole, e.g. climate change, and our business model and value chain. This creates a series of issues that represent risks, challenges and opportunities for our business, which must be assessed, prioritised and responded to.

We identify the key issues which we need to address through a variety of processes, and this is explained on page 14.

Individual Market Context

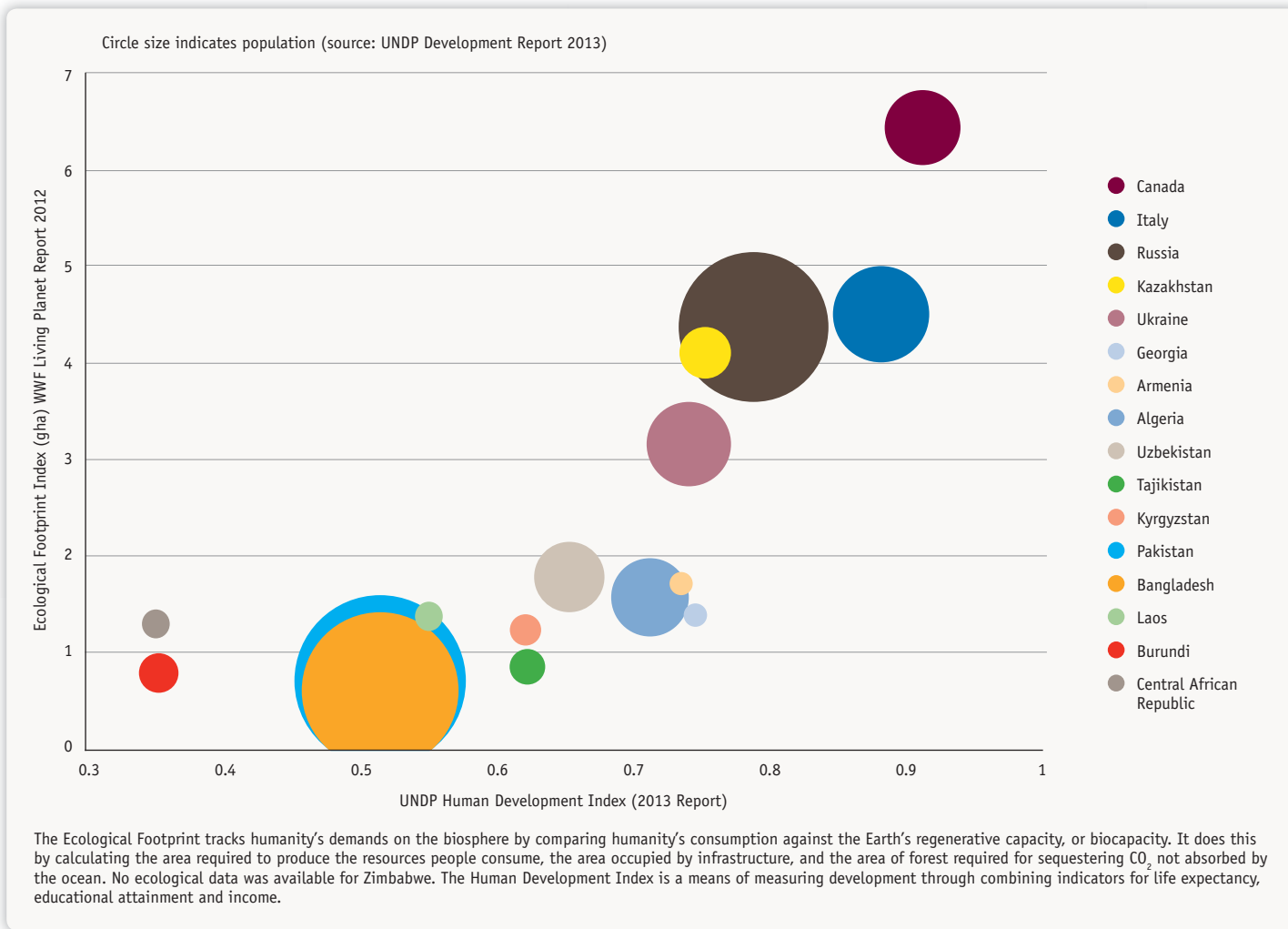
The chart on the following page shows the very significant discrepancies in levels of socio-economic development across the markets where we operate, as well as in the average environmental footprint per head of population. This drives very different sets of priorities for our customers, and illustrates the importance of enabling local management teams to focus on programs relevant to their specific markets.

In some of our markets, the majority of the population are relatively prosperous, levels of health and education are high and the mobile device and related services are seen more as a 'lifestyle' tool. Here our stakeholders tend to focus more on issues around their privacy and freedom of expression, safety online, whether products and services are marketed in a clear and transparent way, and service availability for those on the margins of society. Stakeholders in these markets want reassurance that their use of the service is not through the exploitation of people less fortunate than themselves, or the environment. They set high ethical standards for businesses.

However, in other markets, mobile is considered as a 'lifeline'. GDP per head is low and access to basic healthcare, education, financial services and other benefits, that is often taken for granted in the developed world, is an everyday challenge. Key issues here are more likely to revolve around the extent and reliability of coverage, and the affordability and availability of products and services.



Different Markets, Different Priorities



“Since there is more growth now in emerging markets than in developed markets, understanding how you can help these economies grow is critical.”

— Industry Association

“The telecom sector has a great responsibility to innovate and ensure the speed of economic development overall. Perhaps their contribution is larger than other sectors.”

— NGO

Global Issues

Other issues transcend national boundaries and are something that all businesses must respond to. Climate change will impact on everyone, either indirectly through the economic measures needed to address the issue (e.g. carbon taxes), or more directly through the impact of changing weather patterns, flooding, drought and sea level rises and the impact these will have on economies and populations.

Equally, concern over the accessing of personal data by governments around the world for national security, and




by companies for commercial reasons, is growing rapidly as technological change, and potential applications of ‘big data’ advance more quickly than the ability of our laws and public awareness to make sense of them.

Risks, Challenges and Opportunities

These local issues and global trends create a series of challenges and opportunities for our business at all stages of our value chain. These issues can be ‘structural’ long term trends or more ‘event-driven’. A number of examples are set out below:

Table 4: Structural Issues

Examples of regional, demographic or technology trends and factors, and their relevance to VimpelCom

Issue	Risk/Challenge	Opportunity
<p>Literacy 56% of adults in Pakistan are illiterate, with 70% illiteracy in rural areas. (UNESCO)</p> <p> See the Mobilink mLiteracy case study on page 21 for more information</p>	<ul style="list-style-type: none"> • Low levels of literacy inhibit economic growth and social development in certain communities, limiting the potential for growth of mobile services, particularly data services 	<ul style="list-style-type: none"> • Development of commercial services which help raise levels of literacy • Improve mobile data revenue, brand loyalty and broaden the customer base • Increase potential for partnership with government, NGOs and international opinion formers, and improved reputation
<p>Aging population Globally 11% of the population are over 60, set to rise to 20% by 2050 (UN). 20% of Italians are over 65, the highest ratio in Europe. (Eurostat – 2011)</p>	<ul style="list-style-type: none"> • Technology can be intimidating for the elderly and reduced capability of eyesight, hearing and motor skills makes some products difficult to use. A growing segment of the population could be excluded from an increasingly digital society and reduce the potential customer pool for operators 	<ul style="list-style-type: none"> • Develop products, services and tariffs that help elderly people to access the digital world more easily and effectively, increasing the customer base • Enhancing reputation with various stakeholders
<p>Climate change By 2020, between 75 and 250 million people will be exposed to increased water stress and yields from rain-fed agriculture could be reduced by up to 50% in some regions. (IPCC)</p> <p> See the Resource Efficiency section on page 24 for more information</p>	<ul style="list-style-type: none"> • Impacts on network resilience of floods, extreme weather • Impacts on customers of extreme weather, sea level rises, economic effects • Increases in hydrocarbon fuel prices impacts network running costs – particularly base stations powered by diesel generators 	<ul style="list-style-type: none"> • Development of products and services, such as M2M*, that enable customers to reduce carbon emissions • Being the leading operator in our markets on climate change response and enhancing brand value
<p>Privacy 72% of internet users are worried about giving up too much personal data. (Eurobarometer 359)</p> <p> See the Privacy section on page 30 for more information</p>	<ul style="list-style-type: none"> • Public perceptions that personal data is not ‘safe’ with a mobile service provider could lead to loss of trust in the business / sector, leading to loss of revenue • Accusations that operators are complicit in human rights abuses through providing governments with access to customer data destroys public trust and leads to protest campaigns and boycotts 	<ul style="list-style-type: none"> • Designing privacy considerations into products and services, policies and procedures to demonstrate leadership in data security and ethical practices, and building positive brand reputation

* M2M = Machine to Machine.



Table 5: Event-driven Issues

Specific events that give rise to, or highlight, specific factors relevant to the business

Significant Events in 2013

Violence in the Ukraine

On 21 November 2013, Ukrainian President Viktor Yanukovich announced the suspension of plans for a political and trade agreement with the EU. Since that time, there has been widespread civil unrest in the country, with fatalities and serious injuries amongst protesters and police. The situation deteriorated significantly following the year end, as covered extensively in the media.

Civil War in the Central African Republic

In March 2013, Seleka rebels overthrew the government and the coup leader was sworn in as president. In August, the UN stated there was a total breakdown of law and order in the country. A deployment of African Union and French peacekeeping forces failed to stop sectarian violence between Muslim and Christian militias.

Natural Disasters

Pakistan – in August 2013 floods in the Punjab and Sindh provinces of Pakistan affected over a million people, 180 died and tens of thousands were left homeless. On 24 September 2013, a 7.7 strength earthquake hit south-western Pakistan. Four days later a 6.8 strength earthquake hit. Over 850 people were killed.

Russia – more than 135,000 people were impacted by floods in the far east of Russia, damaging 14,000 homes.

Relevance to the Business

Privacy / Reputation

There are examples of civil unrest where a government has allegedly made use of the mobile network for tracking potential protesters, sent targeted text messages in support of the regime, or closed the mobile network. These events bring a focus on the operator and can potentially lead to the loss of trust of customers. Shortly after the year end our Ukrainian business, Kyivstar, was wrongly accused of complicity in sending SMS messages to protesters on behalf of the regime. We comply with all legal instructions received under our license requirements.

Health & Safety

Throughout the conflict Telecel worked hard to maintain network coverage, providing vital communications to enable families to stay in touch and aid agencies to do their jobs. There has been great risk to the health and safety of our employees who need to visit remote areas to replenish diesel generators and maintain equipment. The company suffered a series of arson attacks at its HQ and was reliant for security on detachments of the African Union peacekeeper troops. Sadly, an employee, Wananbo Lembe Vincent, died in his home village during a fire fight.

Network Resilience

Our networks provide an invaluable lifeline during and after natural disasters. In Pakistan and Russia we took rapid action to protect base stations and these suffered no significant physical damage as a result and service was maintained. Beeline opened its network temporarily to other operators to enable their customers to stay connected.

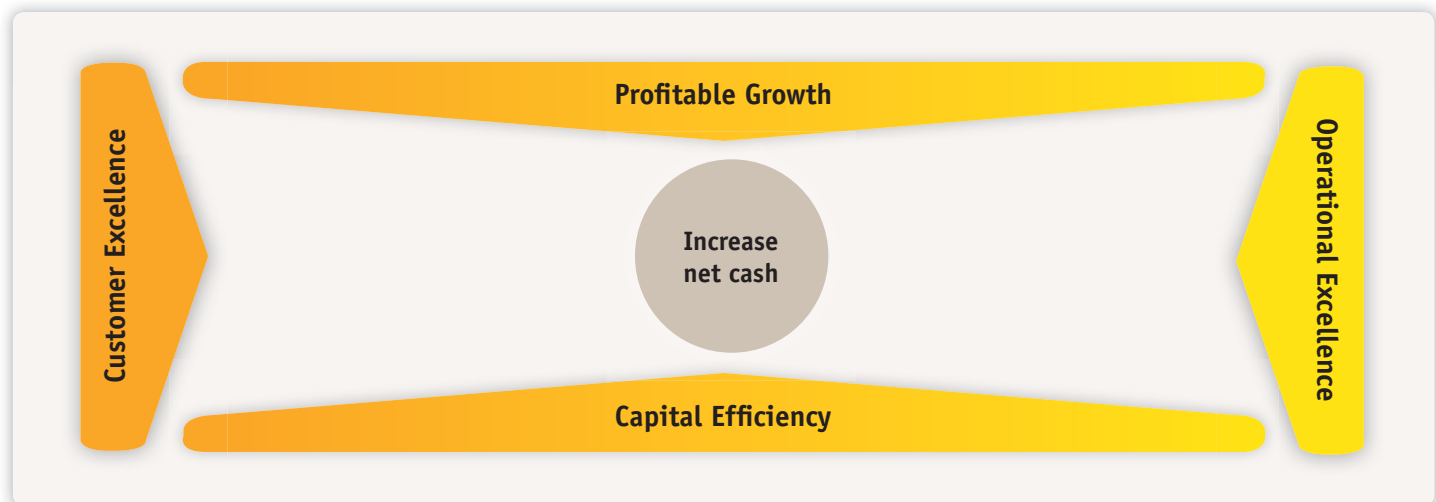
Disaster Relief

Mobilink reacted quickly with humanitarian relief assistance during and after the natural disasters. The company responded to the earthquake situation in crisis-struck areas with emergency relief, including food and medicinal supplies. Relief goods were distributed in partnership with government departments (including National and Provincial Disaster Management Authorities) and the Pakistan Military.

Beeline provided a number of free mobile phones and offered free calls to anywhere in Russia for the people affected.

Sharing Value, Behaving Responsibly

The Value Agenda



The Value Agenda has four key pillars supported by clear operational strategies executed within each of VimpelCom's BUs.

Company Strategy

VimpelCom's strategy, or 'Value Agenda', is focused on increasing cash flows by combining the Company's strong and growing positions in mobile businesses with a selective presence in fixed-line to further support its growth as mobile services continue to expand across the Company's markets.

The Value Agenda has the following four key pillars supported by clear operational strategies executed within each of VimpelCom's BUs.

Profitable Growth

We aim to gain share in mobile data revenues and capitalize on areas such as mobile financial services and partnerships with over-the-top 'OTT' players, while limiting cost of traffic. Supporting strategies include driving smartphone and tablet penetration, value-based commissioning, promoting tiered pricing for speed and time of data, partnering with internet players, improving network quality and effective deployment of integrated pricing bundles.

Customer Excellence

We are committed to creating a superior customer experience, optimizing distribution and developing superior pricing capabilities. Supporting strategies include integrated mobile bundles that combine traditional voice with SMS and data, and identification of the most efficient distribution channels in each market.

Operational Excellence

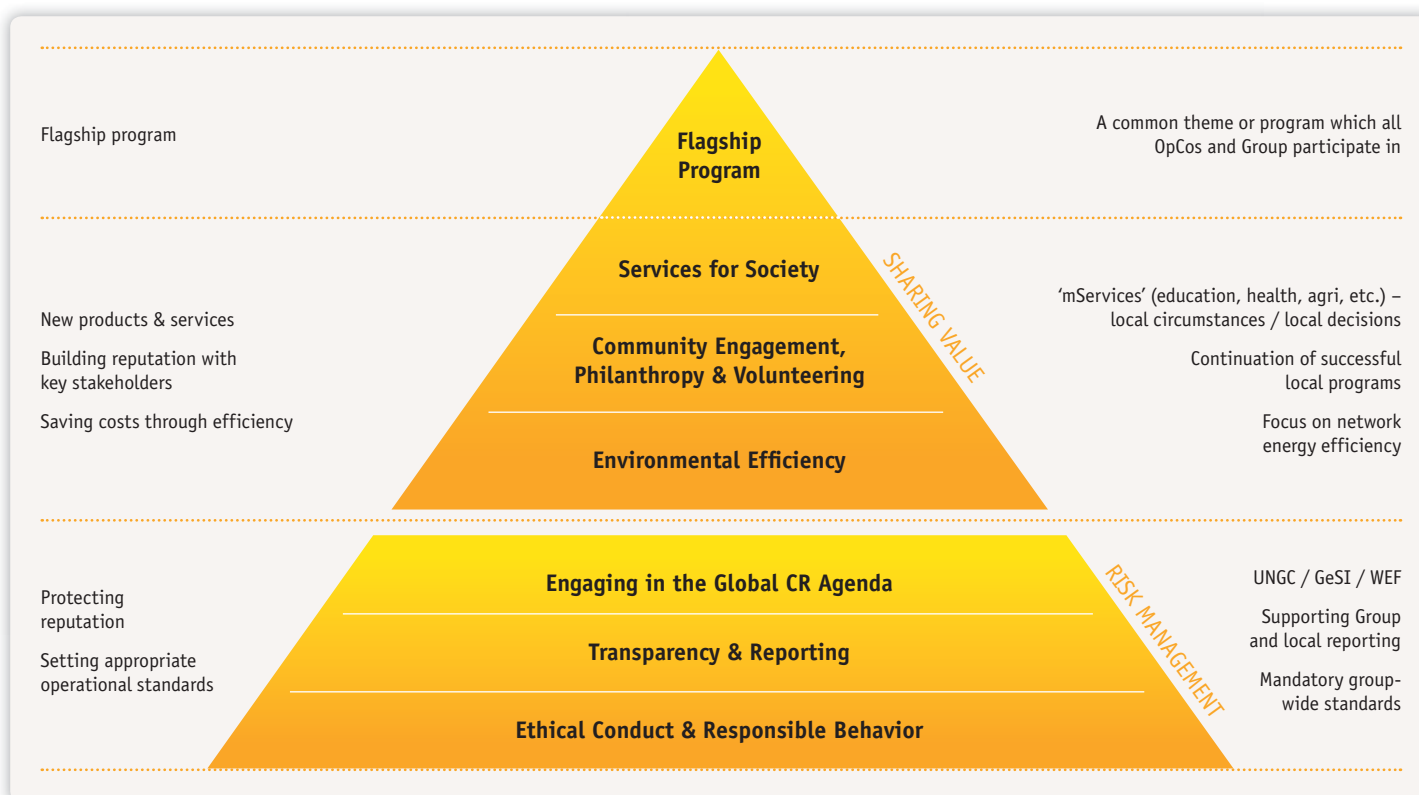
We aim to operate to maximum efficiency and manage costs across our businesses.

Capital Efficiency

We aim to reduce the ratio of capital expenditure to revenues over time by deploying capital more efficiently through increased network outsourcing and sharing, continued business portfolio optimization and capital structure optimization.

VimpelCom also has a centrally led procurement model that provides advantages both at the Group and local level. As part of the finance function, the Company has implemented a systematic approach to managing working capital and optimizing capital structure.

Our CR Strategy



Our CR Strategy

A CR strategy should add value to the business by building and maintaining trust with key stakeholders (see pages 15-17). By doing so, the strategy can:

- Reduce reputational, financial and operational risk;
- Reduce cost, for example through energy efficiency;
- Identify new product and service opportunities;
- Contribute to creating more sustainable societies within which the business can prosper.

The CR strategy integrates with the core business strategy and both influence each other.

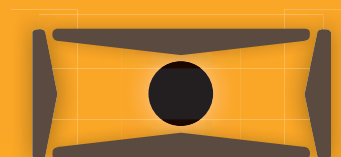
The CR strategy is designed to address the most important issues that we face – the ones which are most relevant to our business success and considered most important by our stakeholders. These are driven by a variety of factors, both global and local (see pages 6-9). How we prioritise these issues is set out on page 14.

Our strategy framework is represented in the diagram above.

The CR strategy integrates with the core business strategy and both influence each other.

The table below shows how the elements of the CR framework link with the Value Agenda, how they aim to address the needs of our stakeholders and, at a high level, our progress in implementation. The rest of the Report describes in more detail how we manage CR across our business and how we are performing against our strategy.

Table 6:



Strategy Element	Relevance to the Value Agenda
Responsible Behavior	<ul style="list-style-type: none"> • By identifying and responding to key issues (e.g. privacy, protecting children online) we can improve the customer experience and support Customer Excellence • Improving health and safety performance, and focusing on supply chain sustainability contribute to Operational Excellence • Focusing on individual ethical behavior, and the rewards and development opportunities available to employees, supports a Performance Culture
Transparency	<ul style="list-style-type: none"> • Being open and honest with stakeholders (e.g. customers) on key issues can contribute to Customer Excellence • Reporting openly on material issues helps set the Performance Culture
Engage in the Global Agenda	<ul style="list-style-type: none"> • Engaging in global initiatives and organizations focused on CR helps us to learn, access relevant tools and guidance, and improve our performance
Environmental Efficiency	<ul style="list-style-type: none"> • Improving energy efficiency, network sharing and use of renewable energy (where economically viable) all contribute to Operational Excellence
Community Engagement	<ul style="list-style-type: none"> • Encouraging employees to volunteer in their community and making corporate contributions to good causes is motivating, and helps set the Performance Culture
Services for Society	<ul style="list-style-type: none"> • Developing commercial services with high societal benefit in areas such as mobile financial services, mEducation, mHealth and mAgriculture help Profitable Growth by creating new data services that go beyond the core proposition
Flagship Program	<ul style="list-style-type: none"> • VimpelCom operates on a decentralized model. Developing a flagship CR project is a way of uniting the Group around a common theme and gaining critical mass of impact



Relevance to Stakeholders

Initial focus areas:

- **Ethical behavior** – addressing corruption in markets
- **Health & safety** – consistent standards to protect employees, contractors and public
- **Procurement** – improving human rights and environmental performance of supply chain
- **Privacy** – managing customer privacy, whilst using anonymized data for commercial purposes
- **Online safety** – protecting vulnerable users from inappropriate content and online fraud

Provides opportunities for stakeholders to put forward their points of view, provide feedback on our performance and potentially become partners to address specific issues.

Provides opportunities for stakeholders to engage with us, and to benefit from our improved CR performance.

By improving our energy efficiency we are making a contribution to tackling climate change, which benefits a wide range of stakeholders, whilst improving the bottom line.

Communities benefit directly from support of local good causes through cash and in-kind donations, and the impact of our employee volunteering.

Developing 'services for society' can bring benefits to society at scale. By increasing the efficiency and reach of education, health, financial services and agricultural support, we help communities, support development and grow our data services and brand reputation.

Our flagship program aims to bring real societal impact for individuals, communities and society as a whole.

Status Summary

Our BUs are active across these areas. We are reviewing our approach and consistency of performance to determine if further action is required.

[See page 28 for more information](#)

Our second Group CR Report is a significant step forward from our 2012 Report. We have a new reporting system and KPIs, and aim to report in accordance with the core requirements of GRI v4 in the future.

[See page 41 for more information](#)

We have signed up to the United Nations Global Compact Principles and become a member of the Global e-Sustainability Initiative. We are playing an active role in a number of GeSI initiatives, including those focused on key human rights issues.

[See page 16 for more information](#)

We continue to closely monitor our energy consumption, and to roll out efficiency initiatives.

[See page 26 for more information](#)

Our BUs have a rich legacy of community engagement and are increasingly using our technology to enable our customers to contribute as well.

[See page 34 for more information](#)

Several of our markets have developed innovative services in these areas and are building the scale of the impact.

[See page 18 for more information](#)

HQ and our BUs have been working to define the flagship project and this will be launched during 2014. Read more in next year's report and on our website, www.vimpelcom.com

Our Approach to CR

We aim to develop an approach to managing corporate responsibility that makes sense in the context of key issues, our commercial strategy and a decentralized business model.

Materiality

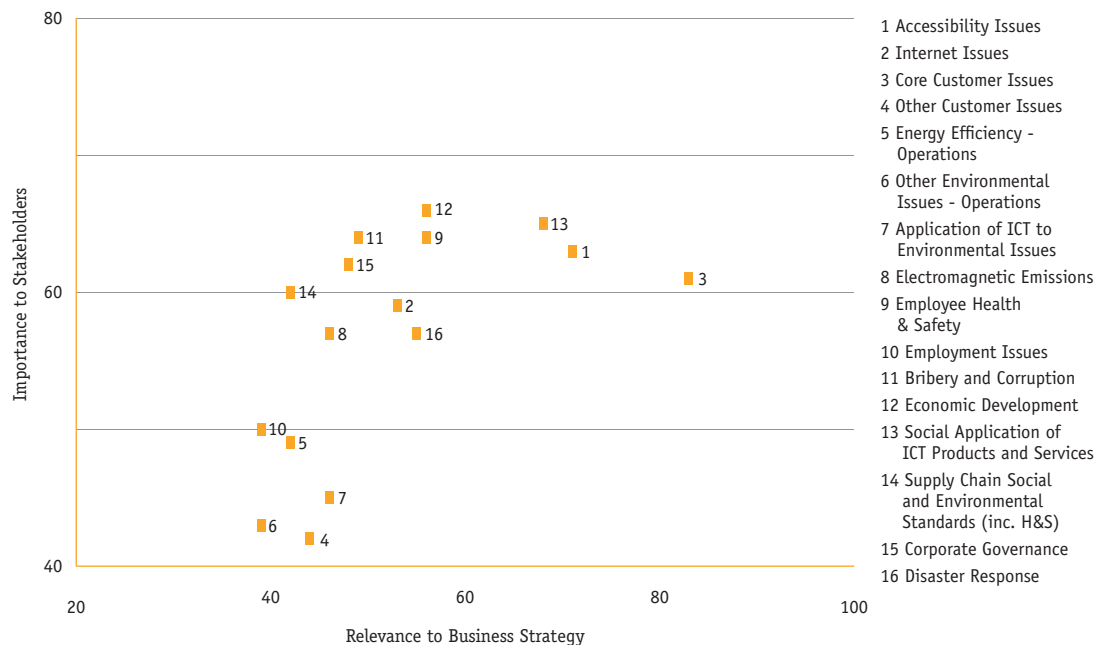
Our CR approach focuses on the most important, or material, issues for our business. This decision needs to balance a number of different factors, including:

- **The issues of most concern to stakeholders** – stakeholders bring a wide range of perspectives, and help to identify the Company’s most critical environmental, social and economic impacts. Understanding these perspectives helps us to ensure we take into account significant issues for society that are linked to our activities.
- **The issues most linked to the success of the business** – this is to ensure that we understand the issues where there is the most direct connection with the activities and success of our business.

As an initial step to identify our most material issues, we have taken the following approach:

1. **Identified the ‘universe’ of CR issues for a mobile operator** – the sector has undertaken stakeholder engagement for many years and the Global e-Sustainability Initiative (‘GeSI’) worked with a leading sustainability think-tank to conduct a multi-stakeholder consultation process to identify the list of most material issues. We have adopted this list as our starting point.

2. **Checked the universe list with other current best practice** – we conducted a gap analysis with the reported issues of other leading international operators, and the lists of possible issue areas set out in reporting guidance such as the Global Reporting Initiative, and publications such as the EU’s document “ICT Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights”.
3. **Consulted within the business** – we distributed the universe list, together with a tailored scoring tool, to key HQ departments (e.g. Compliance, Risk Management, Communications) and our main BUs. A number of BUs involved a cross-section of senior managers. In this way we obtained both a central input from experts looking across our markets and local perspectives from teams within our local markets.
4. **Consulted outside the business** – although the initial universe list is based on a multi-stakeholder exercise, we also consulted with a number of key subject-matter experts outside the business. These experts are either working for other ICT sector businesses, advising those businesses, are CR-focused members of industry sector organizations (e.g. the GSMA) or are NGOs and academics with a particular focus on the sector – all with many years



Mobilink in Pakistan involved senior managers from Communications, Human Resources, Consumer Excellence, Legal Affairs, Government Relations and Customer Care in identifying and scoring CR issues to assess materiality.

of experience. The consultation was managed by a leading research company and the experts were interviewed (21 individuals) to help capture issues we had missed, and / or completed an online scoring of the issue universe list (28 individuals).

The outputs of these processes were then weighted and consolidated to give an overall picture of material issues. This is inevitably a compromise of views but, as a decentralized business, whilst this helps to set the agenda for the HQ teams, local businesses also focus on their local priorities.

Certain issues have remained fundamental to the CR agenda for mobile operators over the years (such as reliable network coverage and customer satisfaction), some have declined as knowledge and awareness has developed (e.g. health concerns over radio frequency emissions) and other issues have grown significantly in importance as technology and culture change faster than the regulatory framework (e.g. privacy). As many of our businesses operate in emerging or frontier economies, our materiality 'matrix' is dominated more by social and economic development issues than environment-focused ones.

Stakeholders

A business can only achieve its commercial objectives with the cooperation of stakeholders. The Company has a wide range of stakeholders, all of whom have some type of 'transaction' with the business. Table 7 illustrates the nature of these transactions.

To be positive and successful, relationships must be underpinned by mutual trust, which is established and maintained by identifying and understanding any underlying concerns. This involves:

- Understanding who the key stakeholders are;
- Understanding how business activities, products and services impact on stakeholders (positively or negatively) and vice-versa, and which of these 'impacts' are the most important to address (above);
- Responding to these issues in a way that, wherever possible, provides positive outcomes for the business and stakeholder;
- Reporting on performance in a complete and transparent manner.

By engaging with stakeholders, directly or through indirect channels such as the media, we are able to improve our understanding of the issues that we face.

Table 7: Stakeholders

Stakeholder	What we need from the stakeholder	What the stakeholder wants from us
Shareholders	<ul style="list-style-type: none"> • Continued investment and financial support • Responsible ownership 	<ul style="list-style-type: none"> • Market-beating financial return on investment • Reputation-enhancing performance
Customers	<ul style="list-style-type: none"> • Long term loyalty, translating into significant purchasing of products and services 	<ul style="list-style-type: none"> • High quality, reliable, safe, exciting products and services at a great value price • Privacy and freedom of expression
Employees	<ul style="list-style-type: none"> • Commitment, hard work, innovation, loyalty, responsible behavior • Reasonable remuneration expectations 	<ul style="list-style-type: none"> • Competitive remuneration, good working conditions (including safety), personal development, career opportunities
Suppliers	<ul style="list-style-type: none"> • High quality, reliable, innovative, excellent value products and services, consistent availability, responsible behavior 	<ul style="list-style-type: none"> • Consistent, predictable demand at a sustainable price, with no unrealistic requirements
Partners	<ul style="list-style-type: none"> • Innovative, and sometimes exclusive, content and other services for our customers • Responsible products and behavior 	<ul style="list-style-type: none"> • Access to a broad range of customers across a reliable network, through an attractive commercial arrangement
Government and regulator	<ul style="list-style-type: none"> • Politically stable and developing society • Operating license • Radio spectrum • Fair and predictable fiscal framework 	<ul style="list-style-type: none"> • Economic and social contribution through employment and tax / license payments • Provision of excellent service for population • Cooperation with law enforcement and national security
Communities	<ul style="list-style-type: none"> • Hosting our facilities and radio network (e.g. base stations and masts) • A skilled workforce 	<ul style="list-style-type: none"> • Employment • Safe facilities and operations, ensuring the protection of health • Responsible participation in community issues
Broader society (often represented by civil society / NGOs)	<ul style="list-style-type: none"> • 'Virtual' license to operate – societal approval 	<ul style="list-style-type: none"> • Sustainable and responsible operations • Ethical operations that show respect for human rights • Application of products and services to accelerate economic and social development, and environmental efficiency gains

We have been building our stakeholder engagement program, recognizing the need for gathering general views on our strategy and performance, as well as engagement on specific issues.

This Report aims to disclose our performance across these factors and provide valuable information for our stakeholders.

Whilst we clearly have many challenges to overcome, we firmly believe that our business can be a power for good in the world and, whilst our technology is in itself 'neutral', its application can help to make societies more sustainable while delivering a healthy return for our shareholders.

Engaging Stakeholders at HQ

We have been building our stakeholder engagement program, recognizing the need for gathering general views on our strategy and performance, as well as engagement on specific issues.

In 2013 we joined GeSI, became a member of the Human Rights Working Group, and co-facilitated a strategy discussion at the December General Assembly. Through GeSI we are able to access multi-stakeholder projects such as the supply chain capacity-building work program and the Conflict-Free Sourcing Initiative, targeting improvements in the conflict minerals issue in the ICT supply chain.

We conducted an expert consultation exercise (noted above), as well as participating, shortly after the year end, in a human rights workshop, run by the SHIFT organization and sponsored by the Social and Economic Council, an economic advisory council of the Dutch government, which involved other businesses, subject-matter experts and NGOs.

We engage with our private and institutional shareholders on a regular basis. In 2013 this included meetings with Telenor which were focused specifically on our CR strategy and performance.

We are developing a Group-wide approach to ethical procurement and as part of the development of a Supplier Code of Conduct (see page 32) we sought input from four of our key equipment and device vendors.

We are a strategic partner of the World Economic Forum and have undertaken a number of roles with that organization. For example, at the 2013 Davos meeting, our CEO co-chaired the Governors Meeting for Information and Communication Technologies Industries with Neelie Kroes, Vice-President and Commissioner for the Digital Agenda, European Commission. Later in the year VimpelCom was the mentor organization for the Annual Meeting of the New Champions 2013 and Global Business Leaders Dialogue in Dalian, China, and our Chairman Emeritus gave the keynote speech on "Sustainable Start-Ups".

Engaging Stakeholders across the BUs

Our BUs operate in a range of markets with diverse challenges and with different starting points in terms of CR. There is no single process for engaging stakeholders across the BUs. Many of our businesses are involved in local associations and initiatives which facilitate engagement. This is summarized at right.

Wind Italy, controlled by VimpelCom, participates actively in dialogues with European bodies (Commission, Parliament, Council, Associations, etc.) through consultative and policy activities, including participation in meetings initiated by institutions and through associations such as the European Competitive Telecommunication Association (ECTA). During 2013, Wind took part in several public consultations carried out by the European Commission, BEREC¹ and European Parliament. In particular, they were fully engaged on topics such as the strategic challenges facing Europe in addressing the growing spectrum demand for wireless broadband and the creation of a single European electronic communications market and a connected continent.

Governance

As a decentralized business, we have not mandated any particular governance approach for CR across the BUs. Clearly all businesses are expected to comply with local laws and regulations. Our broader corporate governance arrangements are set out in detail in our Annual Report and Accounts and Form 20-F disclosure.

All BUs and OpCos have nominated contact points in their organizations for CR, and in several of our largest BUs there are teams dedicated to the topic. In Pakistan, Mobilink has formalised many of its CR programs through the Mobilink Foundation.

At HQ, the CR team has a reporting line to the Group Chief Financial Officer, and has access to the Group Executive Board ('GEB') for issue by issue decisions. In 2014, CR performance will start to be reported on a bi-annual basis to the global Management Board of the Company, comprising members of the GEB (the top operational committee) and the CEOs of the BUs. There will also be annual reports to the Corporate Governance Committee of the Supervisory Board of the Company.

Also in 2014, we will be launching a CR Policy, together with a set of Business Principles which will be used to communicate our CR agenda to employees, and influence the development of related policies and approaches. This will augment the existing Code of Conduct which covers a broad range of compliance issues relating to personal behavior. We take compliance with the Code very seriously and in 2013 80 people were disciplined for non-compliances. The Code can be viewed on our website.

¹ Body of European Regulators for Electronic Communications.

Table 8: Engaging Stakeholders across the BUs

Engaging stakeholder groups	<ul style="list-style-type: none"> • Our BUs engage a wide variety of stakeholder groups including national and local government departments, agencies and law enforcement organizations, local communities, local and international NGOs and charity partners, customers, employees, academia, suppliers and content providers • Stakeholder groups are selected for engagement through a wide variety of processes. In many cases we are in constant engagement (e.g. on regulatory issues, on shareholder issues, through employee engagement, through customer care etc.) • The issues raised through engagement are prioritized through the materiality process set out above
Externally developed economic, environmental and social charters, principles, or other initiatives	<p>Examples:</p> <ul style="list-style-type: none"> • Mobilink and Kyivstar are signatories to the United Nations Global Compact (Kyivstar is a member of the Ukrainian secretariat) • Kyivstar signed the “Code for the Prevention of Cruelty to Children in the Internet and online resources” • Beeline Russia subscribes to the Safe Internet League, the Mobile Etiquette Charter and the Russian Operators’ Charter on Combating Child Pornography • Mobilink is a member of the WWF Green Office Initiative and the Pakistan Centre for Philanthropy
Associations (such as industry associations) and national or international advocacy organizations where we are part of the governance or participate in committees / projects	<p>Examples:</p> <ul style="list-style-type: none"> • Nearly all businesses are active members of industry associations – either global organizations such as the GSMA, or country-focused such as the Russian Association of Networks and Services or the Association of Telecommunications Operators of Tajikistan • Most businesses are members of their national chamber of commerce or an international version (e.g. American Chamber of Commerce) • Wind Italy is a member of CONSEL (or ELIS Consortium) – a group of enterprises focused on training and development activities aimed at continuing education for employees and at increasing employment opportunities for young people

We actively share CR best practice and the CR contact points from our major businesses all gathered together for the first time in Amsterdam in September 2013. We have monthly calls that highlight emerging issues and new projects, and regularly highlight specific programs through our Intranet, which also provides a collaboration workspace.

The Company operates an enterprise risk management approach and CR risk is integrated into the risk register and risk review process. Risks are assessed on the basis of the potential severity of the impact on the business using several risk assessment criteria and the likelihood that the risks will manifest. Risks can then be prioritized and, based on the risk appetite of the business, can be mitigated to a greater or lesser extent.

Risk appetite and our risk management approach is established by the Group Executive Board. A full review of risk factors is set out in detail in the Form 20-F filed with the US Securities and Exchange Commission.

CR Reporting

A number of our businesses produce their own CR reports.

Our Africa and Asia BU (as Orascom Telecom Holdings) produced CR reports from between 2008 and 2011 to GRI level ‘B’. Mobilink has produced CR reports since 2008 and is currently compiling a report for 2013. Wind Italy has produced reports over many years, the latest being GRI-level B+ with independent assurance and in alignment with the AA1000AS assurance standard. banglalink and Beeline Russia will publish their first CR reports in 2014.

Kyivstar regularly publishes documents covering its charity, volunteering and environmental programs and our CIS businesses have all published CR reports.

Management Systems

A number of our BUs have implemented CR-related management systems, the most prominent example being Wind in Italy which has developed an approach which comprises not only ISO14001 (Environmental Management), EHS18001 (Occupational Health & Safety Management) and SA8000 (Social Accountability), but also ISO9001 (Quality) and ISO27001 (Information Security).

We actively shared CR best practice and the CR contact points from our major businesses all gathered together for the first time in Amsterdam in September 2013.

Services for Society

“Access to health, finance, education, public services, and the role of telecoms in enabling this, is a huge deal for VimpelCom, especially in emerging markets.”

— Expert/Consultant

Introduction

We believe we can create incremental shareholder returns through providing products and services which bring specific positive benefits to society, and our wider range of stakeholders. This is about using our core technology and expertise to address societal issues whilst generating commercial benefits for the business.

Several of our businesses have developed innovative programs in the areas of health, education and agriculture, and are generally focused on improving either the efficiency, or the reach, of these ‘societal services’. The launch of mobile financial services across our markets is a key strategic priority within our Value Agenda. Other programs are focused on helping young entrepreneurs to build their commercial skills and turn their ideas into real businesses. The benefits of these approaches are broad, and on different levels. For example, successful programs can:

- Have a real impact at scale for the populations we serve. A more prosperous, better educated, more productive, healthier population will support the future growth of our business
- Generate additional revenue for the business through incremental sales of data services
- Drive innovation to create ‘sticky’ services that reduce churn on our networks and create brand loyalty
- Build deeper relationships with government, communities and local NGOs which in turn can lead to a better regulatory environment for our business

However, it is not always straightforward to find a business approach that at least covers costs, but this is the key to sustaining programs over the long term. We are constantly exploring the opportunities in this area and are developing partnerships and initiatives to encourage third parties to bring their service ideas to run over our networks.

SUPPORTING ENTREPRENEURS

Building a solid and growing economy is important for society and for our business. By applying our technology and resources we can help people turn their ideas into real businesses, creating new services, employment, tax revenues and new skills. We are particularly focused on the digital economy, and digitally-literate businesses and individuals will be important for growth and prosperity. Our businesses are delivering some innovative projects to help address this challenge.

The global youth unemployment rate continues to rise and is projected to reach **12.8%** by 2018.

Youth unemployment is three times the adult rate.

1.3 billion young people will enter the labor market in the next 15 years with only 300 million jobs projected to be available for them.

Source: International Labor Organization

Almost 73 million young people are looking for work. The ILO has warned of a “scarred” generation of young workers facing a dangerous mix of high unemployment, increased inactivity and precarious work in developed countries, and persistent poverty in the developing world.

Wind Business Factor, Italy

Wind Business Factor is a virtual enterprise incubator launched to support the growth of a new generation of companies and entrepreneurs through a ‘social business network’ (www.Windbusinessfactor.it). The incubator website helps users build relations with potential partners and funders, develop skills with ‘personal trainers’ on a range of specialist issues and enter competitions through three annual contests. Wind Business Factor is now a community of more than 19,000 users, over 4,200 start-ups and business ideas, and over 15,000 social media followers.

The Luiss Enlabs partnership joins the ‘virtual incubator’ with a physical enterprise incubator, developed with LUISS Business School of Rome. The dedicated office in Rome hosts 34 start-ups and more than 200 start-uppers, and supports them for up to 18 months with space, training, services and contacts with potential funding partners.

In 2013, the program won a National Innovation Award for best project in the category ‘Social Marketing’.

“We participated in the program and we had a chance to start and become a real company.”

Monica Archibugi, CEO LE CICOGNE
(Mobile app to connect families with babysitters)

“We want to give young entrepreneurs concrete help in transforming an innovative business idea into a great business.”

Maximo Ibarra, CEO Wind

<http://bit.ly/1huJoMg>



KZ START Project, Kazakhstan

Business ventures encouraging mobile data usage were the focus at a Beeline Kazakhstan-sponsored competition for entrepreneurs during an October weekend, and the five winning teams were taken for a two-week ‘start-up crash course’ in Silicon Valley, California. Over a hundred projects were submitted, with 11 teams selected for the Startup Weekend. Participants engaged with experts from the business, who taught them how to present their projects to potential investors, prepare business plans, and develop additional commercial skills.

In California, participants were coached and mentored by Silicon Valley entrepreneurs, and met with leading US companies including Google, AT&T, VMWare and Yahoo.

The winning projects included:

- ‘LeadLock’: a mobile advertising network targeting the ‘lock screen’ smartphones display when not active
- ‘Phonebooth’: enabling free calls to call centers of major service organizations (banks, utilities, taxi operators)
- ‘Ticketon’: online ticketing for movies and events which is currently servicing 13 Kazakh cinemas and various large-scale events
- ‘WOOPPAY’: a mobile financial services system facilitating money transfers and electronic payments
- ‘X-Rift’: mobile game using augmented reality technology

The KZ START program was organized by the National Agency of Technological Development JSC, with the support of the Ministry of Industry and New Technologies of the Republic of Kazakhstan, in cooperation with the Fund of Information Technologies Development, with Beeline Kazakhstan being one of its active members.

“The fact that we got immersed in the atmosphere of IT technologies and incredible business competition of the Silicon Valley made us more energetic, giving us the boost to get improved, to grow and develop.”

Roman Korniyenko, Co-Founder of WOOPPAY

“This trip challenged us to strive for the best.”
Alekssei Li, Head of Ticketon

**SUPPORTING
ENTREPRENEURS** *continued*

“We are in a situation of emergency! We need to pass the torch and encourage young entrepreneurs to innovate, to take risks in order to catch up in terms of economic development.”

Mr. Réda Hamiani, Chairman of the National Businessmen Forum

“Competitions such as Grandmaster create a platform for the youth to utilize their strengths and come out as winners; this isn’t a classroom competition, it is real life and they understand that.”

Professor Dr. Mohammad Musa, Dean, School of Business & Economics, United International University, a member of the jury board

FIKRA – Supporting innovation and young entrepreneurs, Algeria

In December 2012, Djezzy organized the first high level networking conference (FIKRA) in Algeria. The event attracted a large number of participants, including leading policy makers, scientists, opinion leaders, entrepreneurs, investors, executives, students, artists and journalists.

In July 2013, Djezzy provided 10 start-ups with financial support for developing their projects and Djezzy executives also coached them for a period of six months. The start-ups that were selected included a digital books project (Youreka), a Voice over IP solution (Compusave), an e-payment solution (epay) and other mobile applications (Smart PP).

“What drove Djezzy to get involved in FIKRA is our willingness to give, to transfer our knowledge to young Algerians by helping them benefit from our experience. For us, everything that is not shared is lost.”

Vincenzo Nesci, Executive president, Djezzy



banglalink Grandmaster idea contest, Bangladesh

In 2011, banglalink launched an idea generation contest called ‘banglalink Grandmaster idea contest’ for students to come up with innovative Value Added Services ideas for the telecommunications sector. After two successful years, the third season was launched focused on ‘mobile applications that make a difference in people’s lives’. More than 50 universities across the country were invited to participate and 250 teams submitted their ideas. After screening, 20 teams were selected and provided with training by banglalink experts on developing mobile applications. Eventually five teams were selected for the final with judging done in two phases – by banglalink customers through the banglalink Facebook page, and through a jury panel.

Through a partnership with Huawei Technology, the winners will attend an international youth camp to be held in China in 2014, involving visits to three cities, attending workshops and receiving training from technology experts.

“Grandmaster can motivate students to think of some unique ideas and hopefully this kind of thinking will create a mobile application that will help society and change millions of lives, as well as develop entrepreneurship among them. banglalink is committed to starting something new, and we believe youth is our key to bringing the difference in the future.”

Ziad Shatara, CEO & MD banglalink



DigiCamp 2013, Armenia

ArmenTel (Beeline) partnered with the Union of Information Technology Companies (UITE) and the Youth Fund of Armenia to arrange a summer camp of technology entrepreneurship – ‘DigiCamp’. The main purpose was to create an empowering and educative environment, to motivate people to establish their own business. Participants met with ArmenTel leadership and were familiarized with telecoms technology applications used in the real business environment.

26 teams presented their ideas. Five of the best were selected and, over 10 days, help was provided to evolve them into business propositions.

“At the end of summer camp, young people learned how to cooperate in a team, worked with leading professionals, gathered practical knowledge beyond that any educational institution could provide. Apart from that, participants had the opportunity to present their ideas to over 24,000 visitors to the DigiTec High Tech Forum.”

Executive Director of UITE

“ArmenTel tries to create favorable opportunities for young people, and we hope they will succeed by combining their hard work with the skills they are gaining today.”

ArmenTel CEO Andrey Pyatakhin

LITERACY, EDUCATION AND KNOWLEDGE

Improving literacy and education are important factors in driving economic success for individuals and societies, and a key element of the Millennium Development Goals.

Connectivity can play a key role in supporting government and civil society initiatives on education. We also recognize that better educated, more literate customers will create greater commercial opportunities for our business as data services become more and more important.

Primary school enrolment rates have increased from **83%-90%** from 2000 to 2011, and the literacy gender gap is closing.

However, illiteracy is still highest amongst poor, rural females and overall progress has currently stalled due to the reduction in global aid for basic education.

Source: UN

“The Beeline project to include the Kazakh language in Google Translate is very important. Today, the implementation and application of the state language in the internet, and the development of content in the Kazakh language is significantly in demand.”

Julie Kussidi, Executive Director of Eurobak in Kazakhstan

Mobilink (Pakistan) – Mobile Based Literacy

Mobilink’s award winning ‘SMS Based Literacy’ program works in collaboration with UNESCO to educate rural women, a group almost entirely excluded from the conventional educational system in Pakistan.

An mLiteracy platform developed by Mobilink helps teachers to disseminate a basic literacy curriculum via SMS. Designated project facilitators organize classes in villages, and access the platform to update the syllabus. Learners respond to questions sent by SMS and the responses are logged to monitor learners’ progress and usage.

Mobilink provides free cellular connectivity to teachers and learners and organizes periodic monitoring sessions to keep track of progress. UNESCO, the implementation partner, provides the curriculum and engages local support partners to organize village learning sessions.

The project was piloted in 2009 with 250 female learners of rural Punjab. At the end of its 3rd Phase, it reached 4,000 learners. At the Government’s request, the 4th Phase will add 2,000 new enrolments to the project and include capacity building for teachers. The geographical outreach has been expanded to Khyber Pakhtunkhwa, Sindh, Islamabad Capital Territory and Federally Administered Tribal Area.

The project has enabled rural women to better manage domestic finance and has raised interest in vocational training amongst the women learners and their husbands. The program has noticeably reduced gender bias to mobile use and participants have reported heightened sense of security as a result of having an access to means of communication.



The program was the recipient of the Global Mobile Award 2013, in the category of ‘Connected Life Awards’ as the ‘Best Mobile Education or Learning Product or Service’.

“The gradual improvement of the mLiteracy software by Mobilink shows their commitment towards up-scaling of this program not only horizontally but also vertically. Presently, some five governments (including federal and provincial) have implemented this project and are ready to replicate this for the neo-literates, so that a conducive learning environment could be established which will ultimately help to eradicate the illiteracy from Pakistan in a shorter span of time.”
UNESCO Islamabad

“The project resonates with Mobilink’s mission of making a difference in the communities that we operate in by utilizing our network and services. Putting the mobile phone into the hands of as many as 6,000 rural women as a means to literacy has had a far reaching impact on the sphere of education and even beyond. We are confident that the project can be successfully replicated in other parts of the developing world.”

President and CEO of Mobilink, Rashid Khan

[To watch a video about the project visit http://bit.ly/1cppYUF](http://bit.ly/1cppYUF)

Google Translate + Kazakh

The project to include the Kazakh language in the Google world translation service

Google Translate is one of the most popular free online translation services, providing cross translation for 80 languages. However, this does not include the Kazakh language. Beeline Kazakhstan in cooperation with public foundation ‘WikiBilim’ started ‘Google Translate + Kazakh’, to open up the translation service to Kazakh-speaking people.

The project started in late 2012 and finished in December 2013 when Google launched a test page with the ability to translate from the Kazakh language into English and vice versa. This successful launch depended on volunteers to make a database of 10,000 Wikipedia articles translated from English to Kazakh. Beeline provided permanent free access to a special page in Google Translate and explained how to use the database system effectively.

The project has already received very positive feedback from Kazakh people and received awards

from the American Chamber of Commerce in Kazakhstan and Eurobak. Beeline Kazakhstan will also support the second phase to create a full implementation when the Kazakh language will appear fully in Google Translate.

“Only thanks to the support of Beeline have we managed to engage the public and experts into ‘Google Translate + Kazakh’.”

Rauan Kenzhekhanuly, Head of the Public Foundation ‘WikiBilim’

“It’s very important that all innovative global services are present in Kazakhstan and available for our customers. And we are glad, that by supporting the project ‘Google Translate + Kazakh’, our company supports the inclusion of the Kazakh language into the worldwide service and gives a unique opportunity to all Kazakh speaking people and all other people, who want to learn the Kazakh language.”

Taras Parkhomenko, CEO Beeline Kazakhstan

AGRICULTURE

A growing number of studies are demonstrating the role that mobile can play in improving the efficiency of agriculture. For many of the countries where we operate, agriculture is a vital component of the economy and a key driver of prosperity. Supporting farmers makes business sense for them and for our business, as more prosperous, successful customers are likely to reinvest in our services.

In the period 2010-2012, **17%** of the population in Bangladesh and **20%** of the population in Pakistan were classed as undernourished (24% in Georgia, 31% in Tajikistan, 33% in Zimbabwe, 73.4% in Burundi and 30% in CAR)

Source: United Nations Food and Agriculture Organization



banglalink mAgriculture services

Agriculture is the largest sector in Bangladesh, involving almost 80% of the population and contributing nearly 23% of GDP. However, many people still struggle to make a decent living, often caused by lack of expertise, access to knowledge and markets.

To help address these issues, banglalink launched 'Mobile based agriculture information service' in conjunction with the Agriculture Information Service (AIS) and Access to Information Program (A2I) of the Prime Minister's Office. This SMS based service technology is delivered to farmers, farmer associations, Government officials and related NGOs, and provides information on current agricultural issues, e.g. how to preserve potatoes in storage.

banglalink also launched Krishi Jiggasha 7676, a 24 hour call center-based agricultural information service. This center receives 40,000 calls per month from about 120,000 agri-professionals.

Next to these information services, banglalink set up Krishibazaar, a mobile-based agricultural marketplace, where people can actually buy and sell their products using voice services. This helps to ensure farmers can get a better price for their products and the service receives over 12,000 calls per month.

"The mobile industry in Bangladesh is working hand in hand with the government to achieve the 2021 goal of making a digital Bangladesh, and to do that banglalink always stays ahead in the agriculture sector. banglalink Krishi Bazar and Krishi Jiggasha is a kind of unique service which is acting as a bridge of communication between farmers and the entire country."

Markus Ehmann, General Manager of Katalyst (an agricultural NGO)

"From inception banglalink believes in making a difference in the life of people of Bangladesh and to do so, we tried our best to support the agriculture industry. Innovative services like Krishi Bazar and Krishi Jiggasha have proven their worth in the life of farmers in Bangladesh, where the combination of the SMS service, the call-center and the actual marketplace made them unique. With the current growth rate these services can change the agricultural sector and make a big impact on the financial situation of farmers in our country. A strong agriculture sector is obviously good for our business as well and is in line with our motto to 'Start something new'."
Ziad Shatar, CEO & MD, banglalink

▶ To watch a video about the project visit <http://bit.ly/m-agri-banglalink>

Mobilink and Australian Centre for International Agricultural Research

In 2014, Mobilink will start an m-Agriculture project with the Australian Centre for International Agricultural Research (ACIAR) to establish communication channels that will provide farmers and their communities access to agriculture and community information in the areas of dairy, mango and citrus farming. We will report on progress in next year's Report.

HEALTH APPLICATIONS

There has been a focus for some time on the potential for applying mobile technology to improve healthcare in both the developed and developing world. Several of the Millennium Development Goals focus on improving healthcare provision, including a particular focus on maternal health and child mortality.

Mobile technology can improve the access of the population to advice and other services, improving the efficiency and effectiveness of delivery and enabling government health budgets to achieve more.

The proportion of women receiving antenatal care at least once during pregnancy was **81%** for the period 2005–2012, but for the recommended minimum of four visits or more, the corresponding figure drops to around **55%**

Source: United Nations

Kyivstar M-Health

In February 2013 Kyivstar introduced a Mobile Health program, aimed at helping people to improve their health, by providing useful mobile applications. All applications are designed in partnership with leading healthcare facilities. Three apps are already available for subscribers of all mobile operators. These applications are ‘My Little Star’ for families who expect a child, ‘My Little Star. The First Year’ for families with children from 0 to 12 months, and ‘Good Eyesight’ for children and adults to take care of their eyesight.

Good Eyesight Application

‘Good Eyesight’ was developed in partnership with the Institute of Eye Diseases and Tissue Therapy and provides a number of simple tests that can be taken using a smartphone. It also provides directions for exercises that relieve eye tension, and advice on how to avoid eye strain and strengthen eye muscles.

There have been more than 40,000 downloads and the number is growing.

“Modern life has changed: computers, mobile devices have created new approaches to communicate information. Using new technologies is especially important in work with the young generation, because smartphones and tablets are an essential part of life. That’s why we really appreciate the partnership with “Kyivstar” in creating a mobile application that is useful for both kids and grown-ups.”

Natalia Pasechnikova, Head of the Filatov Institute of Eye Diseases and Tissue Therapy

“‘Good Eyesight’ is part of Kyivstar’s long-term social project on Mobile Health which aims to provide useful mobile applications for healthy living. Through cooperation with medical specialists we created the first Ukrainian mobile

service that allows a phone or tablet to train good eyesight and also to check for symptoms of the most common eye diseases.”

Igor Lytovchenko, Head of Ukraine Business Unit of VimpelCom Ltd., President of Kyivstar

Pregnancy App: My Little Star

The first app developed and delivered through the Mobile Health initiative. With the help of this app, future parents can be better prepared for the birth of their children. It is free of charge from Kyivstar and enables a future mother to monitor her own health and her baby’s development, maintain a pregnancy journal, plan doctor visits, and access other related information, with local-specific content.

There have been more than 4,000 downloads and the application has been downloaded in multiple countries.

Baby’s first year

Building on the initial success of ‘My Little Star,’ a follow-up app, ‘My Little Star, The First Year,’ focuses on the first year of the child’s life.

This new application has been developed with the help of the pediatricians of Dobrobut, Ukraine’s leading private medical network. It provides parents with information about psychophysical development of their baby, and the skills and abilities the baby should gain during his or her first year of life. Parents can also find recommendations on breast feeding and food schedules; information about bathing, physical exercises, walking in the open air; and a vaccination schedule.

There have been more than 3,500 downloads.



MOBILE FINANCIAL SERVICES

In countries with limited banking infrastructure such as Pakistan, Bangladesh and Zimbabwe, we are focused on providing improved access to basic financial services such as bill payment and money transfer for the unbanked population. The positive socio-economic impact of these services is evident. We are also working closely with government and charity organizations to help them to deliver welfare, donations, subsidies and social security payments directly to people who need them.

In countries with more established banking infrastructure, we are working closely with the banking industry to enable a digital end-to-end experience for the mass market. For example, our ticketing services in Italy are already starting to replace paper based alternatives. We are working hard to enable cashless transactions and simplify the consumption of products via customers’ mobiles in all of our markets.

Partnership with MasterCard

In February 2013, VimpelCom announced a strategic partnership with MasterCard to offer mobile money solutions globally. The partnership provides innovative and reliable financial services to a new generation of customers, both banked and underserved. This collaboration strengthens VimpelCom customers’ experience by offering value added services including, but not limited to, person-to-person payments, bill payments and mobile commerce.



Resource Efficiency

“I think climate change is probably going to be the single biggest technical challenge of the 21st century.”

— Equipment Supplier

Introduction

As indicated on page 14 (materiality), environmental issues did not rate as being as important as several other categories of issue. Many of our businesses, and the experts we consulted in the process, see socio-economic and human rights as more immediate concerns in our markets. However, in the longer term it is clear that the impact of climate change, water shortage and other resource use will become more significant, particularly for emerging economies, and especially those vulnerable to drought, flooding and other weather extremes.

In addition, environmental issues are prominent in the UNGC Principles, and as part of our Communication on Progress (‘COP’) we are reporting on our programs to reduce our main impacts.

Managing environmental issues involves doing more with less. Using less fossil fuel, less material, creating less waste, generating fewer emissions.

It is about being more efficient with the planet’s resources and it makes good business sense for several reasons:

- **Reducing cost** – resource efficiency generally means cost efficiency
- **Risk management** – by helping to address global environmental issues such as climate change, companies can reduce the risk of impacts on their customers and infrastructure
- **Innovation** – an awareness of environmental challenges can lead to product and service ideas – using mobile technology to help customers reduce their impacts
- **Engagement** – demonstrating responsibility towards environmental protection can improve reputation with customers, local communities, employees and government

Issues and Priorities

There are a number of environmental issues relevant to mobile operator operations, including:

- Energy consumption and climate change: mainly energy consumed in our mobile network base stations and data centers, but also in our offices, and by our fleet of vehicles
- Solid waste: mainly used network equipment, handsets and other electronic items, but also civil waste (cables, concrete etc.) and office waste
- The use of water
- Local effects such as the noise, vibration and visual intrusion of our base stations

Our responsibility for protecting the environment extends beyond our own operations, and operators also need to focus on the impacts generated by their supply chains, the use of their products and services by customers, and the end of life of those products.

Our priorities lie where there is the biggest environmental impact and greatest stakeholder concern, the biggest opportunities to save costs or support our operations, and where there are opportunities to engage our customers and employees.

Based on our assessment of materiality, including our knowledge of programs elsewhere in the industry, our priorities are:

1. Improving the **energy efficiency** of our network and data center sites
2. Introducing **renewable energy** solutions wherever economically feasible
3. Engaging with our **suppliers** to improve the environmental performance of the products and services we buy, and reduce the impact of the manufacturing processes involved
4. **Engaging our employees** in environmental issues through office-based programs and community volunteering opportunities

Impacts of noise, vibration etc. associated with our base stations are managed locally and we do not, at this time, collect performance data on this topic centrally, other than disclosing any 'environmental' fines or sanctions incurred on the basis of our activities, that are reported to Group. No fines relating to environmental laws or regulations have been reported by our businesses in 2013.

We are aware of the potential benefits that mobile technology can bring in enabling third parties to reduce their carbon emissions, and this occurs on a daily basis across our markets as people use voice and data services to substitute for travel, and reduce material consumption. One area of focus in the ICT sector is so-called Machine to Machine (or M2M) technology, and applications in the automotive, logistics and utility sectors are generally seen as promising areas for emission reduction.

We are developing our commercial focus in these areas and are a member of the M2M World Alliance, a partnership of seven other leading operators around the world, providing global implementation capabilities for customers.

Governance

Our Group Code of Conduct sets out our commitment to meet local regulatory requirements and relevant international environmental standards, as well as our aim to reduce emissions and waste, and to use natural resources responsibly. Environmental issues will be represented in our Business Principles, being developed in 2014.

Energy use, and the related greenhouse gas emissions, are our main environmental impacts and we have developed a consistent approach to energy efficiency across the business, including the introduction of common KPIs and reporting. As part of our monthly focus on network performance (see page 29 – on network health), our markets report energy consumption and cost per site. We compare these performance benchmarks and focus on where improvements can be made. We have developed a detailed database of efficiency measures (see overleaf) and this supports best practice sharing.

Several businesses manage their environmental programs through an environmental management system. The Africa and Asia BU implemented ISO14001 at its HQ and Djazzy in Algeria has also achieved certification. Wind Italy has merged this approach into an integrated management system approach which also incorporates health & safety, social accountability and data security standards.

Managing environmental issues involves doing more with less.

Using less fossil fuel, less material, creating less waste, generating fewer emissions.



We estimate our total Scope 1 and Scope 2 CO₂e emissions to be approximately 1.35 million tonnes.

Energy Use and Greenhouse Gas Emission Data

In 2013, for the first time, we collected performance data on our Scope 1 and Scope 2 greenhouse gas emissions. In practice this means:

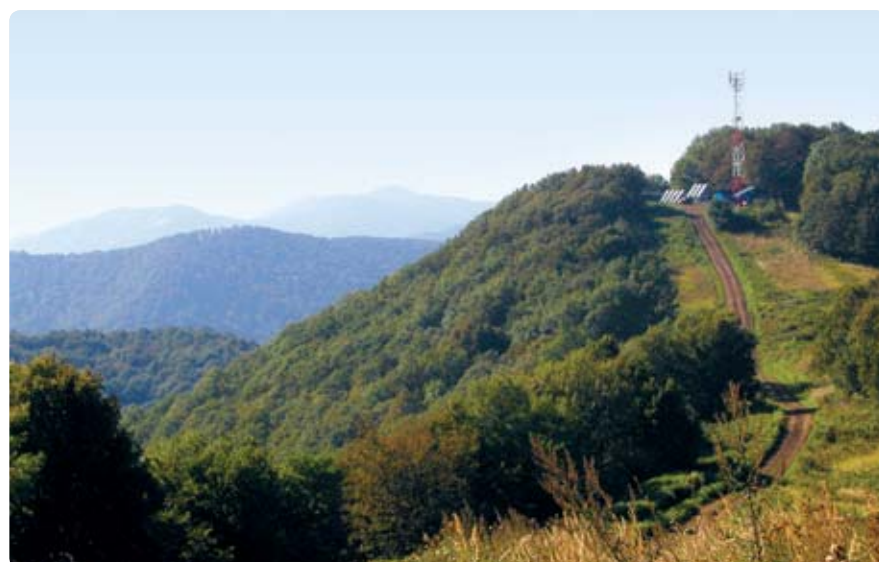
- Scope 1: Emissions from fuel consumption to operate network base stations that do not have access to national power grids (generally from diesel generators), and for heating, cooling and powering buildings / offices (mainly diesel and natural gas). We also report emissions from vehicle fuel consumed
- Scope 2: Electrical power consumed by our network and our buildings / offices

We do not currently collect emission data relating to air-travel, or on other Scope 3 emissions (use of products and supply chain-related)

The data for energy use has been collected by reference to invoices, by extrapolation from known actual energy performance of different types of base station, and from estimation. It is the first time our businesses have collected and reported this information. In this context, the table below sets out our best estimate of our carbon footprint and we will be working over the course of 2014 to improve the quality and reliability of the data.

Table 9: Energy Use and Greenhouse Gas Emission Data

	Energy		CO ₂ e			
	(mWh millions)	%	(tonnes millions) Scope 1	(tonnes millions) Scope 2	(tonnes millions) Total	%
Network, offices and other buildings	2.76	96%	0.21	1.10	1.31	97%
Vehicles	0.15	4%	0.04	—	0.04	3%
Total	2.91		0.25	1.10	1.35	



Within the total energy use is a small amount of renewable energy from solar-powered base stations (52) and solar arrays on buildings (in Italy and Bangladesh). This amounts to less than 0.1% of total energy consumption and the economic case for solar power and base stations remains challenging. In addition, Wind Italy was awarded ‘power efficiency certificates’ (TEE) by the Regulatory Authority for Electricity and Gas (the independent body which regulates, controls and monitors the electricity and gas markets in Italy) totaling 23,259 tonnes CO₂e.

We operate a fleet of approximately 5,700 vehicles, comprising approximately 40% diesel and 60% petrol-fuelled vehicles, as well as four electric cars.

Network Efficiency Measures

As the majority of our greenhouse gas emissions originate from energy use in our network, this is the main focus for our energy efficiency programs. A series of energy efficiency measures is being applied across our network infrastructure and these measures include:

Radio Access Network – Energy Efficiency Initiatives	Number of Radio Base stations 2013
--	------------------------------------

Free Cooling Units 11,577
 Potential to reduce site energy consumption by 20% to 25% - we are introducing Free Cooling Units in indoor RAN (Radio Access Network) sites

Hybrid units 3,768
 Sharing the power load between batteries and diesel generators when the power grid is unavailable can cut diesel usage and carbon emissions by up to 20%

‘Outdoor’ sites 18,845
 Most of the new sites are built in ‘Outdoor’ cabinets instead of the traditional ‘Indoor’ shelters, saving operational energy required by up to 50%. Where possible we swap existing Indoor sites into Outdoor cabinets

Power Saving Features 46,537
 Switching off some radio elements that are not needed when the traffic is low reduces energy consumption of base stations by 20% to 30% depending on the site configuration

Individual base stations may utilize more than one of these approaches.

The increasing level of tower sharing amongst operators can also have a positive impact on energy consumption and other environmental factors.

Supply Chain

Network energy efficiency is highly dependent on the type of equipment used and the majority of this (and IT equipment) is specified and contracted for centrally. Energy efficiency is an important part of the Total Cost of Ownership of equipment; this is a key factor in the overall purchasing decision and efficiency claims for equipment are tested in our labs in Russia and Italy. Procurement and technical teams investigate new opportunities to improve equipment performance and are involved in trials of high efficiency power solutions and solar power.

The environmental performance of our suppliers is a key element in the draft Supplier Code of Conduct referred to on page 32.

Engaging Employees and Communities

Several businesses have launched 'Eco-Office' programs aimed at involving employees in helping to reduce office-based environmental impacts. These programs cover electricity, water and paper consumption, and waste reduction.

Volunteering, and engaging with customers and the general public, are important aspects of our CR programs and this also includes the environmental agenda:

- Russia – Beeline is a key partner of 'Bloggers against the garbage' – a program held across Russia by the initiative of the famous traveler, entrepreneur and blogger Sergey Dolya. In 2013, 50,000 volunteers from 200 Russian cities from Kaliningrad to Kamchatka participated in the eco-action.

Beeline helped to implement activities for the whole of Russia and provided free WiFi zones at the sites of large-scale clean-ups

- Armenia – 200 employee volunteers participated in clean-up projects in four villages
- Kyrgyzstan – 250 employee volunteers participated in a campaign to clean up the city and charitable donations were made to manufacture and install garbage bins in Bishkek
- Pakistan – 'Walk to Preserve' events are organized to help preserve the Margalla Eco-System in the vicinity of Islamabad and also give employees a chance for some exercise. 225 volunteers participated and over 120 bags of waste and refuse were collected
- Bangladesh – banglalink runs Cox's Bazar Sea Beach Cleaning Project where a team of 26 female workers are employed to clean the long 3 km beach. Employee volunteers engaged more than 1,000 people to remove trash from the beach on International Coastal Clean-up Day in 2013
- Italy – 'Puliamo il Mondo' is the Italian version of "Clean Up The World", an initiative aimed at cleaning up schools, parks, gardens, squares and streets. 160 employees cleaned locations in Rome, Milan, Palermo, Pozzuoli, Marghera and Ivrea (the cities where the company has its main offices)

Mobilink has developed an Environmental Management System at the Lahore office which helped to reduce the facility's carbon footprint by 35%, and its solid waste by 50%. Certification was audited by WWF in December and it achieved certification as a 'Green Office'. The program was largely employee-driven through volunteer "Green Wardens." Mobilink now plans to seek certification for three additional facilities elsewhere, including the HQ Building in Islamabad.

In March 2013 Beeline Russia took part in the 'Earth Hour', organized by WWF. More than 40 administrative offices across the country turned off the exterior and interior lighting. In addition, over 50 employees together with environmental supporters took part in planting more than 600 trees in a city park in Rostov.



Responsible Behavior

“Major issues will be related to human rights, especially privacy and freedom of expression in the markets in which VimpelCom are present.”

— Industry body

Introduction

Since publishing our first report we have carried out an initial review of issue materiality (page 14). This confirmed that whilst a number of issues are relevant to how we can add value to society, others are more related to the need to behave responsibly as a business. These issues include:

- Network coverage and reliability – are we providing a good quality, reliable service to a broad range of the population?
- The accessibility of our services – are our services affordable for poorer customers, and usable by the elderly and those who struggle to access communications due to disability?
- Customer satisfaction and responsible marketing – are we meeting the expectations of one of our core stakeholder groups?
- Bribery and corruption – are we behaving ethically in our business dealings in the markets where we operate?
- Privacy, freedom of expression and government access to data – are we keeping our customers’ details safe, and safeguarding legitimate personal and political expression via our services?
- Online safety – are we helping to protect our customers from fraud, and vulnerable users from accessing inappropriate content online?

- Health and safety – are we providing a safe and healthy working environment for our employees and those others who visit or work on our premises?
- Ethical procurement – are we raising human rights and environmental standards in our supply chain?
- Radio frequency emissions and health concerns – are we keeping key stakeholders informed?
- Corporate governance – are we managing our business in accordance with good standards of governance?

The following sections describe how we approach these issues and illustrate this with case studies from our markets and performance data, where available.

There are issues which did not rate as highly in our materiality review but are nevertheless covered by the Principles of the UNGC to which we are signatories. These include our environmental approach and performance (which is covered on pages 24 to 27) and our approach on freedom of association and collective bargaining, forced and compulsory labor, child labor and discrimination. These issues are relevant to our supply chain (see page 32), and our own operations and employees (page 33). We consider that the risk of performing badly against these labor-focused UNGC Principles is lower in our own organization than in our supply chain.

Network Coverage and Reliability

The coverage and reliability of our network are core to our business success and subject to regulation through the terms of our operating licenses. Developing and maintaining our network is the largest area of capital expenditure and drives a large proportion of our sourcing activities. In 2013 just over \$3bn was invested in our network infrastructure. As a result it receives a significant degree of management attention and detailed planning. It is also of key importance to our customers and other stakeholders, many of whom rely heavily on the ability to use telecommunication services. Without a reliable network, covering a large spread of the population, we have no business.

Therefore, whilst these factors are managed locally, performance is scrutinised centrally on a monthly basis through our Network Health reporting process which captures a broad range of coverage, reliability, quality and efficiency statistics. Performance is reviewed through the Operational Performance Board, which involves (among others) both the Group Chief Operating Officer and Group Chief Technology Officer. Improvement and management of network performance is supported by a Network Forum which controls the activities of various technical working groups.

Network performance can be summarized through the KPIs in the tables at the right of this page.

Accessibility

Modern telecommunication services allow billions of people to connect but some groups in society struggle to access the benefits of this. The poor can have difficulties accessing communications through issues of affordability – the so-called bottom of the economic pyramid. Mobile operators have been working over many years to make services affordable and constantly growing penetration rates are indicative of continuing progress (see Table 13). This is aided by low cost tariffs, falling prices in basic handsets and the increasing availability of second-hand phones, including smartphones.

As well as basic connectivity, we are bringing new value-added services to customers across our footprint, much of which is in emerging or transitional economies, often free-of-charge.

In 2013, we announced a partnership with the Wikimedia Foundation to deliver free Wikipedia access to VimpelCom customers. Through Wikipedia Zero, VimpelCom's mobile customers have free access to the mobile version of Wikipedia, the free encyclopedia, along with a light-weight, text-only fast version of the site. With this partnership, locally-relevant articles are available in both local language and English through the VimpelCom network. Our Beeline brand also announced a new form of access to Facebook. Through 0.facebook.com, Beeline customers have the unique

Table 10: Population Coverage

Population Coverage (%)	Number of Markets	
	2G	3G
95 – 100	4	1
90 – 95	2	0
85 – 90	3	0
80 – 85	0	1
70 – 80	2	0
50 – 70	0	3
0 – 50	0	2
0	0	4

Figures for Ukraine are not reported as this data is not collected centrally.

During 2013 we launched 3G services in Bangladesh and were awarded a 3G license in Algeria where services will launch in 2014. We have 4G services in Italy and Russia.

Our ability to roll-out 3G / 4G is restricted by license agreements, not by our willingness to invest in infrastructure for our customers.

Table 11: Network Reliability

Network Unavailability Monthly average (%)	Number of Markets
0 – 0.5	8
0.5 – 1.0	3
1.0+	1

Table 12: Network Quality

Unsuccessful Call Set-up Rate Monthly average (%)	Number of Markets
0 – 1.0	6
1.0 – 2.0	5
2.0+	1

Maintaining network availability and quality of service can be particularly challenging in markets where power supply is highly unreliable. Emerging markets can often experience regular and prolonged power cuts that can impact service even where back-up power sources are present.



Table 13: Subscription Growth 2000 – 2012

Country	Mobile subscriptions per 100 inhabitants ¹	
	2000	2012
Algeria	0.27	97.95
Armenia	0.57	111.91
Bangladesh	0.21	62.82
Georgia	4.11	107.81
Italy	74.13	159.76
Kazakhstan	1.35	185.82
Kyrgyzstan	0.18	124.18
Pakistan	0.21	67.06
Russia	2.22	182.92
Tajikistan	0.02	81.51
Ukraine	1.67	130.34
Uzbekistan	0.21	71.03

Source: ITU

¹ Some markets are multi-SIM, i.e. more than one SIM card per customer.

In 2013, for the fourth time, Beeline Russia supported the Moscow Festival of Deaf People, 'Peace and Love', which was attended by more than 17,000 people. In addition, a special tariff was launched for World War 2 veterans and 2,000 received 300 minutes of free calls.

opportunity to stay online with their friends using the leading social network Facebook from their mobile phones free of charge. The 0.facebook.com website is a simplified option of the mobile website Facebook with full functionality.

During 2013, VimpelCom also strengthened its existing partnership with Opera Software ASA to offer a simplified and more efficient way to use the internet via a mobile. Opera Web Pass enables users to browse the mobile internet through easy to buy time-based or content-based mobile data packages through a simple, one-click purchase.

Improving access to the internet for poorer people is also supported by local initiatives such as introducing local language to Google Translate (see case study from Kazakhstan, page 21), and helping to develop basic literacy (see case study from Pakistan, page 21).

As well as the poor, people with poor eyesight or hearing or dexterity issues can have difficulties accessing services. Often these issues are associated with the elderly, arguably one of the groups in society most reliant on communications to stay in touch with family and services. These issues are very dependent on local socio-economic conditions and demographics and are managed locally.

Customer Satisfaction and Responsible Marketing

Customer experience is a major competitive differentiator in the mobile industry and therefore is a key element of the Company's Value Agenda. Customer experience can be influenced by many factors, particularly value for money and the quality of the products and services offered.

Our general approach to serving our customers is covered in our Annual Report and Accounts. Some issues are particularly relevant to the CR agenda, and are covered elsewhere in this section (e.g. network reliability, privacy, accessibility and online safety).

The main KPI for measuring our performance in relation to customer satisfaction is the 'Net Promoter Score' – the degree to which customers would recommend our services to others. This is a relatively new approach and 2013 has seen extensive communication and education in relation to the new measure. Performance is monitored via quarterly reporting and business reviews, and through discussion at Management Board meetings. In 2013, six of our OpCos were either on par or ahead of competitors on NPS. Since the implementation of the metric in our day-to-day operations, we see notable improvements in our key OpCos at the main customer touch points and a reduction in churn.

Pricing guidelines are developed centrally as recommended practice for BUs. We are also working to harmonize our approach to customer contact to ensure that the customer experience is not damaged by unwanted spam communication. Advertising is managed locally to ensure that it is appropriate for local standards and culture. However, during 2013, our businesses reported six incidents relating to our marketing activities that resulted in a penalty and a further 23 incidents that resulted in a warning from the relevant body. There was one incident of non-compliance with a voluntary code reported. There were no fines reported relating to non-compliance with laws or regulations covering the provision and use of our products or services.

Privacy and Freedom of Expression

Many benefits of mobile services are possible only because operators collect and hold data on their customers, e.g. billing data, location data and browsing preferences. ICT brings incredible benefits for society but also provides the potential for those with the regulatory power and/or technical capability to abuse users for political and financial gain. 2013 has seen growing public alarm over personal privacy, relating mainly to two fears:

- That government has unregulated access to personal data which may, for example, create an environment where public protest and free speech are curtailed;
- Irresponsible harvesting and use of personal data by corporations which could lead to financial or reputational loss for the individual.

The situation is also complicated by the fact that the digital environment is not a country-specific arena and personal data in the digital environment are global by definition. Players in the digital environment are often multi-country organizations and yet legal frameworks are national and not harmonized internationally.

Government Access

Mobile operators are entirely reliant on governments for access to radio spectrum and the granting of operating licenses. The terms of operating licenses, all



over the world, contain clauses allowing government to access customer data where this is necessary for crime prevention and national security. This can be enacted in different ways, typically:

- By presentation of a court order to the operator, requiring the operator to provide specific data items
- By presentation of a court order to the operator, after which the government can access the relevant database directly, facilitated by the operator
- By direct access to the relevant data, following a court procedure, which does not require the involvement of the operator

We have OpCos that operate under each of these types of regime. Recent revelations in the media have also alleged that some governments have the ability to access data without any recourse to the operator's cooperation or IT assets. Several of the license agreements that we operate under also forbid any form of disclosure on the nature or extent of access to data, which drastically limits what we can report to stakeholders.

Through internal and external consultation, we are currently reviewing options in this area, including the potential benefits of joining organizations such as the Industry Dialogue on Freedom of Expression and Privacy (www.telecomindustrydialogue.org).

Privacy, Data Protection and Commercial Use of Data

Our businesses operate in markets with very variable regulatory regimes relating to data security and privacy and as a result this issue is managed locally. During 2013 we benchmarked these local approaches against best practice standards and the strictest regulatory approaches in force around the world. We are now developing roadmaps for improvement, where necessary, and considering the merits of a Group-wide policy.

We recognize the importance of this issue to our customers and are always seeking to improve performance. However, during 2013 our businesses reported 50 complaints received from third parties relating to our management of customer privacy, together with 16 complaints from regulatory bodies. We identified 34 instances of loss of customer data, which were minor, typically affecting individual customers.

Online Safety

Due to its very 'open' nature, the internet can bring certain risks, including the exposure of children to inappropriate content or encounters with 'predatory' users. It can also be an avenue for fraudsters.

Protecting vulnerable groups when online is a priority for us. In last year's report we set out in detail the initiatives being undertaken to protect children in two of our largest markets, Russia and Ukraine. These measures included blocking of illegal sites, education and awareness-raising for children and teachers, and internet filtering solutions for parents. In Italy and Canada we have comprehensive measures in place, and are working on implementation in both Pakistan and Bangladesh.

Health & Safety ('H&S')

Mobile operators must manage a broad range of health and safety ('H&S') risks. A large proportion of employees are office based and face a relatively low level of risk. The main sector risks tend to relate to the following:

- Road-traffic accidents – employees or contractors involved in distribution of products or network equipment. This is particularly risky in emerging markets where road and traffic conditions are not well regulated
- Working at height and electrical risks – building and maintaining the network involves working with electricity, and on base station masts. Workers must also be careful to limit their exposure to radio emissions when working close to antennae

In addition, a number of our markets have had to maintain operations during times of civil unrest (the Central African Republic, Ukraine and Bangladesh). At such times the personal security of individuals trying to maintain network coverage and services (including, for example, replenishing diesel in remote generators) must be carefully managed. Sadly, in 2013 two colleagues lost their lives as a result of civil unrest, although neither were as a direct result of their employment. These occurred as part of the civil war in the CAR, and a terrorist attack on the public transport network in Volgograd. We also experienced a security incident in one of our Africa and Asia OpCos, where there was an attempted kidnapping of a female member of staff, as well as a violent protest outside our offices in Grozny when staff had to be evacuated for their own safety.

H&S is governed by many local labor protection laws and regulations and is managed locally within VimpelCom. Most of our larger markets have an H&S policy, or sets of procedures covering specific work activities. In nearly every instance, these policies cover both our own employees but also any contractors, including network contractors, who are on VimpelCom premises.

Several of our BUs have formal H&S management systems and Wind Italy has achieved certification to EHS18001 as part of its integrated management system approach. Nearly all BUs carry out H&S training for relevant personnel on either a continuous basis, or on induction.

In 2013 we conducted an initial high level review of practices across the business and we are considering the benefits of developing a more common approach to H&S management. This is the first time we have gathered H&S performance data centrally. It is clear from the data reported that our businesses are categorising injuries differently and therefore we will be working through 2014 to calibrate a more consistent approach to reporting injuries.

No work-related employee fatalities were reported in 2014, although sadly four colleagues died through natural causes and a further colleague died in a transport incident on her way to work. We do not yet collect data on contractor fatalities and injuries on a consistent basis across our businesses, but we did receive a report of one fatality from our Africa and Asia BU where, as a result of a road traffic accident, the vehicle driver who was transporting one of our employees sadly lost his life.

According to research ('EU Children online'), one fifth of Russian children spend more than three hours per day on the internet and between 70% and 90% of Russian schoolchildren confirm that they use the internet with no adult supervision. 79% of Russian schoolchildren post their personal data (name, age, photo, school). 41% of children personally meet their internet-acquaintances but only 11% of parents are aware of that.

Since 2012 Beeline has provided customers with a 'Parental Control' solution that helps parents to protect children from internet threats, as well as launching a children's internet library 'Web-landia' and campaigned to raise awareness of how to use the internet safely.

Table 14: Transparency International corruption rankings

Country Ranking ¹	Number of 'VimpelCom Markets'
0 – 50	1
51 – 100	4
101 – 150	8
151 – 175	4

1 Scale: 1 = 'cleanest', 175th = worst

Table 15: Compliance investigations

Source	Number of investigations ²
Whistleblowing line	50
Other sources	248

2 For the second six months of 2013. Note – not all investigations discover confirmed instances of corruption or other behaviors in conflict with the Code of Conduct.

Bribery & Corruption

Transparency International rank 175 countries based on the perceptions of the degree of corruption, bribery, secret dealings, money laundering etc. Doing business in countries with a high degree of corruption is challenging and risky. Corruption can slow down business and damage reputation, as well as lead to criminal proceedings. VimpelCom businesses operate in some of the higher risk countries and so a strong and comprehensive approach is needed to protect our business, and our stakeholders.

The Company has put in place a governance structure to focus on anti-bribery and corruption activities. All of our larger businesses, and HQ, have either a Compliance Officer or Coordinator in place, and the Compliance Team meets regularly to share best practice and discuss issues arising. Our approach is underpinned by our Group Code of Conduct which covers a range of personal behaviors, and includes a focus on bribery and corruption. This is supported by a range of policies and procedures, in place or under development, which address issues such as third party screening, conflicts of interest, gifts and hospitality and incident management and investigation.

At HQ-level the Global Compliance Committee performs a consultative function, comprising members of the Group Executive Board and other functional heads, including the Head of Internal Audit. This committee structure is replicated at BU level, and in some OpCos. During the year, we have engaged with a number of international business organizations, and NGOs, on the topic of corruption.

In 2013 we implemented a new whistle-blowing process which allows employees to contact a third party service provider to raise concerns, anonymously if desired (see Table 15).



A compliance roadmap has been developed covering: risk analysis; policies and procedures; organization and commitment; training and awareness; screening; record keeping and controls; reporting; internal audit and monitoring; remedial and corrective actions; and program leadership. Data has been collected on the number, type and source of investigations since the midpoint of 2013 and is summarized to the left.

In 2014 we intend a major focus on building a strong culture around anti-bribery and corruption and we will disclose more on this project in the next report.

After the year end, on 11 March, 2014, VimpelCom received from the staff of the United States Securities and Exchange Commission a letter stating that they are conducting an investigation related to VimpelCom and requesting documents. On the same day the HQ in Amsterdam was visited by representatives of the Dutch authorities, including the Dutch public prosecutor office, who obtained documents and informed the Company that it was the focus of a criminal investigation in the Netherlands. The investigations appear to be concerned with the Company's operations in Uzbekistan. The Company intends to fully cooperate with these investigations.

Supply Chain

We sit at a point in the telecommunications supply chain between our customers (the general public and businesses) and the vast and complex network of supplier businesses that design, produce, distribute, build and maintain the network equipment, the devices we sell and the services that support our operations.

It is in our interests that our supply chain partners maintain excellent quality and value for money, but also that they in turn operate responsibly. Strikes, protests, negative publicity or out of control environmental costs relating to energy, water or pollution impact on profitability and reputation and so responsible sourcing is a necessary commercial, as well as moral, activity. A number of our BUs / OpCos already have some focus on this, and Wind Italy has leveraged its integrated management system approach – including SA8000 and ISO14001 standards – to help improve and maintain standards across its suppliers.

During 2013 we have been developing a VimpelCom Supplier Code of Conduct. This has been based on existing good practice in the ICT sector and initiatives such as the EICC³ Code. We have sought input from some of our largest vendors as well as relevant civil society organizations. The draft Code covers the 10 UNGC Principles. We aim to launch our Code during 2014.

We have also been designing an operational approach to ethical procurement as a means to implement the Code. This has included carrying out initial risk assessment pilot exercises in Pakistan (2013), and Kazakhstan (in early 2014). It is likely that our focus will initially be on our largest suppliers, managed through Group-led contracting processes, as these comprise the overwhelming portion of our total spend, with a phased approach to introducing the Code in local businesses.

In 2013, 71% of our procurement was with the largest 20 suppliers in our markets. Through our membership of GeSI⁴, we are able to access and participate in specific programs relating to the conflict minerals issue (www.conflictreesourcing.org).

Electro Magnetic Frequency (EMF)

Mobile phones use radio frequency (RF) signals to connect to the telephone network via the nearest base station. Guidelines for exposure to RF fields are set by the International Commission for Non-Ionizing Radiation Protection (ICNIRP) and all the mobile phones that we sell and the base stations in our networks are designed to operate well within the limits set.

In recent years many independent scientific reviews (e.g. by the World Health Organization – the WHO) have been carried out which have found no adverse health effects caused by mobile phones or radio base stations operating within international safety guidelines. For more information related to the International EMF Project and research conducted on EMF in general, see http://www.who.int/topics/electromagnetic_fields/en/.

Despite the position of the WHO, some individuals and communities remain concerned on safety. There is no clear pattern of concern across our markets (e.g. perceived as high in Armenia, but low in Algeria), with some businesses reporting declining concern, and some increasing. Levels of concern tend to follow the roll-out of new or updated radio base stations and some of our businesses, for example in Tajikistan, have carried out communications programs to help raise awareness of the scientific position, and reduce tension.

Corporate Governance

Our approach to corporate governance is set out in our Annual Report and Form 20-F (available on our corporate website). This includes information on members of the Supervisory Board, and Management Board. Our system gives the Supervisory Board authority for strategic decisions for the Group. The Corporate Governance 'authority matrix' requires that the Supervisory Board approve important matters, including, among others, the Group's annual budget and audited accounts, organizational or reporting changes to management structure, significant transactions, as well as changes to share capital and other significant actions.

The amount of any fees or other remuneration payable to directors is determined by the Supervisory Board upon the recommendation of the compensation committee. At present, remuneration is not explicitly linked to CR performance of the Company.

VimpelCom is a public company listed on the NASDAQ, and complies with all of the applicable listing and disclosure requirements as a foreign private issuer.

Freedom Of Association, Collective Bargaining, Forced and Compulsory Labor, Child Labor and Discrimination

VimpelCom is a signatory to the UNGC Principles and several of these are relevant to how we manage employee issues across the business.

For the businesses in scope for this Report (54,523 employees – 95% of total employees), 55% of employees were male. Approximately 1.5% of male employees and 5.6% of female employees are part-time. There were a total of 16,745 new hires (48% male and 52% female) – a new hire ratio of 31%.

Freedom of Association and Collective Bargaining

We operate across markets with differing regulatory and cultural approaches to freedom of association and collective bargaining. In many of our markets unionization is not the 'norm', whereas in others, for example Italy, there is a regulatory framework in place such that all of our employees are covered by a collective bargaining process.

Over 17% of employees are covered by collective bargaining agreements (for reporting markets). This percentage is purely an indication of the high variability in local cultural and regulatory norms as there are no Group-wide restrictions or limitations on the ability for employees to associate (or unionize), or request collective bargaining processes.

In all our markets the lowest 'entry level' wage is at least equal to the level of the statutory minimum wage (two markets do not have this legislation). In five businesses, the lowest wage paid is at least double the statutory minimum (and triple the minimum in four markets – all in the CIS region).

Forced, Compulsory and Child Labor

Any forced, compulsory or child labor is strictly prohibited within the organization and this is explicitly stated in the Group Code of Conduct. In relation to child labor, we will not employ or contract below the age of 15 or a higher minimum age if so stipulated by local employment law or mandatory schooling law.

We are not aware of any breaches of these mandatory clauses in the Code.

Discrimination

Discrimination of any kind is strictly prohibited and our Group Code of Conduct explicitly covers discrimination on the basis of race, religion, gender, age, national origin, sexual orientation, marital status or disability. This is reinforced by our Human Resources Standards document which sets out minimum core requirements for HR functions across the Group and stresses the need for the maintenance of a meritocracy, uninfluenced by other factors.

During 2013 we have been developing a VimpelCom Supplier Code of Conduct.

3 Electronic Industry Citizenship Coalition.

4 Global e-Sustainability Initiative.

Social Investment

“You can’t be taking more out of a society than you’re putting back in.”

— Industry Association

Introduction

We have a strong track record in supporting the communities we serve. We do this through our core services, through applying our technology in innovative ways e.g. to support health or education (pages 18 to 23), and through targeted social investment programs (donations of cash and equipment), volunteer activities and enabling our customers to donate more easily using our services.

In some businesses social investments are regulated through Charity Committees, for example in Russia and Kazakhstan.

Our businesses encourage volunteering activities. In some countries this engagement has a particular scale, for example the Volunteering Institute in Ukraine or Torchbearers in Pakistan (see case study on next page).

During 2013 our businesses reported providing cash donations of approximately US\$2.0m including donations of services and equipment. Whilst many of our businesses organize opportunities for employees to participate in charitable projects in their own time, there are also opportunities provided to volunteer during working hours. In 2013, businesses reported employee volunteers contributed over 7,700 hours of time (over 1,000 days) during working hours.

Social investment and volunteering strategy is developed locally but nevertheless projects fall into a number of common categories, mainly focusing on children / youth, environment, emergency situations/disaster relief and broad health issues. The following sections provide examples of some of the many projects that our businesses have been involved in.

Projects supporting children

Projects involving supporting children represent the largest category of activity. Projects are focused around education, supporting orphaned children and those with sickness or disability.

Supporting Education

- Kazakhstan – Beeline supported the national charity project 'Road to School', organized annually by the Ministry of Health of the Republic of Kazakhstan. 20 employees participated in the event, providing school sets for children from low-income families
- Armenia – ArmenTel (Beeline) supported programs on computer literacy for teachers and pupils and donated computer equipment

- Kyrgyzstan – with the Administration of the President of the Kyrgyz Republic, Beeline supported a school debate team to participate in the International Forum IDEA Asia Youth Forum 2013
- Bangladesh – banglalink donated 2,000 recycled school bags to disadvantaged school children
- Algeria – made cash donations to the Happy Childhood Charity in Ghardaïa which supports educational programs in the country
- Burundi – Leo made financial contribution to the construction of Polytechnique University of Gitega Province
- Ukraine – As a part of the program "Security in Internet" 37 volunteer employees were engaged for 100 hours in providing on-line safety lessons, and participating in theatre performances on the subject for children in summer camps
- Laos – supported the campaign arranged by the British Embassy for the protection of children online

Supporting Orphans

- Russia – In 2008 Beeline and the "Volunteers to help Orphans" Fund launched the first free Russian hotline to help children from orphanages find a family. Today it is the only free Russian hotline at the federal level. Between 2008 and 2013 volunteer employees received more than 25,000 calls from all over Russia and more than 2,200 children found families
- Ukraine – Company volunteers (170 people) staged the New Year performances for children in orphanages and donated sports equipment, toys, clothes, stationery, furniture, and other gifts

In 2013, businesses reported employee volunteers contributed over 7,700 hours of time (over 1,000 days) during working hours.

Mobilink Torchbearers, Pakistan

Mobilink's culture of excellence encourages employee volunteering as a core value. Mobilink encourages its staff to lead and participate through both payroll contribution and volunteering. Mobilink's volunteers are recognized as 'Torchbearers' and comprise 800 active employees. These efforts are organized across the country with support provided by 'Torchbearer Mentors' who liaise with the CR team to coordinate initiatives within their respective regions. Torchbearers have accompanied the Mobilink Flood and Earthquake Relief Caravan to remote areas and were involved in setting up relief camps.

During 2013, the Torchbearers logged a total 4,396 volunteer hours and contributed almost USD 20,000 through payroll donations to supported causes.

These are examples of some of the projects that Torchbearers have been involved in:

- In collaboration with Islamabad Traffic Police, Mobilink organized an arts competition for school children. Over 1,200 students participated, and used their creativity and imagination to paint and sketch their understanding of road safety and hazard perception on the road
- 'Teach to Transform' (T2T) is Mobilink's flagship teaching assistance program that aims at improving the quality of education & curriculum at under-resourced schools. In 2013, Torchbearers provided teaching assistance at marginalized schools at various educational institutions across the country
- Torchbearers conducted student counselling sessions at under-resourced, charity and state managed schools, like the Citizens Foundation School, Karachi
- Torchbearers spent a day with students of Greenland School, Lahore and arranged a visit to the zoo. Greenland School is for physically and mentally disabled children in Lahore's semi urban neighborhood. Mobilink Torchbearers (30 volunteers) arranged an orientation session with The Citizens Foundation for its 'Rahbar Program' (Mentoring the Youth Program)
- Torchbearers support Shaukat Khanum Memorial Cancer Hospital and Research Centre (SKMCH&RC). 35 volunteers organized an entertainment event for 1,000 young patients hosted by SKMCH&RC and Torchbearers participated in a storytelling activity for young patients on the Chemotherapy & In-patient wards
- Torchbearers arranged visits and counselling sessions at hospitals operating in deprived areas

Beeline Scholarships – Armenia

In November 2013, ArmenTel CJSC (brand Beeline), the British Council Armenian Branch and the RA Ministry of Education and Science launched the Beeline Scholarship project. The project was designed to give a helping hand to those students who had good results in studies but were from socially vulnerable groups and had difficulty paying their tuition fees.

550 project proposals were submitted and in February 2014 95 students from Armenian State universities were awarded Beeline Scholarships, with ArmenTel CJSC covering their tuition fees for one semester.

General Director of ArmenTel, Andrey Pyatakhin, noted that the Beeline Scholarship project could be regarded as one of the most successful social projects implemented by Beeline in 2013. “Today, more than ever, the role of education is invaluable in the modern world and we, as a socially responsible company, continue to support and encourage youth education programs that help talented students to achieve success and make their life better.”

“Today, more than ever, the role of education is invaluable in the modern world and we, as a socially responsible company, continue to support and encourage youth education programs that help talented students to achieve success and make their life better.”

Andrey Pyatakhin,
General Director of ArmenTel

- Georgia – Beeline supports selected children’s institutions through the Bright Colors for Children initiative, helping hundreds of children over the last few years. The initiative provides educational and art equipment
 - Armenia – ArmenTel (Beeline) made charitable donations for renovating the Nagashyan orphanage and organized New Year Parties for orphanage children. 300 employees were engaged in the project
 - Kyrgyzstan – Beeline gave over 20 computers to six orphanages and on International Children’s Day organized several social events for childcare institutions
 - Bangladesh – banglalink arranges regular iftar and dinner in different orphanages around the country, covering 12,000 children
 - Algeria – Djezzy made charitable donations to El Yatim Charity Fund supporting orphan children
 - Burundi – Leo runs a program focused on supporting education to orphans and vulnerable children, benefitting more than 3,000 children. About 200 have now graduated from high school. Leo also provides school fees, exercise books, uniforms, pens and pencils, shoes, and specialized equipment (for those living with disabilities). About 12,000 children have benefited from the program between 2009 and 2013
 - CAR – worked together with the NGO *Voix du Coeur* to help vulnerable street children. 200 children benefited from the program
 - Italy – made financial contribution to arrange the ‘Musica per LAMU’ concert to support orphaned children
- #### Supporting Sick Children
- Ukraine – 300 Kyivstar employee volunteers took part in charitable sports event ‘Run Under Chestnuts’ held on May 26 during the Kyiv Day celebration. All funds collected during the event were used to buy equipment and supplies for cardiac surgeries for children with heart disease
 - Tajikistan – Beeline provided charitable donations to support the charity campaign ‘Give joy to children’
 - Armenia – ArmenTel (Beeline) together with the Children Development Foundation run a project on social inclusion. 100 volunteer employees helped to arrange and participated in art-therapy lessons for children with special needs
 - Kyrgyzstan – Beeline made charitable donations to the public charitable foundation ‘Help the Children-SKD’ to purchase blood products and medical equipment for children at the National Centre for Maternal and Child Welfare
 - Algeria – Djezzy made charitable donations to IBTISSAMA Charity Fund that supports children with disabilities



Projects supporting Community Health and those with Disabilities

- Russia – Beeline supported the Fourth Moscow Festival of the Deaf ‘Peace and Love’, which was attended by more than 17,000 people
- Russia – 45 Beeline employees participated in the ‘5275’ Fun Run, organized by ‘Life Line’ Charity Fund. The run provided an opportunity to combine exercise with making a contribution to tackling social problems. The funds raised were used to treat children and older people
- Russia – Beeline became a partner of the ‘Vera’ (Faith) Fund and donated 20 tablets and smart phones with Beeline SIM cards
- Ukraine – 380 Kyivstar volunteers offered elderly people an opportunity to make free calls to their friends and relatives in CIS and some European countries. Kyivstar provided financial help to eight geriatric care centers which are home to over 2,000 veterans and lonely senior citizens
- Kazakhstan – Beeline supports the AYALA Charity Foundation that focuses on purchasing and installing life-saving equipment for Kazakhstan perinatal maternity centers. Beeline made a charitable donation and 27 employee volunteers participated in the charity bike ride, organized by the Foundation
- Tajikistan – Beeline runs a project called ‘Warmth comes with Beeline’. During power shortages, the company supplies electricity from its own diesel generators to schools, hospitals and other important social institutions in all regions of the country
- Kyrgyzstan – Beeline supported the International Day of Elderly People and delivered food packages, warm clothing and footwear to homes for the elderly in several regions

- Bangladesh – During the holy month of Ramadan, banglalink distributed dates and water among 84,000 people at heavy traffic locations across several cities
- Bangladesh – banglalink employees collected and donated clothes and blankets to more than 500 disadvantaged people in North Bengal
- Algeria – supported several funds focusing on community health and those with disabilities: AAEFAB Charity (supporting abandoned children), Nada Charity (protecting children’s rights), El Barak Charity (supporting people with disabilities), SIDRA Charity (supporting food distribution to people with low incomes), Waha Charity (supporting people with cancer), Al Amel Charity (supporting people with cancer), *Enfants du Sud* Charity (supporting abandoned children in the isolated areas of the south west of Algeria)
- Laos – Beeline supported several events throughout the year including Handicap International Charity concert, International Children’s Day, Malaria Day and The Second UN Global Road Safety Event

Emergency Situations / Disaster Relief

- CAR – supported the population during the political and military crises, providing food, clothes and medical supplies. The company made a financial contribution to a gospel group concert to sing for happiness in the country during the crisis
- Tajikistan – Beeline provided financial support to constructing houses in Vahdat after the earthquake
- Canada – Wind Mobile sent out an e-mail to encourage people to make a donation in support of Philippines Tsunami victims and provided tools to help locate loved ones

Beeline Tajikistan runs a project called ‘Warmth comes with Beeline’. During power shortages, the company supplies electricity from its own diesel generators to schools, hospitals and other important social institutions in all regions of the country.

Russia ‘LizaAlert’ Lost Children Search

Since 2011 Beeline has been a telecommunication partner of the ‘LizaAlert’ search and rescue team, providing volunteers with solutions and services that make the search of lost children more effective. In 2012, Beeline and LizaAlert launched the first lost children hotline (8-800-700-54-52). Since then LizaAlert volunteers have received more than 8,000 calls, processed 1,260 applications from 52 regions, and dealt with more than 500 certificates for lost people, and 800 applications from volunteers, the media and the police. Through this work, dozens of children were found.

Beeline employees are involved not only in helping volunteers with administrative support but also in supporting LizaAlert social initiatives such as holding regional exhibitions. Three regional exhibitions were held in 2013 (Bryansk, Moscow and Rostov-on-Don).

One of the main activities of the ‘Muzeon’ Art place is to educate the public and raise the awareness of social problems through the prism of art. The ‘Children at Home’ installation is made in the form of an architectural house and open to all visitors. The main element of this house is a band that is associated with children found by LizaAlert volunteers.



▶ To watch a video about the project visit www.youtube.com/watch?v=6YnswvLGWJU

Wind Mobile has recently launched the Wind.LIVE.GIVE program, a recognition program that encourages employees to get involved in charitable activity in their local area.

General fund-raising

- Italy – Wind Italy fundraised US\$7.07 M via sms and fixed line calls offered for free by Wind, to 114 not-for-profit initiatives and organizations
- Russia – in 2013 Beeline launched the M-charity project – a service of monthly SMS-donations from customers' mobile accounts, greatly simplifying the donation process. The service aims to make charity a part of everyday life. Beeline cooperates with two major Charity Funds: 'Gift of life' and 'Life Line' and since June both Funds have received more than 50m Rub (US\$1.7m)
- Kyrgyzstan – Beeline made charitable donations to the Public Charity Foundation 'Help the Children-SKD'. The funds were raised through the SMS lottery 'Golden key'
- Kyrgyzstan – Beeline supported veterans of the Second World War with the funds collected through the annual charity SMS-campaign 'We Remember'
- Italy – 857 employees ran in the 'Race For the Cure' marathon (the Susan G. Komen non-profit Association), to raise funds for breast cancer
- Canada – Wind Mobile fundraised for the Alberta Red Cross Flood Relief

Other Projects

- Kazakhstan, and other markets in the region – each year Beeline runs 'Call a Fellow-Soldier' dedicated to veterans of the Second World War and workers on the home front. The company provides a free mobile service to call anywhere in the world for one month
- Kyrgyzstan – Beeline provided funds to the Public Foundation 'Bizdin Muras' to support of the creation of an electronic version of the Kyrgyz language dictionary

- Bangladesh – banglalink supported the World Congregation (the second largest Muslim gathering in the world where everyone prays together for the welfare of society). banglalink provided facilities and arranged several activities in the Biswa Ijtema premises. 50 employee volunteers were engaged in the project
- Italy – Supported IDIS Foundation – Naples Science Park with a donation for the reconstruction of the educational and scientific hub of the 'science town' in Naples, that had been set on fire by criminal organizations
- Canada – Wind Mobile partnered with UNICEF Canada to promote their survival gifts initiative. This was paired with a social media giveaway, the purpose of which was to drive people to donate to a worthy cause. Wind matched our donation to the amount of money we gave away in handsets over the same period
- Canada – Wind Mobile has recently launched the Wind.LIVE.GIVE program, a recognition program that encourages employees to get involved in charitable activity in their local area. Since launch, employees have logged 100 hours working on a number of diverse projects including high school mentoring, hospital volunteering and fundraising in multiple capacities



How we Prepared this Report

This section aims to provide an overview of our approach to preparing this Report.

Scope of Reporting, and Completeness

As indicated on page 1, we have focused our reporting on our largest markets. Whilst we have included some information in relation to our smaller operations, these have not been in the scope of our data collection process for this year. We are reporting information by 'brand'/ country, rather than legal entity. A list of the material subsidiaries that comprise VimpelCom is provided in our 20-F filing.

Material Aspects

Pages 14 and 15 set out the approach we have taken to identifying our material aspects, based on industry research and engagement, the local and global sustainability context and our own direct engagement with experts and stakeholders.

Definitions

The KPIs we have adopted have been defined with reference to the information provided in the GRI v4 guidance material. Where KPIs have been developed which are specific to our sector, these have been based on accepted industry practice – for example, the level of network traffic, and numbers of base stations.

Boundaries

For this Report we have focused on our own operations. However, this focus includes several impacts that arise through the use of our products and services (e.g. privacy and online safety, health concerns, applications in health, education, agriculture etc.) as well as on our developing approach to ethical procurement. We are focused on improving the measurement of our Scope 1 and 2 carbon emissions and so have not started to attempt to quantify our Scope 3 emissions.

In several businesses we have outsourcing agreements relating to the building, management and maintenance of our network assets. Where this is the case we have attempted to capture the key impacts such as energy consumption, and relevant health and safety performance of contractors (when on VimpelCom premises). We do not intend to report on the broader impacts of outsourcing partners as these issues should be included in their CR reporting. Similarly we do not report on the impacts of our suppliers.

Major Assumptions and Estimations

The key area where we have made assumptions, and have to make estimations, is in relation to our energy use and carbon footprint. The bulk of our energy consumption comes from our network, which is made up of over 145,000 base stations, many of which are not connected to national power grids. This means we have to estimate consumption based on a mixture of invoice information and knowledge of technical capabilities of different types of equipment.

For several of our businesses, we estimate energy consumption for the final period of the year as invoices are not available. This has been done through reference to other invoices received during the year and for the same period in the previous year.

We have calculated carbon dioxide equivalent emissions arising from energy purchased from national electricity grids with reference to conversion factors provided by the International Energy Agency.

Internal Control Measures

We have defined a series of control measures to help improve the quality of our data gathering. This includes:

- Controls within the reporting software which 'lock' data once approved at different levels to prevent unauthorised changes
- Division of responsibilities between data owners (responsible for providing initial data), finance (responsible for the reporting and data entry process) and local CR (responsible for checking data quality and content)
- Sign-off of locally generated data by the local Chief Executive Officer and Chief Financial Officer
- Review of consolidated data by Group CR and Group-level data owners

In 2013, we commissioned an independent review of our data reporting processes by DNV GL. Their statement can be seen on page 41. In 2014 we hope to expand the scope of this work to include checking of specific data items.

Acquisitions and Disposals

Any businesses acquired by VimpelCom will not be required to submit CR performance data until the end of the financial year following the year of acquisition. The CR performance data for any businesses that are sold will be excluded from the CR Report for that year. Adjustments to prior year figures to reflect this will be made where appropriate.

Table 16: UNGC Communication on Progress

United Nations Global Compact Principles	Communication on Progress
Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights, and...	We are currently developing a Group CR Policy and Business Principles and these will explicitly express support for, and respect the protection of, internationally proclaimed human rights. We have identified potential areas where our activities could impact on human rights through our materiality process (pages 14 and 15).
Principle 2 ...Make sure that they are not complicit in human rights abuses	Throughout this Report we have described our approach to these human rights issues e.g. privacy and government access to data (pages 30 and 31), supply chain management (page 32), bribery and corruption (page 32) and the application of our technology to areas such as access to healthcare, education and financial services (pages 18 to 23). We are building our capability in analyzing human rights issues through participating the Human Rights Working Group of GeSI, and due diligence best practice workshops facilitated by SHIFT ¹ and SER ² .
Principle 3 Businesses should uphold the right to freedom of association and the effective recognition of the right to collective bargaining	We do not have a Group position which mandates against freedom of association or collective bargaining and our businesses act in accordance with national laws and regulations. We are developing a Supplier Code of Conduct and supplier assessment process which explicitly support the right of workers to freedom of association and collective bargaining (see page 32). The Supplier Code of Conduct will be published in 2014.
Principle 4 The elimination of all forms of forced and compulsory labor	Our Code of Conduct strictly prohibits any form of forced or compulsory labor (page 33). The Code is available from our website. We are developing a Supplier Code of Conduct and supplier assessment process which explicitly prohibit any forms of forced and compulsory labor (see page 32). The Supplier Code of Conduct will be published in 2014.
Principle 5 The effective abolition of child labor	Our Code of Conduct strictly prohibits any form of child labor (page 33). The Code is available from our website. We are developing a Supplier Code of Conduct and supplier assessment process which contain clauses relating to the issue of child labor. The Supplier Code of Conduct will be published in 2014.
Principle 6 The elimination of discrimination in respect of employment and occupation	Our Code of Conduct strictly prohibits any form of discrimination (page 33). The Code is available from our website. We are developing a Supplier Code of Conduct and supplier assessment process which contain clauses relating to the issue of discrimination. The Supplier Code of Conduct will be published in 2014.
Principle 7 Businesses should support a precautionary approach to environmental challenges	As a mobile operator we do not design or manufacture any physical products. However, we procure significant amounts of electronic equipment and we are developing a Supplier Code of Conduct that will set certain standards of environmental performance for our suppliers (page 32).
Principle 8 Undertake initiatives to promote greater environmental responsibility	The section of this Report on 'Resource Efficiency' (pages 24 to 27) sets out in detail our environmental impact and the initiatives we have been undertaking to reduce this impact, and to raise the awareness of our employees on environmental matters.
Principle 9 Encourage the development and diffusion of environmentally friendly technologies	We are developing our expertise, and partnerships, in machine to machine technology (see page 25) and we see this as an opportunity to enable third parties to reduce their environmental footprints. We will provide further information on this in future reports. We also work with our suppliers to encourage the development of more energy efficient network equipment, as well as conducting pilot programs to research improvements in battery, renewable energy and generator technologies (page 27).
Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery	We operate in some of the most challenging markets from a corruption perspective and we have implemented a strict and extensive approach to compliance with our Code of Conduct (page 32).

¹ SHIFT is an independent, non-profit center for business and human rights practice, whose Board of Trustees is chaired by John Ruggie.

² The Social and Economic Council of the Netherlands (SER). SER is an advisory and consultative body of employers' representatives, union representatives and independent experts, and aims to help create social consensus on national and international socio-economic issues.

Independent Review

DNV GL was commissioned by VimpelCom to undertake an independent review process for the 2013 Corporate Responsibility Report.



This review does not constitute independent assurance, but is a step towards this objective for future years. No assurance is provided over the data and information contained within this Report. The objectives of this work were to:

- Review the development of VimpelCom's reporting and management arrangements for corporate responsibility, and to provide feedback and recommendations for improvement;
- Analyse the Report in its draft form against the requirements of the GRI G4 Sustainability Reporting Guidelines, and to provide feedback on gaps identified between the Report and the G4 core requirements.

We undertook a series of interviews at Headquarters level with senior managers responsible for areas covered by the Report and processes to support reporting, and reviewed the operation of the head office data collation and review process and associated controls documentation, including VimpelCom's assessment of material issues. We provided detailed feedback to VimpelCom on the full findings of this review: this statement represents a summary of the top level findings in relation to the development of the Report towards the GRI G4 Sustainability Reporting Guidelines, and the development of reporting systems.

Key findings from this review:

- While the GRI Guidelines are a useful tool to guide and inform VimpelCom's reporting process, the disclosures/indicators on topics as set out in G4 are not in all cases as applicable to VimpelCom's business. Many material issues as identified by VimpelCom are not covered by the GRI G4 Guidelines, but of the few indicators that are applicable, nearly all are disclosed;
- In contrast, the indicators set out in the GRI's pilot version of the Telecommunications Sector Supplement are largely overlapping with the material issues as defined by VimpelCom. We have made recommendations to VimpelCom on how to improve the disclosure of these indicators. However, the use of this sector supplement is not mandatory to be 'in accordance' with GRI G4;
- Overall, we found that VimpelCom's reporting has developed substantially over the last year and is well aligned with the majority of GRI G4 requirements. We have made specific recommendations to VimpelCom to support 'in accordance with' the core requirements of G4 reporting for next year's Report. We recommend VimpelCom should use the principles and guidance set out in the GRI G4 guidelines, but should continue to refer to other resources when selecting Indicators, in order for the report to be meaningful and relevant to the sustainability strategy of VimpelCom;
- The existing framework for data collection and planned new controls on data quality, as well as the approach to materiality assessment, appear to be well designed and appropriate to the company's level of evolution in reporting. We have made recommendations for additional improvements to the system over the next year, including that further training and awareness raising should be provided to local teams responsible for data collection and submission.

DNV GL – Business Assurance

April 2014

Disclaimer

This Report contains "forward-looking statements", as the phrase is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to our Value Agenda and CR Strategy, our partnerships, initiatives, goals and network and service developments, as well as the anticipated benefits from such activities. The forward-looking statements included in this Report are based on management's best assessments of the current situation. The actual outcome may differ materially from these statements. Certain factors that could cause actual results to differ materially from those discussed in any forward-looking statements include the risk factors described in the Company's Form 20-F and other public filings made by the Company with the U.S. Securities and Exchange Commission, which risk factors are incorporated herein by reference. The Company disclaims any obligation to update developments of these risk factors or to announce publicly any revision to any of the forward-looking statements contained in this release, or to make corrections to reflect future events or developments.



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