

# Sustainability report of

«Vimpelcom» PJSC for 2019



Q sustainable

Q sustainable development

Q sustainable business

Q sustainable city

Q sustainable living

Read

Государственные  
на русском  
языке

# About the report

Dear readers, we are pleased to present to your attention the fourth sustainability report of Public Joint Stock Company Vimpel-Communications (hereinafter referred to as VimpelCom PJSC, VimpelCom, Company or Beeline).

This sustainability report (hereinafter referred to as Report) includes information on the Company's key projects and results in economic and social development of the regions where the Company operates, improving environmental efficiency in 2019, as well as responding to current global challenges, including beyond the reporting period. (102-50)

The Report is prepared in accordance with the GRI Standards for sustainability reporting ("Core" option) and discloses information about the Company's contribution to the achievement of the UN Sustainable Development Goals for the period up to 2030 (hereinafter referred to as UN SDGs), including using a number of indicators of the UNCTAD guidance on core indicators for entity reporting on contribution towards implementation of the Sustainable Development Goals. (102-12) (102-54)

The Report also demonstrates the Company's commitment to the UN's guiding principles for business and human rights.

The Company's Reports traditionally undergo an independent professional confirmation of compliance with GRI Standards, the relevant conclusion is given in Appendix 1 to the Report. (102-56)

The Report covers the activities of VimpelCom PJSC carried out within the Russian Federation, and partially the activities of National Tower Company JSC, which is an affiliated organization 1 of the Company. (102-45) (102-46)

When preparing the Report, there were no significant changes in the boundaries compared to the 2018 report. If the methodology for calculating indicators changes, relevant stipulations are included in the text. (102-48) (102-49)

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<sup>1</sup> In terms of the number of base stations and power consumption.

## **Disclaimer**

The Report may contain information about the Company's plans and intentions for the short, medium and long term. These plans and intentions are forward-looking, and their implementation depends, among other things, on a number of economic, political and legal factors outside the Company's area of influence (global economic and political environment, state of key markets, changes in industry legislation, etc.). For this reason, actual performance indicators for future years may differ from the forward-looking statements published in this Report.

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## CEO's Letter

(102-14)

Dear Friends,

Sustainability has been one of the main priorities of VimpelCom PJSC for several years. We are aware that in today's world, well-functioning interaction with stakeholders, including not only high-quality customer service, effective cooperation with authorities, profitable solutions for partners, but also attention to environmental and social aspects, is the key to business success. On the contrary, non-compliance with the accepted approach in this area carries great risks of financial losses and loss of positions in the competition. Sustainability ceases to be a local function aimed at supporting the company's image, and becomes



a real business philosophy. We are aware that the telecommunications industry today is a center of competence for economic and social progress, which was especially evident during the pandemic, when humanity had to face a new global challenge – the spread of coronavirus infection. In these difficult conditions, Beeline technologies and services, as well as solutions of other telecommunications companies, have become the basis for business, educational institutions, government agencies and other socio-economic spheres. Thanks to the well-functioning work of our experts and professionals, not only all divisions of VimpelCom PJSC, but also client companies have worked and continue to work as efficiently as possible. During this period, basic telecommunications services became both the basis for supporting the economy and an important part of ensuring the security and sustainability of the lives of millions of citizens.

Today it becomes increasingly obvious that telecommunications are a driver of social progress – 5G networks, which Beeline started piloting in 2019, will soon become the basis for qualitative changes in creating smart, eco-friendly and comfortable changes for cities, development of telemedicine and healthcare in general, charity, prevention of natural and man-made disasters, etc.

For example, in November 2019, the first surgical operations and remote medical consultation were conducted in Russia using the 5G Beeline network. Using the ability to transmit highquality video images from cameras in the operating room in real time, the medical coun-

cil conducted remote consultations with the operating surgeon, transmitting their recommendations to him. We are confident that with the deployment of 5G networks, such operations will soon become a reality in many major medical centers in Russia.

One of the most important social tasks of the Company is to provide high-quality communication services to residents of the most difficult to reach and remote areas. As a result of launching a high-speed data transmission channel in the Yamalo-Nenets Autonomous District, we were able to provide more than 30 thousand people with LTE mobile communications, as well as significantly improve the capacity of trunk channels in a number of Northern localities, such as Salekhard, Nadym and Novy Urengoy.

Our achievements in the field of sustainability do not go unnoticed in the international arena. In 2019, VimpelCom became the first Russian company to join the global movement to promote the inclusion agenda – The Valuable 500; in November, a working session was held at the UN European office in Geneva, where the Company presented its experience in employment of people with disabilities and creation of innovative adaptive services to the international expert community. In addition, the Beeline “AI - Search for people” solution based on a neural network for the Lisa Alert search and rescue team was recognized as the best in the “Best Mobile Operator Service for Consumers” category at the GSMA Global Mobile Awards 2020 international technology competition.

I would like to express my gratitude to all the Company's employees for their dedicated work and results achieved in 2019, and to our partners and customers for their trust. I am sure that our chosen priorities of responsibility, openness and innovation in the future will allow us not only to achieve goals but also become the center of the qualitative growth of society as a whole.

**Alexander Torbakhov,**  
CEO of VimpelCom PJSC

## Letter of the head of sustainability

Dear Friends,

I am pleased to present you the sustainability report of VimpelCom PJSC for 2019.

In recent years, we have steadily increased our efforts in the area of sustainability, expanding and deepening the list of our projects.

In 2019, we adopted an updated strategy for sustainability, the key priorities of which were “Business process sustainability”, “Inclusivity” and “Technologies for the social sector”.

In the last two areas, we are actively developing and implementing digital projects and platforms that aim to solve acute social problems. The various projects implemented by Beeline in this area are united by the fact that

we strive to use our expertise of the Telecom operator as effectively as possible (communication and Internet services, Big Data technologies, digital platforms, etc.), selecting in advance those projects that could not be implemented without us at all, or their implementation would be much less effective.

We take the courage and responsibility to change people's perceptions of equal opportunities in the main areas of life and to interpret inclusivity more broadly across society - through technological innovations and projects developed in our Company that radically change the perception of disability, features of inclusion in social processes of elder people, people with migrant experience or experience of forced relocation. So, in December 2019, together with Everland, we launched a unique online platform for professional training and employment of specialists with various types of disabilities throughout Russia. This platform allows professionals with disabilities to improve their professional skills, to create a portfolio and to find orders while working remotely.

The Company is still an infrastructure partner of the most powerful humanitarian campaign, the goal and result of which is to save human lives. Together with the well-known search and rescue team “Lisa Alert”, we continued to develop technological solutions for searching for missing people. During our cooperation since 2011, the team's volunteers took part in more than 85 thousand searches, which resulted in the rescue of more than 60 thousand people.



I would also like to highlight our priority to ensure the sustainability of business processes, which has become especially important in 2020 against the backdrop of a new global challenge - the COVID-19 pandemic. In the context of a nationwide lockdown, when the life of the entire country's economy has become directly dependent on the quality and uninterrupted provision of communication and Internet services, ensuring business continuity has become the most important socio-economic task of all telecommunications companies.

Taking into account the sharply increased load on infrastructure and service centers, we not only successfully fulfilled our direct obligations to customers, but also actively supported the implementation of government initiatives: we provided free communication on the COVID-19 hotline, developed a number of socially-oriented offers for subscribers, and continued to introduce and develop remote employment technologies.

Our activities are clearly guided by international and local standards, including the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. We have been supporting the UN Sustainable Development Goal initiative for several years and report annually on the progress made on the current global agenda.<sup>2</sup> Traditionally, we have focused on Goal 8, “Decent work and 2 economic growth”, Goal 9 “Industry, innovation and infrastructure”, and Goal 10 “Reduced inequalities”. In the reporting year, we added Goal 3 “Good health and well-being” and Goal 17 “Partnerships for the goals” to this list as a confirmation of our commitment to promoting well-being for all at all ages and combining competencies to achieve the best results in both business and social projects.

I thank all our colleagues who are involved with us in implementing projects that have been making many people's lives happier, more stable and more successful for years. And for those who just want to become our partner, investor, employee or client and want to get acquainted with our initiatives, I invite you to the pages of this report.

Sincerely Yours,

**Evgenia Chistova,**

Head of sustainability of VimpelCom PJSC

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<sup>2</sup> For more information see Chapter 6

# Beeline vs COVID-19

## **Key priority: business continuity**

The main external event of the end of 2019 – beginning of 2020 and the factor that influenced the conditions of companies and the socio-economic situation in the world as a whole, of course, was the global pandemic of coronavirus COVID-19.

In the shortest possible time, the growing number of cases, the restrictive measures taken by states and the drop in demand made companies choose: either quickly restructure their activities and ensure their continuity in the new circumstances, or be “off the game” for an indefinite period, while taking on huge losses.

For Beeline, as for other companies, this challenge proved to be a test of efficiency and sustainability of business processes. The Company passed this test brilliantly, and thanks to the preventive measures taken, technological capabilities and dedicated work of employees, the Company was able to build the continuity of our own business processes, as well as have a significant impact on the sustainability of our partners and customers through provision of various communication services. (102-15)

## **Continuous provision of services**

As one of the largest telecommunications operators in Russia, Beeline, along with its market colleagues, makes a key contribution to supporting the economy and countering the global challenge by providing customers with uninterrupted access to basic communication services – mobile and fixed-line telephony, the Internet, cloud services, and applications.

“

*Our technical specialists work around the clock, conducting stress tests of the Beeline network, increasing reliability and optimizing its operation to adjust to significantly increasing loads. We are in constant contact with government authorities, our suppliers, partners and industry colleagues to ensure an effective, fast and adequate response to the rapidly changing situation.*

”

**Viktor Biryukov,**

Executive Vice President for Legal Support, Government Relations and Compliance



## **Development of remote employment technologies**

Back in 2016, the Company launched the BeeFREE remote interaction system project, thanks to which we transferred most of our employees to remote work, reducing our administrative costs, while not losing productivity.

*For more information about the BeeFREE project, see section [5.4. “Personnel development and support”](#).*

Being one of the pioneers and leaders of remote employment in Russia, we quickly prepared a package of BeeFREE solutions for remote work organization based on the concept of WorkPlace-as-a-Service (WaaS) and started offering our services and expertise in remote work organization to other companies. This package aggregates the most popular and reliable solutions, including remote workstations on VDI (Virtual Desktop Infrastructure), Cloud ATS and FMTN (combining mobile and office phones into a single network), monitoring of remote personnel, Mobile VPN, video and audio conferences, Microsoft Teams and Office 365, “Mobile enterprise” for small businesses.

Beeline also advises other companies on organizing remote work, using and configuring the BeeFREE solution package, and organizes training programs on working from home. All this helps other companies reduce the time for training and retraining their employees in new conditions, and makes it possible to quickly set up work in an unusual mode, without losing efficiency.

## **Social support**

The company provided the maximum possible assistance to the implementation of state initiatives related to limiting the spread of coronavirus. We have provided free communication on the hotline for coronavirus infection, expanded the list of our services that help in the fight against the consequences of the spread of coronavirus, and increased the number of minutes and megabytes available to subscribers in roaming five times, without increasing the cost of these services. For our broadband access<sup>3</sup> subscribers, we have developed a socially-oriented offer for Internet access even with a zero balance.

In addition, the Company supported the activities of the hotline for family arrangements of the Foundation “Volunteers to help orphans”: since April 2020, volunteer psychologists have been advising families who have been under stress, increasing psychoemotional strain, been facing depression and aggression of their relatives due to the spread of the coronavirus pandemic and the introduction of self-isolation.

*Read more about the Company's initiatives to counter COVID-19 on [the website](#).*

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<sup>3</sup>Broadband Internet access

# 1. 2019 Overview

## Key indicators

Economy	Society	Environment
<p><b>8 billion rubles.</b> of dividends was declared for payment to the holders of ordinary shares</p> <p><b>by 20%</b> EBITDA increased by 2018</p> <p>Local suppliers accounted for <b>91% of the total cost</b> of purchasing categories</p>	<p><b>&gt; 54,6 million</b> subscribers are served</p> <p><b>&gt; 4,500 beeline</b> outlets</p> <p><b>66%</b> of administrative offices work in remote employment format</p> <p><b>&gt; 107 thousand km</b> the length of fiber-optic communication lines</p> <p><b>25,255 searches</b> With the help of Beeline technologies, for missing people were carried out</p> <p><b>&gt; 19,000 people</b> Were found alive</p>	<p><b>By 2.25%</b> Total energy consumption decreased by 2018</p> <p><b>By 13%</b> Water consumption decreased by 2018</p>

## Key events

- The Company has implemented a remote work project #BeeFREEin: now more than half of the Company's employees work remotely;
- The company laid 420 km of 4G radio relay communication lines in the Yamalo-Nenets Autonomous District: more than 30 thousand people got access to LTE;
- A number of unique pilot projects in the field of 5G network development were implemented - in November 2019, the first surgical operations and remote medical consultations were conducted using the pilot zone of the 5G Beeline network;
- Together with the Everland social entrepreneur project, an online platform for professional training and employment of specialists with different types of disabilities was launched;

- VimpelCom became the first Russian company to launch the neural network “Beeline AI – Search for people” for processing photos of localities made during searches for missing people;
- The Company became one of the first Russian brands to join the international initiative The Valuable 500, a movement of the largest brands that have included the inclusivity agenda into their business strategies;
- Beeline is recognized as one of the most attractive employers for IT specialists among huge<sup>4</sup> companies according to the Habr Career rating service<sup>5</sup>.

## **Our awards**

- GSMA Global Mobile Awards 2019, “Best Use of Mobile for Accessibility & Inclusion” for a joint project with Motorica
- GSMA Global Mobile Awards 2020, “Best Mobile Operator Service for Consumers” for the solution based on the neural network “Beeline AI - Search for people”
- Gold EFFIE AWARDS RUSSIA 2019 statuette in the category “Contribution to society and sustainability. Brands” for a joint project to launch the Beeline SMS service and the Lisa Alert search and rescue team
- 2019 Corporate Engagement Awards “Best community engagement during a CSR program”, 2nd place – Beeline and VEON Ltd.
- 1st place in the category “Best projects in social responsibility of business” of the international festival of social advertising and communications LIME for social technological innovations in the field of inclusion and formation of an accessible environment
- “Certificate of responsible employer” of the Moscow Chamber of Commerce and Industry

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<sup>4</sup> According to the competition classification, “huge” companies include organizations with more than 5,000 employees.

<sup>5</sup> For more information, please follow the link [https://habr.com/ru/company/habr\\_career/blog/488220/](https://habr.com/ru/company/habr_career/blog/488220/)

## 2. About Beeline

### 2.1. Beeline at a glance

VimpelCom PJSC is one of the largest communication providers on the Russian market and operates under the Beeline brand, which is one of the most well-known and recognizable brands in Russia. VimpelCom PJSC is part of the VEON Group, an international telecommunications company with its headquarters in Amsterdam. VEON Group is one of the leading international integrated telecom operators serving more than 212 million customers worldwide. (102-1) (102-2) (102-3) (102-5)

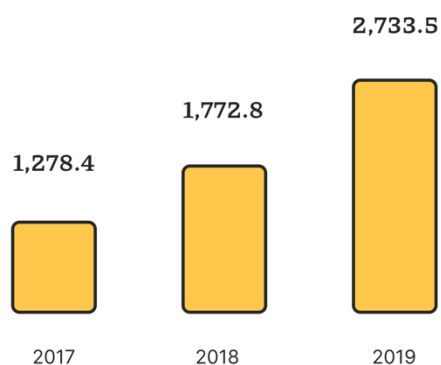
Under the Beeline trademark, the Company provides integrated mobile and fixed telephony services, international and long-distance communications, converged (package) offers, cloud services and digital products, wireless and wired Internet access, home and mobile television, as well as business solutions developed on the basis of mobile and fixed-line telephony. We are one of the top 3 players in the Russian telecommunications market. Our clients and partners include individuals, small, medium and large enterprises, multinational corporations and telecom operators. (102-2) (102-6)

#### **The Company has licenses to provide services (102-4) (102-6):**

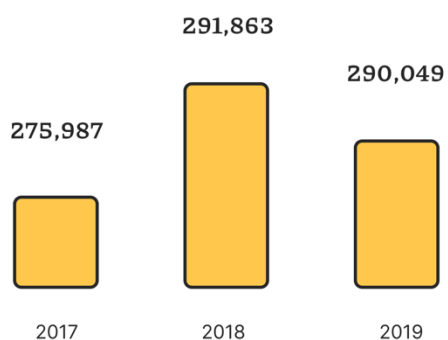
- long-distance and international telephony **in the Russian Federation;**
- intra-zone telephony - **83 subjects of the Russian Federation;**
- local telephony, with the exception of local telephony using payphones and means of collective access - **72 subjects of the Russian Federation;**
- GSM license **in the Russian Federation;**
- of 3G communication (IMT-2000/UMTS) – **83 subjects of the Russian Federation;**
- using radio-electronic means in LTE communication networks and its subsequent modifications.

## Key figures<sup>6</sup> (102-7)

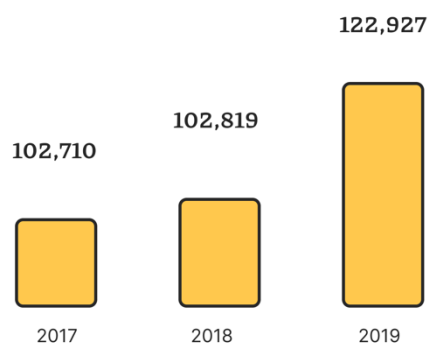
Mobile traffic, million GB



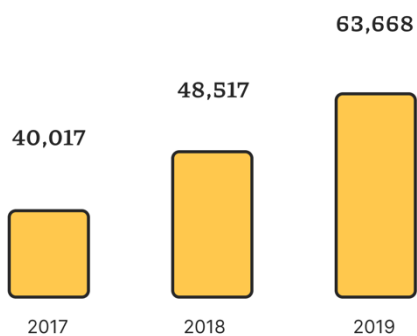
Revenue from sales of services, million rubles



EBITDA, million rubles.



CAPEX, million rubles.



<sup>6</sup> Financial performance indicators of VimpelCom PJSC are shown for the Russia segment. Detailed information on all 6 segments of the Company's business is provided in the consolidated financial statements for 2019 and 2018 in the section "Segment information"

## 2.2. Company strategy

In February 2019, VimpelCom presented an updated development strategy until 2021.

The 2019-2021 strategy is based on three key principles:



The main focus of the new strategy is business growth that is faster than the growth rate of the traditional telecommunications market. To achieve it, the Company plans to develop its own digital ecosystem, attracting partners with the competencies in-demand with customers. This approach also implies the transformation of Beeline in the interests of customers, partners and society as a whole into a modern digital company that goes beyond the classic telecom business and provides a wide range of services based on digital financial technologies, artificial intelligence and big data.



GROWTH	EFFICIENCY	COOPERATION
<p><b>Revenue growth</b></p> <p>Beeline focuses on intensive revenue growth in all areas of the Company's business: mobile and fixed-line telephony, retail networks, and new digital products for B2C and B2B customers.</p> <p><b>Growth of the customer base</b></p> <p>Expansion of the mobile customer base remains one of the key sources of revenue growth. The Company is increasing its investments in the mobile network to maintain its competitiveness in the core business segment. We will continue to invest into the fixed network to provide our subscribers anywhere in Russia with a full-fledged converged service, including mobile communications, fixed Internet and television.</p> <p><b>Service portfolio development</b></p> <p>Development of new digital services is another important source of revenue growth in the future.</p> <p>Together with our partners and independently, we plan to create services the growth rate of revenue from which will exceed the growth rate of revenue from traditional telecom services.</p> <p>The Company identifies the following areas as promising:</p> <ul style="list-style-type: none"> <li>- Beeline TV and media;</li> <li>- Financial technologies and payment systems;</li> <li>- Digital advertising.</li> </ul> <p>We are talking about independent development of these areas, but even here the Company's products will be based on aggregation of services and content of our partners, who, together with us, will open up new opportunities for Beeline customers. We will continue to monitor the emergence of new potential areas for creating our own products and services.</p>	<p><b>Cost optimization</b></p> <p>We are committed to achieving the highest cost efficiency in our industry and complete cost transparency.</p> <p>Operational efficiency for Beeline is the best balance between the resources involved and the final results of our work. We want to perform the same actions, but faster and more efficiently. At the same time, we are not talking about saving resources, but about optimal use of them.</p> <p>We want careful attitude towards resources to become an important element of the Company's culture and part of all its processes. Therefore, creation of tools for deep and versatile business analysis will become an important element of the Beeline 2019-2021 strategy.</p> <p><b>Analysis of the effectiveness of investment projects</b></p> <p>The Company intends to maintain a high level of investment expenditure efficiency by carefully ranking all investment projects based on their potential impact on the Company's growth.</p> <p>Thus, for Beeline, efficiency means careful attitude towards resources and willingness to invest more in projects with higher profitability.</p>	<p><b>Partnership development</b></p> <p>To achieve its strategic goals, the Company plans to actively develop internal and external partnerships.</p> <p>Cooperation with partners will allow the Company to respond more quickly to the changing needs of our customers, which will lead to an increase in customer loyalty and, ultimately, to an increase in revenue.</p> <p>We introduce the concept of "partner" into the system of internal values along with the concept of "client". This means radical restructuring of relationships with partners: universal automation, acceleration of procedures, attention to needs and desire to create value for partners.</p> <p><b>Improving internal processes</b></p> <p>To ensure that internal processes meet strategic goals, the Company is ready to implement new tools for effective cross-functional work.</p> <p>This means improving financial and business models, IT systems, and business practices in the areas of contracting, sales, and marketing.</p> <p>We intend to become # 1 partner in Russia for both individuals and corporate clients, and provide conditions that will best meet the strategic interests of our partners, thereby ensuring sustainability and long-term cooperation.</p>

## 2.3 Sustainability Strategy

VimpelCom PJSC actively implements the principles of sustainability in its daily practice. We believe that our technological capabilities are an effective tool for solving a wide range of social problems. Systematic risk management and attention to the needs of society will allow us to improve management efficiency and create additional value within our core business. It is at the intersection of financial success and benefits for society that responsible business exists.

The approach to sustainability of VimpelCom PJSC is based on the regular dialogue with our stakeholders, Company's awareness and regular assessment of its impact on the economy, environment and society, and its desire to make this impact as positive as possible. We see our mission not only in improving communication services, but also in creating systemic changes in various areas of society, starting from building a new digital model of the economy and ending with the development of innovative solutions that have serious social significance. The key focus for us is infrastructure and social innovations. We are working on using the advantages of mobile technologies to improve the quality of life of our society, customers, and contractors.

We actively support and create cutting-edge trends related to rethinking the topic of inclusion, in particular disability, we offer a number of programs that increase the opportunities for adaptation and integration of people with disabilities into society through remote training and employment, as well as using the latest technologies as a tool that improves the quality of life.

**The main sustainability goal** of VimpelCom PJSC is to use its business expertise, brand strength and technological resources to achieve economic, social and environmental progress and improve people's lives through digital technologies.

## Strategy Sustainability principles of VimpelCom PJSC

<b>Principle</b>	<b>Description</b>
<b>Responsibility</b>	Understanding the extent of our influence on the economic, social and environmental field. Striving to make it as positive as possible
<b>Social relevance</b>	Choosing projects and areas of focus and investment of the Company if there are the following three factors: <ul style="list-style-type: none"> <li>- connection to the core business;</li> <li>- focus on technology and innovation development;</li> <li>- significant and systemic social impact.</li> </ul>
<b>Inclusivity and human rights</b>	Support for the UN Guiding Principles on Business and Human Rights: fair and equal treatment for all regardless of health status, gender, age, national and religious affiliation, etc.
<b>Information transparency</b>	Full openness in the intentions and principles of decisionmaking in matters that may have a significant impact on society, economy and environment.
<b>Fair trade practice</b>	Conduct that complies with international standards. Zero tolerance of corruption and violations of business ethics.

## **UN Sustainable Development Goals**

When implementing the Sustainability Strategy, Beeline focuses on the UN Sustainable Development Goals (SDG), adopted as part of the Sustainability Agenda at the UN General Assembly in 2015 and combining the key social, economic and environmental goals of the world community until 2030.

To achieve these goals, cooperation between government and business and focus on implementation of socio-economic projects in their areas of competence are required.

The telecommunications sector plays an important role in achieving SGD, being the center of expertise for implementing the tasks of ensuring access to health and education, infrastructure development and digitalization of the economy, supporting the agenda of diversity and accessibility of services for the older population, people with disabilities, with experience of migration and forced relocation, etc.

Beeline fully supports the UN Sustainability Agenda and strives to use the technologies available to it to implement projects to expand the coverage of the high-speed 4G network, including in remote Russian regions , as well as to develop a new generation 5G network, to create special platforms for addressing issues of inclusivity, to support entrepreneurship and to protect the environment.

In 2019, SDG 3 and SDG 17 were added to the Company's focus categories of Sustainable Development Goals:

- **SDG 3. Good health and well-being;**
- **SDG 8. Decent work and economic growth;**
- **SDG 9. Industry, innovation and infrastructure;**
- **SDG 10. Reduced inequalities;**
- **SDG 17. Partnerships for the goals.**

*For more information about the contribution to the UN SDG achievement and related initiatives, see [Chapter 6 of the Report](#).*

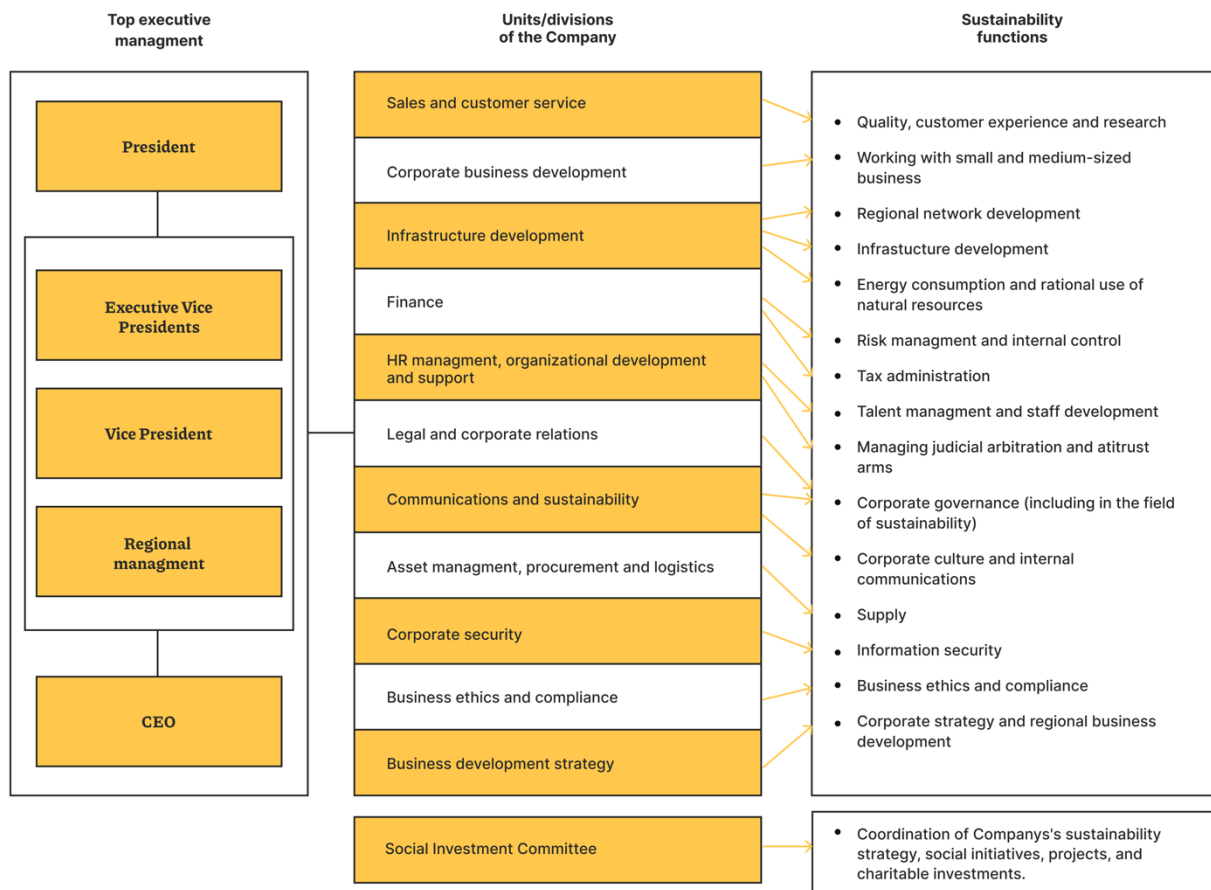
## **Sustainability management framework**

The Company's management bodies and divisions are responsible for implementing the goals and objectives of VimpelCom PJSC in the field of sustainability in accordance with their respective competencies, internal documents and current legislation.

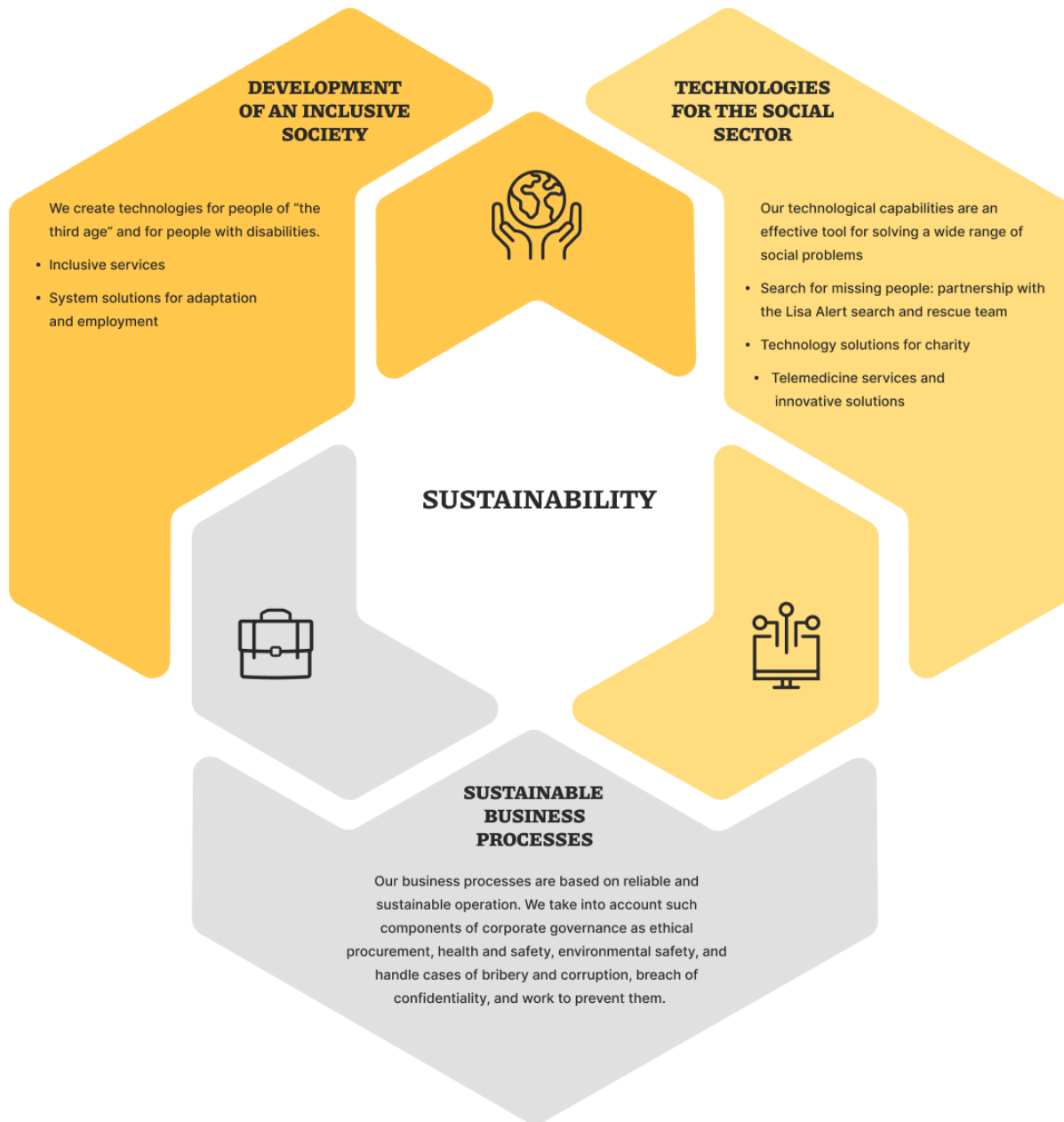
The Company has a Social Investment Committee, which is a collegial body and is responsible for approving the Company's sustainability strategy, approving all social initiatives and projects, and making other significant decisions in the field of sustainability. As a result of approval of social and charitable projects by the Committee, they are also approved by the parent company VEON Ltd., and if necessary, they receive approval of the Company's procurement and compliance functions, after which they are launched. (102-18)

The Social Investment Committee consists of 11 members of the Company's top management, including the CEO. The Committee is chaired by the Vice President for Communications and Sustainability.

## Diagram of sustainability management framework of VimpelCom PJSC



# Priorities of the Sustainability Strategy



*For more information about the results of the implementation of the sustainability strategy, see chapters 3-5 of the Report. Development of an inclusive society, Technologies for the social sector, Sustainable business processes*



## 3. Development of an inclusive society

(203-2)

### 3.1. Inclusive services

Beeline aims to support people with special needs, including people with disabilities, older people, people with migrant experience and experience of forced relocation. The goal of the programs implemented by Beeline in this area is to create equal opportunities and, as a result, to ensure confidence in the future and a new level of quality of life in the conditions of availability of up-to-date digital solutions. (103-2 to 203-2)

#### The Valuable 500

The inclusion agenda began to be developed in the Company in 2007, a few years before the ratification of the Convention on the Rights of Persons with Disabilities in Russia. The Company, together with its customers, employees and partners, has come a long way to include the inclusion agenda in various aspects of its business. In the reporting year, VimpelCom PJSC became the first Russian company to join the global movement to promote the inclusion and equal opportunities agenda – The Valuable 500. The movement brings together 500 large companies around the world that address the issue of inclusivity at the level of management and company strategy, actively implement programs to create an accessible environment and ensure equal opportunities, and, in addition, convey the importance of these initiatives to their business partners, employees and customers. To this date, The Valuable 500 has been joined by major corporations such as Unilever, Microsoft, Barclays, Accenture, Bloomberg and Fujitsu. The main goal of the international movement is to initiate systemic changes in society through business opportunities to involve people with disabilities in all spheres of life.

The document on joining The Valuable 500 movement was signed at the UN headquarters in Geneva as part of the *Think equal, build smart, innovate for change - Russian Experience* session. Beeline presented its vision of the inclusion agenda - the Russian experience of employment of people with disabilities and creation of innovative adaptive products/services as part of a single process.

#### Improving accessibility

We are implementing new technological solutions that allow several million people to get opportunities to integrate into the economy, realize themselves in the profession, and get access to services, which before the advent of these technologies was impossible or extremely difficult. (103-2 to 203-2)

## Universal design

Today, people with disabilities may experience difficulties when trying to communicate with companies about their services, or as part of after-sales services. To solve this problem, in 2018, Autonomous Non-Commercial Organization “Space for equal opportunities” (part of the legal structure of our inclusive partner Everland), with the support of Beeline and Association of Financial Innovations, launched a project to prepare recommendations for various business areas on creating universal design of products, services and standards for serving clients with disabilities. Experts with different types of disabilities participated in the project: those with hearing, speech and vision impairment, wheelchair users.

This work resulted in four instructions developed in 2019 for all possible communication channels — through service in offices and sales outlets, online resources, contact centers. The general principles of customer service for people with disabilities were also described. These recommendations are free, and you can read them at <http://disquestion.tilda.ws>. Based on them, companies of any mass sector will be able to develop their own standards and internal documents, audit processes, to teach and prepare employees to work with people with disabilities.

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*For several years, Beeline has been systematically investing resources and expertise in creating an ecosystem of available services. Today, universal design is not just a trend in terms of increasing the social attractiveness of a commercial product or service, but also a new, quite pragmatic philosophy for changing the service itself – attention to customers in all their diversity and specifics in terms of service use and service needs. This diversity is the future: personalization of experience is an ever-increasing value, and the ability to diversify this experience and adapt it to the client without large financial costs and resources is an undoubted competitive advantage of any business. I am sure that the team work of Everland and Autonomous Non-Profit Organization “Space of equal opportunities” to identify the best practices of universal design and bring them to the market is a big and important step to improve the accessibility of the environment as such and, consequently, the quality of life of people with disabilities.*

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**Evgeniya Chistova,**

Head of Sustainability of VimpelCom PJSC.

## Beeline TV

### Cartoon for visually impaired children

In October, the Company launched an updated version of the Beeline TV service: now the platform is available for free an animated series for blind and visually impaired children, Piratka i kapitan (6+) – a unique project from the TiJi TV channel. The animated series consists of 52 episodes of 11 minutes each. Everything that happens on the screen is accompanied by audio descriptions – a concise description of events and objects that allows blind children to better understand the meaning of the cartoon. This initiative complements the ecosystem of Beeline services for people with disabilities.

In 2020, to increase accessibility, the Company plans to continue adapting the Beeline TV service for people with hearing impairment. In particular, it is planned to add an icon for displaying hidden subtitles for all channels, which will allow users to see that subtitles are supported by the current program, and add the ability to enable subtitles on TV tuners. In addition, we plan to make subtitles customizable individually for each user by introducing the ability to change the font size, set the background of subtitles, and set other settings based on the client's personal preferences.

In August 2020, a tuner and Android TV applications with subtitle support became available for all subscribers. In total, the function works on 89% of regional channels and 52% of nationwide channels. The initiative was implemented with the support of the portal *gluhik.net*.

### Accessible storefronts: My Beeline and beeline.ru

To confirm the accessibility of the My Beeline service, Everland conducted an audit and certification of our application in 2019. As part of the audit, the accessibility of the service was assessed by several parameters:

- accessibility of the interface by ear using screen readers and when used without a mouse or keyboard;
- accessibility of the interface color scheme for users with autism spectrum disorders;
- accessibility of forms of interaction for people with speech/hearing impairment.

As a result of the procedure, we received a certificate confirming that we successfully passed the audit. In 2020, we plan to make the application interface more convenient and easy to use, pass a re-audit, and certify our site [beeline.ru](https://beeline.ru).

## **Course "People with disabilities as our clients"**

In an effort to provide people with disabilities with an attentive and high-quality service, we have developed an inclusive course for 3,500 employees of the Beeline call center in partnership with Everland.

Following the provision of the Convention on Rights of Persons with Disabilities Nothing for us without us, the course was developed with the participation of people with different types of disabilities who told about their experience using communication services. Operators who have completed the course will be able to interact correctly with clients with disabilities and help them solve issues in the shortest possible time.

## **Tariff Social package**

When developing mobile and Internet tariff offers, our main tasks are to take into account the characteristics and wishes of all segments of the population and to ensure the availability of digital services and technologies for the whole society.

So, in April 2019, the Company launched a new *Social package* tariff, which provides a favorable offer for calls of Beeline subscribers in Russia, unlimited use of messaging resources and a mobile Internet package. The product is most popular among people of the third age – their share is ca. 80%. Other clients include holders of social cards, Muscovite cards, students receiving benefits, parents with many children, and people with disabilities throughout Russia.

The *Social package* also includes additional options for deaf and hearing-impaired users. Users with special needs can use the remote Russian sign language translation application “Cloud Interpreter” to communicate with specialists who do not have such skills, such as doctors in clinics, shop assistants, and consultants in post offices. Thus, the tariff, taking into account the characteristics of different population groups, helps people solve everyday problems and improves their quality of life.

For blind and visually impaired subscribers, the tariff includes free use of Yandex.Maps and Google Maps, and in the future, there will be specialized services BlindSquare and Be My Eyes, which can help blind people navigate in space using the map and people-volunteers who will communicate with visually impaired users through the application.

## 3.2. System solutions for adaptation and employment

### Problem

**13 million people**

with disabilities live in the Russian Federation

**~ 7%**

of the population

Of these, able to work:

**4,2 million people**

Some of them do not work or work for less than 4 months a year:

**~ 72%**

**8 500**

Specialists with disabilities graduate from universities and secondary specialized educational institutions annually

**95%**

Mismatch between professional skills and market requirements

In December 2019, with the support of Everland, we launched an online platform for professional training and employment of specialists with various types of disabilities throughout Russia. The platform consists of four elements: testing and evaluation of motivation, “leveling up” of professional skills, test tasks with a supervisor, and subsequent employment. At the initial stage, the level of professional development and the specifics of communication of a specialist with disabilities are identified through two-level testing and interviews. The model of knowledge “level up” is based on the characteristics of disability, and the subsequent stages involve working on real tasks coming from individuals and corporations, as well as collecting portfolios and entering the open labor market.

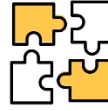
## How the platform works



Step 1  
**Motivation**



Step 2  
**Testing**



Step 3  
**Teaching**



Step 4  
**Work**

The main professions represented on the platform include specialists in text and video content, PR, graphic and web designers, web developers, and lawyers. All professions are in demand on the market and allow you to work remotely. Currently, more than 600 users from Russia and CIS countries are registered on the platform.

## Case study

Svetlana, 29 years old. She has moderate cerebral palsy and walks by herself. She graduated from the National Research Nuclear University MEPhI specializing in information security and has a master's degree in sports psychology of the Moscow Pedagogical State University.



*I worked both in the office with a standard work schedule, and remotely. The Everland platform is more convenient than the usual office work, since you can work from home, combine work and studies, or work and training. But it is more difficult to work, you need to be able to search for information on the Internet yourself, while simultaneously asking questions by mail or in messengers. As for finding a job after graduation: yes, there were problems. I was invited to interviews, we talked, then the standard “we’ll call you back” – and silence. I can’t say for sure that they refused because of the disability, the employer has no right to say so, but I think that people were still afraid of possible problems. I hope that the Everland platform will give me a stable job, an opportunity to earn money, gain experience and develop in various content types.*



Svetlana



The launch of the online professional training platform for specialists with disabilities gives them the opportunity to improve their financial situation and provide for greater social security, to businesses it gives the opportunity to develop in new areas and win new market niches, and to the state – to use the potential of people with disabilities in the country's economy and change the employment situation.

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The global goal of the project is to eliminate the inequality associated with the lack of access to jobs for people with disabilities. The platform will allow you to work remotely — independently or in a team with other specialists, which will allow you to achieve significant progress in solving this important problem across the country.

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**Evgeniya Chistova,**

Head of Sustainability of VimpelCom PJSC.

In the future reporting period, we plan to continue and deepen our partnership with Everland. We aim to further develop the platform for employment: our joint goal is 3,000 participants. In addition, together with our partner, we plan to continue to audit and certify the Company's product and service storefronts, and also aim to develop a platform for inclusive projects, which will be described in more detail in subsequent reports.

## 4. Technologies for the social sector

### 4.1. Search for missing people

We are convinced that “smart” technologies are designed both to improve the quality of people's lives and to solve big social problems. One of these tasks is to search for missing people. Human life is an absolute priority, and our involvement and technological capabilities are aimed at scaling up progress in people search activities and increasing civil consciousness.

#### Problem

**> 100 Thousand**

People are lost or go missing in Russia every year

**Ca. 65%**

Of the missing people are elderly.

The best search performance is achieved in the very first days. Rapid organization of search operations, including rapid search and involvement of volunteers, rapid exchange of information about the missing, the use of special search equipment, is impossible without telecommunications and digital services.

According to statistics, every year in Russia more than 100 thousand people are lost or go missing, while ca. 65% of the missing are older people. The most common causes of disorientation in space are age-related changes and related mental disorders, short-term memory loss, and others.

Most of them are found in the first days, in other cases, the search goes on for months or even years. Digital technologies play an increasing role in the success of the rescue operation: from SMS messaging and big data analysis to artificial intelligence, drone use, predictive analytics, and cloud storage technologies.

#### Cooperation with Lisa Alert (203-1)

Since 2011, Beeline and the Lisa Alert search and rescue team have been jointly developing technological solutions for searching for missing people, which are aimed at the entire market, regardless of which operator the lost person is a subscriber to.

The first solution of the project was a hotline for reporting missing people, which has been operating 24/7 throughout the country since 2012. Since 2017, an SMS search notification service has been operating to attract people near the rescue operation site.

Within the two years of work, more than 5 million messages were sent, of which about 3.5 million were sent in 2019. At the moment, more than 60,000 volunteers have signed up for the Lisa Alert search SMS newsletter.

### **Neural network Beeline AI – People search**

The development of innovations allows the team's search engines to develop and introduce all new search technologies – in the natural environment, in the city, on the water and from the air. Telecommunications technologies can be a significant basis for creating such solutions. The joint work of Beeline and the Lisa Alert team allows us to create unique solutions that can later be scaled up for use during emergencies and man-made disasters. One of these solutions is the neural network “Beeline AI – Search for people” for processing photos of localities made by unmanned aerial vehicles in the search for missing people. The new technology allows Lisa Alert volunteers to reduce the time spent on viewing and sorting the received images by 2.5 times. Initial tests showed that the accuracy of the model in the test images is close to 98%. The system is adaptive and adapts to finding objects equally accurately both from heights of 30-40 meters and from a flight altitude of 100 meters.

### **Safety island**

In June 2018, Lisa Alert and Beeline launched the “Safety island” project in the Company's stores. Every communication center is now a place where a lost child or an elderly person suffering from memory loss can seek help. Employees of the office provide information to the police, ambulance and family, as well as provide information to the search and Lisa Alert rescue team and the Search Center for Missing People.

In 2019, together with the project +1Gorod (Useful city), we marked our stores where “Safety islands” are located. Bright stickers “Safety island and useful city” have become a convenient and clear navigator for those who are lost or disoriented in a dynamic urban environment. Thus, Beeline became the first system partner of the project +1Gorod (polesnygorod.rf) – a kind of an Internet map that collected more than 12,000 useful social and environmental services for citizens in digital format.

### **“Search center”, an app for care for relatives and for personal safety**

In November 2019, together with Lisa Alert, we launched an application to search for elderly people in the city. The new solution has built-in applied functionality to speed up search operations and prevent accidents: a detailed movement tracker and history of previous movements, a pre-installed questionnaire with special signs and medical needs of the observed person, the ability to call the hotline directly from the application, a SOS button and prompt response to a signal for help from specialists of the missing persons search.

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*For us, new technologies, including the capabilities of artificial intelligence, are a real help in saving lives. We develop our practices in many ways focusing on the opportunities that telecom and IT give or can potentially give. Our partnership with Beeline has been going on for many years, and together we have created a lot of really significant solutions to build a working system for searching for missing people across the country.*

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**Grigory Sergeev,**

Chairman of the Lisa Alert search and rescue team

The high social significance of the Company's contribution to the search for missing people has been repeatedly confirmed by rating and competition communities. So, Beeline AI - Search for people solution based on the neural network became the winner of the GSMA Global Mobile Awards 2020 international competition in the category “Best Mobile Operator Service For Consumers”. A joint SMS service of the Company and Lisa Alert to attract volunteers to the local search area “To get lost does not mean to disappear!” received the highest award of the EFFIE AWARDS RUSSIA 2019 - a Golden statuette in the category “Contribution to society and sustainability. Brands”.

## 4.2. Technology solutions for charity and business support

We focus on developing innovative technological solutions that have a strong impact on the social agenda across the country. By building up our technological potential and developing our competencies, as well as brand confidence, we believe that we can be as effective as possible in all areas where we provide assistance.

### Problem

Many charitable foundations use most of their resources to provide direct assistance to their wards, while issues of their own system development and efficiency improvement suffer due to their limited resources.

At the same time, non-profit organizations have completely identical requests for solving professional problems for any type of business. For example, according to the results of a survey conducted by the Druzya Foundation:

**> 77%**

Need for web developers

**62%**

Need marketers and marketing strategies

**69%**

Need design and layout

**> 50%**

Need lawyers

### ProCharity intellectual volunteering

The ProCharity technology platform for intellectual volunteering — a project of the Druzya Foundation and Mastercard — allows to solve this problem by bringing together experts who are ready to provide their personal time and share their skills, and funds that need to solve organizational problems. At the same time, the platform acts as a security guarantor – it makes professional selection of participating NGOs, as well as creates ProCharity communities of intellectual volunteers based on their competencies.

Beeline was the first major Russian company to join the platform, offering expert support of its employees. In 2019, more than 30 employees of the Company were involved in the platform itself, and 11 ProCharity non-governmental organizations received our assistance.



*Like the Druzya Foundation as a whole, the main goal of the ProCharity platform is to professionalize charity. We want to attract professional pro bono assistance that funds need so much. We do not reinvent a wheel here – in Russia, the Big Four companies were the first to provide intellectual pro bono assistance, then others joined, but when analyzing the work of NGOs, we see that this is not enough. Only big-name funds have access to large companies, but others also need professional help: medium and small, very young organizations. That is why the focus of the ProCharity platform development and intellectual volunteering is aimed at partnership with large corporations and business structures.*

**Oksana Razumova,**

Board Chairman of the Druzya Foundation



Since November 2019, Beeline University has launched an intellectual volunteering program for the charity foundation *Dom s mayakom*. Within its framework, Beeline corporate trainers conducted a series of trainings on basic management skills and situational management for the foundation managers.

### **M-Charity service**

In 2019, we continued to support the operation of the M-Charity service created in 2013 by the joint efforts of the Podari zhizn Foundation and VimpelCom PJSC. The main task of the service is to promote charity in Russia, simplify and improve the effectiveness of mechanisms for providing charitable assistance. The service allows you to set up automatic monthly donations from your mobile account in favor of charitable foundations.

To this date, with the help of this decision, more than 3.8 billion rubles have already been collected for the wards of *Podari zhizn*.

In 2018-2019, the effectiveness of this service began to decline due to the widespread development of bank charity payments using cards and contactless payment systems. Nevertheless, the service has had a significant impact on the development of the system of private charitable donations, increasing confidence in the activities of foundations and understanding the importance of sustainable financing of their administrative expenses.

### **Organization of hotlines for assistance and support**

One of the most important solutions implemented using our technologies and having a significant social impact is the launch of hotlines for palliative care and family arrangements.

So, since 2016, a hotline for terminally ill people has been working. It was organized by the Vera Foundation and the Hospice Care Association with the support of Beeline. The hotline operators will explain in detail and clearly what palliative care is and how to get it, where and at what stage you need to apply for quality care for a terminally ill patient, and how to properly care for the patient. In addition, operators can help you get advice from a doctor, lawyer or a social worker, as well as support from a psychologist or clergyman. You can get a free consultation at any time. In 2019, 13,967 requests were received and processed.

Another initiative implemented with the support of Beeline in the framework of the Family Arrangement Program of the charity foundation *Volunteers to help orphans* was the organization of a hotline that provides legal, psychological and informational assistance to families who are just preparing to raise an orphan, as well as to accomplished foster parents. In the reporting year, 1,600 people from 75 regions received family counseling.

**8 800 700 84 36** – hotline for terminally ill people

**8 800 700 88 05** – hotline on issues of family arrangement

### **Make your Mark – support for startups**

As part of the Innovation Lab, Beeline took part in SPB STARTUP DAY — the largest event in the startup community of St. Petersburg — for the fourth time in 2019 and determined the winner in the category “Best startup using 5G technology”.

The winner of the prize was the Russian company O.Vision which developed a contactless access system with real-time facial recognition technology. Beeline and O.Vision signed a memorandum of intent for a period of 3 years. According to the document, Beeline will provide the project team with the opportunity to implement a bandwidth system in the 5G Beeline pilot zone in Skolkovo, where the Company will test its solution using fifth-generation technologies, MEC (Mobile Edge Computing) architecture and other Beeline technologies that will transfer the O.Vision solution to the cloud architecture, make it more compact and reduce its cost.

For the second year in a row, Beeline supports the GoTech technology startup competition as part of the Make Your Mark initiative and is looking for promising projects that will use 5G and IoT technologies in the following socio-economic areas: “smart” city, telemedicine, virtual and augmented reality, industry, development of energy-efficient technologies. Based on the results of the 2019 competition, the Company selected two projects:

- FlyPenny - mobile thanking monetization service to increase sales before you start shopping;
- Cluster is a developer of smart home systems that combines devices and engineering systems in the home into a single control panel.



Startups will have the opportunity to launch a joint product in the Beeline Innovation Lab using the fifth-generation network, as well as the right to further launch services for millions of the operator's customers.

A total of 25,000 people participated in digital entrepreneurship contests, hackathons, and digital bootcamps as part of the Make Your Mark initiative in 2019. 2,625 participants were included in the program of startup accelerators and incubators where they received feedback and recommendations for further development of their projects.

### **4.3. Telemedicine services and innovative solutions**

Telemedicine is a promising industry with a huge potential for development in our country. Digital health technologies provide access to high-quality medical care to a wide range of patients, including in the regions, and the willingness of people to use new technologies to take care of their health is the main catalyst for the active development and distribution of telemedicine solutions.

#### **Partnership for healthcare innovation**

In October 2019, VimpelCom PJSC joined the memorandum on creation and operation of the Center for Innovation and Internet of things signed earlier by the Skolkovo Foundation, the international innovative biopharmaceutical company AstraZeneca and other partners.

The Center for Innovation and Internet of things in healthcare is a new form of implementation of modern technological solutions for medicine by creating prototypes of therapeutic complexes, demonstrating and testing them, and then scaling them up in healthcare institutions throughout Russia. In addition, it is planned to create an educational space for interaction between startups whose solutions are already presented in the Center.

The partnership agreement provides for joint development of digital technologies and Beeline 5G/IoT technologies for the healthcare system for subsequent creation of an innovative ecosystem. In addition, the new partnership involves demonstration and testing of innovative, digital therapeutic complexes, solutions in the Internet of things and big data for healthcare.



*Beeline pays special attention to using the latest technologies to improve the quality of life and health of the population. Partnership with the Center for Innovation will allow us, as an operator, to gain unique experience in using our pilot infrastructure of fifth-generation networks, big data expertise and Internet of things for development of future medicine in Russia*



**George Held,**

Executive Vice President for Digital and New Business Development, VimpelCom PJSC

One of the key joint projects was creation of a competence center to integrate the technologies of the Skolkovo Foundation members into the business of VimpelCom PJSC. In addition, testing of new developments in the field of mobile applications and services will be conducted on the basis of Beeline Innovation Lab which searches for new promising revenue sources, focuses on digital products in the field of AdTech, Fintech, home and mobile entertainment, etc. A separate area focuses on social projects, technologies for people with disabilities and solutions for charity.

## Monitoring of “smart” bionic prostheses

### Problem

According to experts, to 2025:

**Ca. 800 million**

People over 65 years old will need regular medical supervision

**More than 1 billion**

People may be potential users of smart assistant services

**Ca. 15%**

Of the world's population will have various degrees of disability

Based on this trend, VimpelCom PJSC is already actively implementing projects aimed at developing bionic technologies and telemedicine services.

In 2019, a unique joint project of Beeline and Motorica on remote monitoring of high-tech assistant devices, which helps to solve the problem of a complex training process for using the device and daily operation, won the “Best Use of Mobile for Accessibility & Inclusion” category of the GSMA Global Mobile Awards 2019 international competition.

*For more information about the project, see the [Sustainability report 2018 \(p. 57\)](#)*

The consolidation of existing “smart” bionic prostheses with the technology of the mobile operator solves one of the main problems of patients, which is a complicated control of the device. At the first stage, part of the smart prosthetic hands “Stradivari”, equipped with a GSM module, is connected to the Beeline IoT platform. In the personal account of “Motorica”, the rehabilitation doctor sees aggregated and processed information on the operation of the prosthesis and can adjust the process of training or daily use online. Connecting the bionic prosthesis to the Internet and the operator's technology platforms was the first step in creating a digital space around people with disabilities and an ecosystem of medical services from the operator in the future.

## **5G network application in healthcare**

In November 2019, the first surgical operations and remote medical consultation using the 5G Beeline network were performed in Russia. The test zone of the fifth-generation network was deployed in the operating block of the GMS Hospital clinic and in the Skolkovo innovation center. The project demonstrated the capabilities of a broadband communication channel to transmit high-definition images from operating room cameras and other medical devices. A remote medical consultation was conducted between the operating surgeon and specialist consultants via remote terminals. With their help, data on the patient's condition was exchanged in real time, recommendations and instructions were transmitted.

In total, two operations were performed online: procedure for extracting the NFC chip and removing cancer. The course of operations and consultations was observed by students of the Ryazan State Medical University in the framework of a training seminar.

# 5. Sustainable business processes

Our business processes are based on reliable and sustainable operation. We take into account such components of corporate governance as ethical procurement, health and safety, environmental safety, as well as handle cases of bribery and corruption, violations of confidentiality, and work to prevent them. The sustainability of our business processes helps us build synergistic relationships with our customers, employees, local communities, and the environment

## 5.1. Infrastructure development and service quality improvement

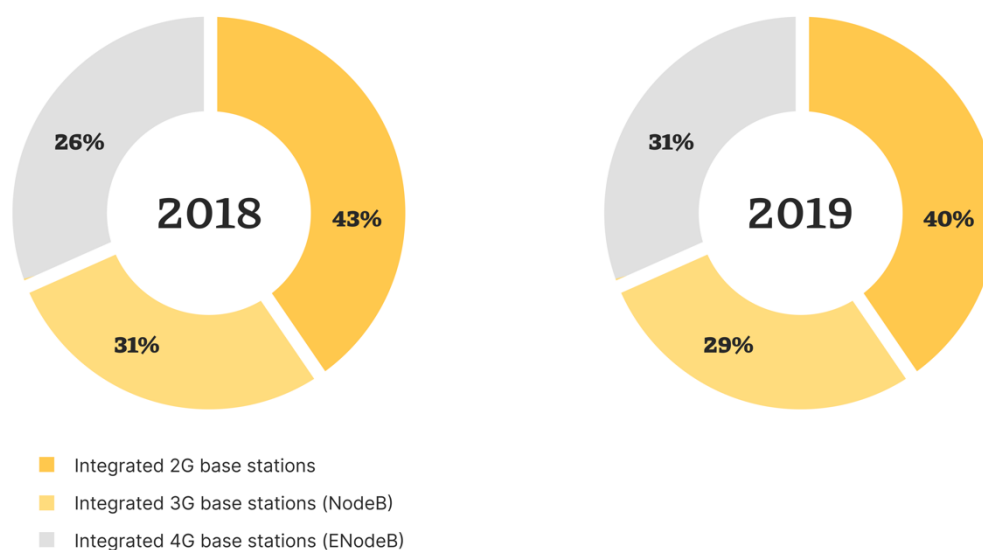
### Infrastructure development

Providing high-quality mobile communication services to all categories of the population through technological innovations remains the highest priority for the Company. Today, being able to stay connected all the time is a vital necessity, and we see it as our main social task to increase access to telecommunications services even in the most remote areas. (103-2 to 203)

### Upgrading the 4G/LTE network

Beeline remains the leader among Russian mobile operators in terms of the growth rate of the 4G network. A stable leading position was the result of the implementation of the largest network development program in the Company's history: in the beginning of the year, the fourth-generation network covered localities where 74% of the population lives, and in the end of the year, the network coverage reached the level of 86%.

## Structure of base stations by station type



For more information about the remote and unique locations where the Company's base stations are located, follow the link: <https://moskva.beeline.ru/about/press-center-new/pressreleases/details/1519072/>

One of the largest network modernization projects is being implemented in Moscow and the Moscow region. In the capital, the 4G network is currently updated by more than 95%. NB-IoT (Narrow Band Internet of Things) and LTE Cat-M standards were activated throughout the network for the operation of smart devices, Internet of things services, and the development of the “smart city” technology market. Support for two mobile standards significantly expands the network's capabilities for connecting Internet of things services and devices with different functionality, including serving moving objects, as well as objects in buildings and underground structures. The hybrid network has already been activated in the Skolkovo Innovation center, “Smart quarter” in Maryino and Voikovsky district.

A large-scale modernization of the network in St. Petersburg and the Leningrad region, which was actively carried out in 2017-2019, has also been completed. As a result of this work, more than 1,000 new LTE base stations, 1,000 new second- and third-generation stations were built, and projects on frequency redistribution and aggregation were implemented. As a result of the project, the average speed per subscriber in the 4G network increased three times, and in June and July 2019, Roskomnadzor (Federal Service for Supervision in the Sphere of Telecom, Information Technologies and Mass Communications) marked Beeline's leadership in the average data transfer rate to the subscriber among all mobile operators in the Leningrad region. The share of LTE traffic in the Beeline network has grown to 86%, and 75% of LTE users get speeds that allow them to view video content in HD quality.

## Supercity in St. Petersburg

In early 2020, the Company launched a new program for construction of the Supercity network in St. Petersburg. It will last for two years and includes a project to cover the remaining “white spots” in hard-to-reach places, additional construction on federal highways, deployment of the network in all new buildings in the city and the region, as well as a significant increase in network capacity and preparation of infrastructure for the introduction of new technologies.

## Arctic Region: construction of infrastructure

In 2019, the Company completed the implementation of a unique project for the organization of a high-speed data transmission channel “Moscow-Sabetta”. Within the framework of this project, a radio relay communication line with a length of 420 km was built in the Yamalo-Nenets Autonomous District. It was designed specifically for operation in the Far North.

This communication line, launched in permafrost conditions, is based on 15 autonomous communication complexes using advanced telecommunications technologies and power supply systems.

As a result of the launch of the line, ca. 30 thousand people received LTE mobile communication with a capacity of 1 Gbit/s. In addition, the capacity on the main channels in Novy Urengoy, Salekhard, and Nadym has been expanded, which has led to an improvement in the quality of communication in these localities. (203-1)

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*The construction of a radio relay line on Yamal can be called a unique project in the history of communications and one of the most complex in the history of VimpelCom. It was the first time we laid a line in permafrost conditions. This project was a real challenge for the Company and was successfully implemented.*

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**Artashes Sivkov,**

First Executive Vice President, Head for Retail Business unit, VimpelCom PJSC

## 5G network development

In 2019, Beeline continued to participate in development of the new generation 5G network infrastructure. The Company is actively involved in pilot projects and attracts startups to develop 5G and innovative products.

The introduction of high-speed data transfer technologies based on the 5G network will allow the Company to focus on further implementation of digital projects, primarily in the field of the Internet of things, aimed at intelligent management of urban systems.

In October 2019, the Luzhniki sports complex hosted the first applied test of the 5G Beeline pilot network during the Russia – Scotland football match. Ca. 20 employees of the sports arena used smartphones and special routers with 5G support to optimally distribute the flow of fans and ensure security.

Earlier, the sports complex hosted Russia's first live broadcast on social networks via Beeline's 5G live network. Live cases were demonstrated that clearly show the advantages of the 5G network: view 4K videos, download a music album in seconds from YouTube Music, etc.

Also, together with popular bloggers, Beeline launched streaming on Instagram Live using a 5G smartphone. During the demonstration, a record peak speed of 3.30 Gbit/s per Huawei subscriber device was recorded in Russia, and when using the services, the delay was 3 ms.

## **Improving customer service - Retail chain**

An important area of the Company's business development is retail. The main products of the Beeline retail network are smartphones, wearable devices (fitness trackers and smart watches), software for home computers and smartphones, subscriptions to online cinemas, video consoles and video games, as well as other services and products.

In August 2019, Beeline was the first in the operator retail market to introduce Tax Free, a system for compensating value-added tax for foreign tourists. Currently, the service is available in 50 Beeline stores in 10 cities. Buyers from other countries, using the compensation system, will be able to save up to 12% of the cost of the purchased gadget when making purchases at a price starting at 10 thousand rubles.

In order to increase the flow of customers to the Company's stores, order pick-up points were opened at sales outlets in 2019. During the year of operation of the service, customers received more than 100 thousand parcels.

Additional services and the use of new technologies improve the level of service. As a result of a comprehensive study conducted by Telecom Daily in 2019, Beeline was recognized as the leader in terms of service in mobile retail<sup>7</sup>.

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<sup>7</sup> <http://tdaily.ru/news/2019/12/13/telecomdaily-podvel-itogi-kompleksnogo-audita-kachestva-v-sotovom-riteyle-ru>

## **5.2. Mobile communication safety**

(103-2 to 416)

The global telecommunications industry recognizes public and regulatory concerns about possible health risks from exposure to radio frequency electromagnetic fields (RF EMF) from mobile communications as the fifth-generation network expands.

In this regard, the scientific community has conducted numerous studies on the effects of electromagnetic rays on health, including under the auspices of the World Health Organization (WHO) which concluded that there is no serious negative impact of low-level electromagnetic fields on people's well-being<sup>8</sup>.

However, there is no negative impact provided that telecommunications companies meet international and national requirements and standards when building 5G networks.

When building new infrastructure, VimpelCom PJSC is guided by accepted national standards and principles, including:

- SanPiN 2.1.8/2.2.4.1190-03: Hygienic requirements for the placement and operation of land mobile radio communications, Ministry of Health, 2003;
- SanPiN 2.1.8/2.2.4.1383-03: Hygienic requirements for the placement and operation of transmitting radio facilities. Ministry of Health, 2003, as amended on December 19, 2007;
- SanPiN 2.2.4.3359-16: Sanitary and epidemiological requirements for physical factors in the workplace, Ministry of Health, 2016.

### **Struggle against radio phobia**

In addition to compliance with national safety standards, VimpelCom PJSC conducts active educational work to combat radiophobia among the population.

For this purpose, since 2019, a special information campaign has been launched on social networks, which has gained more than a million views, dispelling myths about the negative impact of base stations and the network on human health.

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<sup>8</sup> <https://www.who.int/peh-emf/about/WhatIsEMF/en/index1.html>



### **5.3. Information security and personal data protection**

Information security and personal data protection remain among our key priorities when providing services to our clients. Late provision, misrepresentation, loss or unauthorized disclosure of information about users represent significant risks and a powerful negative effect on the Company's reputation.

#### **The key principles of VimpelCom PJSC in the field of information security**

are:

- ensuring continuity of service delivery when providing services to clients;
- avoid distortion, blocking and destruction of data;
- ensuring confidentiality of information;
- support for a digital transformation strategy to ensure asset security;
- protecting customers from cyber threats;
- compliance with the requirements of Russian and international legislation;
- continuous improvement of the information security system.

Beeline's approaches to information security comply with all provisions of Russian legislation, as well as leading international standards such as PCI DSS, COBIT, ISACA, etc.

During the reporting period, the Company once again successfully passed the PCI DSS v3.2 certification for compliance with the payment system security standard.

The Company also has a license from the FSTEC (Federal Service for Technical and Export Control) of Russia for the technical protection of confidential information and a license from the FSB (Federal Security Service) of Russia for development, production, and distribution of encryption (cryptographic) tools, information systems, and telecommunications systems protected using such tools.

Priority attention at the Company-wide level is given to reducing the risks of leakage of personal data of customers. For these purposes, the Company has adopted a special policy on personal data processing, which defines general provisions on the legality of processing and

ensuring the security of processed personal data. The Committee for the protection of restricted access information (EDI) and the Commission for the protection of EDI, as well as special lower-level working groups function to monitor compliance with the Policy requirements. (103-2 to 418)

To ensure the security of processed personal data, the Company takes the necessary legal, organizational and technical protection measures. All processed personal data is located in a secure certified circuit of the data processing center in the city of Yaroslavl.

**The key tools for protecting personal data for the Company are:**

- Mobile Security application;
- Hot line for complaints of subscribers if they receive suspicious calls and messages;
- Alarm network security system using the TAD (Telecom Attack Discovery platform);
- Comprehensive solution for protection against DDoS attacks.

*More information about these tools can be found in the CSR report of VimpelCom PJSC for 2016-2017.*

**Total number of identified leaks, thefts or losses of customer data (418-1)**

2017	2018	2019
68	65	98

In 2019, the Company faced the consequences of leaking some outdated information about broadband clients due to malicious actions of a number of individuals. Immediate measures were taken to prevent the recurrence of such incidents and to bring the perpetrators to justice.<sup>9</sup>

VimpelCom PJSC recognizes that there should be no such cases and intends to make every effort in the future, both to identify and bring to justice attackers, actively cooperating with law enforcement agencies, and to improve its own protection systems.

<sup>9</sup> Read more about this in the press release on the Company's website [https://moskva.bee-line.ru/about/press-center-new/9\\_press-releases/details/1505193/](https://moskva.bee-line.ru/about/press-center-new/9_press-releases/details/1505193/)

In 2019, we conducted special training to raise awareness of information security issues, revised the information security policy, and started implementing a new system for counter-ing leaks of restricted access information – DLP (Data Loss Prevention).

In addition, in response to this situation, new database protection systems with client data were introduced, and the IPS/IDS intrusion detection and prevention system was upgraded. In 2020, the Company plans to implement a WAF system (a set of monitors and filters de-signed to detect and block network attacks on a web application).

## **Safe Internet**

VimpelCom PJSC attaches great importance to the formation of responsible Internet content and complies with the requirements of legislation in the field of safe Internet development. The main mechanism for ensuring Internet security is DPI (Deep Packet Inspection), which allows you not only to detect and block viruses, but also not to pass legally prohibited infor-mation that does not meet the specified criteria (for example, BitTorrent protocols, gambling sites, etc.). In addition to whole virus software, the DPI service is designed to identify and block fragments that match computer viruses. DPI is also used to prevent accidental data leaks.

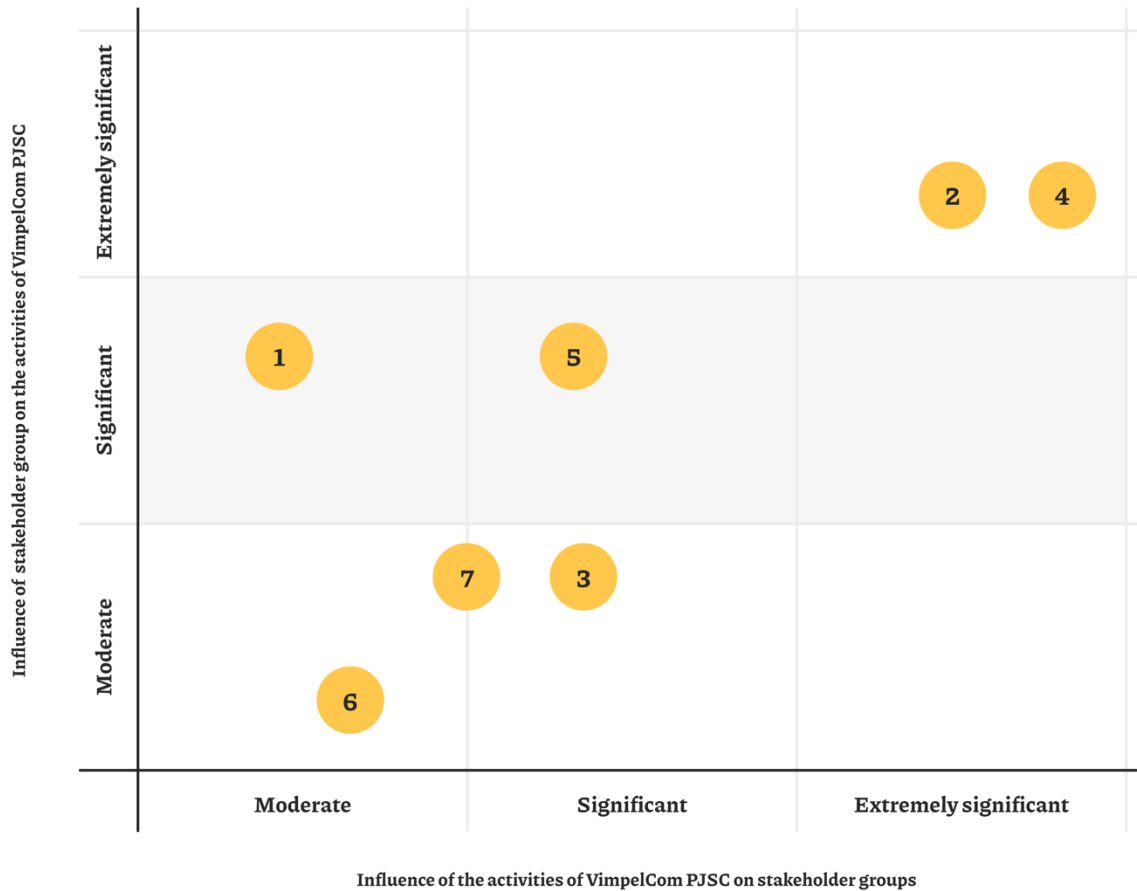
The Company's activities in the field of safe Internet are subject to Federal law No. 139-FZ of July 28, 2012. Monitoring compliance with the requirements for the development of safe Internet is the responsibility of the Vice President for Relations with Public Authorities and the Directorate for Infrastructure Development. The Company regularly interacts with regu-latory authorities and receives feedback on these issues.

## **5.4. Stakeholder engagement**

Effective stakeholder engagement is one of the essential conditions for sustainable devel-opment of VimpelCom PJSC.

Interaction of VimpelCom PJSC with various groups of stakeholders is based on the imple-mentation of system communications in the Company's daily practice in accordance with the international standards of stakeholder engagement and the principles of accountability AA1000 APS, AA1000 SES and GRI Standards using various communication channels: feedback forms, hotline, regular attendance and organization of face-to-face events. (102-43)

## Stakeholder map<sup>10</sup> (102-40)



1. Federal and regional state authorities and regulatory agencies
2. Shareholders
3. Investors
4. Customers and consumers
5. Staff
6. Local communities and population in the Company's regions of operation
7. Business partners and suppliers of goods and services

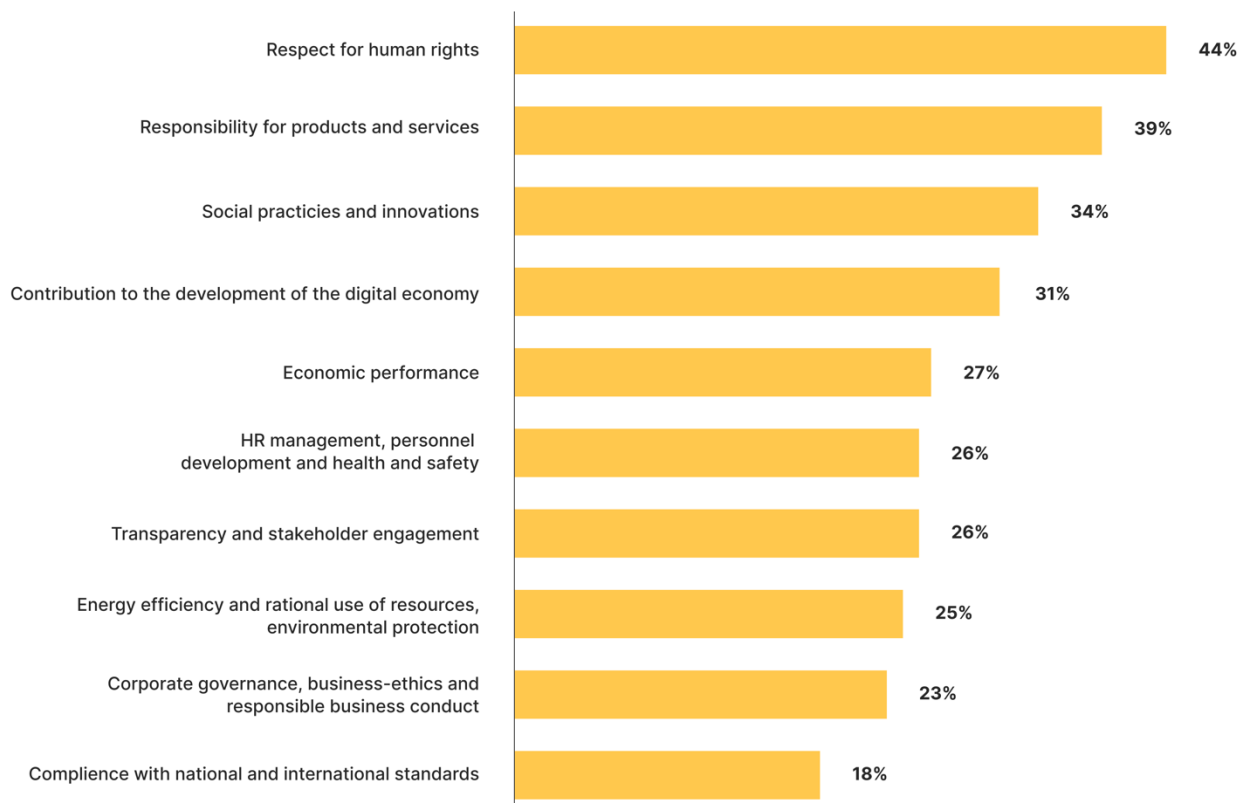
We strive to take into account the interests of all stakeholders in relation to the disclosure of information about the Company's performance in the field of sustainability. Thus we annually invite our clients to participate in a survey to determine the most significant topics to be

<sup>10</sup> The stakeholder map is based on expert assessments of the mutual influence of the Company and stakeholders obtained 10 during a survey of top management representatives. (102-42)

disclosed in the Report. In 2019, we offered them 10 significant topics to evaluate, of which each voting participant could mark one or more topics that are, from his/her point of view, the most relevant. (102-43)

## Rating of topics that are most relevant to the Company's subscribers<sup>11</sup>

(102-44)



Thus, in 2019, clients remained interested in social issues - the survey participants most often chose “Respect for human rights” as the most significant topic. In this report, we have included a detailed description of the Company's principles in this area in the section “Business ethics and compliance”.

In addition, the survey showed high customer interest in the topic “Responsibility for products and services”. When compiling the Report, we paid great attention to the development of infrastructure, improving the quality of service, data privacy, and the development of a secure Internet, and for the first time, we devoted an entire section to the topic of mobile communication security.

Other topics were also included in the list of material ones and disclosed in the relevant sections of the Report.

<sup>11</sup> The chart shows the percentage of respondents who identified a particular topic as material.

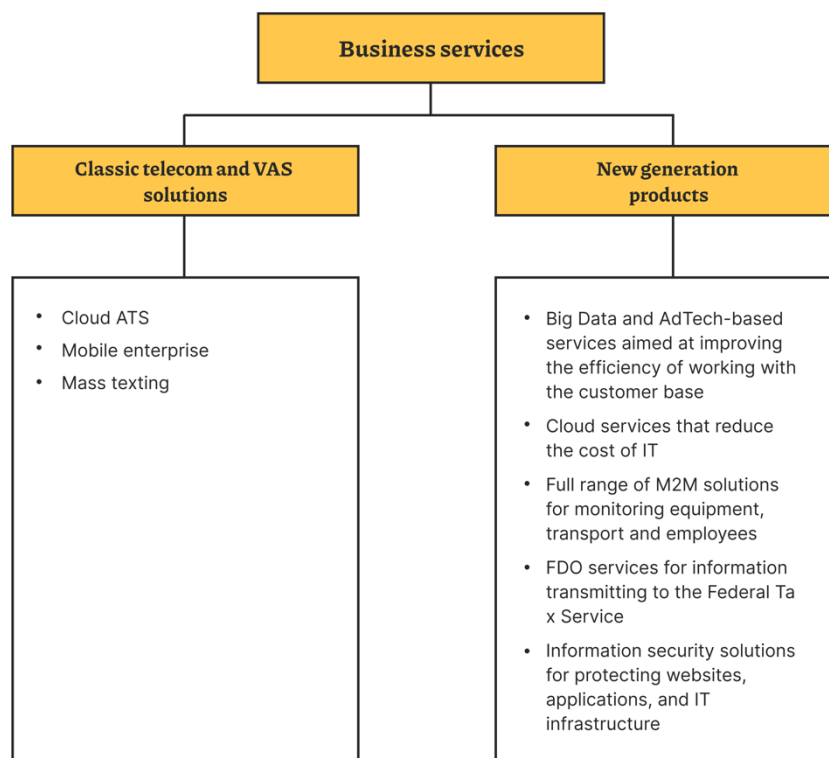
## Stakeholder engagement of VimpelCom PJSC in 2019 (102-43) (102-44)

Stakeholder group	Key principles of VimpelCom PJSC	Stakeholder interests	Engagement mechanism	Key engagement events in 2019
<b>Customers and consumers</b>	<ul style="list-style-type: none"> <li>meeting the needs of all categories of customers;</li> <li>providing customers with high - quality products and services;</li> <li>ensuring prompt and easily accessible interaction with clients;</li> <li>ensuring information security, protecting customers personal data, and responsible marketing activities.</li> </ul>	<ul style="list-style-type: none"> <li>ensuring information security and personal data protection;</li> <li>improving the quality of communication;</li> <li>expanding the coverage area;</li> <li>trouble-free provision of communication services;</li> <li>no mass advertising mailings;</li> <li>easy and fast interaction in case of problems;</li> <li>providing favorable rates and terms of use of services;</li> <li>censorship of prohibited content.</li> </ul>	<ul style="list-style-type: none"> <li>survey of subscribers;</li> <li>working with clients on quality of services;</li> <li>work with subscriber requests.</li> </ul>	<ul style="list-style-type: none"> <li>communication with users took place through differentiated communication channels;</li> <li>improved service quality control system;</li> <li>new tariffs have been developed and multiplatform services have been updated.</li> </ul>
<b>Stakeholders and investors</b>	<ul style="list-style-type: none"> <li>ensuring growth of the Company's value and return on investment to shareholders;</li> <li>timely and complete disclosure of the necessary information for shareholders and investors to get an idea of the Company's current position.</li> </ul>	<ul style="list-style-type: none"> <li>effective implementation of the corporate strategy;</li> <li>strengthening the Company's position in the telecommunications market;</li> <li>operational and economic efficiency and stability of the company;</li> <li>timely disclosure of key information;</li> <li>compliance with national and international standards;</li> <li>transparency and accountability.</li> </ul>	<ul style="list-style-type: none"> <li>functioning of corporate governance bodies in accordance with the Charter;</li> <li>Disclosure of key information in accordance with the legislation and internal requirements of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>three General meetings of shareholders and three meetings of the Company's Board of Directors were held in 2019. In every meeting, and the meeting had the quorum on all matters.</li> </ul>
<b>Business partners and suppliers of goods and services</b>	<ul style="list-style-type: none"> <li>long-term interaction with business partners and suppliers;</li> <li>compliance of partners and suppliers with quality standards for products and services, and compliance with business ethics.</li> </ul>	<ul style="list-style-type: none"> <li>transparency and efficiency of procurement procedures;</li> <li>operational and economic efficiency and stability of the Company;</li> <li>maintaining a stable customer base;</li> <li>quick response when problems occur;</li> <li>protecting confidential information.</li> </ul>	<ul style="list-style-type: none"> <li>cooperation agreement;</li> <li>code of conduct for business partners, verification of business partners;</li> <li>meetings, conferences, negotiations.</li> </ul>	<ul style="list-style-type: none"> <li>together with the Chambers of Commerce and Industry of various cities in Russia, VimpelCom held 14 round tables for the local business communities on the topic of anti-corruption;</li> <li>participation in the All-Russian campaign dedicated to the anti-corruption day;</li> <li>joining the Big Data Association, where together with other participants Beeline will develop a concept for development of the domestic Big Datamarket.</li> </ul>
<b>Staff</b>	<ul style="list-style-type: none"> <li>people are the main value of our Company, without which it would be impossible to have a stable business functioning;</li> <li>HR projects implemented in the Company are aimed at creating an open environment that supports high efficiency, as well as gives employees a sense of happiness at work.</li> </ul>	<ul style="list-style-type: none"> <li>providing opportunities for career growth;</li> <li>social benefits and guarantees;</li> <li>favorable working conditions;</li> <li>decent wages;</li> <li>system of key performance indicators;</li> <li>established communication with management.</li> </ul>	<ul style="list-style-type: none"> <li>joint commissions, committees, and working groups;</li> <li>educational projects for employees;</li> <li>surveys;</li> <li>corporate media, brochures, information screens, stands;</li> <li>corporate intranet portals, clubs;</li> <li>personnel evaluation system.</li> </ul>	<ul style="list-style-type: none"> <li>for more information, see the section "Staff development and support" in section 5.5. of the Report.</li> </ul>

Stakeholder group	Key principles of VimpelCom PJSC	Stakeholder interests	Engagement mechanism	Keyengagement events in 2019
<p><b>Local communities and populations in the Company's regions of operation</b></p>	<ul style="list-style-type: none"> <li>• using the best digital technologies to create and implement solutions aimed at improving the quality of life of individual social groups and society as a whole, as well as solving acute social problems.</li> </ul>	<ul style="list-style-type: none"> <li>• expanding the network coverage area;</li> <li>• reduce the impact of equipment on human life and health;</li> <li>• ensuring equal access to the Company's services for all social strata and integrating vulnerable groups into society;</li> <li>• censorship of inappropriate content;</li> <li>• job creation.</li> </ul>	<ul style="list-style-type: none"> <li>• implementation of projects aimed at socio-economic well-being;</li> <li>• social innovations;</li> </ul>	<ul style="list-style-type: none"> <li>• the Company continued to implement large-scale infrastructure projects in the field of network modernization and launched new;</li> <li>• projects aimed at providing public access to telecommunications technologies;</li> <li>• for more information, see section 5.1. "Infrastructure development and service quality improvement"; section 3 "Development of an inclusive society" and section 4 "Technologies for the social sector".</li> </ul>
<p><b>Federal and regional state authorities and regulatory agencies</b></p>	<ul style="list-style-type: none"> <li>• implementation of licensed activities in accordance with legal requirements;</li> <li>• sustainable cooperation with government officials, support of the implementation of national and federal projects;</li> <li>• protection of the Company's business interests, participation in the formation of national industry legislation.</li> </ul>	<ul style="list-style-type: none"> <li>• compliance with national and international legislation;</li> <li>• tax payments to budgets of different levels;</li> <li>• implementation of licensed activities in accordance with legal requirements;</li> <li>• participation in the stages of the legislative process;</li> <li>• fair competition;</li> <li>• cooperation with players in the telecom services market to solve social problems;</li> <li>• censorship of inappropriate content.</li> </ul>	<ul style="list-style-type: none"> <li>• working and expert groups, commissions, committees;</li> <li>• public discussion of draft regulations;</li> <li>• cooperation agreements;</li> <li>• development of plans for the socio-economic development of the regions where the Company operates;</li> <li>• conferences, demonstration exhibitions.</li> </ul>	<ul style="list-style-type: none"> <li>• participation in the implementation of the draft law on the sovereign Runet;</li> <li>• assistance to the implementation of the national project "Digital economy" by creating pilot zones of the fifth-generation network and actively testing new technologies;</li> <li>• agreement with 6 governments of Russian regions, under which the Company will provide the regions with its technological solutions, including big-data analytics and solutions for the "smart city".</li> </ul>

## Building up a dialogue with businesses

Beeline offers its business clients a wide range of services to ensure the continuity of the company's operations in all conditions. Among the services aimed at meeting business needs, there are both classic telecom services and VAS solutions, as well as products based on new technologies.



## Intelligent transport and information system

VimpelCom PJSC actively cooperates with corporate clients in the field of implementing smart process management systems. One of the developments implemented by the Company's clients in the cargo transportation industry in 2019 is an intelligent information and transport system that allows to reduce fuel costs, monitor driving quality, evaluate vehicle parameters, and optimize logistics, including through rapid exchange of information between the logistician and the driver online, thus increasing the efficiency of the fleet up to 20%. For drivers, this opens up a number of new opportunities, including access to content services and Wi-Fi in the workplace through the specialized Connected Car Beeline portal. By the end of 2020, it is planned to release ca. 80 thousand new connected cars to the Russian market.



## **Business support: innovative solutions for small and medium-sized businesses**

Today, in the era of the digital economy, business development requires efficient and reliable IT resources. In an effort to support the digital transformation of small and medium-sized businesses, we launched the universal cloud service BeeCLOUD. The platform, built on VMware, Hyper-V and Openstack (KVM) technologies, provides a wide range of features: placing the database on the cloud, creating corporate mail and a website, launching the 1C application, creating data backups. In addition, a team of certified engineers and architects is always available to conduct audits and consulting, develop specialized solutions, and migrate client infrastructure, as well as configure and administer client systems in the cloud if necessary. Setting up such a technological solution allows small and medium-sized companies to reduce the material and time costs of creating a high-quality IT infrastructure.

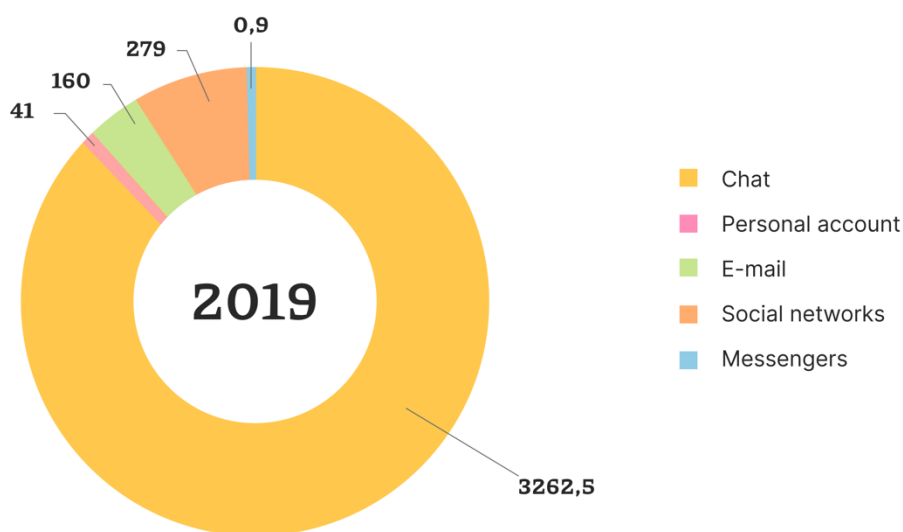
As a result of the first year of operation, BeeCLOUD's IT infrastructure was deployed by more than 100 large and medium-sized Beeline Business clients from such industries as: federal network retail, e-commerce and Internet platforms, representative offices of leading international brands, large manufacturing companies, fintech businesses, real estate businesses, pharmacy chains, large hotels, advertising agencies, telemedicine and IT product developers. (203-2)

## **Building up a dialogue with clients**

Opening new opportunities for our customers and meeting the needs of all categories of subscribers is the main task of the Company. In 2019, we focused on improving the quality of service for online and offline contacts based on customer feedback. To make it easy for users to contact the Company, there are several communication channels through which subscribers can find the information they are interested in, report a problem or share their wishes:

- Chat in the personal account of the mobile application;
- Hotline;
- Email;
- Social networks (Vkontakte, Facebook, Twitter, Odnoklassniki, Youtube).
- Messengers (What's App, Telegram).

## Number of customer requests by channel, thousand requests



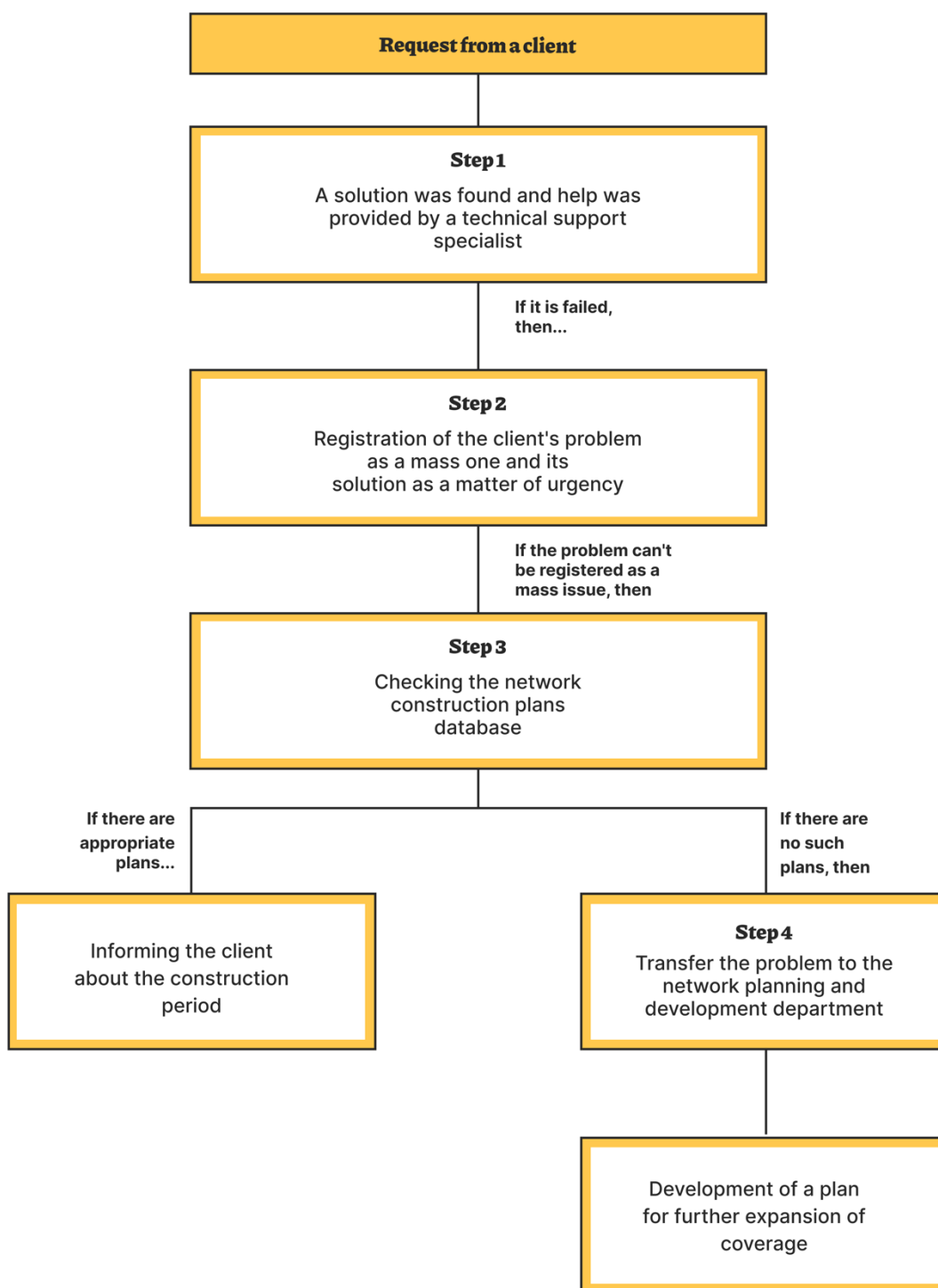
We have launched a voice recognition system in the IVR (Interactive voice response) system, which allows customers to spend less time searching for the necessary information. Over the past year, the service has been launched in 4 out of 5 macro-regions. In the medium term, it is planned to conduct additional training of the classifier to increase the recognition rate, as well as implement the functionality throughout the Russian Federation. In addition, there is a potential for creating a single bot for voice and text channels, which will help to further increase the level of customer convenience when contacting the Company.

The Net Promoter Score (NPS) in 2019 was 36.5%.

### **QAT: Quality Analysis and Troubleshooting**

In 2019, we launched QAT, an innovative project in the field of customer service, aimed at solving a serious challenge - providing prompt assistance to those customers whose complaints about the quality of communication and mobile Internet did not fall under the large-scale network problems.

**Fig. QAT operation diagram**



The new approach allows us to help 54 thousand customers every month, while the time frame for resolving an individual complaint has been significantly reduced – from 7 days to 24 hours (up to 72 hours in cases when the problem is transferred to technical support). A number of measures aimed at reducing the level of complaints were also carried out in the

first half of 2019, but only with the introduction of the new process, the downward trend became stable: for the 4th quarter of 2019, it was 48% compared to the same period in 2018.

You can track the quality of the solution to a client's problem by a number of repeated requests from clients whose complaints were processed as part of the process: the percentage of repeated customer requests within a week after the complaint was closed does not exceed 20%

## **Unified service quality control**

A significant step for the Company to maintain a high level of services was the agreement on the implementation of unified service quality control with RADCOM, an expert in the field of cloud monitoring and analytics for telecom operators. With the help of a new monitoring system, Beeline will be able to quickly monitor the network operation individually for each client, set ultra-precise settings and improve the performance of mobile applications and all subscriber devices. The system examines the entire subscriber session and the operation of each network element, from the client's smartphone to the quality of information transmission from external resources. By analyzing this information using Big Data technologies, Beeline will be able to develop personalized services and increase the speed of request processing in customer service centers.

## **Contribution to the well-being of society**

By providing new products and services, VimpelCom PJSC strives to improve not only the level of service, but also the quality of life of its users, as well as to contribute to the development of awareness of our customers. So, as part of the “Gb for sleep”, “Gb for detox”, “Gb for brains” and “Gb for steps” campaigns, our customers can get additional Internet traffic every month or share free Internet for an eight-hour sleep, for temporary refusal to use a mobile phone, for reading and walking. To participate in promotions, customers need to either get at least 8 hours of sleep a day, or not use the phone for at least 2 hours every day, or read for at least 30 minutes in the Bookmate application. For fulfilled conditions, 50 Mb of additional traffic to the main package will be credited for each promotion, and users of tariffs with unlimited Internet will be able to share Internet traffic with other devices for free for one hour a day. Under the terms of the “Gb for steps” promotion, you can get up to 3 Gb of additional traffic for 10,000 steps per month. If you participate in two or more promotions at the same time, the bonus megabytes are summed up.

## Recognition of the expert community

VimpelCom's tools and actions aimed at continuous improvement of the customer experience were highly appreciated by the jury of the international program for nominating the best of the best contact centers in the industry "Crystal headset". In the 2019/2020 season, the Company won in the following categories:

- seller of the year: best practice for outgoing customer interaction;
- best program/practice for analytics, customer research and understanding;
- best small contact center.

In addition, the Company was highly evaluated by the jury in the categories "Best small customer service team" and "Best outgoing interaction team". The team of the customer support center's operations support department also participated in the international award for the best customer experience "Customer experience world awards" and received high approval from the jury in the "Customer at the center of everything" category.

## 5.5. Personnel development and support

Human capital is the main value of the Company and the main link in ensuring the continuity of our business. We make every effort to maintain the well-being and high level of satisfaction of our employees. The main goal of HR projects implemented in the Company is to create an open environment that encourages creativity and teamwork, supports high efficiency and productivity, and gives employees a sense of happiness at work.

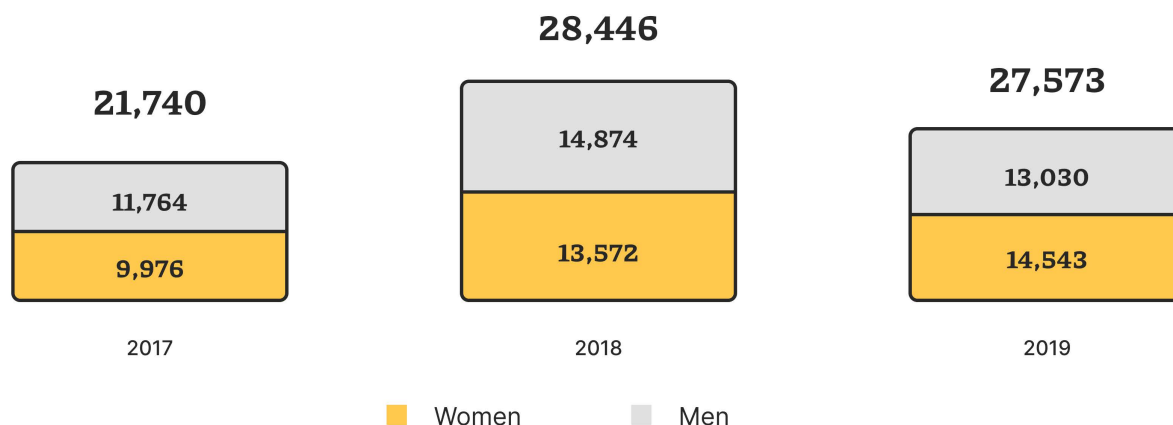
The Company's HR policy is based on the principles of non-discrimination and ensuring equal opportunities for decent working conditions and remuneration, career growth and professional development. The recruitment and promotion of employees is based solely on the qualifications and professional achievements of employees, without regard to gender, age, racial identity, or other socio-cultural characteristics. A wide range of career opportunities for people with disabilities in the Company's contact centers confirms the inclusiveness of our HR policy. (103-2 to 401)

The effectiveness of our HR policy is recognized in the business community: according to the Habr Career rating, Beeline was recognized as one of the most attractive employers for IT specialists among huge companies<sup>12</sup>. The Company became the leader in the results of the voting in which almost 9,000 people participated. The best company was selected based on 12 criteria: interesting tasks, modern technologies, adequate salary, social package, comfortable working conditions, professional growth, and others.

### Principles of HR policy<sup>13</sup>

The number of full-time employees at the end of 2019 was 27,573, of which 93% work under permanent employment contracts. For the first time in the last 3 years, the number of women in the Company exceeded the number of male employees. In the reporting year, we hired 19,593 new employees in various functions of our Company. At the same time, the share of employees over the age of 50 increased by 39% (compared to 2018). (102-7)

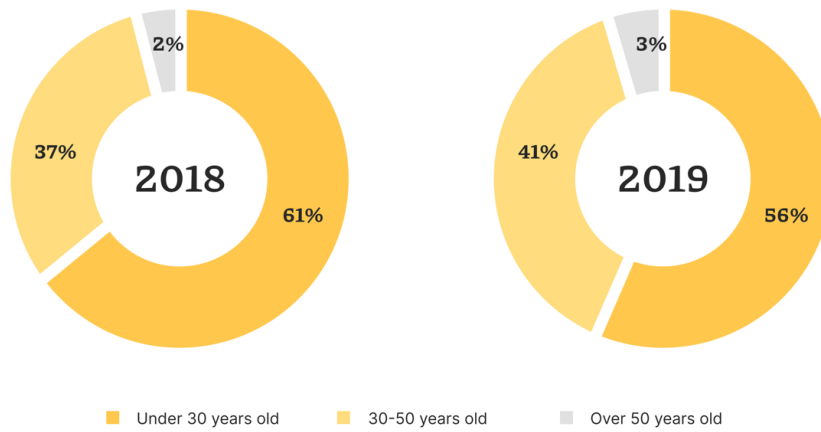
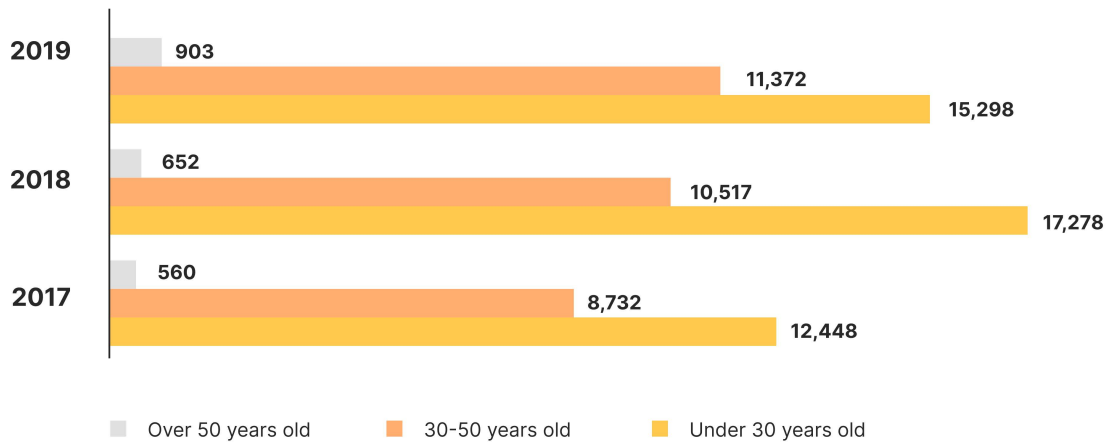
### Number of employees by gender, persons



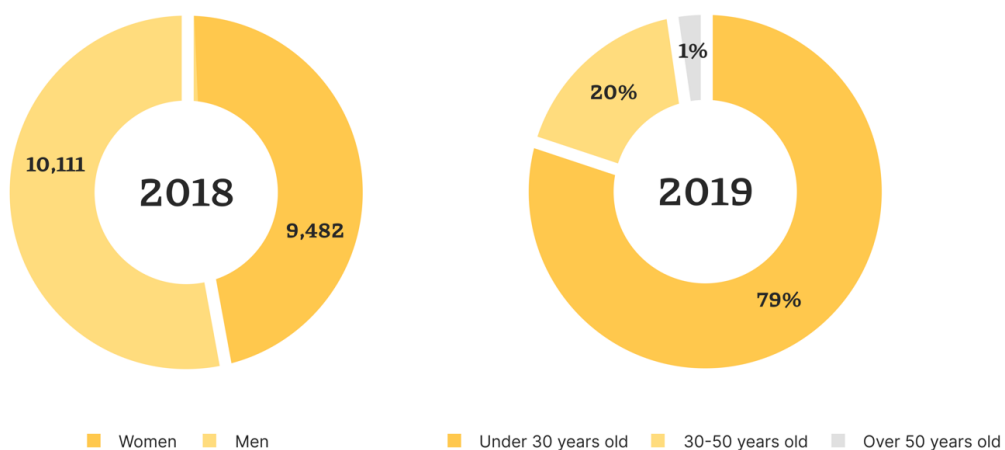
<sup>12</sup> [https://habr.com/ru/company/habr\\_career/blog/488220/](https://habr.com/ru/company/habr_career/blog/488220/)

<sup>13</sup> Data in this section are provided for full-time employees of PJSC VimpelCom

## Number of employees by age, persons



## New employee hires by gender, age group (401-1)



## Senior executives<sup>14</sup> (405-1) (202-2)

Senior executives			
	2017	2018	2019
Men	19	18	21
Women	1	2	2

	2017	2018	2019
Russian citizens (202-2)	15	19	20
Foreign citizens	5	1	3

	2017	2018	2019
Under 30 years old	0	0	0
30 - 50 years old	16	17	17
Over 50 years old <sup>15</sup>	4	3	6

The Company continues to operate the corporate women's club BeeWoman created to develop and strengthen the role of women in business. We also continued our collaboration with the Women Leadership Forum and the Woman&Tech conference as partners.

### **BEE Woman: women in business**

During the reporting period, the BEE Woman corporate club, which aims to support women in their careers who are striving for leadership in business, gained popularity: in 2019, it was joined by more than 83 employees. In total, the Club currently has ca. 150 active members from all over Russia.

<sup>14</sup> The Company's CEO and his direct subordinates.

<sup>15</sup> All employees 50 years and older are included in the "Over 50 years old" group

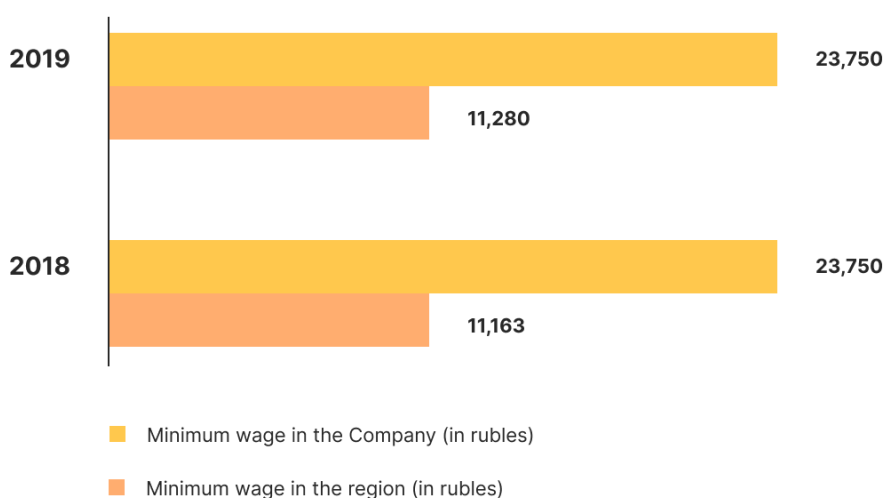


## Remuneration

Providing equal pay for equal work is our priority, and we provide our employees with competitive salaries. Employees who hold junior positions receive the same remuneration regardless of gender. Then, depending on the employee's performance indicators, bonuses are calculated and wages are reviewed. (103-2 to 202-1)

The Company's minimum wage in 2019 was 23,750 rubles, which is 2.1 times higher than the minimum wage in Russia.

## Minimum wage in the Company and in the region (202-1)



## Informed choice: balance between work and personal life

We continued to implement the BeeFREE initiative, which allows employees to work remotely and plan their own schedules. In 2019, the project was transferred to operational activities, and the initiative has become an integral part of the Company's culture.

In today's world, the flexibility provided by BeeFREE is one of the necessary conditions for effective work, as well as for retaining valuable employees and attracting new candidates from the labor market: more than 76% of the Company's employees call the possibility of remote work and flexible schedules one of the determining factors for working in the Company. According to the results of internal surveys, 98% of employees and managers say that efficiency has remained at the same level as when working in the office or has increased. Also, due to the implementation of the initiative in the reporting year, the area of administrative offices was reduced by 25%, and, as a result, the cost of renting and operating office space was reduced.

At the end of 2019, the share of employees working for BeeFREE increased by 2 percentage points to 66% in 2018.

By the end of 2020, the Company planned to expand the share of employees working on BeeFREE to 75%, but in the situation of a global pandemic, the process of transferring to BeeFREE was carried out at an accelerated pace and by the end of the first half of 2020, the share of employees who started working remotely was 94%.

*For more information about how the BeeFREE project has helped many Russian companies cope with the consequences of the global COVID-19 coronavirus pandemic and ensure business continuity, see [Beeline vs COVID-19](#).*

The Company tries to create conditions for a decent balance between the opportunity to build a career and expand a family. In 2019, 2,576 employees took parental leave (in 2018, 1,236 employees). The Company's BeeFREE initiative allows young families to effectively combine work and child care. (103-2 to 401)

## **Personnel development and training**

Continuing education allows a person to adapt to the changing conditions of the economy, business and culture. VimpelCom PJSC provides its employees with the opportunity to receive professional training and develop their competencies by completing focused training programs and developing individual development plans throughout their career path in the Company. (103-2 to 404)

The Company regularly conducts an ongoing staff assessment using the 360' method, which is to determine whether an employee is suitable for the position by self-assessment and expert survey. Based on the evaluation results, the employee and their supervisor choose training and development tools, and also form an individual development plan for six months. After the plan is completed, a control meeting with the manager is held and the employee's further training program is determined.

In 2019, the average annual number of hours of training per employee who completed training was 6.3 hours of full-time and 3.7 hours of distance learning.

CStatistics on the number of training hours, hours, 2019 <sup>16</sup> (404-1)	
Average number of training hours per employee	14,5
by gender	
among women	12,8
among men	16,4
by employee category	
senior management	1,83
other employees	14,5

**Top 4 professional training programs:**

- Training: Negotiations step by step
- Training: Training «Super speech»
- Training: Novice negotiator
- Training: PMBOK-based project management

**Top 4 programs by competence:**

- Training «Non-combustion engine»
- Training «Leading the team»
- Webinar «Feedback as a gift»
- Training «Emotional intelligence»

**Top 4 E-courses by competence:**

- E-course «Flexible thinking»
- E-course «Methods of development and training of employees»
- E-course «Emotional intelligence»
- Video tutorials «Leading the team»

In addition to mandatory and planned training, the Company's employees have the opportunity to submit their own applications for training: in 2019, 4,410 applications were submitted, 44% of which were implemented in the same year, and another 23% are on the waiting list. The most popular areas of professional training in 2019 were negotiation techniques (989 applications), IT (913 applications) and presentation skills (827 applications).

## Intramural training formats

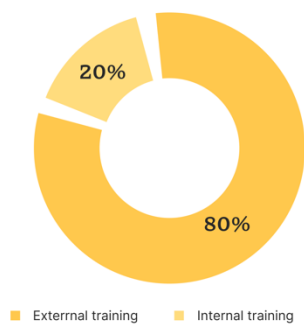
The Company operates 3 main training formats aimed at professional development of personnel and improving work efficiency (404-2):

- training programs;
- team sessions;
- coaching.

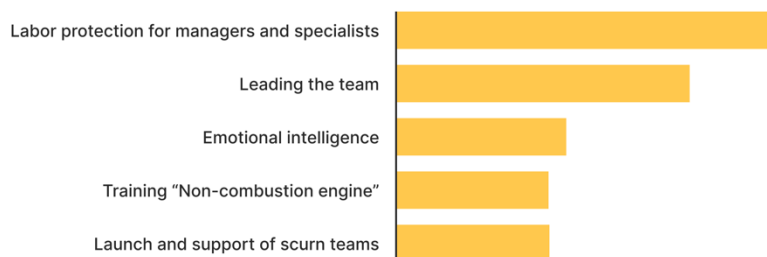
The most popular and attended form of training in the Company are training programs. In 2019, there were 1,097 training events attended by 9,289 employees. The cost of training for one employee in the framework of training programs averaged 11.6 thousand rubles.

<sup>16</sup> Information is provided on individual users who participated in Beeline University training programs, including new employees who completed mandatory e-learning (and subsequently left the Company).

## Breakdown by training programs



TOP-5 programs by attendance



Since 2018, the Company has introduced the Go Learn and Go Lead programs for intermediate and top management, aimed at developing the skills of a modern leader-manager. The training focuses on system and strategic thinking, building well-coordinated teamwork, awareness, emotional intelligence, and change management. In 2019, 110 people participated in the program, and some of them were promoted in 2019. (404-2)

### Training and development survey

According to the collected estimates, 87% of employees were satisfied with their training in 2019.

## Employee motivation and performance evaluation

We use a comprehensive system of motivation and evaluation of employees' performance to encourage the retention of highly qualified personnel, high results, and efficient work. (103-2 to 404)

All Beeline employees regularly receive feedback on their work and advice on professional development. The Company constantly uses a system of setting goals and evaluating personnel (KPI), which allows us to motivate employees to improve efficiency. (102-43) (404-3)

The Company's incentive system consists of material and non-material incentives, including payment of bonuses for various accounting periods (month, quarter, year), contests and promotions with drawing of monetary and non-monetary prizes, and a package of social benefits. (401-2)

*For more information about the elements of the employee motivation system, see the [Sustainability report 2018](#) (p. 50)*

## Motivation and engagement

One of the key factors in the Company's development is the high level of employee engagement and awareness, as well as development and maintenance of internal communications. Well-established processes within the team and cross-functional interaction contribute to successful business in the telecommunications industry. (103-2 to 402)

The Company uses several communication tools to maintain operational communication:

- Informational:
  - Space corporate portal with event announcements, Company's news and current vacancies;
  - weekly corporate magazine "Always ahead";
  - newsletters.
- Team-building and motivational:
  - SOTa portal where employees can thank their colleagues for their cooperation;
  - "UnBLOCKing" - a set of events during which the division teams told how a particular functional division works;
  - corporate events: Company's Day, BeelineAwards.
- Organizational:
  - "Open Dialogue" - meetings dedicated to the results of the Company's activities at the level of divisions/regions/Q&A sessions for all employees;
  - "Top of the MOUNTAIN" – a project where Vice Presidents and Directors acted as mentors and shared their experience, knowledge and life hacks with employees;
  - CulBuddyClub – private thematic meetings on the development of soft skills with the involvement of the Company's top officials/external speakers;
  - open webinars and lectures of Beeline University for development of soft & hard skills of employees conducted by both internal and invited trainers and coaches.
- Analytical:
  - engagement surveys ("voice Beeline" on the Happy Job platform; survey from the VEON Group in November 2019);
  - get feedback by using employee comments on posts on Space.

In March 2019, the Company conducted a survey "Let's do communications", where we asked employees to evaluate their awareness of events, major changes, strategies, and current projects in Beeline: 87% of back office employees consider themselves quite knowledgeable. For the monobrand, this figure was 81%.

## Volunteer activity

In the field of charitable activities, Beeline deliberately reduces the scale of direct cash injections, focusing on the development of innovative technologies and expertise for systemic solutions to social problems.

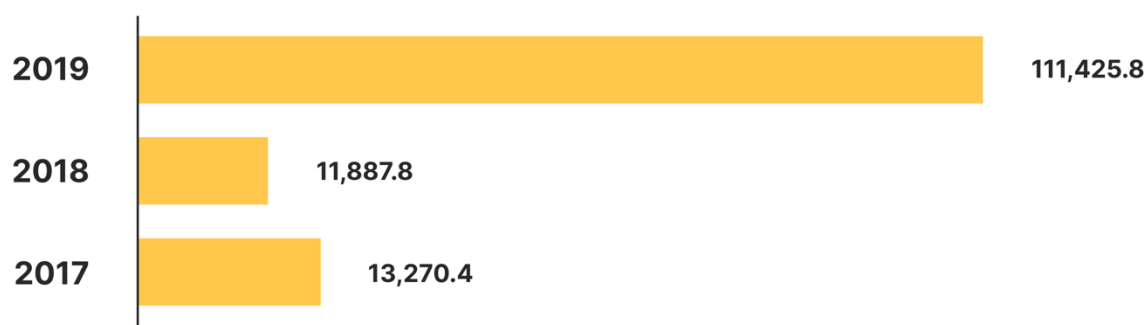
At the same time, in the reporting period, the number of hours of specialized volunteer activity increased (+231% compared to 2018) through active participation of the Company's employees in the "Donor day" and intellectual volunteering projects ProBono case day together with the To Do Good project.

## Health and safety

Our Company is responsible for preserving the health and life of its employees, ensuring safe working conditions and complying with strict occupational safety regulations that meet national and international standards. The health and well-being of each employee is of the highest value to us, and we continuously improve the system of labor protection and guarantee a high level of personnel safety. (103-2 to 403)

The Company's health and safety system fully meets the requirements of national legislation and covers the activities of all employees of the Company. In accordance with the regulatory documents of the Russian Federation, each employee of VimpelCom PJSC undergoes mandatory procedures for familiarizing with the Company's internal documentation on health and safety, studying instructions describing precautions and safety measures, as well as undergoing training and testing to verify their knowledge. (403-1)

## Health and safety expenses, thousand rubles

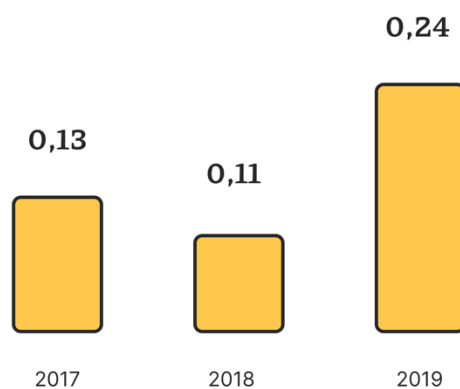


Compared to 2018, the health and safety expenses in the reporting year increased by 9.4 times. Such a drastic increase is associated with the global renovation of buildings, during which the ventilation system was replaced, new furniture and other household goods were purchased for organization of workplaces in accordance with mandatory standards.

During the reporting period, the Company did not have any non-fatal accidents, and there were no cases of serious injuries. In 2019, 12 minor accidents were registered (in accordance with the classification adopted in the Russian Federation), the causes of which were falls and injuries resulting from collapses and falling of objects, falling on slippery surfaces, including those covered with snow and ice. The frequency rate of minor occupational injuries among the Company's employees was 0.24. (403-9)

There were no accidents in 2019 in contractors operating at the Company's facilities.

### Accident frequency rate LTIFR<sup>17</sup> (403-9)



All accidents that occur to employees during the performance of their official duties, regardless of their severity, are investigated in accordance with the current legislation. Based on the results of the study, we develop measures to eliminate the causes of the accident and make every effort to minimize the risk of re-occurrence of the incident. (403-2)

*For more information about the procedure for investigating occupational injuries, see the [Sustainability report 2018 \(p. 52\)](#)*

Also, in 2019, there were no cases of occupational diseases. (403-10)

During the reporting period, we continued to work on the process of ensuring acceptable levels of artificial lighting in the workplace, equipped sales offices with clean drinking water, and organized an annual medical examination for employees under 21 who have harmful or dangerous working conditions. All employees who have worked for the Company for more than three months are entitled to a corporate VMI policy, which includes outpatient and dispensary services, dental services, as well as planned and emergency inpatient treatment. In 2019, the Company's expenses for health and life insurance, as well as VMI, increased by 10.5% compared to the previous reporting period. (401-2) (403-6)

In 2020, the Company plans to continue improving the health and safety system and develop detailed maps of occupational risks associated with threats to health.

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<sup>17</sup> The LTIFR indicator was calculated for 1 million hours worked

## **5.6. Improvement of the environmental performance**

### **Environmental strategy**

As a major player in the telecommunications market, we are aware of our responsibility to the planet and strive to have the lowest possible impact on the environment. By increasing environmental efficiency, the Company reduces the risks to humanity and business in the present and ensures the stability and well-being of future generations. We develop and implement a large number of internal and external environmental initiatives that comply with best national and international practices in the field of environmental impact.

In 2020, the Company plans to adopt a new environmental policy, which will set out the main commitments, goals and objectives of the Company in the field of energy efficiency, combating climate change, efficient resource consumption, waste management, management of emissions and discharges that the Company undertakes, as well as mechanisms for managing environmental risks.

### **Environmental policy is developed taking into account:**

- The UN Sustainable Development Goals approved by UN General Assembly resolution A/RES/70/1 on 25 September 2015;
- Recommendations and reports of non-governmental organizations and international initiatives: UN global contract, IPCC, World wildlife fund, GRI;
- Federal law No. 7-FZ of January 10, 2002 “On environmental protection”;
- Decree of the President of the Russian Federation No. 204 of May 07, 2018 “On national goals and strategic objectives for the development of the Russian Federation for the period up to 2024”, as well as taking into account other strategic documents in the field of environmental protection and environmental safety.

In order to comply with best practices in the field of environmental management, the Company undertakes to organize an annual review of the policy. It should also be initiated in case of changes in the legislation of the regions where it operates and international environmental standards and requirements.

The Vice President for Communications and Sustainability is responsible for implementing the environmental policy, for compliance with it, for developing and updating it. The regulatory document, as well as all amendments to it, are approved by the Executive Vice President for Asset Management, Procurement and Logistics of the Company.



## Improving energy efficiency through introduction of innovative technologies

### Data processing centers (DPC)

In an effort to make the Company's activities energy-efficient and environmentally friendly, we introduce innovative technological solutions to reduce the burden on the environment. Thus, the construction of data processing centers is implemented in areas with a moderate cold climate, which reduces the cost of electricity for removing excess heat from telecom and IT equipment in the autumn, winter and spring periods. In addition, energy-saving Free Cooling technology is used to ensure the operation of the center. To ensure continuous power supply to large data centers, the Company uses powerful dynamic uninterruptible power supplies, which allows to avoid arrays of batteries – electrochemical current sources that are harmful to the environment. One example of implementing such solutions is the data processing center in Yaroslavl, which has been operating since 2013. (103-2 to 302)

When building a data processing center, the Company focuses on international and national environmental standards. The main goals when creating new centers are to ensure the average annual target level of energy efficiency (PUE, Power usage efficiency) up to PUE 1.35, as well as to replace the refrigerant in air conditioning systems, freon R22, with a more environmentally friendly R410<sup>18</sup>.

### Base stations

When installing base stations (BS), the Company also uses a number of technological solutions and initiatives that increase their energy efficiency and reduce the impact on the environment (103-2 to 302):

- disabling outdated and unused hardware;
- activation of available energy-saving software features provided by developers;
- replacing monolithic base stations with distributed ones, which increases energy efficiency by an average of 10-20%;

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<sup>18</sup> According to the decree of the Government of the Russian Federation dated 09.04.2014 No. 228, in accordance with the Montreal Protocol on substances that deplete the ozone layer, dated 16.09.1987.

- installation of free-cooling systems on container BSs to optimize power consumption by air conditioners and increase efficiency by 7-15%;
- setting the target temperature of air conditioners at a level not lower than 26°C, systematic monitoring of compliance with the regime – ca. 9% energy savings consumed by air conditioners;
- replacing and configuring low-efficiency uninterruptible power supplies with single power supply;
- optimization of electricity tariffs due to the introduction of an automated information and measurement system for commercial electricity metering and the transition to the 4th tariff group.

Since 2018, energy-saving technologies have been fully integrated with base station equipment at the software level. In 2019, VimpelCom PJSC continued the implementation of the Phoenix project, under which it transferred the maintenance of its base stations to telecommunications equipment manufacturers — Huawei and Nokia. It was launched in 2018. Since the launch of the project, the entire amount of fuel for refueling stationary diesel generator sets (DGS) located on the access network, controller positions and switching centers, as well as mobile DGSs and gasoline generator sets (GGSs) used for power supply to VimpelCom facilities, is purchased at the expense of business partners. (103-2 to 302)

#### Fuel consumption from non-renewable energy sources (GJ) (302-1)

Fuel consumption from non-renewable energy sources (GJ)			
	2017	2018	2019
Natural gas	0	0	0
Diesel	44,579	6,970	10,030
Automobile gasoline	31,066	26,417	20,559
<b>Total</b>	<b>75,645</b>	<b>33,387</b>	<b>30,589</b>

## Direct (Scope 1) greenhouse gas emissions (t)<sup>19</sup> (305-1)

Direct greenhouse gas emissions (t)			
	2017	2018	2019
<b>Total</b>	5,403.79	2,347.18	2,167.96

VimpelCom's activities are not associated with significant emissions of pollutants into the atmosphere, however, we support the global agenda related to the fight against climate change. Over the past three years, we have managed to reduce direct CO2 emissions by 60%. In future periods, we aim to continue to improve our own energy efficiency and reduce emissions, including by introducing more energy-efficient equipment in offices and substations, as well as regularly updating our fleet. (103-2 to 305)

## Heat and electricity consumption (thousand kWh) (302-1)

Heat and electricity consumption (thousand kWh)			
	2017	2018	2019
Thermal energy	10,627.2	21,289.8	19,894
Electrical energy, incl.	675,813.4	820,970.7	804,057.5
own offices	80,909.1	81,228.7	82,577.3
leased offices	22,780.9	29,852.3	43,549.7
Other	572,123.4	709,889.7	677,930.5

The volume of solar energy consumption by networks, provided by their own generation of electric energy by solar panels, amounted to 52.9 GJ (ca. 2% of the total energy consumed by networks in 2019) and decreased by 36% compared to last year. The reduction compared to the previous period occurred due to the reduction of consumption of solar energy in two southern positions due to malfunction of solar cells and lower efficiency solar panels(302-1) The Company's total energy consumption was 2,997 TJ in 2019 (3,066 TJ in 2018). The reduction in energy consumption is due to the modernization of engineering equipment, the

<sup>19</sup> Estimate that includes carbon dioxide (CO2) emissions. The coefficients approved by the Order of the Ministry of natural resources of the Russian Federation dated 16.04.2015 N 15-p were used in the calculations.

resumption of operation of base stations using FreeCooling technology, as well as the implementation of energy efficiency initiatives, including installation of automated data unloading and transmission to the electricity supplier. (302-1)

### Improving office energy efficiency

In order to make our offices as energy efficient as possible, we strive to implement automated consumption management systems and minimize fuel costs by replacing face-to-face meetings with video calls.

In 2019, during the renovation of offices, all radiators were replaced with modern ones with the ability to regulate the flow of heat carrier. Also, optimal operating modes of ventilation and heating systems were developed and implemented, which significantly reduced the consumption of heat energy during non-working hours and on weekends. In several offices, as a pilot project, dimming devices have been installed that regulate the intensity of artificial lighting in the room depending on the level of light flux of solar radiation.

### Impact of transport

In 2019, we managed to reduce the amount of energy spent on transportation of equipment and personnel by 16% compared to the previous year. This was achieved by reducing the number of cars in the fleet in favor of public transport and taxis.

Amount of energy consumed by our own or rented transport (kWh)		
	2017	2017
Diesel	185,652	131,857
Gasoline	1,417,499	1,211,260
Natural gas	0	0
Electricity	0	0
Total	1,603,151	1,343,118

### Rational use of natural resources

#### Water consumption

To control water consumption, water metering devices are installed in the Company's offices. In 2019, the volume of water consumption was 111,543.4 m<sup>3</sup>, a decrease of 17,142.8 m<sup>3</sup> compared to the previous year. The reduction in water consumption is due to the replacement, during repairs of administrative offices, of toilets with more eco-friendly

ones that can adjust the amount of water supplied, as well as the installation of a new type of Water Saver aerators on faucets in bathrooms and food reception rooms of administrative offices, which allows saving water supply up to 30%.

Water consumption (thousand m3) <sup>20</sup>			
	2017	2018	2019
<b>Total</b>	128,5	128,7	111,5

## Responsible use of materials and waste management

To reduce the amount of resources consumed and the amount of waste generated, we prefer the digital method of transmitting information over printed products. In the reporting year, this approach allowed us to reduce paper consumption by 16% compared to 2018. 13% of the used paper was sent for recycling.

Volume of paper consumption (tons) <sup>21</sup>	
2017	156,9
2018	122,4
2019	102,8

In cases where printing a document is necessary, we use the eco-printing function, which significantly reduces the use of ink. The Company's household waste is exported to specialized landfills under existing agreements with garbage operators. The average volume of household waste is 751.7 tons per year<sup>22</sup>.

## Fines for violation of environmental legislation

In 2019, VimpelCom paid fines totaling 346 thousand rubles for late submission of environmental reports to regulatory authorities, deviations from the approved forest protection management procedure, and violation of environmental standards. The Company was also subject to one non-financial sanction during the reporting period.(307-1)

<sup>20</sup> The calculation of water consumption by offices included VimpelCom PJSC, excluding sales offices of the Beeline monobrand network.

<sup>21</sup> The calculation of paper consumption by offices included VimpelCom PJSC, excluding sales offices of the Beeline monobrand network.

<sup>22</sup> The calculation includes administrative and technical offices of VimpelCom PJSC

Each of the violations was investigated by the Company, and appropriate measures were taken to prevent similar incidents in the future. (103-2 to 307)

## **5.7. Business ethics and compliance**

Responsible and ethical business conduct is a key principle that affects all other business processes of the Company. We apply high ethical standards within the organization, paying great attention to preventing legal violations and illegal actions, and maintaining the business reputation and trust of the public and the business community. (102-16)

The Business Ethics and Compliance Division is responsible for compliance, development of an ethical culture, and compliance with anti-corruption measures. In addition, the Company has a number of other functions that are responsible for a number of related areas, such as compliance with antitrust laws and personal data protection.

*For more information about the Company's activities in each of the areas, see the CSR report 2016–2017 (p.22-30)*

### **Human rights**

Respect for human rights is one of the highest priorities for VimpelCom PJSC and plays an important role in ensuring the Company's sustainability. The Company supports international and national standards on human rights and freedoms, which are enshrined in the Constitution of the Russian Federation, Labor Code of the Russian Federation, the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and other documents. (103-2) (408-1) (409-1) (411-1)

The principle of respect for human rights is set out in the VEON Group's Code of Conduct, SpeakUp hotline policy, and the VimpelCom Sustainability Strategy.

In accordance with national legislation and internal documents, the Company does not allow any form of discrimination and provides every employee with equal opportunities to exercise their labor rights, regardless of gender, age, origin, race, skin color, language, nationality, place of residence, social, property, family and official status, affiliation with any religion, beliefs, membership or non-membership in public associations or any social groups. (103-2 to 405)

VimpelCom PJSC provides employees with a guarantee of protection of human dignity and privacy, the right to freedom of thought, conscience and speech, provides safe working conditions, decent pay and the best social security.

In addition, the Company adheres to the principle of zero tolerance to use of child and/or forced labor.

VimpelCom operates in regions where a number of indigenous minorities live. In carrying out its activities, the Company respects their rights, interests and traditions and does not

have a negative impact on the way of life of indigenous minorities. In addition, the Company is always open to dialogue with representatives of this stakeholder.

In 2019, there were no cases of violations affecting human rights in the activities of VimpelCom PJSC

*For more information about the Company's human rights activities, see the [Sustainability report 2018 \(p. 25-29\)](#)*

## **Development of the Company's ethical culture**

VimpelCom pays great attention to continuous improvement of the ethical culture, regularly reviewing internal regulations and developing projects in the field of ethical leadership and internal employee training. Thus, in 2019, the Company adopted updated documents (102-16):

- VEON Group's Code of Conduct;
- Anti-corruption policy;
- Conflict of interest policy;
- Commercial sponsorship procedure;
- Rules of internal control to counteract money laundering.

In 2019, the Company conducted an annual anonymous employee survey – an ethics index aimed at evaluating employee engagement, as well as evaluating the ethical culture. The assessment of ethical culture was evaluated by four key parameters: employee's opinions on the Company's business ethics and compliance program, management's ethical leadership, employee behavior in the Company, and an assessment of the ethics of line managers. The survey is conducted by an independent external company. (102-17)

The survey results showed a fairly high level of employees' involvement – 77%. However, we were able to identify some areas for development, including expansion of tools for informing employees about policies and procedures, strengthening the positioning of the Hotline, increasing the number of feedback from top management, as well as increasing attention to new employees in terms of getting acquainted with the Company's ethical policies and principles. In 2020, we plan to conduct a similar study to track changes.

In 2019, the Company continued to implement the project "Time H", which means "Time of honesty" in version 2.0, which includes three main areas:

*Ethical leadership.* Top level managers — Territorial Managers, Regional Directors - regularly hold meetings with employees to discuss ethical issues.

*Ethical training.* All managers of the Beeline retail chain are trained at the school of ethics for managers in the format of an online course developed jointly with RBEN.

*Ethical research.* As part of the study conducted in 2019, we managed to interview more than 500 employees across the country on ethical issues. The survey was conducted through face-to-face meetings and aimed to get the opinion of each employee. The results of the survey showed that the Company's employees consider it important to discuss ethics and compliance issues in semi-formal face-to-face meetings with managers and employees of the Business Ethics and Compliance Division, which are an effective way to complement official training and briefings.

In 2020, we plan to continue the project in the next version of “Time H 3.0”, which is supposed to implement a new direction “Ethical dilemmas”, which will be described in more detail in the next report.

## **External audit of corporate ethical culture**

In 2019, the Company successfully passed a comprehensive audit of its ethical culture. For more than 4 months, experts from the Association of Business Ethics, compliance and CSR (RBEN, Russian Business Ethics Network) evaluated the Company's ethics management system for the first time in Russia. Top management of the Company and VEON Group also participated in the audit. Thus, VimpelCom became the first company in Russia to conduct such an ethical audit. During the audit, the expert commission analyzed Beeline's ethical culture in 10 areas and 249 criteria, including ethical leadership, internal communications, maintaining corporate documents, managing the ethical function, and organizing a hotline. As a result of the audit, the Company received a certificate scoring 230.34 points out of 261 possible.

On May 21, 2019, VimpelCom received a certificate confirming that it passed the audit. According to the results of an independent study, the Company received the status of “Ethical beacon” - the highest rating that demonstrates ethical leadership in the market.

## **Code of conduct**

The VEON Group Code of Conduct is a statement of the legal and ethical principles of conduct for employees of each company in the VEON Group, including VimpelCom PJSC, and



the principles of business conduct that should always be strictly observed, regardless of location or circumstances. (102-16)

Employees of VimpelCom PJSC treat each other, their clients and business partners with respect. It is important for us that employees do not hide conflicts of interest, do not give bribes, do not abuse their official duties, and do not violate other Company rules.

To ensure that our clients and business partners understand the principles that the Company and our employees adhere to, we have made the Code of Conduct publicly available<sup>23</sup>. *For more information about the Code of Conduct, see the Sustainability Report 2018, p. 32.*

## Anti-corruption

All VEON group companies, including VimpelCom PJSC, always act professionally, honestly and in good faith. Bribery and corruption are unacceptable to the Company in any form. The management of VimpelCom PJSC adheres to the principle of absolute rejection of corruption in the conduct of business and expects the same from the Company's employees: regardless of the position, length of service, work experience or merits to the Company. Honest business is a priority task of VimpelCom PJSC, so even if the Company suffers business losses if an employee refuses a bribe, they will not be demoted, fined or harassed. Conversely, situations where an employee engages in any wrongdoing for profit will be investigated and those responsible will be held accountable. (102-16) (103-2 to 205)

The Company has an Anti-corruption policy<sup>24</sup> that defines issues of honest behavior in the business environment and anti-bribery. This policy provides for compliance with all anti-bribery and anti-corruption laws in force in the countries where the VEON Group operates. The policy is observed by employees of VimpelCom PJSC and its subsidiaries, as well as by business partners of VimpelCom PJSC.

The Company pays great attention to internal communications and training in the field of compliance. In particular, the anti-corruption training program includes mandatory e-courses, as well as additional full-time training for employees of different levels of risk.

Mandatory courses include an annual Code of Conduct training course that all employees must complete, as well as a course on countering corruption and course on conflicts of interest. The last two are mandatory for a certain group of employees who are at medium and high risk for the reporting period. (205-2)

In 2019, 3,244 employees of the Company, which is 13% of the headcount, as well as all senior managers of VimpelCom PJSC, completed the anti-corruption course during the training campaign. By completing the training on the Code of Conduct in the Company, statistics up to 99% are achieved: it is mandatory for all new employees, and the Company

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<sup>23</sup> The full version of the Code of conduct is available on the Company's website at the link: [https://static.beeline.ru/upload/17\\_images/22100-Kodeks\\_povedenija\\_veon.pdf](https://static.beeline.ru/upload/17_images/22100-Kodeks_povedenija_veon.pdf)

<sup>24</sup> The full version of the anti-corruption policy is available for download on the Company's website at the link <https://moskva.beeline.ru/about/compliance/about-compliance/>

regularly conducts major campaigns to complete the course by those employees who have not yet completed it this year. (205-2)

## **SpeakUp hotline**

The Company operates a SpeakUp hotline designed to inform about possible or known violations or attempts to conceal possible or known violations of the Company's Code of Conduct and other internal regulations, policies and procedures, as well as current legislation, and about possible or known cases of inappropriate or unethical behavior affecting the Company, the VEON Group or their employees, or implying their involvement in such cases, and other problems related to ethical business conduct, including for the purpose of obtaining advice. (102-17)

The hotline can be used by both Company employees and third parties.

It is supported by an external contractor, Convercent, an international company that ensures independence and confidentiality when registering requests.

We do not tolerate harassment and take measures to preserve confidentiality and anonymity, as well as respect the right of a person to be considered innocent in the absence of evidence of guilt, and guarantee a fair investigation of each case. (102-17)

## **Sustainable supply chain**

The main goal of procurement activities of VimpelCom PJSC is to ensure business continuity through timely supply of products of proper quality at the best price. The Company's purchases are made in accordance with internal regulatory documents and the legislation of the Russian Federation. The Company provides its suppliers with transparent and fair terms of cooperation. When selecting contractors, all offers are evaluated on equal and fair terms, and objective, measurable criteria that reflect the customer's requirements are used as the basis for evaluating offers.

When choosing a counterparty, the terms of reference are drawn up taking into account the entire product life cycle and are formed taking into account the applicable requirements of international standards, inspection and licensing organizations.

The parameters of the procurement event, terms of reference, and evaluation criteria are approved before sending the request for proposals to participants.

All participants in the Company's procurement activities are subject to corporate checks for risks related to unfair business conduct, violation of legal requirements, including anti-corruption legislation, financial, tax and compliance risks. (103-2 to 206)

## Requirements for suppliers and business partners

In order to maintain its reputation and comply with best practices in the field of sustainable development, Beeline strives to extend its ethical business standards to its suppliers and business partners.

The Company has a Code of Conduct for business partners that sets out the main issues of ethical behavior, fair business conduct, conflicts of interest, non-discrimination, safety of working conditions and other business ethics issues on the part of VimpelCom partners and suppliers. The rules set out in the Code apply to all suppliers, including new ones. (103-2 to 414)

*For more information about the Code of Conduct for business partners, see the CSR report 2016-2017, p. 27 and the Sustainability Report 2018, p. 36.*

A mandatory component of the Company's contracts is the conditions under which the Company's counterparties and persons acting on their behalf:

- read the requirements of the VEON Group's Code of Conduct and the business partner's Code of Conduct;
- they should comply with these requirements;
- they are obligated to notify about actual or potential cases of violation of these requirements.

We choose out business partners carefully and reject cooperation if a partner has violated anticorruption or other requirements of the Code of Conduct. (205-2)

## Supplier and business partner engagement

In total, during the reporting period, we maintained contractual relations with 6,938 suppliers, of which the share of Russian suppliers was 99% (or 6,853 organizations). Russian legal entities accounted for 91% of the total cost of purchasing categories. (102-9) (204-1)

	2017	2018	2019
Number of suppliers that the Company interacts with <sup>25</sup>	8,465	7,840	6,938

The main purchasing category has traditionally been phones and accessories for cellular communications. We strive to strengthen partnerships with our partners to create an open and predictable business environment. The implementation of these approaches is impossible without active participation of contractors — direct dialogue and exchange of views. Striving for mutually beneficial cooperation with its partners, the Company has created a

<sup>25</sup> Total by purchasing and non-purchasing categories.

platform for effective joint work — the Conflict Commission. The Conflict Commission was established in 2014, the purpose of its work is to resolve disputes and consider complaints from VimpelCom contractors on issues such as: (103-2 to 204-1)

- prequalification;
- choosing a counterparty;
- disqualification.

If the supplier believes that the tender procedures were conducted in violation of the rules, non-transparent or biased, it can apply to the Conflict Commission of VimpelCom PJSC to conduct a detailed analysis of the situation and make an objective decision. In 2019, 8 requests from suppliers were reviewed in this way.

### **Procurement efficiency improvement**

Beeline continues its constant work aimed at improving the efficiency and transparency of procurement procedures, which results in both increasing the efficiency of spending the Company's resources and improving the conditions for interaction with the Company for partners.

So, in 2019, the Company developed an innovative IT system for interacting with the warehouse and for managing demand. The implementation of “project-based” demand management allowed to increase the accuracy of purchases by 10% and reduced the cost of supplying the development of the radio access network with equipment and materials by 3%. In addition, we have implemented a number of changes to the procurement procedures for a single counterparty. At the end of 2018, the Company changed its approach to managing purchases from a single source - the focus shifted to risk assessment and making an informed decision, as well as a detailed analysis of the circumstances that led to purchases from a single counterparty. In 2019, the instruction “Choosing a single counterparty” was supplemented with a detailed description of the risk factors that need to be checked in order to make a decision on the need for corporate verification. As a result, in 2019, the share of decisions on selecting a single counterparty from the total number of purchasing decisions decreased by 16% compared to 2018.

Also, in the reporting year, the procurement function was successfully transformed: the function of selecting a counterparty and concluding contracts was transferred from the purchasing division of the VEON Ltd. headquarters to the procurement directorate of VimpelCom PJSC. The transfer of functionality did not affect the Company's operations.

The Company's efforts to improve its purchasing function in 2019 did not go unnoticed by the professional community. Thus, the Supply Director of VimpelCom PJSC was included in the Top 1000 best managers of Russia 2019 according to the Association of Managers.

## 5.8. Risk management framework

Effective risk management is an integral part of the Company's sustainability, including the maturity of the corporate governance system. Beeline follows the best international standards in the field of risk management and uses the model developed by the Committee of Sponsoring Organizations of the Treadway Commission (ERM COSO).

The Company's fundamental document in the field of risk management is the Corporate Standard "Risk Management and Internal Control". According to its provisions, risk management is carried out at several functional levels at once, and responsibility for the implementation of this policy is assigned to each employee of the Company:

- each employee, regardless of their position, is responsible for managing risks within their authority, integrating control procedures into business planning and budgeting processes;
- each employee is responsible for verifying the accuracy of information about risks identified by the responsible departments.

A controls system intended to reduce the risks of misstatements in financial statements and corruption risks operates successfully in the Company.

The Company applies a comprehensive approach to risk identification, including both direct data analysis and special training activities for employees of various departments, which allow individual functions to more effectively identify and assess risks in their area of responsibility, based on their expertise.

The following are the key risks of the Company in the field of sustainability. *A full list of risks is presented in the Annual report of VimpelCom PJSC for 2019 on pages 9-21.*

## Key risk management (102-15)

Risk description	Risk management
<b>Technological risks</b>	
<p>VimpelCom operates in the telecommunications market, which is characterized by a high level of dependence on technological innovations. The dynamic development of the communications industry leads to the risk that the strategy adopted by VimpelCom may become irrelevant as a result of release of new technological products or introduction of new technologies by competitors in the field of communication services.</p> <p>Beeline strives to ensure continuity of communication and proper quality of services for all its subscribers. Poor infrastructure and technical failures can lead to poor communication quality or interruption of access to the network and related digital services.</p> <p>With data from more than 50 million subscribers, VimpelCom PJSC is responsible for their storage and non-proliferation. In the event of a data leak, human rights to protect privacy and data confidentiality will be violated, as well as the Company's reputation will be negatively affected, which may reduce the Company's ability to attract new subscribers, as well as lead to claims from subscribers.</p>	<p>Regular updating of the Company's strategy, taking into account the current and expected state of technology development both in the field of communication services and in related areas.</p> <p>Support for innovation activities, including by supporting a competition for technology startups.</p> <p>Regular monitoring and testing of network condition, infrastructure maintenance, and modernization.</p> <p>Implementation of information security solutions that ensure data security and protection from external attacks.</p> <p>Maintenance of a hotline for subscribers to report suspicious activities (spam messages and Fraudster calls).</p>
<b>Economic risks</b>	
<p>The telecommunications services market where VimpelCom PJSC operates is characterized by a high level of competition. The potential growth of financial and managerial capabilities of existing telecom operators, their use of new marketing methods, as well as the emergence of new products and services only increase competition, increasing the cost of expanding and retaining the subscriber base, reducing the average revenue per subscriber.</p> <p>In the context of globalization, negative trends in the world economy can lead to deterioration of the economic situation. The consequences of worsening of economic or political situation may negatively affect the solvency of the population and the Company's costs, which will inevitably affect the Company's financial results.</p> <p>Imported equipment and materials make up a significant share of VimpelCom's purchases, which makes the Company dependent on possible changes in prices for equipment and services purchased on the foreign market due to currency fluctuations.</p>	<p>Continuous monitoring and analysis of competitive behavior and market situation.</p> <p>Hedging of financial and currency risks, in particular the purchase of foreign currency on spot and forward conditions.</p> <p>Conducting negotiations with suppliers to renegotiate contracts and fix prices for purchased equipment, works, and services in rubles.</p>

Risk description	Risk management
<b>Social risks</b>	
<p>Beeline considers unacceptable cases of human rights violations against its clients, employees and other stakeholders. We pay particular attention to the risks associated with violations of the right to fair and favorable working conditions and the right of children to special protection and assistance, including protection.</p> <p>Of civil and political rights, including the right to confidentiality, protection of freedom of expression and opinion, personal integrity, as well as social, cultural and economic rights that are infringed in the event of incidents of bribery and corruption. Infringement of the above-mentioned rights by VimpelCom employees is a serious risk to the Company's reputation and leads to negative legal consequences.</p> <p>A number of programs providing equal opportunities of access to Beeline services to people with disability, the elderly people, people with migration and forced relocation experience are run by the Company in terms of ensuring the human rights.</p> <p>In the field of occupational safety, the Company highlights the risks that arise when working with electricity, at height, when laying cable lines, as well as when using official transport. Injuries resulting from the implementation of these risks lead to temporary disability of our employees and, as a result, reputational and financial consequences. (403-2)</p> <p>Beeline's activities are based on providing opportunities for convenient communication, but the risk of using these opportunities for criminal purposes, including terrorist ones, puts lives at risk people and the company's reputation.</p>	<p>Continuous monitoring of compliance with ethics and business standards and registration of violations via the SpeakUp hotline;</p> <p>Implementation of initiatives to create a responsible business culture based on the values of respect for human rights; implementation of the project "Time H";</p> <p>Conducting internal corporate training in the field of business ethics and anti-corruption activities;</p> <p>Compliance with the provisions of the Anti-Corruption Charter of Russian business and internal regulations;</p> <p>Conduct annual audit procedures for compliance with labor protection requirements in all regional divisions.</p> <p>Timely updating of instructions, carrying out instructions on labor protection;</p> <p>Compliance with marketing communications and requirements for the provision of telecommunications services;</p> <p>Development of programs and training on ensuring compliance with the criteria of universal design in development and provision of services and products for the categories of clients with special needs;</p> <p>Creating adequate conditions for employment and adaptation of employees with disabilities.</p>



Risk description	Risk management
<b>Environmental risks</b>	
<p>The Company highlights energy risks, climate risks, and risks associated with natural disasters in its activities.</p> <p>Temperature changes associated with climate change may affect the need to adapt ventilation and cooling systems in data centers. An increase in air temperature can lead to an increase in the organization's energy consumption costs associated with cooling equipment. In addition, global warming will lead to an overall increase in the cost of electricity due to a decrease in the amount of available hydroenergy, which now accounts for 17% of the world, as well as a forced transition to more environmentally friendly, but expensive energy sources. Another possible consequence of global warming is the potential thawing of soils in the Northern regions, which will require the Company to provide additional security measures for infrastructure facilities located in these regions.</p> <p>The Company faces the risk of natural disasters in certain regions of Russia, including regions that are prone to flooding or are located in seismically dangerous zones. If this environmental risk is realized, the base stations of VimpelCom PJSC may completely or partially fail and require repairs, which will lead to additional costs for the Company, as well as to a decrease in the quality of communication and/or interruption of access to communication services for groups of stakeholders. Moreover, the threat of disruption of transport links to remote regions of the country may make it difficult to carry out restoration work.</p> <p>As a result of changes to environmental legislation, VimpelCom may face higher prices for materials and resources, as well as the need to replace used equipment to meet new environmental standards.</p>	<p>Monitoring changes in national and international environmental legislation and applying a proactive approach to compliance with leading environmental standards.</p> <p>Monitoring of climate and flood conditions in the regions where the Company operates.</p> <p>Introduction of advanced energy-efficient technologies that reduce energy consumption for cooling equipment.</p> <p>Application of the precautionary principle: assessment of environmental risks when making decisions on the implementation of infrastructure and other projects that interact with the environment. (102-11)</p>



Risk description	Risk management
<b>Compliance risks</b>	
<p>VimpelCom's operations are critically dependent on compliance with the terms of licenses for providing communication services and relevant standards. In case of non-compliance with these terms and conditions, as well as violation of the legislation of the Russian Federation, licenses may be suspended or revoked.</p> <p>Tougher regulatory practices regarding the provision of roaming services and inter-operator interaction may create certain risks for the Company's financial and economic performance.</p> <p>In connection with the activities of certain VimpelCom subsidiaries in the CIS countries and Georgia, the Company is also indirectly exposed to the risks of non-compliance with the legislation of these countries.</p>	<p>Strict compliance with tax, customs, licensing, currency legislation and General and industry (in the industry «Communication») legislation, tracking changes and implementing timely response measures.</p> <ul style="list-style-type: none"> <li>• Building a constructive dialogue with regulatory authorities on law enforcement issues.</li> <li>• Conducting round tables on compliance issues at the Chamber of Commerce and Industry of the Russian Federation (CCI of the Russian Federation).</li> </ul>
<b>Reputational risks</b>	
<p>The occurrence of reputational risk is associated with the implementation of any of the above risk groups. Reputational risk arises as a result of forming a negative image of the Company's financial and social stability, the quality of its products and services, or the nature of its activities. The reputational risk is associated with negative financial consequences.</p>	<p>Monitoring of consumer preferences.</p> <p>Informing existing and potential customers about the quality of products and services offered.</p> <p>Timely disclosure of the Company's financial and non-financial results.</p> <p>Implementation of the corporate strategy for sustainability.</p>




# 6. Contribution to the UN SDGs

As part of its activities, VimpelCom PJSC identifies 9 UN SDG that are relevant from the point of view of the specifics of our business and intersect with our strategic priorities. At the same time, special attention is paid to the focus SDG # 3, 8, 9, 10 and 17.






## Relevant SDG for VimpelCom PJSC

<h3>01 Economy</h3> <p>Promotion of economic development, contribution to building a digital economy and sustainable cities</p>	<h4>11</h4> <p>Sustainable cities and human settlements</p> 	<h4>8</h4> <p>Decent work and economic growth</p> 	<h4>17</h4> <p>Partnership for sustainability</p> 	
<h3>02 Society</h3> <p>Promotion of social development and growth of human capital, social technological innovations</p>	<h4>9</h4> <p>Industrialization, innovation and infrastructure</p> 	<h4>10</h4> <p>Reducing inequality</p> 	<h4>5</h4> <p>Gender equality</p> 	<h4>4</h4> <p>Qualitative education</p> 
<h3>03 Environment</h3> <p>Smart-Solutions in the field of energy efficiency, reducing the environmental footprint</p>	<h4>3</h4> <p>Good health and well-being</p> 	<h4>7</h4> <p>Low-cost and clean energy</p> 		

In 2019, we have identified a set of quantitative indicators that we plan to disclose in order to more constructively monitor and evaluate Beeline's contribution to achieving the SDGs. At the same time, we did not set a goal to reveal as many indicators as possible, but identified the most relevant indicators for our business

SDG	Name of the indicator UNCTAD GCI/ GRI Standards	Disclosure
 <p><b>Good health and well-being</b></p> <p><b>3</b></p> <p>FOCUS SDG</p>	<p><b>C.3.1.</b> Expenditures on employee health and safety as a proportion of revenue</p>	<p><b>111,4 million rubles</b> (0.04% of revenue)</p>
	<p><b>GRI 403-9</b> Work-related injuries</p>	<p>LTIFR = <b>0,24</b></p>
	<p><b>GRI 403-10</b> Proportion of women in managerial positions</p>	<p><b>0 CASES</b> of occupational diseases</p>
 <p><b>Qualitative education</b></p> <p><b>4</b></p>	<p><b>GRI 404-1</b> Average hours of training per year per employee</p>	<p><b>12,8 HOURS</b> Women</p> <p><b>16,4 HOURS</b> Men</p>
 <p><b>Gender equality</b></p> <p><b>5</b></p>	<p><b>C.1.1.</b> Proportion of women in managerial positions</p>	<p><b>21,4%</b><sup>26</sup></p>
 <p><b>Low-cost and clean energy</b></p> <p><b>7</b></p>	<p><b>GRI 302-1</b> Energy consumption within the organization</p>	<p><b>2 997 TJ</b> total energy consumption in 2019 (-2,25% to 2018)</p>

<sup>26</sup> Data as of 30.06.2020.

 <p><b>Decent work and economic growth</b></p>	<b>8</b>	<b>A.1.1</b> Revenue	<b>240 billion rubles</b>
		<b>GRI 401-1</b> New employee hires and employee turnover	<b>19 593</b> New employees
		<b>GRI 401-2</b> Benefits provided to full-time employees that are not provided to temporary or part-time employees	<b>Voluntary health insurance policy</b>
 <p><b>Industrialization, innovation and infrastructure</b></p>	<b>9</b>	<b>A.4.1.</b> Percentage of local procurement	<b>91%</b>
 <p><b>Reducing inequality</b></p>	<b>10</b>	<b>C.2.3.</b> Employee wages and benefits as a proportion of revenue, with breakdown by employment type and gender	<b>47 282 rubles</b> Average wage of employees
	<b>Focus SDG</b>		<b>18 350 rubles</b> <sup>27</sup> The average cost of a social package for employees
 <p><b>Sustainable cities and human settlements</b></p>	<b>11</b>	<b>GRI 203-1</b> Infrastructure investments and services supported	<b>16,2%</b> 4G network coverage increased in 2019
 <p><b>Partnership for sustainability</b></p>	<b>17</b>	<b>GRI 203-1</b> Infrastructure investments and services supported	<b>3,5 million rubles SMS-messages</b> were sent to attract volunteers located near the site of the Lisa Alert rescue operation
<b>Focus SDG</b>			

<sup>27</sup> Wages and social packages are not recorded by type of employment contract, type of employment, or gender.

## UN Sustainable Development Goals and Company's initiatives (102-15)

Tasks to achieve SDG	Company's initiatives	Link to the corresponding report page/section
<b>SDG 3. ENSURING HEALTHY LIVES AND PROMOTING THE WELL-BEING FOR ALL AT ALL AGES (FOCUS SDG)</b>		
3.8. Achieve universal health coverage, including <...> access to quality essential health-care services <...>.	Development of digital healthcare technologies and access to high-quality medical care. Implementation of a voluntary health insurance program for employees.	For more information, see the section «Services and innovative solutions in the field of telemedicine» For more information, see the section «Health and Safety»
<b>SDG 4. ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL</b>		
4.3. By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.	Investing in training employees in relevant skills. ProCharity intellectual volunteering.	For more information, see the section «Personnel development and support» For more information, see the section «Technology solutions for charity»
<b>SDG 5: ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS</b>		
5.1. End all forms of discrimination against all women and girls everywhere.	Implementing the principles of ethical business, including setting the amount remuneration for employees regardless of their gender.	For more information, see the section «Principles of HR policy»
5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decisionmaking in political, economic and public life.	Organization of the BEE Woman women's club, cooperation with the Women Leadership Forum program and the Woman&Tech conference to support women's leadership and professional development of women in business.	

<b>SDG 7. ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY</b>		
7.3 By 2030, double the global rate of improvement in energy efficiency.	Introduction of energy-saving technology Natural Free Cooling, used for cooling equipment in the data processing center in Yaroslavl and some of the base stations.	For more information, see the section «Improvement of the. Environmental performance»
<b>SDG 8. PROMOTE INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, EMPLOYMENT AND DECENT WORK FOR ALL (FOCUS SDG)</b>		<b>Focus SDG</b>
8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation <...>.	Business transformation, including the transition to a digital business model and the development of digital services that increase the innovation of the Company and the telecommunications sector. This allowed not only to increase business efficiency, but also to reduce environmental risks at the same time.	For more information, see the section «Company strategy»
8.3. Promote development-oriented policies that support <...> creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.	Support for the GoTech technology startup competition and other programs that develop youth innovation projects.  The work of an incubator for employees of Beeline Innovation Lab, which allows to develop own products and then release them to the market of the telecommunications industry in Russia and globally.  Implementation of the BeeFREE remote work project, which includes a package of technological solutions, expertise and consulting	For more information, see the section «Infrastructure development»  For more information, see the section «Infrastructure development»  For more information, see the section «Ensuring business continuity and countering global challenges»
8.4. Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation <...>.	Reducing the amount of energy spent on transportation of equipment and personnel, as well as outsourcing network maintenance. This has led to a reduction in electricity consumption within the organization.  Reduce the use of resources, including energy, through innovation.	For more information, see the section «Impact of transport»  For more information, see the section «Improving energy efficiency through the introduction of information technologies»

<p>8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p>	<p>Application of the principles of responsibility and non-discrimination in the personnel policy, providing employees with a decent salary and fair promotion conditions. Providing a wide range of career opportunities for people with disabilities.</p>	<p>For more information, see the section «Principles of HR policy»</p>
<p>8.8. Protect labour rights and promote safe and secure working environments for all workers &lt;...&gt;.</p>	<p>Compliance with strict labor protection rules, as well as regular audits of compliance with relevant requirements in all regional divisions.</p> <p>Social support for employees, including accident and life insurance.</p> <p>Development and improvement of the principles of the BeeFree program, which allows employees to work remotely and plan their own schedule.</p>	<p>For more information, see the section «Health and Safety»</p> <p>For more information, see the section «Health and Safety»</p> <p>For more information, see the section «Principles of HR policy»</p>
<p><b>SDG 9. BUILD RESILIENT INFRASTRUCTURE, PROMOTE SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION (FOCUS SDG)</b></p>		<p><b>Focus SDG</b></p>
<p>9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.</p>	<p>Modernization of the 4G/LTE network and development of the 5G network, construction of infrastructure in the Arctic, 5G technologies in healthcare, LTE roaming.</p>	<p>For more information, see the section «Infrastructure development»</p>
<p>9.3. Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services &lt;...&gt; and their integration into value chains and markets.</p>	<p>Providing business clients with a wide range of services to ensure the continuity of the Company's operations in all conditions.</p>	<p>For more information, see the section «Creation of a dialogue with business»</p>

<b>SDG 10. REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES (FOCUS SDG)</b>		<b>Focus SDG</b>
10.2. By 2030, <...> promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.	<p>Development of assistant technologies that help people with disabilities integrate into society without barriers.</p> <p>Rates for people with special hearing and vision needs.</p> <p>Support for the global movement of large companies to promote the agenda of inclusivity and equal opportunities – The Valuable 500.</p>	For more information, see the section «Inclusive services»
10.3. Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.	Ensuring equal opportunities for all employees, including opportunities for promotion, training and development.	For more information, see the section «Personnel development and support»
<b>SDG 11. MAKE CITIES INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE</b>		
11.a. Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.	Improving the customer experience and continuous technical support for subscribers, regardless of the region of presence.	For more information, see the section «Creation of a dialog with clients»
<b>SDG 17. REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT (FOCUS SDG)</b>		<b>Focus SDG</b>
17.1. Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.	The Company makes significant efforts to improve ethical business practices and fight corruption.	For more information, see the section «Business ethics and compliance»
17.8. Fully operationalize the technology bank and science, technology and innovation capacity-building mechanism for least developed countries by 2017 and enhance the use of enabling technology, in particular information and communications technology.	Increasing the number of base stations and expanding the geographical area of Internet coverage.	For more information, see the section «Infrastructure development»



# 7. Contacts

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# 8. Appendixes

## Appendix 1. Definition of material topics

When preparing the Report, we focused on the 10 principles of content definition and quality assurance that should be met in accordance with the international standards for sustainability and GRI Standards. In accordance with them, the Company should identify significant topics for subsequent disclosure in the report. (102-46)

*For more information about the principles of determining the content of the Report, see the Sustainability report 2018, p. 8.*

Significant topics are those that, on the one hand, reflect the significant impact of VimpelCom PJSC on the economic, environmental and social aspects of life in the regions where the Company operates, and, on the other hand, have a strong impact on the assessment of VimpelCom's activities and the decisions made by the Company's stakeholders regarding these activities.

In preparing this Report, the identification and ranking of significant topics was carried out in two stages. At the first stage, trends in the reporting of Russian and international telecommunications companies were analyzed, the relevance of material topics highlighted in the past year was assessed, and media reports were monitored. Based on the results of the first stage, a basic list was formulated, including 21 material topics.

At the second stage, a survey of stakeholders was conducted to rank material topics. Representatives of the Company's management, employees and external stakeholders took part in the survey. To maintain the balance of answers, the questions were diversified into groups of stakeholders depending on their professional competencies. Respondents assessed the significance of the topics based on the following parameters:

- impact on the results of VimpelCom's operations and the Company's achievement of strategic goals;
- impact on the economic/environmental/social spheres in the regions where VimpelCom operates;
- impact on assessments and decisions made by stakeholders

A total of 118 people took part in the electronic survey: 13 management representatives, 23 external stakeholders, and 82 employees. (102-43)

An additional aspect of the analysis was the identification of topics that are most relevant to the company's customers – Beeline subscribers. Out of 21 substantive topics, 10 more general topics were formulated for client evaluation. In the social network “Vkontakte”, we offered subscribers to choose several topics that are of the greatest interest to them. Their assessment was included in the calculation of the average value of the final score on the

scale “Influence on the interests of stakeholders”. A total of 1,914 people took part in the survey.

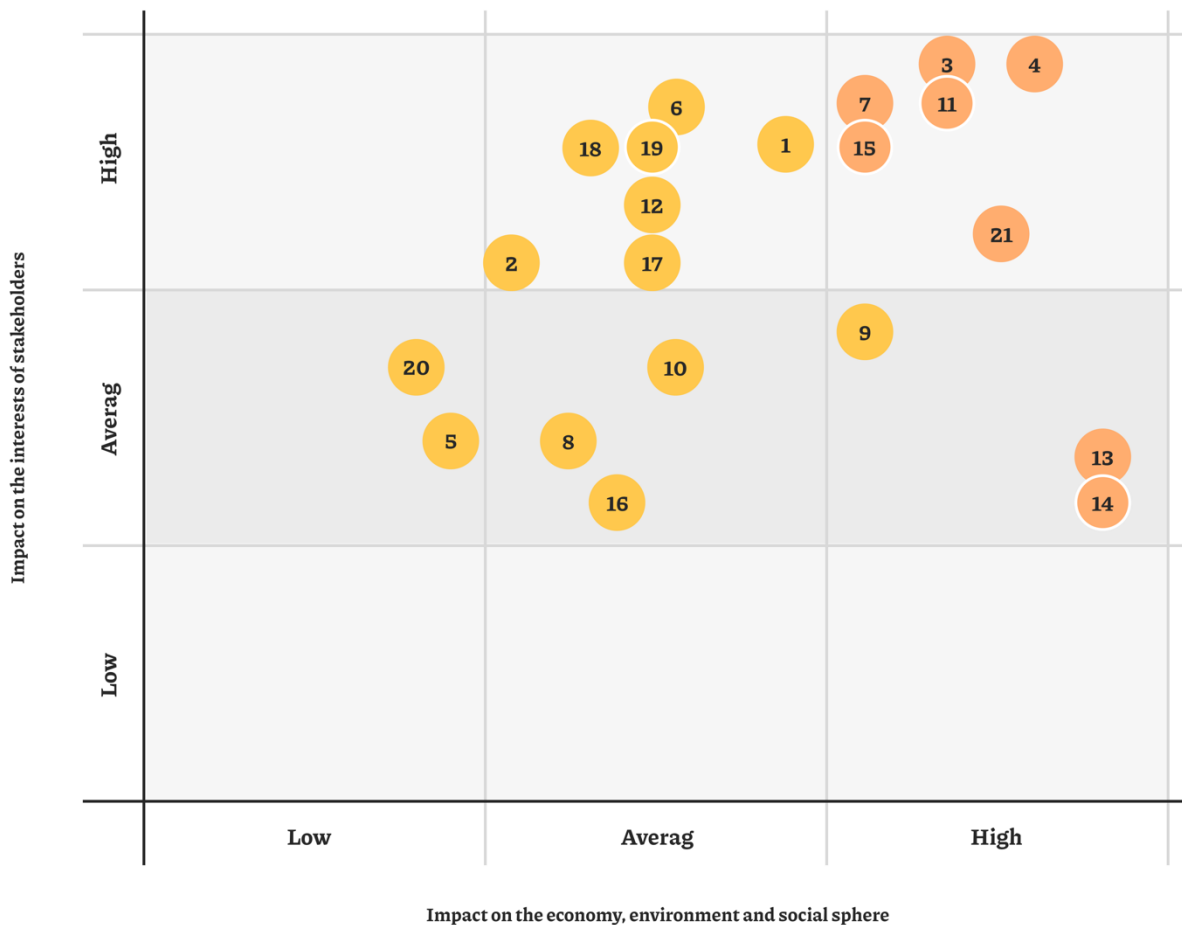
After building the matrix based on the survey results, corrective factors were applied that raised the status of topics that meet the requirements of industry factors to eliminate the risks of falling into the category of non-essential topics.

The criterion for selecting the topic as the most significant was that the topic on both axes of the matrix fell into the “High” category. (102-49)

As a result, the most important topics are:

- privacy and data security;
- quality of service;
- development of telecommunications infrastructure;
- making digital services and technologies accessible to the public;
- human rights;
- economic development and performance.

## Materiality matrix



## List of material topics proposed for the survey (102-47)

<b>Wording of a significant topic (activity aspect)</b>	<b>Compliance with GRI topics</b>
Business ethics and responsible business conduct	GRI 102-16. Values, principles, standards, and norms of behavior GRI 102-17. Mechanisms for advice and concerns about ethics GRI 205: Anti-corruption
Corporate governance	GRI 102-18. Governance structure
<b>Privacy and data security</b>	GRI 418: Customer privacy
<b>Quality of service</b>	GRI standards do not provide disclosures directly related to the quality of mobile communications. This topic is covered in GRI 102-2: Activities, brands, products, and services GRI 102-43. Approach to stakeholder engagement
Sustainable supply chain	GRI 204: Procurement practices GRI 206: Anti-competitive behavior GRI 414: Supplier social assessment
Contribution to the development of the digital economy (digital innovations and smart technologies)	GRI 203: Indirect economic impacts
<b>Development of telecommunications infrastructure</b>	GRI 203: Indirect economic impacts
Interaction with public authorities	GRI 102-43. Approach to stakeholder engagement GRI 201: Economic performance
Anti-Corruption Enforcement	GRI 205: Anti-corruption
Energy efficiency and rational use of resources (greenhouse gas emissions, water consumption, waste management)	GRI 302: Energy GRI 305: Emissions
<b>Making digital services and technologies accessible to the public</b>	GRI 203: Indirect economic impacts
Personnel management, training and development of employees	GRI 401: Employment GRI 404: Training and education

<b>Wording of a significant topic (activity aspect)</b>	<b>Compliance with GRI topics</b>
Diversity and equal opportunities, non-discrimination	GRI 405: Diversity and equal opportunity
Decent working conditions, health and safety in the workplace	GRI 202: Market presence GRI 403: Occupational health and safety
<b>Human rights</b>	GRI 408: Child labor GRI 409: Forced or compulsory labor GRI 411: Rights of indigenous peoples
Health effects of mobile communications	GRI 416: Customer health and safety
Social innovations	GRI 203: Indirect economic impacts
Products with positive social and environmental impact	GRI 203: Indirect economic impacts GRI 302: Energy
Secure Internet development and content responsibility	GRI 203: Indirect economic impacts
Employee - management relationships	GRI 401: Employment GRI 402: Labor/management relations GRI 404: Training and education
<b>Economic development and performance</b>	GRI 201: Economic performance

Based on the results of a survey of external stakeholders, the Company decided to include the topic “Responding to the coronavirus pandemic” in the list of significant issues. Despite the fact that the topic goes beyond the reporting period, it is important for us to disclose information about the actions of VimpelCom PJSC taken to respond to the global challenge. The relevant information is disclosed in the section of the report *“Beeline vs COVID-19”*.

## Appendix 2. GRI content index (102-55)

GRI standard	Indicator number	Indicator number	Page	Excluded information	Comments
GRI 101: FOUNDATION (2016)					
GRI 102: General Disclosures (2016)	<b>ORGANISATIONAL PROFILE</b>				
	102-1	Name of the organisation	14		
	102-2	Activities, brands, products, and services	14		
	102-3	Location of headquarters	14		The headquarters of VimpelCom PJSC is located in Moscow.
	102-4	Location of operations	14		
	102-5	Ownership and legal form	14		For more information about ownership, see page 7 of the Annual financial statements of VimpelCom PJSC 2019 <sup>28</sup>
	102-6	Markets served	14		
	102-7	Scale of the organisation	15, 57		For more information about the total capital and number of divisions, see pages 8 and 31 of the Annual accounting (financial) statements of VimpelCom PJSC 2019 <sup>29</sup>
	102-8	Information on employees and other workers	107		Appendix 3. The percentage of the organization's work performed by persons other than employees is insignificant.
	102-9	Supply chain	78		For more information about key suppliers and share of import purchases, see pages 49-51 of the Issuer's quarterly report for Q1. 2020 <sup>30</sup>
	102-10	Significant changes to the organisation and its supply chain	-		There were no significant changes in the supply chain, organization-wide, or share capital structure during the reporting period.
	102-11	Precautionary principle or approach	83		
	102-12	External initiatives	2		<p>Mandatory joining:</p> <ul style="list-style-type: none"> <li>• In its operations VimpelCom makes every effort to comply with the principles and recommendations of the corporate governance code recommended by the Bank of Russia.</li> </ul> <p>Voluntary joining:</p> <ul style="list-style-type: none"> <li>• UN Sustainable Development Goals</li> <li>• The UNCTAD guidance on core indicators for entity reporting on contribution towards implementation of the Sustainable Development Goals</li> <li>• UN guiding principles on business and human rights</li> <li>• The Valuable 500</li> </ul>
102-13	Memberships of associations	-		For more information about membership in unions, banking groups, bank holdings, holdings and associations, see pages 138-141 of the Issuer's quarterly report for Q1. 2020. <sup>31</sup>	

<sup>28</sup> [https://static.beeline.ru/upload/images/Financial%20statements\\_RAS\\_PJSC%20VC\\_2019\\_27.03.2020.pdf](https://static.beeline.ru/upload/images/Financial%20statements_RAS_PJSC%20VC_2019_27.03.2020.pdf)

<sup>29</sup> [https://static.beeline.ru/upload/images/Financial%20statements\\_RAS\\_PJSC%20VC\\_2019\\_27.03.2020.pdf](https://static.beeline.ru/upload/images/Financial%20statements_RAS_PJSC%20VC_2019_27.03.2020.pdf)

<sup>30</sup> <https://moskva.beeline.ru/about/about-beeline/disclosure/quarterly-reports/>

<sup>31</sup> <https://moskva.beeline.ru/about/about-beeline/disclosure/quarterly-reports/>

STRATEGY				
102-14	Statement from senior decision-maker	6-7		
102-15	Key impacts, risks, and opportunities	10, 81-84, 88-91		
ETHICS AND INTEGRITY				
102-16	Values, principles, standards, and norms of behaviour	73, 74, 75, 76		
102-17	Mechanisms for advice and concerns about ethics	74, 77		
CORPORATE GOVERNANCE				
102-18	Governance structure	20, 106		Appendix 3.
STAKEHOLDER ENGAGEMENT				
102-40	List of stakeholder groups	47		
102-41	Collective bargaining agreements	-		There is no practice of concluding collective bargaining agreements in Beeline.
102-42	Identifying and selecting stakeholders	47		
102-43	Approach to stakeholder engagement	46, 48, 49-50, 63, 93		
102-44	Key topics and concerns raised	48, 49-50		
REPORTING PRACTICE				
102-45	Entities included in the consolidated financial statements	2		The list of subsidiaries included in the consolidated financial statements for 2019 is disclosed on page 36 of the consolidated financial statements of VimpelCom PJSC. <sup>32</sup>
102-46	Defining report content and topic boundaries	2, 93		
102-47	List of material topics	95-96		
102-48	Restatements of information	2		
102-49	Changes in reporting	2, 94		
102-50	Reporting period	2		
102-51	Date of most recent report	-		2019
102-52	Reporting cycle	-		Annual
102-53	Contact point for questions regarding the report	92		
102-54	Claims of reporting in accordance with the GRI Standards	2		
102-55	GRI content index	95-105		
102-56	External assurance	2, 115		The auditor was selected based on the competitive procurement procedure.

<sup>32</sup> [https://static.beeline.ru/upload/images/PJSC%20VimpelCom%20IFRS%20FS%2012m2019\\_Russian.pdf](https://static.beeline.ru/upload/images/PJSC%20VimpelCom%20IFRS%20FS%2012m2019_Russian.pdf)

ECONOMIC PERFORMANCE					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	-		For information on approaches to managing economic performance, see the Annual report of PJSC VimpelCom, pages 15-17. <sup>33</sup>
	103-3	Evaluation of the management approach	-		For information on evaluation of the management approaches to managing economic performance, see the Annual report of PJSC VimpelCom, pages 15-17. <sup>34</sup>
GRI 201: Economic Performance (2016)	201-4	Financial assistance received from government	-		VimpelCom PJSC did not receive financial support from the state in 2019. See page 44 of the Annual accounting (financial) statements of VimpelCom PJSC for 2019. <sup>35</sup>
MARKET PRESENCE					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	60		
	103-3	Evaluation of the management approach	59		
GRI 202: Market Presence (2016)	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	60		
	202-2	Proportion of senior management hired from the local community	59		The share of top level managers hired from the local population is 87%.
INDIRECT ECONOMIC IMPACTS					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	23,39		
	103-3	Evaluation of the management approach	23, 32, 39		
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	27-29, 41		
	203-2	Significant indirect economic impacts	23-26, 52		
PROCUREMENT PRACTICES					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	78		
	103-3	Evaluation of the management approach	78		
GRI 204: Procurement Practices (2016)	204-1	Proportion of spending on local suppliers	78		

<sup>33</sup> <https://moskva.beeline.ru/about/about-beeline/disclosure/annual-reports/>

<sup>34</sup> <https://moskva.beeline.ru/about/about-beeline/disclosure/annual-reports/>

<sup>35</sup> [https://static.beeline.ru/upload/images/Financial%20statements\\_RAS\\_PJSC%20VC\\_2019\\_27.03.2020.pdf](https://static.beeline.ru/upload/images/Financial%20statements_RAS_PJSC%20VC_2019_27.03.2020.pdf)



ANTI-CORRUPTION					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	76		
	103-3	Evaluation of the management approach	76		
GRI 205: Anti-corruption (2016)	205-2	Communication and training about anti-corruption policies and procedures	76, 78		
ANTI-COMPETITIVE BEHAVIOR					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	77		
	103-3	Evaluation of the management approach	109		
GRI 206: Anti-competitive Behavior (2016)	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	109		Appendix 3. During the reporting period, FAS (Federal Antimonopoly Service) of Russia considered two cases of potential violation of antitrust laws. In the first case, it was decided that there were no signs of violation of the Antimonopoly legislation by the Company, in the second case, an order was issued to eliminate the violation.
ENERGY					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	68-69		
	103-3	Evaluation of the management approach	70		
GRI 302: Energy (2016)	302-1	Energy consumption within the organisation	70		
EMISSIONS					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	70		
	103-3	Evaluation of the management approach	70		
GRI 305: Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	70		
ENVIRONMENTAL COMPLIANCE					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	72		
	103-3	Evaluation of the management approach	72		
GRI 307: Environmental compliance (2016)	307-1	Non-compliance with environmental laws and regulations	72		

EMPLOYMENT					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	56, 61		
	103-3	Evaluation of the management approach	57		
GRI 401: Employment (2016)	401-1	New employee hires and employee turnover	58, 108-109	From the list of elements covered by the indicator, there is no breakdown by gender and age for turnover and new employee hires rates. The Report does not disclose information due to the inability to provide the required GRI details at the data collection stage. The Company plans to consider the development of record system in the next 2-3 years.	Appendix 3. The indicator is partially disclosed. New employee hires rate = 71% Turnover rate = 60.1% (Monthly) turnover rate is calculated as the number of the dismissed divided by the sum of the employed as of the end of the month.
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time	63, 66		
LABOR/MANAGEMENT RELATIONS					
GRI 402: Labor/Management Relations (2016)	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	64		
	103-3	Evaluation of the management approach	57		
GRI 402: Labor/Management Relations (2016)	402-1	Minimum notice periods regarding operational changes	-		When reducing a position or liquidating an organization, the Company complies with the requirements of Russian legislation and notifies the employee 2 months in advance, and in case of mass layoffs (more than 30 people) - 3 months in advance.
OCCUPATIONAL HEALTH AND SAFETY					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	65		
	103-3	Evaluation of the management approach	57, 66		
GRI 403: Occupational Health and Safety (2018)	403-1	Occupational health and safety management system	65		
	403-2	Hazard identification, risk assessment, and incident investigation	66, 82	The list of elements covered by the indicator does not include a description of the risk control system, a description of procedures that allow employees to report work-related hazards and dangerous situations, or a description of policies and procedures that allow employees to avoid situations that they believe may lead to injury or deterioration of health. The Company plans to consider the development of record system in the next 2-3 years.	The indicator is partially disclosed. Measures and actions in the event of an accident, as well as possible risks in the field of occupational safety are described. The Company's professional risk assessment practice is currently being implemented, and reports on this issue will be submitted in the medium term.

	403-3	Occupational health services	-		<p>The Company has a special function responsible for labor protection, the list of tasks of which includes:</p> <ul style="list-style-type: none"> <li>- identification of dangerous and harmful production factors in the workplace;</li> <li>- analysis of the state and causes of occupational injuries;</li> <li>- informing employees about the state of working conditions in the workplace;</li> <li>- investigation and recording of accidents at work, participation in the work of the accident investigation commission;</li> <li>- organization of mandatory medical examinations;</li> <li>- organization of timely training on labor protection for employees of the Company, including its head, participation in the work of commissions to verify knowledge of labor protection requirements;</li> <li>- consideration of letters, applications, and complaints of employees concerning the issues of labor conditions and safety, preparation of proposals to eliminate the identified shortcomings;</li> <li>- conducting a special assessment of working conditions;</li> <li>- control over the provision and proper use of personal protective equipment by employees of the Company;</li> <li>- operational risk management.</li> </ul>
	403-4	Worker participation, consultation, and communication on occupational health and safety	-	Paragraph b of the 403-4 indicator is not applicable to VimpelCom PJSC, as the Company does not have such committees.	As part of the planned revision / updating of labor protection documentation (programs, elements of the labor protection management system, projects), all relevant divisions of the Company are involved in discussing drafts of updated documents.
	403-5	Worker training on occupational health and safety	-		<p>Training of employees on labor protection issues takes place in the form of mandatory briefings and familiarization with the Company's internal regulatory documents.</p> <p>There is also a Practice of additional (voluntary) training in various programs and types of work both within the Company and in training centers on the basis of concluded contracts.</p> <p>For more information, see the subsection "Personnel development and training".</p>
	403-6	Promotion of worker health	66		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-		The Company's occupational safety function provides introductory training to cleaning contractors.
	403-9	Work-related injuries	66	The list of elements covered by the indicator does not include the information about the work-related hazards that pose a risk of high-consequence injury. The Company plans to consider the development of record system in the next 2-3 years.	A special investigation is carried out based on the results of each accident, and the Company's approaches to occupational safety are adjusted based on the results (if necessary). The total number of hours worked is 49.7 million hours.
	403-10	Work-related ill health	66	The list of elements covered by the indicator does not include the information about the main types of work-related ill health and the description of the work-related hazards that pose a risk of ill health. The Company plans to consider the development of record system in the next 2-3 years.	In the reporting year, there were no deaths related to occupational diseases of employees.

TRAINING AND EDUCATION					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	61, 63		
	103-3	Evaluation of the management approach	61		
GRI 404: Training and Education (2016)	404-1	Average hours of training per year per employee	62		
	404-2	Programmes for upgrading employee skills and transition assistance programmes	62, 63		
	404-3	Percentage of employees receiving regular performance and career development reviews	63		
DIVERSITY AND EQUAL OPPORTUNITY					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	73		
	103-3	Evaluation of the management approach	74		
GRI 405: Diversity and Equal Opportunity (2016)	405-1	Diversity of governance bodies and employees	59, 108		Appendix 3
CHILD LABOR					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	73		
	103-3	Evaluation of the management approach	74		
GRI 409: Forced or Compulsory Labor (2016)	408-1	Operations and suppliers at significant risk for incidents	-		The Company's activities, including those of its headquarters, sales offices, contact centers, and contractors, are covered by Russian legislation that prohibits the use of forced labor.

FORCED OR COMPULSORY LABOR					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	73		
	103-3	Evaluation of the management approach	74		
GRI 409: Forced or Compulsory Labor (2016)	409-1	Operations and suppliers at significant risk for incidents	-		The Company's activities, including those of its headquarters, sales offices, contact centers, and contractors, are covered by Russian legislation that prohibits the use of forced labor.
RIGHTS OF INDIGENOUS PEOPLES					
GRI 103: Management Approach 2016	103-1	СубъектMaterial topics and boundaries	2, 95-96		
	103-2	The management approach and its components	73		
	103-3	Evaluation of the management approach	74		
GRI 411: Rights of Indigenous Peoples (2016)	411-1	Incidents of violations involving rights of indigenous peoples	-		There were no cases of violations of the rights of indigenous and small-numbered peoples in 2019.
SUPPLIER SOCIAL ASSESSMENT					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	78		
	103-3	Evaluation of the management approach	104		
GRI 414: Supplier Social Assessment (2016)	414-1	New suppliers that were screened using social criteria	104		The share of rated suppliers is 100%. All new suppliers meet the requirements of the Code of conduct, which contains social requirements. The evaluation is carried out by the purchasing commission.
CUSTOMER HEALTH AND SAFETY					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	43		
	103-3	Evaluation of the management approach	43, 104		
GRI 416: Customer Health and Safety (2016)	416-1	Assessment of the health and safety impacts of product and service categories	104		100% of the Company's products and services are evaluated for compliance with health and safety requirements within the framework of compliance with Russian legislation.

<b>CUSTOMER PRIVACY</b>					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	45		
	103-3	Evaluation of the management approach	45		
GRI 418: Customer Privacy (2016)	418-1	Substantiated complaints concerning breaches of customer	45		
<b>QUALITY OF SERVICE</b>					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	39-42		
	103-3	Evaluation of the management approach	42		
Quality of Service	-				
<b>CORONAVIRUS PANDEMIC</b>					
GRI 103: Management Approach 2016	103-1	Material topics and boundaries	2, 95-96		
	103-2	The management approach and its components	10-11		
	103-3	Evaluation of the management approach	10-11		
Response to the coronavirus pandemic	-				

## **Appendix 3. Detailing GRI Standards indicators**

### **Company's governance bodies**

The Company's corporate governance structure has not changed in comparison with the previous reporting year. According to the Company's Charter, the governance bodies are the General meeting of shareholders, the Board of Directors, and the Sole Executive Bodies: President and CEO. (102-18)

### **General meeting of shareholders**

The highest governance body is the General meeting of shareholders, which is responsible for resolving issues related to the Company as stipulated in the Charter and current legislation.

### **Board of Directors**

The Board of Directors provides general management of the Company's activities, with the exception of resolving issues attributed by law and the Charter to the competence of the General meeting of shareholders. The Board of Directors consists of 5 members. Members of the Board of Directors are elected by the General meeting of shareholders by cumulative voting until the next annual General meeting of shareholders, unless the powers of all members of the Board of Directors were terminated prematurely by a decision of the extraordinary General meeting of shareholders.

### **Executive Bodies**

The Company has two Sole Executive Bodies: The President and CEO, who act independently of each other and have the authority to act independently on behalf of the Company on issues that fall within their competence by the Charter. For more information about the competence of governance bodies, see VimpelCom Charter

*For more information about the competence of governance bodies, see [VimpelCom Charter](#)*

## Information about employees and other workers<sup>36</sup>

(102-8)

	2017	2018	2019
<b>Total number of employees with permanent contract</b>	19,474	26,517	25,596
including women	10,383	13,730	13,362
including men	9,092	12,787	12,234
<b>Total number of employees with temporary contract</b>	2,265	1,930	1,977
including women	1,382	1,145	1,181
including men	883	785	796
<b>Total number of employees</b>	21,739	28,447	27,573
including women	11,764	14,875	14,543
including men	9,975	13,572	13,030

	2017 <sup>37</sup>	2018	2019
<b>Total number of full-time employees (40 working hours per week)</b>	-	26,254	27,474
including women	-	13,413	14,468
including men	-	12,841	13,006
<b>Total number of part-time employees (less than 40 working hours per week)</b>	-	2,193	99
including women	-	1,462	75
including men	-	731	24

<sup>36</sup> The number is calculated by FTE

<sup>37</sup> No records were kept.



## Sociocultural diversity of governance bodies and employees

(405-1)

Gender and age diversity of governance bodies in 2019				
	Under 30 years old	30-50 years old	Over 50 years old	Total number of governance bodies
<b>Total number of governance bodies</b>	300	1,101	79	1,480
including women among governance bodies	130	553	39	722
including men among governance bodies	170	548	40	758
<b>Total percentage of governance bodies</b>	20,3%	74,4%	5,3%	100%
including women among governance bodies	8,8%	37,4%	2,6%	48,8%
including men among governance bodies	11,5%	37%	2,7%	51,2%

Gender and age diversity of employees besides governance bodies in 2019				
	Under 30 years old	30-50 years old	Over 50 years old	Total number of governance bodies
<b>Total number of employees besides governance bodies</b>	14,998	10,271	824	26,093
including female employees	7,478	5,988	355	13,821
including male employees	7,520	4,283	469	12,272
<b>Total percentage of employees besides governance bodies</b>	57,4%	39,4%	3,2%	100%
including female employees	28,6%	23%	1,4%	53%
including male employees	28,8%	16,4%	1,8%	47%

## New employee hires by age group

(401-1)

Total number of new employee hires by age group in 2019				
	under 30 years old	30-50 years old	over 50 years old	total number
<b>Total employees (pers.)</b>	15,525	3,947	121	19,593

## Terminated employments by gender and age group

(401-1)

Number of employees retired in 2019 by gender and age				
	women	men	Total number	
Total employees (pers.)	10,030	10,583	20,613	

	under 30 years old	30-50 years old	over 50 years old	total number
Total employees (pers.)	15,704	4,811	98	20,613

## Total anti-competitive behavior legal actions and anti-trust violations

(206-1)

	2018	2019
Total anti-competitive behavior legal actions and anti-trust violations	4	2

## Appendix 4. Glossary

**3G (3rd Generation), the third generation** — is a set of services that combines high-speed mobile Internet access and radio communication technology. This type of mobile communication is based on packet data transmission. Third-generation networks operate at decimeter-band frequencies (in the range of about 2 GHz), transmitting data at speeds up to 3.6 Mbit/s.

**4G/LTE (4th Generation), the fourth generation (LTE, Long-Term Evolution)** — is a mobile communication generation characterized by high speed data transmission and improved voice quality. The fourth generation usually includes promising technologies that allow data transmission at a speed exceeding 10 Mbit/s by a mobile subscriber.

**5G** is the fifth generation of mobile communications under development, capable of providing higher throughput compared to fourth generation technologies. Data transfer speeds in fifth-generation mobile networks should reach 10 GB/s.

**AdTech (Advertising Technology)** — is various types of digital analytical tools used by advertising market specialists to manage and analyze advertising campaigns.

**ANPO** is an autonomous non-profit organization.

**B2B (Business to business)** — is a term that refers to commercial relationships between legal entities.

**B2C (Business to consumer)** — is a term that refers to commercial relationships between a legal entity and a consumer.

**Big Data** — is a series of approaches for processing data of huge volumes and significant diversity in order to obtain human perceived results.

**Blogger** — is a person who runs a blog – a website whose main content is posts regularly added by the blogger that contain text, images, or multimedia.

**Bootcamp** — is intensive full-time programming training, during which the student is completely immersed in development and masters key skills in a short time.

**Broadband Internet access (BIA)** — is a high-speed Internet access. Unlike dial-up Internet access, broadband provides many times the speed of data exchange and does not monopolize the telephone line. In addition to high speed, broadband access provides a continuous connection to the Internet and so-called two-way communication, that is, the ability to both receive and transmit information at high speeds.

**Capital expenditures (CAPEX)** — is the cost of purchasing new equipment, construction, modernization, software and other intangible assets, other long-term assets, as well as related costs incurred before the start of using the corresponding assets for planned purposes, included in the calculation for the earliest of the events — payment or delivery.

**Cat-M** — is the second generation of LTE chips designed specifically for IOT applications.

**Certification** is a confirmation of compliance of quality characteristics to the level required by the quality standard.

**Cloud ATS** — is a virtual automatic telephone exchange on a cloud server.

**Competencies** — are knowledge, skills, abilities, and behavioral characteristics required for a certain position.

**Compliance (compliance; from the verb to comply)** — is compliance with any internal or external requirements or norms.

**Convergence** — is the process of convergence of heterogeneous electronic technologies as a result of their rapid development and interaction.

**Corporate social responsibility (CSR)** — is the Company's responsibility to its stakeholders ensuring that the Company makes business decisions taking into account the interests of its stakeholders. Part of the Company's ongoing strategy to increase its presence in society and develop its business; an opportunity to make a positive impact on the community in which the company operates.

**COVID-19 (Corona virus disease 2019)** — is a dangerous disease that can occur both in the form of an acute respiratory viral infection of a mild course and in a severe form. On March 11, 2020, the spread of the virus was recognized as a pandemic.

**DDoS attacks (Distributed Denial of Service)** — is a hacker attack on a computer system carried out simultaneously from a large number of computers in order to create conditions under which bona fide users of the system cannot access the servers provided, or this access will be difficult.

**E-commerce (Electronic commerce)** — is an area of the economy that includes all financial and trade transactions carried out using computer networks, and business processes associated with such transactions.

**Employees' involvement** — is an emotional and intellectual state that motivates employees to perform their work effectively.

**FinTech (Financial Technology)** — is an industry consisting of companies that use technology and innovation to compete with traditional financial organizations represented by banks and intermediaries in the financial services market.

**Global Reporting Initiative (GRI)** — standards are an internationally accepted system for reporting on economic, environmental and social performance in the field of sustainability.

**GSM (Global System for Mobile Communications)** — is a global standard for digital mobile cellular communications.

**Hackathon** — is a developer forum during which specialists from different areas of software development (programmers, designers, managers) work together to solve a problem.

**Health and safety** — is a system of ensuring the safety of life and health of employees in the course of their work, including legal, socio-economic, organizational and technical, sanitary and hygienic, medical and preventive, rehabilitation and other measures.

**HR policy** — is a set of norms, rules, goals and concepts that determine the content of work with personnel (planning and personnel records, search and selection, adaptation, training and development, labor organization, remuneration and motivation, certification, social security, etc.) in accordance with the Company's development strategy.

**Hyper-V** — is a server virtualization technology that allows you to run multiple virtual operating systems on a single physical server.

**IoT networks (Internet of Things Networks)** — is a set of autonomous physical devices connected to a single network through digital communication channels.

**Inclusivity** — is a practice of social integration of people with disabilities.

Intellectual volunteering is a type of voluntary activity (volunteering) aimed at organizing and conducting intellectual events.

**Internet** — is a worldwide system of unified computer networks based on the use of the IP Protocol and routing of data packets. The Internet forms a global information space and serves as the physical basis for the world Wide Web (WWW, World Wide Web) and many other data transmission systems (protocols).

**Internet of Things (IoT)** — is a concept of a computer network of physical objects (“things”) equipped with built-in technologies for interacting with each other or with the external environment, which considers the organization of such networks as a phenomenon that can restructure economic and social processes, ruling out the need for human participation in some actions and operations.

**Key performance indicators (KPIs)** — are performance indicators that help an organization achieve its strategic and operational goals.

**Local communities** — are representatives of the population who have Russian citizenship.

**Lockdown** — is measures taken to restrict the movement of the population as a safety measure after or during a pandemic or riots, etc.

**LTIFR (Lost Time Injury Frequency Rate)** — is the level of occupational injuries.

**MEC (Mobile Edge Computing)** — is a network architecture concept that enables cloud computing and IT services at the edge of a cellular network. The main idea of the concept: the closer you are to the mobile client to launch applications and related tasks, the less network congestion and the better application performance.

**Mission** — is the meaning of existence, the purpose of the organization, which distinguishes it from other similar organizations.

**Mobile traffic** — is the amount of information that a mobile device (smartphone, communicator, tablet, computer connected to the Internet using a modem) sends and receives from the Internet.

**Motivation** — is a mechanism for influencing the growth of productivity and labor efficiency, the process of stimulating an employee or a group of employees to activities aimed at achieving the organization's goals.

**NB-IoT (Narrow Band Internet of Things)** — is a cellular communication standard for telemetry devices with low data exchange volumes.

**NPO** — is a non-profit organization.

**NPS (Net Promoter Score)** — is an index for determining consumer's commitment to a product or company (index of willingness to recommend), used to assess the willingness for repeated purchases.

**Occupational disease** — is a disease that has arisen and developed in workers under the influence of systematic and prolonged exposure to production factors specific to the profession, or a set of working conditions that are characteristic only of a particular production.

**Openstack (KVM)** — is a set of free software projects that can be used to create infrastructure cloud services and cloud storage, both public and private.

**Personnel development** — is a set of measures implemented by the Company in order to attract, adapt, and retain employees, which contributes to the maximum realization of their professional and creative potential.

**Quality of life** — is a set of socio-economic and other criteria that reflect the level and degree of achieved well-being of a person and society in various fields: education, employment, health, human rights, income, security, infrastructure, culture and leisure.

**Retail** — is sale of goods (services) in small quantities, piece by piece.

**Risk** — is a negative impact on the Company's goals that can potentially occur as a result of current processes or future events.

**Roaming** — is a special communication service (mobile communication, Wi-Fi) provided to a subscriber outside the service area of his “home” network (or base station) using the resources of another (“guest”) network. In this case, the subscriber does not need to enter into a contract with the receiving operator, and the service fee is debited from his account. During phone roaming, the subscriber usually keeps their phone number.

**Safe working conditions** — are working conditions in which the impact of harmful and dangerous production factors on workers is ruled out or their levels do not exceed hygiene standards.

**Stakeholder engagement** — is the Company's activity to understand the expectations and concerns of stakeholders and involve them in the decision-making process.

**Stakeholders** — are individuals and legal entities or groups of individuals who influence or are influenced by the Company's activities, as well as those who have the right to directly sue the company in accordance with laws and international conventions. Stakeholders include the Company's shareholders, investors, employees, suppliers, contractors, consumers, trade unions, the media, residents of the area where the Company operates, and others.

**Standard** — is a regulatory and methodological document that sets requirements for the objects of a business line.

**Sustainability** — is a concept developed by the United Nations that recognizes the role of business in ensuring the sustainable development of society. The concept of development of the global community, which provides for taking into account the interests of not only living generations of people, but also future ones.

**Sustainability report (non-financial report)** — is an accessible, reliable, balanced description of the main aspects of the Company's activities and its achievements related to the values, goals, and policies of sustainable development on issues of greatest interest to the key stakeholders. This is a public tool for informing shareholders, employees, partners, and other stakeholders about how and at what pace the Company is implementing the goals set out in its mission or strategic development plans regarding economic sustainability, social well-being, and environmental stability.

**UN** — is the United Nations.

**VAS (Value Added Services)** — is a popular term in the telecommunications industry for services provided by additional platforms rather than the core of the network.

**VDI** — is a virtual desktop infrastructure.

**VMI** — is voluntary health insurance.

**VMware** — is virtualization software.

**VPN (Virtual Private Network)** — is a generic name for technologies that allow you to provide one or more network connections over another network (for example, Internet).

**WaaS** — is workplace as a service.

**Wi-Fi (Wireless Fidelity)** — is a standard for wireless data transmission over radio channels.

# Appendix 5. Independent auditor's report

(102-56)



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

*To the management of Public Joint Stock Company "Vimpel-Communication"*

We have undertaken a limited assurance engagement of the accompanying 2019 VimpelCom PJSC Sustainability Report (hereinafter referred to as the Report) compliance with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Core option as well as of Public Joint Stock Company "Vimpel-Communication" (hereinafter referred to as PJSC "VimpelCom") stakeholder engagement during Report preparation compliance with the requirements of AA1000 Stakeholder Engagement Standard (2015) (hereinafter referred to as AA1000 Stakeholder Engagement Standard).

### **Responsibility of PJSC "VimpelCom"**

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

### **Our Independence and Quality Control**

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

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

### **Our Responsibility**

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

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

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

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

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

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

TRANSLATION NOTE: Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version.

1 из 2



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

The procedures were performed only in relation to data for the year ended 31 December 2019.

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

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

The procedures were performed in relation to the version of the Report subject to sending to Global Reporting Initiative in order to notify it of the use of the Standards in the Report preparation.

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

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

**Limited Assurance Conclusion on Compliance of PJSC “VimpelCom” Stakeholder Engagement during Report Preparation with the Requirements of AA1000 Stakeholder Engagement Standard**

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

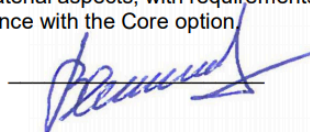
**Limited Assurance Conclusion on Compliance of the Report with the GRI Sustainability Reporting Standards (Core option)**

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

FBK, LLC

Practitioner  
Partner  
acting under Power of Attorney No. 76/18 of December 17, 2018

The Russian Federation, Moscow  
November 9, 2020



V.Y. Skobarev