

2020

Annual Sustainability Report

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Message from the CEO

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Since the establishment of our Company, the principle of responsible business has been at the heart of our operations. It is not a separate task or activity, but the underlying philosophy of Vodafone Ukraine based on our core values, driving our growth and development, and shared by our shareholders and employees. Trust and engagement are our key values. The trust of our customers, partners, state and society is crucial to us, because we do not measure our success only by our business achievements. We look at the world through a larger lens, being engaged in solving problems our people and the country face. To be engaged means to be in unity with the world, when we are concerned by everything that is happening, both bad and good.

Telecom is fundamentally a socially oriented business. It is an important component of the country's economy and the basis for economic growth and development of the social sector. We do not consider our business as isolated from people, because the services we provide allow us to improve the quality of education, medicine, business, and increase the efficiency in almost every field of activities. We are aware of our role and, for that reason, we integrate our technologies not only in commercial projects, but in social projects too, most often at our own expense.

The year 2020 presented us with many new obstacles and tasks that required extraordinary solutions. As the leading Ukrainian mobile operator, we made a great effort to help our customers and all Ukrainians to cope with the new challenges. We continued working towards our strategic goal – digital equality for all residents of

Ukraine. Our aim is to create a technological basis for sustainable development of the social sector, business and economy of the country. Although the industry failed to receive about one billion hryvnias in roaming revenues due to the pandemic, we have maintained a sufficient level of investment and significantly increased the pace of construction of high-speed Internet networks.

We are proud of our two key achievements: national high-speed Internet coverage and, subsequently, the widespread digitalization.

The construction of LTE 900 is our most ambitious project in 2020, which has become socially significant amidst the quarantine. Previously, people in many small towns were unable to learn and work online because of the low speed mobile Internet. This is what we call “digital inequality”. Just in five months, Vodafone Ukraine launched a 4G network in the 900 MHz band in all regions of Ukraine. Our new high-speed Internet covered 4,700 settlements, most of which are small villages. As a result, 3.7 million people in rural areas gained access to online education, medicine, entrepreneurship and leisure, which they had lacked before.



In 2020 everyone was required to shift to the digital space. With this in mind, we laid the foundation for the development of the Internet of Things (IoT), e-government (e-gov), implementation of Smart City solutions in Ukrainian cities, and the use of Big Data analytics. We integrated Ukraine into Vodafone's global digital platforms, providing Ukrainians with access to modern technology services.

We focused our activities on supporting not only our customers, but the country in general. Upon the introduction of the quarantine, we provided doctors and nurses with free communication and Internet traffic, arranged notifications from the Ministry of Health and the Ministry of Foreign Affairs and provided free roaming communication to the Ukrainian doctors and nurses who went to other countries to aid. Our Company allocated UAH 33 million to purchase ventilators and protective equipment for hospitals in Ukraine. In cooperation with the UN, we granted free access to mobile communications to the most vulnerable groups of people in eastern Ukraine. The total amount of our aid, including direct financial support and free access to communication services, exceeded UAH 63 million.

I am grateful to all Vodafone Ukraine employees for their input. Together we managed to overcome difficulties and challenges, while supporting each other. Not only have we kept up our pace of work, we also continued expanding the coverage and improving the quality of communication. Owing to our joint efforts, Vodafone Ukraine today is a leader in the mobile Internet speed. This was confirmed by two independent studies, which tested

the networks of Ukrainian operators in 2020. Our achievement is especially important amidst the sharp increase in traffic consumption, when the Internet became the only environment for communication, work and contact with the outside world for most people in physical isolation.

Also, I want to acknowledge our customers and partners for appreciating our efforts and helping us to improve our services. Jointly, we implement innovative digital projects that are unique in Ukraine.

The landmark partnership in 2020 was the agreement between the telecom operators to share networks. Due to the constructive cooperation between

telecommunication companies it became possible to significantly accelerate the 4G coverage in Ukraine, as well as provide equal access to digital services in remote villages, where high-speed mobile Internet remained unavailable up until recently. Such cooperation is a key to sustainable development of both companies and the state. The development of 4G 900 MHz will be our priority over the next 2 years. Our goal is to provide access to high-speed Internet to 90% of Ukrainians by 2022.

Events of the last year demonstrated the true importance of digital technologies. Ten years ago, the quarantine could have paralyzed the country, whereas today, the technological developments and services

of mobile operators help reduce negative impacts of restrictions. We believe that our cooperation with partners, customers and the state will help to accelerate digital transformation in Ukraine and the population will have equal access to modern communication services. We are convinced that our daily work toward this goal lays the foundation for the development of Ukraine's economy and the well-being of its citizens.

Olga Ustynova
CEO, Vodafone Ukraine

Key performance results in 2020

Customers and loyalty

35.8%

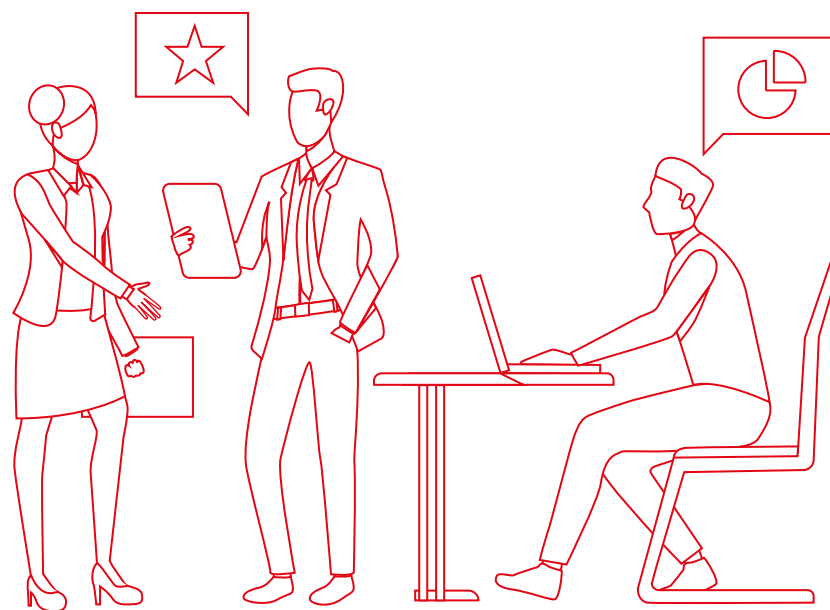
Market share

5,653 MB

Data traffic per user

18,971,646

Active subscribers as of
31/12/2020



31%

Year-over-year growth of data
traffic per user

495

Minutes of use per subscriber

Employees

43%

Share of women in all personnel

3,534

Total number of full-time employees

Financial indicators

UAH 9,828 mln

OIBDA

UAH 4,051 mln

Capital investments

Raising capital and partnership

\$500 mln

Eurobonds issuance with 5-year maturity. The largest debut issue in the history of Ukrainian corporate issues. The Company was assigned credit ratings: B (Stable) by S&P and B (Positive) by Fitch.

6.2%

Issuance with the lowest interest rate in the history of Ukrainian corporate issues (in USD). Eurobonds are listed on the Irish Stock Exchange Euronext Dublin (Global Exchange Market).

5 years

Term of extension of cooperation agreement with global partner Vodafone Global.



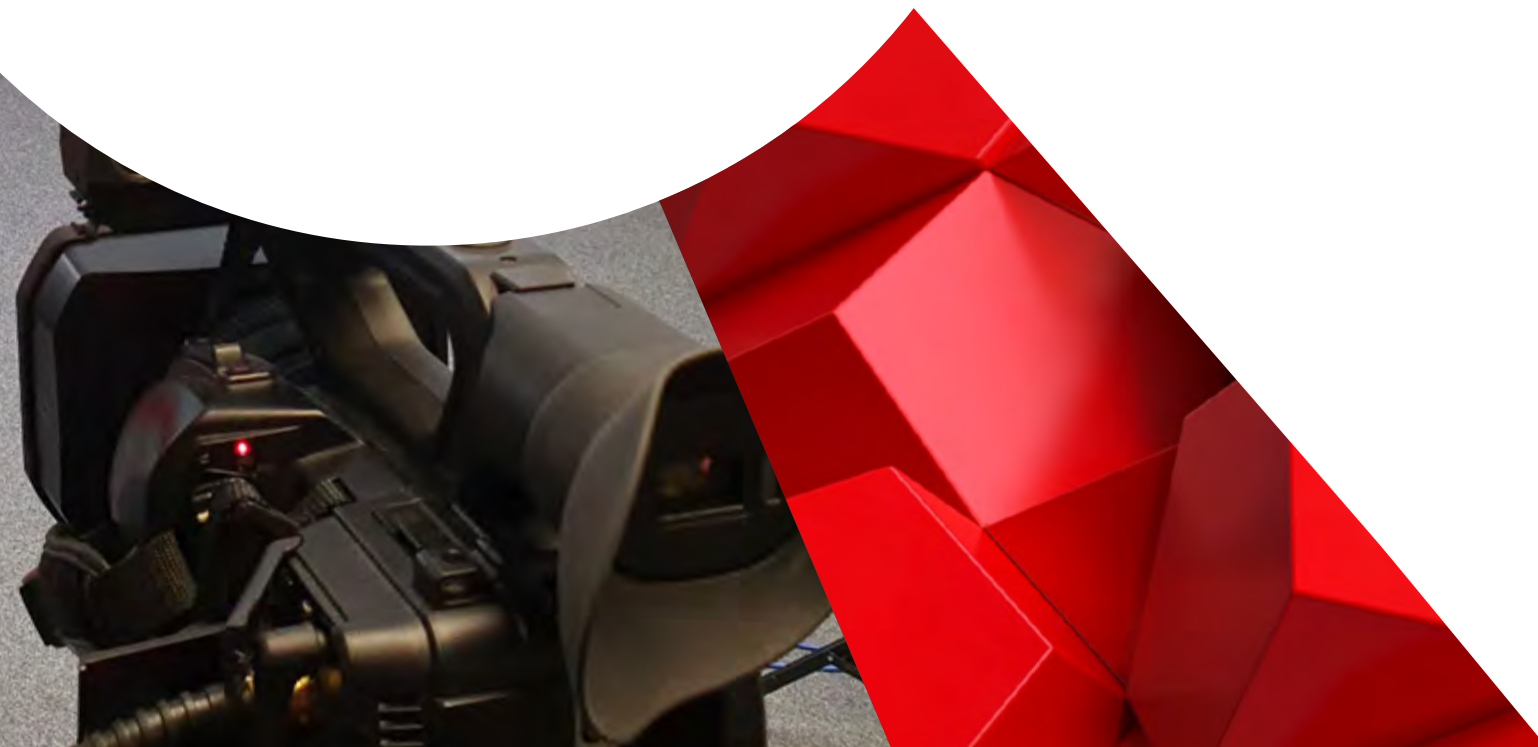
Number of 4G clients, mln



% of 4G coverage of Ukrainian population



Vodafone Ukraine



Company profile and services

Vodafone Ukraine* was founded in 1992 and started providing mobile services in 1993 under the UMC (Ukrainian Mobile Communications) brand. In 2015, we concluded a cooperation agreement with our global partner Vodafone Sales & Services Limited (hereinafter – Vodafone Global) on the use of the Vodafone brand in Ukraine. Vodafone Global is one of the world's leading telecommunication companies.

In Ukraine, Vodafone Ukraine has 19 million customers. The Company is focused on the implementation of advanced technologies, such as the Internet of Things (IoT), technologies and solutions for Smart City, big data analytics, Fintech services, cloud services. Vodafone Ukraine brings the best international practices, effective technologies and solutions that ensure the best results.

In 2020, Vodafone Ukraine launched a network for the Internet of Things based on NB-IoT technology. This network is using the global IoT platform of Vodafone Global. Vodafone customers in Ukraine gained access to the world's best platform, which enables centralized management of IoT solutions for business and utilities. For example, last year we implemented a pilot project “Smart Metering”, based on the NB-IoT network, helping to modernize water metering systems in several cities.

Our customers enjoy the fastest Internet, as Vodafone Ukraine is a leader in the speed of mobile Internet in Ukraine according to the Speedtest Award by international company Ookla. Vodafone Ukraine also has a record coverage of 4G in the 900 MHz band. Since the start of construction in July last year, the network covered small Ukrainian towns and villages, where the speed of mobile Internet

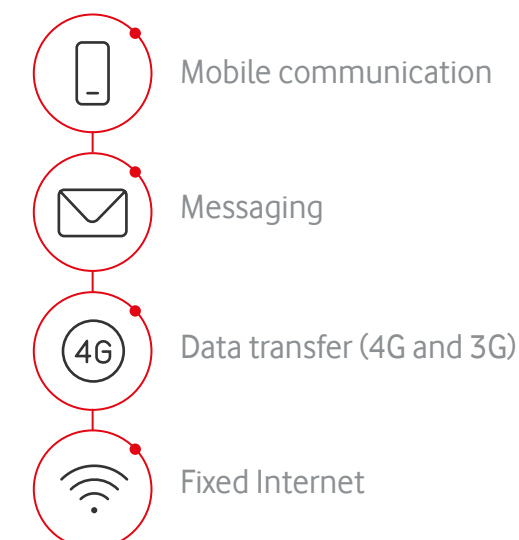
used to be insufficient for the full use of digital services. Customers in these territories are now able to study and work online, enjoy digital government services and other benefits of the digital world. Construction is still in progress.

Cooperation with Vodafone Global
On March 3, 2020, Vodafone Ukraine and Vodafone Global renewed the cooperation agreement for the next five years with the contractual right to extend it for a further period of 1 year. Under the newly extended partnership agreement, Vodafone Ukraine receives access to Vodafone's international expertise in areas such as IT transformation, Internet of Things (IoT) and 5G-based services.

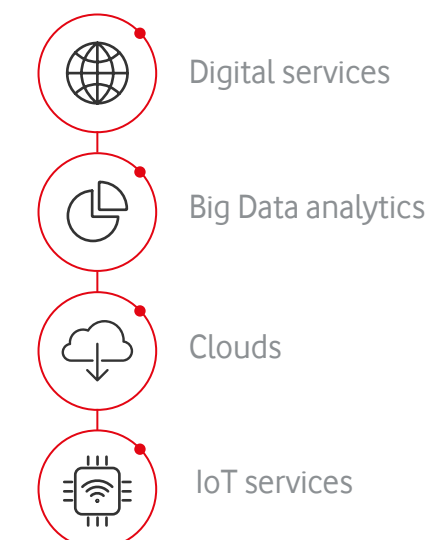
In addition, Vodafone Ukraine will gain access to Vodafone's central procurement services and will incorporate global best practice in IT network operation.

We provide a wide range of services:

Traditional mobile services



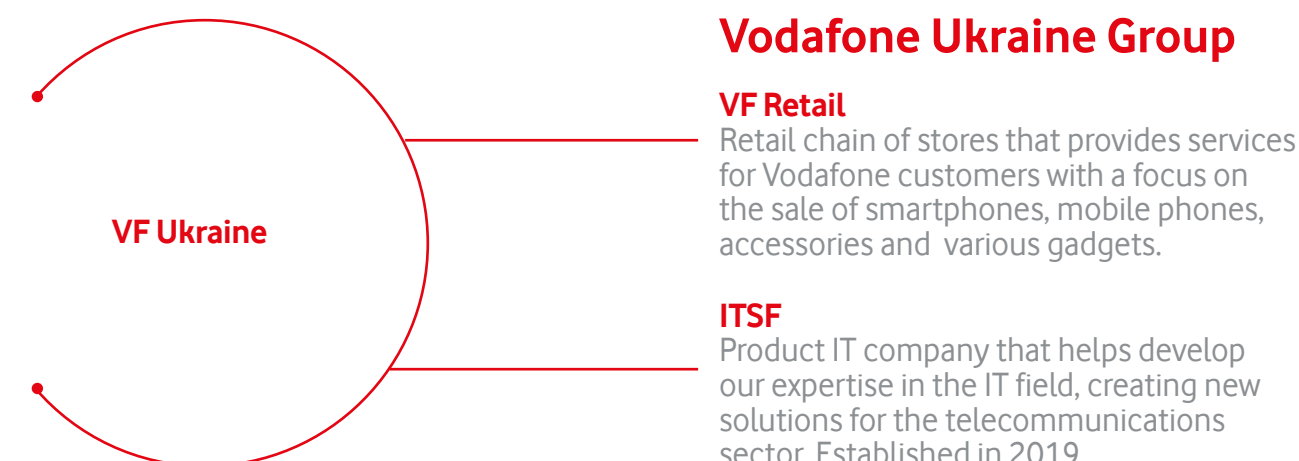
Innovative services



Organizational structure and key functions

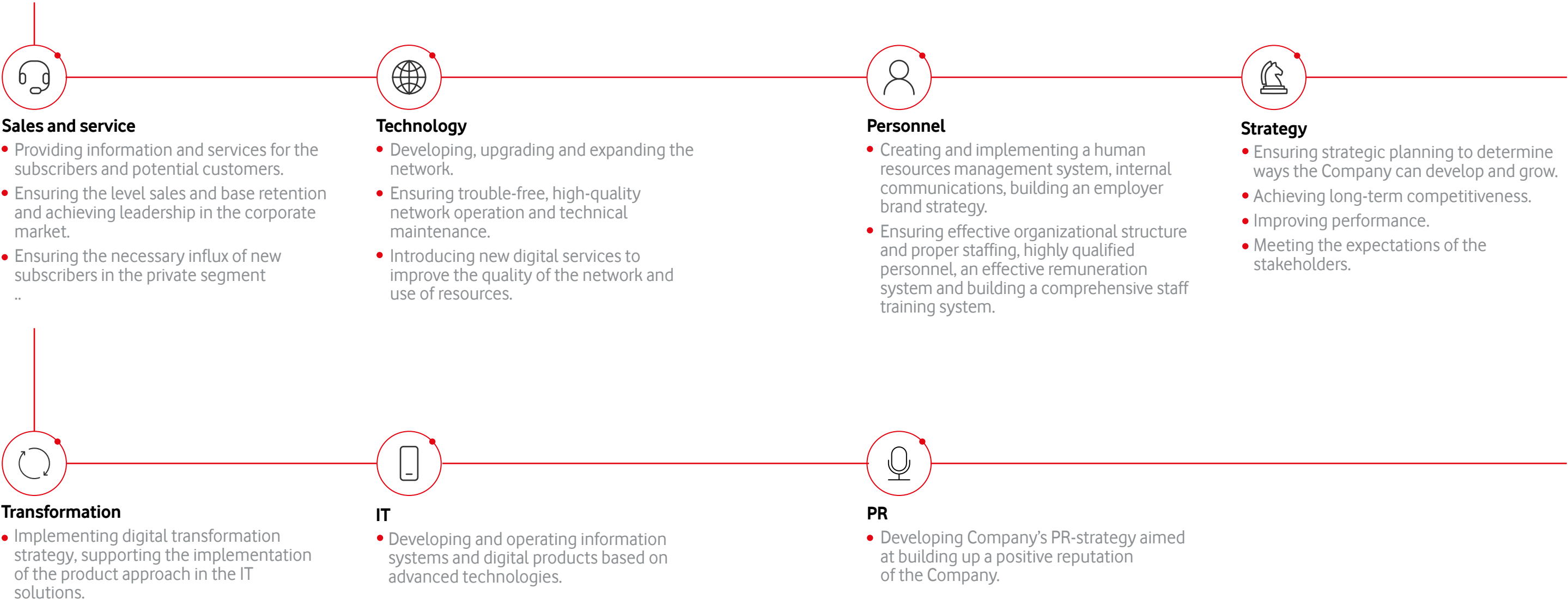
Our subsidiaries are narrowly specialized in their respective fields and thus are

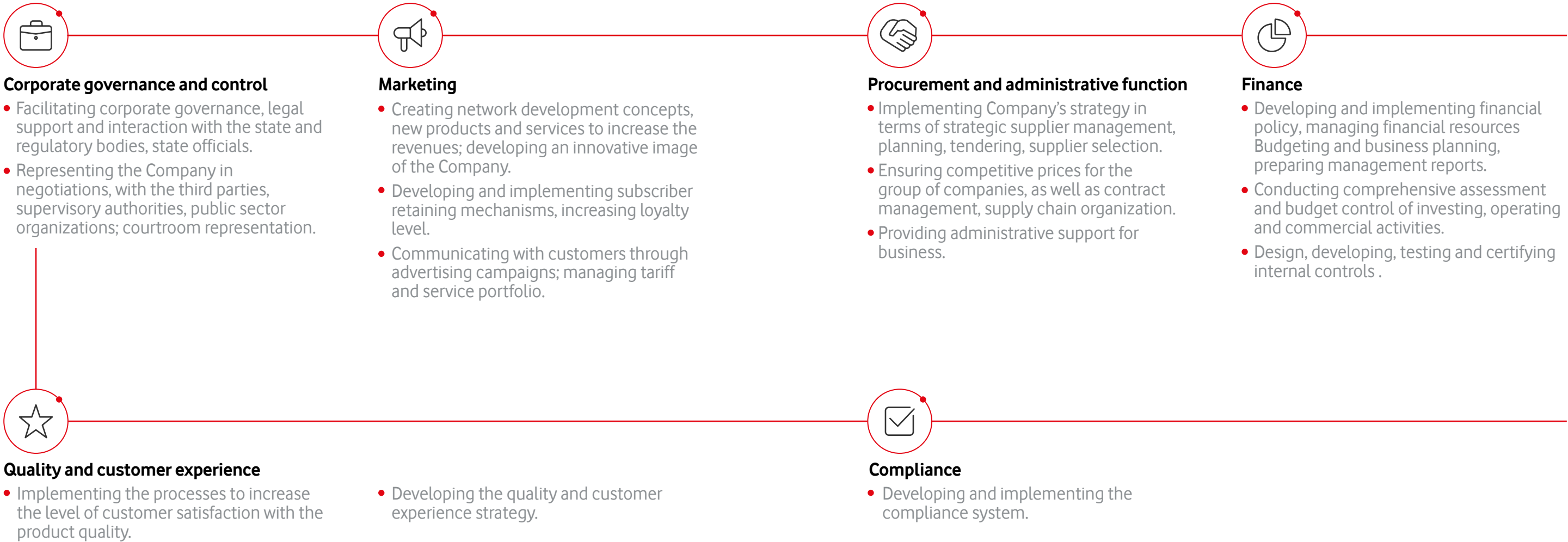
instrumental in improving customer experience and enhancing our expertise in new technologies, such as Big Data and IoT.



* For the purposes of this report, Vodafone Ukraine refers to VF Ukraine PrJSC and its subsidiaries: VF Retail LLC (100% subsidiary of VF Ukraine PrJSC) and ITSF LLC (99% is owned by VF Ukraine PrJSC and 1% by VF Retail LLC).

Our business units are organized by the functional areas:





Regional structure of the Company

We have divided our regional operations into 3 geographic clusters: Western, Eastern and Central. Each cluster is managed by the relevant Deputy CEO.



Strategy and values

Our strategic priorities:

- **Introduce innovative technologies to ensure digital equality for all Ukrainians;**
- **Create fundamental technological infrastructure for the digital transformation of Ukrainian business, state services as well as economy and society overall.**

Our key principles are stipulated in the Vodafone Ukraine Code of Conduct, adopted in 2019. They reflect our values and attitude towards employees, customers, partners and all stakeholder groups.

Ethical principle



Do the right thing

We act responsibly, morally and legally in all matters and always, thus gaining the respect and loyalty of customers and partners.



Business principles



Personal responsibility

We act honestly, openly and fairly.

We do not engage in and have zero tolerance for any form of bribery, including offering money or gifts to/from employees.

We avoid any agreements that could lead to or potentially create a conflict of interest for our employees.

We do not provide or accept the signs of hospitality or gifts that could further lead to any obligations of the parties.

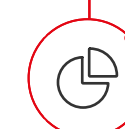
We develop mutually beneficial relationships and strive to adhere to the business principles with our business partners and vendors.



Health and safety

We support a healthy lifestyle and active sports among our employees, guarantee safety for our customers, partners and the community.

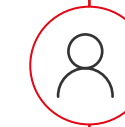
We undertake to disclose in a timely manner the relevant information in case any of our products or services violate internationally accepted safety standards or principles.



Financial integrity

We provide the maximum possible income to our shareholders in the long run.

Our investment decisions, assets and business relationships are based on economic criteria, and they account for both social and environmental aspects.



Employees

Our relationships with employees are based on respect for and observance of human rights.

We do not allow the use of child labor.

We do not accept any form of discrimination, psychological pressure or intimidation.



Communications

We communicate with our shareholders openly and transparently while respecting trade secrets. We protect confidential information from unauthorized disclosure.

Any legal disclosure of confidential information shall occur to a limited extent only to persons who need this information to perform their duties.



Compliance with the law

We comply with Ukrainian and international law.



Public policy

We reserve the right to express our opinion on official statements of the Government and other presentations in the general public that may affect the Company and our shareholders.

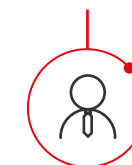
We do not make gifts or donations to political parties and do not interfere in political party issues.



Society

We build our interaction with society on the principle of efficient use of resources.

We always provide our shareholders with access to accurate, reliable and up-to-date information and build trust based on the principles of integrity, transparency, honesty and objectivity.



Customers

We value the trust of our customers and guarantee the safety of the information provided to us.



Environment

Our business is environmentally friendly. We treat the environment carefully and responsibly, strive to use resources rationally and economically.

We encourage environmentally friendly behavior and contribute to the formation of environmental awareness in society.

Recognitions and awards

We are proud to receive several awards in 2020, including for the implementation of important social initiatives.

European Quality Award

Vodafone Ukraine is nominated for the award



Telecom Awards 2020

Mass Market Solutions of the Year Award for the LTE900 coverage project

Social Project of the Year Award for the Find & Follow tourism project



nPerf

Mobile broadband Internet leader in Ukraine according to a study by nPerf, a leading French telecommunications network testing company



Speedtest Awards

Mobile broadband Internet leader in Ukraine according to the independent study by the international company Ookla for the second half of 2020



Vodafone Ukraine was also a top-rated company according to the leading Ukrainian media:

- TOP 10 best employers in Ukraine 2020 (according to Forbes magazine)

- One of the largest taxpayers in Ukraine in 2019 (according to Rating magazine)



Membership in associations

Vodafone Ukraine has been the founding member of Telas, the Ukrainian Association of Telecommunications Operators, since 1996. The mission of the organization is to:

- Protect the rights and interests of the Association`s members in various organizations, including international ones;
- Promote research and make practical steps to reform the communications sector;
- Support business contacts and connections between the telecom operators with foreign partners to attract advanced technologies, foreign investment and best practices to Ukraine;
- Create a favorable economic environment for telecommunications;
- Participate in drafting laws and other regulations on communications.



Vodafone Ukraine is also a member of several non-profit public organizations and associations:

EBA (European Business Association)



We have been a member of the Association since 2005. We actively participate in its tax committees, where the tax legislation issues are discussed. Through the committees, we submit our proposals and request the regulatory authorities to provide clarification.

Representative Office of the American Chamber of Commerce



The Chamber lobbies the interests of its members with the Government of Ukraine and the governments of other partner countries. It supports the discussion and promotes the decisions in the field of trade, commerce and the economy in general, and promotes foreign investment in Ukraine.

Internet Association of Ukraine



We have been a member of the Association since 2014. The Association represents the interests of the Internet community in the development of draft regulations in the field of telecommunications.

Chamber of Commerce and Industry of Ukraine



Among other things, the chamber promotes the development of the digital economy and the introduction of modern technologies and solutions in Ukraine.

Sustainable development strategy

Policy and approach

The core principles of our corporate social responsibility and sustainable development strategy are reflected in the Vodafone Ukraine Corporate Social Responsibility Policy, which is aimed at:

- ensuring sustainable development of both the Company and the society at large;
- achieving Vodafone Ukraine's strategic goals, in view of our stakeholders' interests;
- improving the efficiency of the corporate social responsibility management and reporting system.

The policy is integrated into our business strategy and operations. It applies to our relationships with external and internal stakeholders* and considers their expectations. The policy was adopted in 2009 and is reviewed regularly, most recently in late 2020.

Vodafone Ukraine's corporate social responsibility policy establishes our key principles based on transparent and ethical behavior that contributes to the sustainable development of society. It also declares our approach to the responsibility for the impact of our decisions and operations on society and environment.



*The relationships are a part of the activities of the organization within its control.

Sustainable development strategic priorities

We believe that introduction and use of modern technologies and innovative solutions is a key to sustainable development and overcoming digital inequality.

Vodafone Ukraine is contributing to the achievement of UN Sustainable

development goals. We implement projects that engage communities, participate in charity, invest in infrastructure and our talents and support human rights and gender equality. Out of 17 UN Sustainable development goals, Vodafone Ukraine has the most significant impact within the 6 following goals



Development of the economy and social aspects

Our main objective is to provide all our consumers with high-quality, innovative and affordable communication products and services. Our services help create opportunities for increasing the well-being of citizens, enhance the quality of life and work conditions, improve education and health care. They also contribute to the development of innovative thinking and, therefore, a successful society.

Digital equality

We contribute to the creation of equal opportunities by providing equal access to modern technologies, innovative products and services, and therefore to the full realization of personal potential. We focus on creating equal conditions and opportunities for residents of both distant regions and large cities.

Creating infrastructure for industrialization and innovation development

We invest in the creation and development of telecommunications infrastructure required for the successful implementation of key strategic national projects. We aim to develop a high-tech segment of the economy.

Increasing the welfare of the nation

We support and help implement the government's initiatives aimed at improving the quality of life and well-being of individuals and society.

Our goal is to provide access to high-speed Internet for 90% of Ukrainians by 2022. The introduction of 4G 900 MHz in rural areas in the next 2 years is our priority.

Achievements in sustainable development in 2020

When planning and implementing our sustainable development projects we consider their social impacts. Our operations help contribute to improving social climate, reducing social tensions and developing the economy.

In a time of global COVID-19 pandemic, the Internet has become almost the only tool for communication, work, and study for most people in Ukraine. To ensure the much-needed Internet access, we have focused on increasing our network capacity, expanding coverage and improving communication quality.

Implementation of digital technologies, such as NB-IoT*, is helping reduce the use of natural resources and establish a modern system of monitoring of their use in other industries.

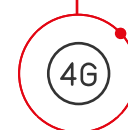


*Narrowband Internet of Things – is a cellular standard for low-volume telemetry devices.



Development of the economy and social aspects

We have provided all our customers with **free access to popular messengers and educational services** since the first days of quarantine in Ukraine. We have also provided free access to the classes of the All-Ukrainian School Online for the Ukrainian secondary school students.



Digital equality

We have increased the capacity of our existing network and improved the quality of communication. Vodafone's mobile Internet speed increased by 32% up to 25.7 Mbps, which is even higher than the overall speed growth rate in Ukraine (according to an independent study by Ookla for the second half of 2020)

We have been actively building 4G networks in villages and small towns to provide access to digital space to all residents of Ukraine. By the end of 2020, the network included more than 800 base stations (BS) and covered about 4700 settlements with more than 3.7 million people – the largest LTE 900 coverage in Ukraine.



Creating infrastructure for industrialization and innovation development

We have launched a separate network for the Internet of Things based on NB-IoT technology. The technology creates an infrastructural framework for the development of Industrial IoT and can significantly increase the efficiency of enterprises through smart and energy-efficient use of resources.

We have connected to the global Vodafone IoT platform.

We have customized technical platforms in accordance with the needs of Ukrainian customers by preparing new services for large-scale commercial operations.

We have implemented the Smart City pilot projects. For example, NB-IoT technology is used for water metering in joint projects with utilities.



Increasing the welfare of the country

We have implemented the Village Routes project, aimed at supporting rural tourism and entrepreneurship in rural areas. By the end of 2020, the project included 40 routes in 19 regions of Ukraine.



Response to the COVID-19 pandemic



During the COVID-19 pandemic, Vodafone Ukraine has been focused on the safety of its employees and the well-being of communities and customers. We adapted our work processes to the new conditions of quarantine restrictions and helped our employees to maintain their physical and mental health. We have also been actively engaged in supporting doctors and vulnerable groups.

Employee health and safety

Under strict quarantine:

- All our office staff work remotely from home;
- Offices and shops in Kyiv and the regions are closed for visits;
- Employees 60+ are quarantined with full preservation of their income;
- Business meetings and staff training have been moved online

Under adaptive quarantine:

- All offices are equipped with temperature measuring instruments;
- Offices are regularly disinfected;
- Office staff are provided with hand sanitizers;
- 50% of office workers work remotely.

- **Remote work.** A few days after the announcement of quarantine in Ukraine, 80% of our employees started working from home. The Company maintained the same level of efficiency and information security. It became possible as remote work in our Company has been partially used for more than 7 years, and all our internal processes and document management are digitized.

- **Medical support.** Together with the insurance company, we have developed a procedure for when the employee likely has COVID-19. The Company updates the employees on the symptoms of COVID-19, the required preventive measures and also instructs how to act in case of infection.

- **Effective communication.** We established daily communication with the employees and online meetings with top managers. We inform our employees of the recent developments in the Company and our response to the situation. We have also established dedicated channels for the staff to provide their feedback.

- **Communication online.** PROSTOR, the Company's internal network, has become a platform for an active communication between the employees working remotely. As social distancing is a mandatory requirement, our employees can easily communicate and discuss both work and personal topics using the platform. In addition, we launched several digital projects that help our employees keep up their health and emotional balance.



Physical and mental health projects

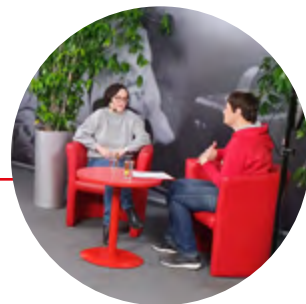
Online yoga. For more than 5 years our employees practice yoga at morning and evening classes in the Company. When the quarantine was introduced in Ukraine, the employees could attend yoga classes online.



Vodafone Team 2020. Digital mentor When the quarantine was introduced, our Vodafone running team continued training online. The runners got access to short videos with instructions from the experienced Vodafone Team mentors.



Helpful Digital. The Company organized online lectures and interviews with the specialists on the topics most relevant during the quarantine: physical, mental and emotional health; family relations; communication during quarantine; online learning.



Personal development projects

Time of the strong. The project provides the platform to talk about the colleagues they are proud of and to share their stories, tips and views on various topics.



Funny Coffee. We have created a Telegram bot for our employees networking. Every working day, the bot collects applications for "coffee" and randomly made couples meet and communicate.



Ok, Quarantine! The Company's informal newsletter on the recent digital events and initiatives helps learn more in the time of quarantine. This way our employees can attend virtual tours of museums and zoos, online concerts, free courses from business schools, etc.



Supporting the state and society in overcoming COVID-19

The total amount of assistance provided by Vodafone Ukraine in overcoming the consequences of the COVID-19 pandemic amounted to UAH 63 million.



Direct financial assistance **UAH 33 million** were allocated by Vodafone Ukraine and its shareholder, the NEQSOL Holding group of companies, for the purchase of **5 artificial respiration** units for Ukrainian hospitals in Kyiv, Lviv, Kharkiv, Zhytomyr and Lutsk. Besides the artificial respiration units, UAH 28 million were directed to the Prime Charitable Foundation, an associate of the Office of the President of Ukraine, on the purchase of protective equipment: medical respirators, shields, protective suits, infrared thermometers, RNA extraction reagents, and their shipping from China to Ukraine. These were transferred to health care, social protection institutions, the Armed Forces of Ukraine and education establishments to assist them in fighting the spread of COVID-19 in Ukraine.



Providing services and products **More than UAH 30 million** – Vodafone Ukraine's contribution to the social support of Ukrainians through initiatives launched by the Company during the quarantine.



Informing Ukrainians

- Vodafone Ukraine sent 30 mln SMS to inform its customers on behalf of the Ministry of Health of Ukraine, the Ministry of Foreign Affairs of Ukraine and regional administrations. The messages contained recommendations on how to act during quarantine, the methods to reduce the risk of coronavirus infection.
- Together with the United Nations Children's Fund (UNICEF Ukraine), we informed through SMS our customers that reside at territories temporarily not controlled by the Ukrainian government in Luhansk and Donetsk regions. The aim was to raise public awareness of COVID-19 in eastern Ukraine. This information campaign was agreed with the Ministry of Digital Transformation of Ukraine.

Free services for clients

- At the beginning of quarantine, Vodafone Ukraine replenished the accounts of our prepaid clients in roaming by UAH 100 so that they can stay in touch until they are back in Ukraine and receive important information in a timely manner.
- Vodafone Ukraine offered additional free communication services to healthcare providers. We provided 10 GB of mobile data and 1,000 minutes for calls to the numbers of all operators in Ukraine, including landline phones, to all doctors and healthcare professionals who applied for these services. **About 30,000 healthcare workers** used the free services, which in total amounted to **120,424 million minutes and 1,201 million GB.**

- We provided free mobile communication to doctors that went to other countries to support their colleagues.
- Vodafone Ukraine, in cooperation with the Office of the United Nations High Commissioner for Refugees, provided free mobile communications to the most vulnerable groups of population in eastern Ukraine.
- During the quarantine restrictions, we have been providing our customers with free unlimited access to popular messengers and Online Pass service to help them stay in touch.
- Vodafone Ukraine together with the Ministry of Education and Science of Ukraine and with the support of the Ministry of Digital Transformation of Ukraine, provided free access courses on the national to distance learning platform "All-Ukrainian School Online" for students and teachers throughout Ukraine.
- In order to support the Ukrainians who have to stay at home because of quarantine, Vodafone Ukraine provided free access to platforms and educational services of the Company – Vodafone TV, Vodafone Books, Vodafone Children's Club, as well as Vodafone Market and Vodafone Kids Market applications.



Technological solutions, products and services

- In partnership with Botkin.pro, which specializes in remote telemedicine, Vodafone Ukraine opened Zdorro Smart Medical Center. Ukrainians now can access professional medical advice without leaving home.
- Within a day, the engineers of Vodafone Ukraine set up the network and provided free access to high-speed Internet in medical center Novy Sunzhary so that Ukrainians evacuated from China could stay in touch with their relatives and friends as well as doctors and authorities, despite stress and high restrictions of quarantine. Usually, this type of work takes days.
- The employees of Vodafone Ukraine conducted a series of educational webinars for our clients on electronic document management system; IaaS; self-service; data handling; using Big Data in marketing, sales, logistics; risk management. **About 700 companies** across Ukraine participated in the webinars.

Charitable initiatives

- The Vodafone Ukraine's Good Deed Gift charity program helped raise funds to procure the COVID-19 PCR tests for the Kyiv Heart Institute. These were tested by diagnostic system ELITE InGenius, the only error-free system to detect the coronavirus infection in Ukraine. This is vital for little patients with congenital heart diseases that need surgery in the Heart Institute. **600 test systems were purchased.**
- The Vodafone Ukraine's customers can easily join our charities through the Let's protect Ukraine from COVID-19 project launched by the Ukrainian Charity Exchange. Each SMS sent to the short number 88001 (1 SMS = UAH 20 donation) contributes to fundraising for medical equipment and supplies for Ukrainian hospitals. Raised money helped acquire oxygen concentrators, blood gas analyzers, personal protective equipment, anti-epidemic clothing kits, kits for detecting the nucleic acid of the new coronavirus and syringe pumps.
- Vodafone Ukraine jointly with the Ukrainian Red Cross launched a short number 88033 to collect charitable contributions. The funds are aimed at overcoming the effects of the COVID-19 pandemic.
- Our Company joined the global citizens initiative and supported an innovative online campaign "One World: Together At Home", which featured live performances by the world's leading musicians to draw attention to the work of doctors during the coronavirus pandemic.



Corporate governance



Corporate governance structure

The core pillar of our corporate governance is absolute compliance with Ukrainian legislation on joint-stock companies. Business operations of Vodafone Ukraine are also guided by the corporate governance principles approved by the National Commission on Securities and Stock Market (NCSSM) and the best world practices.

Vodafone Ukraine is part of the Neqsol Holding group of companies (Azerbaijan), the ultimate beneficial owner is Nasib Hasanov.

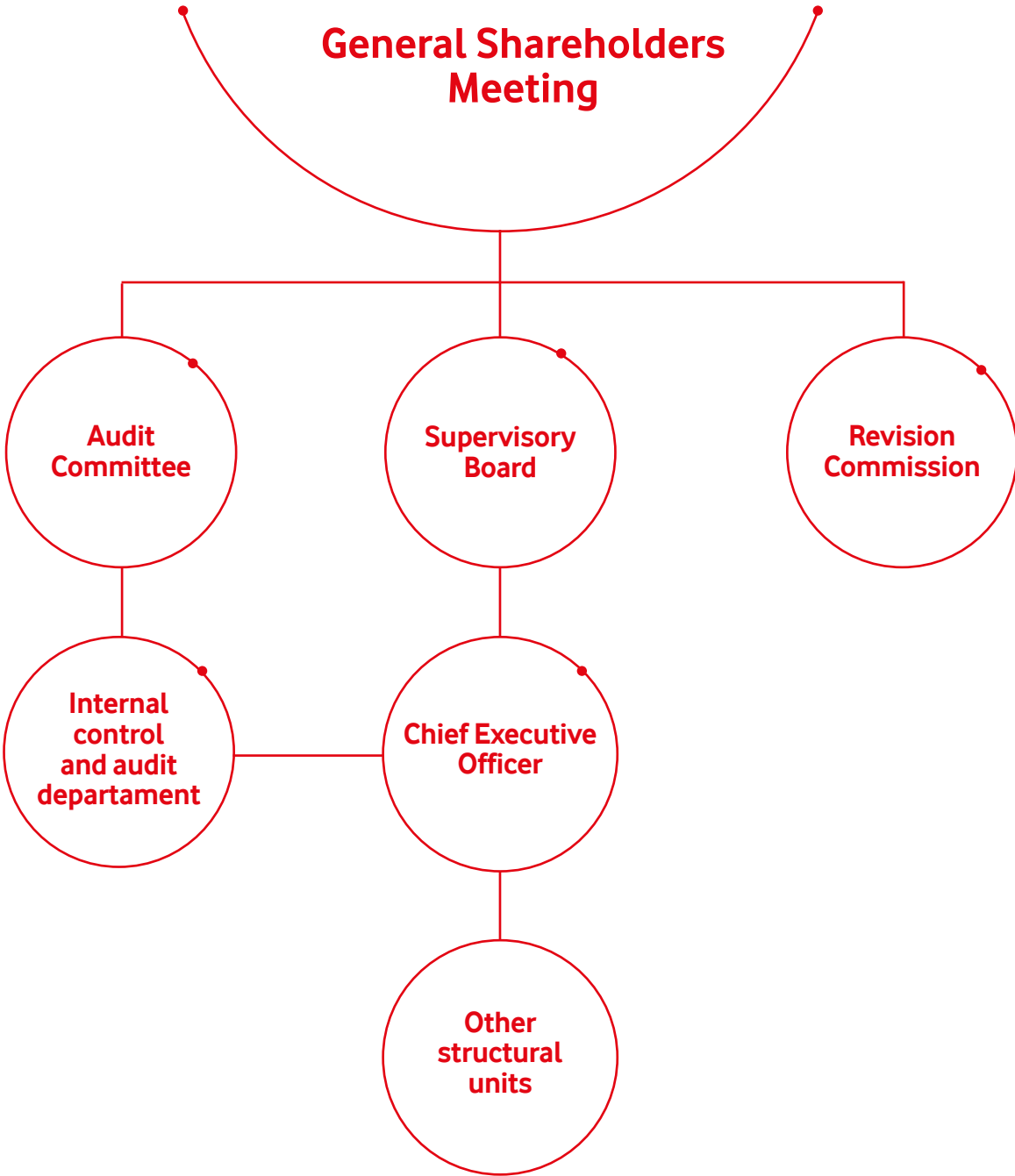
The Management bodies of Vodafone Ukraine:

- **The General Meeting of Shareholders** is the supreme body of Vodafone Ukraine.
- **The Supervisory Board** protects the rights of Vodafone Ukraine shareholders and within the competence manages the activity of the Company, as well as controls and regulates the executive body of the Company (CEO). At the end of 2020, we have formed a collegiate advisory body under the Supervisory Board - the Human Resources and Appointments Committee.
- **The Chief Executive Officer (CEO)** is the sole authority elected by the Supervisory Board to manage ongoing business operations of Vodafone Ukraine. The CEO works closely with an advisory collegial body – the Executive Committee, which prepares draft decisions, budgets, financial information and other materials.

The Revision Commission is responsible for supervising the financial and economic performance of the Company. Vodafone Ukraine has also formed the Audit Committee in accordance with requirements of relevant Ukrainian legislation. The Audit Committee exercises control over integrity, accuracy, and reliability of financial statements of the Company, internal control and risk management system efficiency, choice of an independent external auditor, evaluation of its work.

VF Retail LLC and ITSF LLC both are controlled by Vodafone Ukraine. According to their Charters, the core management bodies include the General Meeting of Participants, the Supervisory Board and the Chief Executive Officer. Apart from the governing bodies, VF Retail LLC has formed the Revision Commission, responsible for overseeing the Company’s financial and economic operations. There is also a permanent collegial body, the Committee of VF Retail, that reports to the Chief Executive Officer. Its role is to advise the Company’s management.

Vodafone Ukraine corporate governance structure



Corruption prevention and compliance practices

Unconditional intolerance towards all forms of corruption and bribery is one of the core elements of our corporate culture. The principles of business organization at Vodafone Ukraine meet the highest ethical standards of conduct. We exercise the “Tone at the Top” principle, which implies the impeccable reputation of our senior management, aiming to prevent corruption and bribery at all corporate levels.

In practice, we enforce our integrity principles through the implementation of the anti-corruption program, which includes special controls, reporting and monitoring mechanisms, as well as an audit of the anti-corruption compliance system. The Compliance division is responsible for overseeing the work of our anti-corruption program, which was recognized as substantially effective according to the results of Vodafone Global evaluation in 2020. The Head of this division is subordinated to the CEO.

Our internal policies and practices on anti-corruption are developed in line with the requirements of Ukrainian legislation and international best practices, namely the US Foreign Corrupt Practices Act (FCPA). Our rules and principles of professional integrity are stipulated in the Vodafone Ukraine Code of Conduct. In 2020 we updated the policy on preventing corruption and bribery in business operations, which also apply to our subcontracting companies and their employees.

Our corruption prevention principles:

-  Rejection of corruption in all its forms and manifestations
-  Rejection of corruption in all its forms and manifestations
-  Priority of preventive measures
-  Systematic, integrated anti-corruption measures and their adequacy to the level of risk
-  Appropriate caution
-  Personal responsibility
-  Consistency and generality of application of the Policy
-  Mandatory application of the business ethics principles set out in the Code of Conduct

As part of the anti-corruption program, our employees undertake regular training on corruption prevention and compliance principles. Every 2 years our employees are retrained online or offline on the Company's Anti-Corruption Policy and the Code of Conduct. Furthermore, employees holding managing positions are required to be certified annually on Vodafone Ukraine Code of Conduct. In 2020, a total of 1,020 employees were informed about anti-corruption policies and procedures, and 2,641 employees received training on these topics. In addition, 265 managers at the Company were certified on Code of Conduct.

Apart from the institutional system of anti-corruption practices, Vodafone Ukraine exercises the feedback approach through a grievance mechanism for its employees, suppliers or third parties. The mechanism is established in line with our policy on

human rights violation and abuse prevention. It allows reporting suspicious or illegal activities, tax issues, incidents of breaching anti-corruption laws or provisions of the Code of Conduct in three ways: (1) notify the CEO, (2) notify the Head of Compliance, or (3) notify anonymously through the Hotline or write to the e-mail address hotline@vodafone.ua. We developed clear rules on processing messages received through the Hotline. We protect whistleblowers from harassment and any form of discrimination, regardless of how the reports on actual cases or suspected violations of anti-corruption policies or legislation is received.

Vodafone Ukraine practices various internal communications to keep our employees aware of the general principles of compliance and combating corruption and bribery. Communication campaigns include:

- informative e-mail newsletters and telephone and offline consultations;
- periodic updating of information materials in the "Compliance and business ethics" page of the internal corporate social network PROSTOR.

Risk management

We understand that the major corruption-related risks in Vodafone Ukraine include:

- Improper and illegal influence on public figures;
- Providing unjustified advantages to companies related to public entities and private officials;
- Abuse in selecting external consultants;
- Low efficiency of the Compliance unit.



Tax management

To prevent and mitigate these risks every year we evaluate the effectiveness of our anti-corruption program and compliance approaches. Building on the best practices, we have integrated 53 anti-corruption transaction controls in our business processes, 15 of which cover the red category of risks and are monitored quarterly for anti-corruption compliance. All business departments are required to report quarterly on the implementation of anti-corruption controls. In 2020 the monitoring results showed no cases of corruption in the Company.

Audit Committee oversees the Company's risk management system. In addition, we conduct external verification to ensure that our anti-corruption compliance system corresponds with our internal requirements. This practice helps us to monitor the implementation effectiveness of the anti-corruption system.

In 2020, we extended our cooperation agreement with Vodafone Global. As part of the agreement, Vodafone Ukraine is obligated to comply with the anti-corruption standards, established by Vodafone Global. To implement this provision Vodafone Ukraine will participate in training programs and exchange of experience between the companies' Compliance executives, as well as hold monthly meetings to monitor the status of implementation of the anti-corruption standards.

In 2021 Vodafone Ukraine aims to undergo an independent audit in order to obtain a certificate of compliance with International Standards ISO 37001:2016 'Anti-bribery management systems' and ISO 19600:2014 Compliance management systems.

Our Company is a conscientious taxpayer. Effective tax management is one of our key corporate values. According to Rating magazine, VF Ukraine PrJSC is in the TOP-100 largest companies in Ukraine in terms of tax payments for 2019*. Based on the results of 2020, VF Ukraine PrJSC is included in the register of the largest taxpayers in Ukraine for 2020**.

The Company has a Tax policy on tax return preparation, verification and certification. Every year, our tax policy is reviewed by the Tax administration group with the contribution of accountants and lawyers. The policy is aligned with the Company's regulatory documents and goes through the approval of the Chief Financial Officer. When the Company encounters new complicated taxation issues, we develop a special memorandum that clarifies the rules for tax accounting. The Company also issues a Tax Risk and Asset Management report every quarter.

In addition to the policy review, responsibilities of the Tax administration group include coordination of tax accounting, analysis of current and prospective tax legislation, identification of tax assets, and tax risk minimisation. The team is regularly trained to improve their skills. However, when facing complex and controversial tax issues, decisions are made collectively with the involvement of accountants, lawyers and need to be approved by the CFO. If required, the Company hires external consultants.

Vodafone Ukraine is an active member of business organizations like the European Business Association, the American Chamber of Commerce, and the Taxpayers Association. We use these platforms to discuss relevant taxation issues in working groups with representatives of other telecommunications companies and to develop the consolidated tax position in the sector. In case of any problematic issues with the tax authorities, we can address them to the Business Ombudsman Council.



*<https://rating.zone/wp-content/uploads/2020/02/top-100.pdf>

**<https://tax.gov.ua/dovidniki--reestri--perelik/reestri/393202.html>



Technology and innovation

Network and infrastructure

We are actively developing our network, which helps us to improve the customer experience and the quality of our services. Our modern technological infrastructure allows us to digitalize our services and implement large-scale strategic projects.

Regulations and standards

We comply with all requirements of the applicable Ukrainian laws, as well as our internal network development and operation standards. To ensure compliance with all external requirements and best international practices, we have adopted the regulations that govern our network operations:

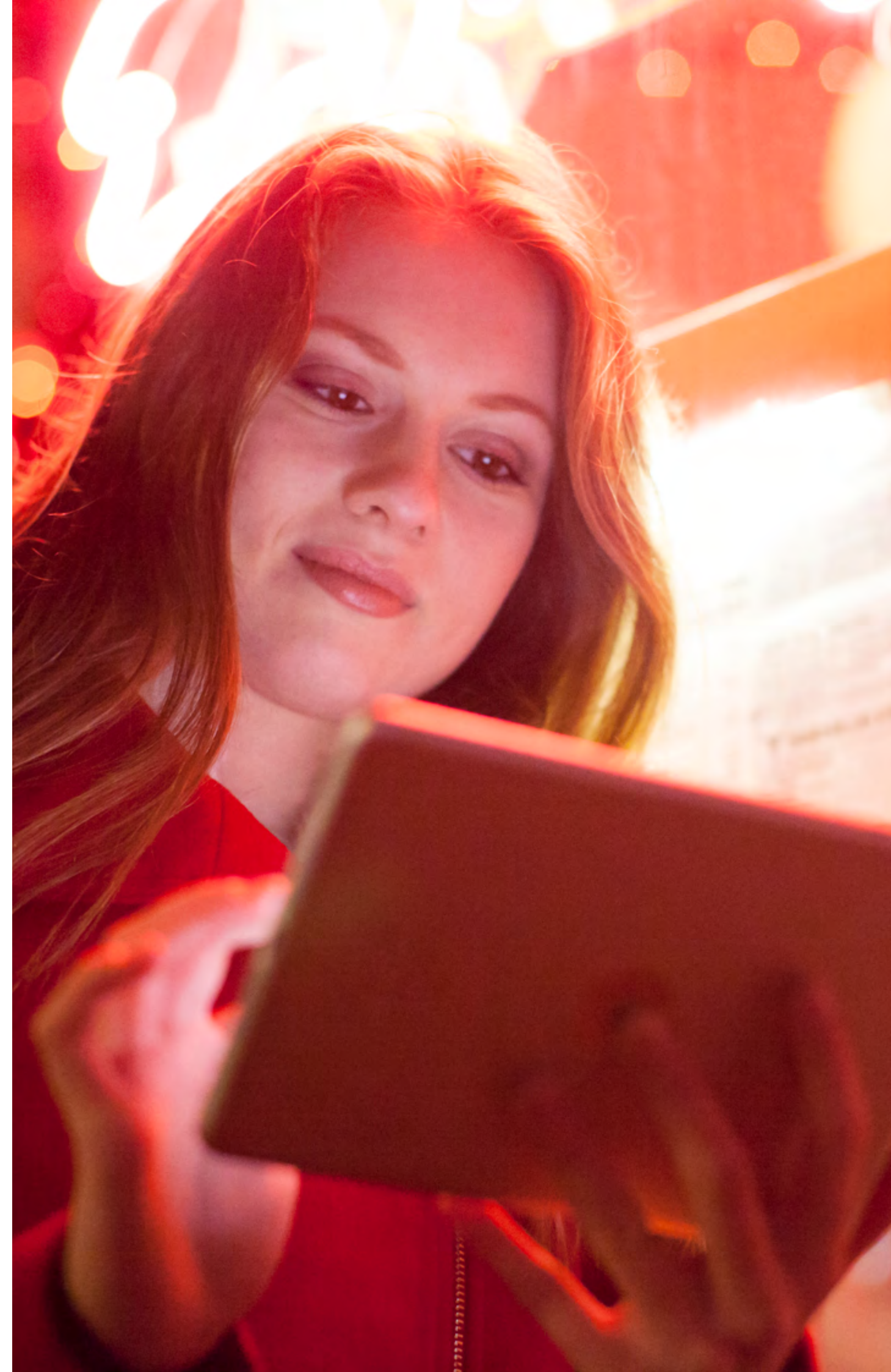
- Requirements for maintenance of access to network equipment and infrastructure.
- Requirements for geodetic control of antenna supports.
- Creating and accepting a radio access network (RAN) object.

When choosing the location for our base station, we run complex calculations that account for many factors, including the terrain, the height of the surrounding buildings and the area to be covered. The location is chosen in a way that ensures uniform coverage, the highest possible quality of services, and redirection of antenna radiation away from residential buildings, public places and facilities. Professional network planning allows for high communication quality and compliance with all environmental regulations.

Vodafone Ukraine applies the principles and approaches that entail the prevention of negative impacts on the environment and human health. We construct new base stations and prepare all relevant documentation in compliance with the requirements of the applicable Ukrainian legislation and sanitary norms, including the permissible limits of human exposure to the level of electromagnetic radiation. Ukraine has some of the strictest requirements in the world for the level of electromagnetic radiation, namely $10 \mu\text{W} / \text{cm}^2$. For comparison, in the Scandinavian countries, the permissible limit is $100 \mu\text{W} / \text{cm}^2$, in European countries, they average at $90 \mu\text{W} / \text{cm}^2$.

Our network equipment has all the necessary certificates and permits. It is installed in compliance with all safety regulations and the procedure established by Ukrainian legislation. Our base stations are similar to those in Europe, the United States and other countries, which strictly control human health exposure and environmental safety parameters.

We adopted a responsible approach to interacting with customers and communities on the development and operation of our network. In case there are any questions or concerns on their part, the representatives of Vodafone Ukraine participate in public meetings and provide clarifications. If necessary, we measure the electromagnetic radiation of a specific base station to confirm our compliance with Ukrainian legislation.

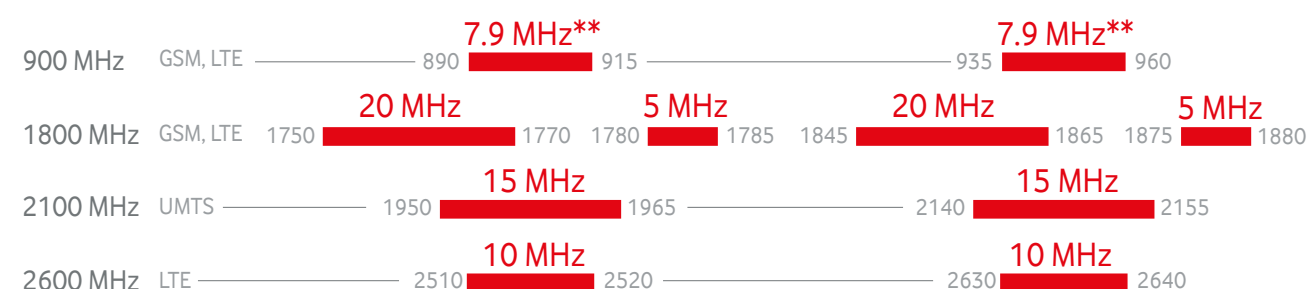


Training

All our employees in the technology and network development departments undergo the initial instruction, training, and professional development courses. In accordance with the requirements of the applicable Ukrainian legislation, they must be trained on labor protection and safety, know how to work on electrical equipment, machinery or installations, and on work at height safety.

Licenses and allocated frequencies

In 2020, Vodafone Ukraine obtained new licenses in the 900 MHz band with the possibility of launching new LTE technology. Below is a list of our bands as of the end of 2020*. All frequency bands have been allocated for a specific technology. The total spectrum of the frequencies allocated to Vodafone Ukraine is 57.9 MHz (Duplex) in the bands 900, 1800, 2100 and 2600 MHz.

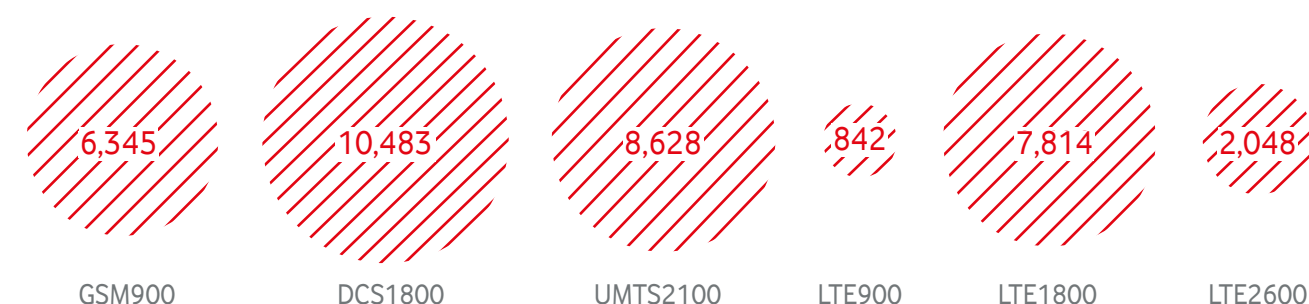


Network development and achievements in 2020

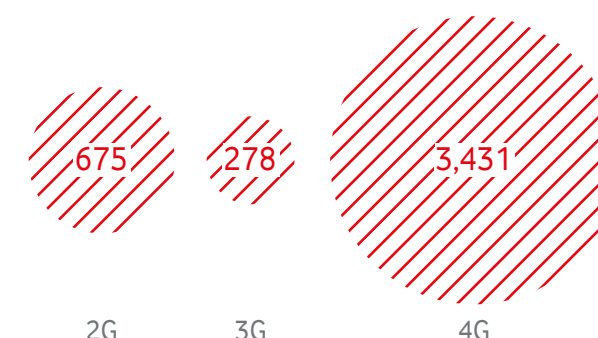
Continuous network development, including the upgrade of existing and construction of new base stations, allows us to meet the expectations of our customers

and provide modern and fast services. Our assets include 31,227 thousand km of fiber-optic networks and more than 36 thousand base stations operating on GSM, DCS, UMTS and LTE technologies.

Number of base stations

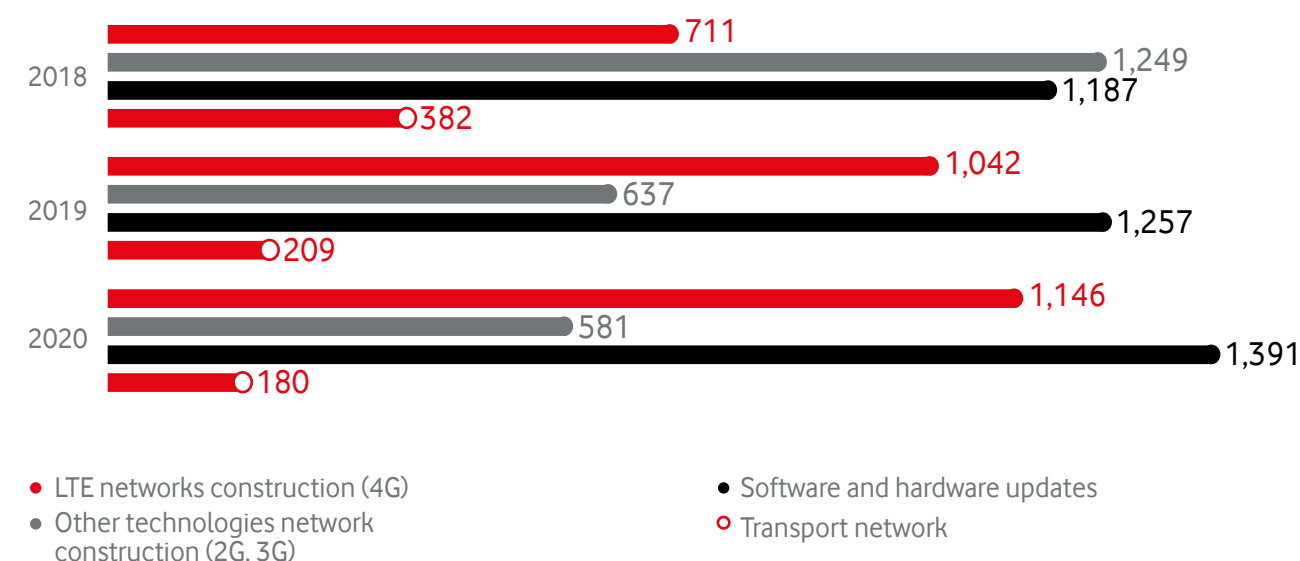


In 2020, we completed the construction of 4,384 base stations.



In the last 3 years, the Company invested around UAH 10 billion in its network and infrastructure. In addition, in 2018, Vodafone Ukraine spent UAH 2.7 billion for new radio bands licenses.

Capital investment, UAH mln



*For more information on external licenses please see the Annex (Table 1)

**The spectrum is different in each region. 7.9 MHz is the average value in Ukraine at 890-915 MHz with Duplex 935-960 MHz

Our key areas of technology and network development during 2020:

- Development and expansion of network bandwidth.
- Frequency redistribution (spectrum refarming).
- Expanding 4G coverage in rural areas.

In 2020, Vodafone Ukraine launched a 4G network in 900 MHz bands (LTE 900) in all Ukrainian regions. The network includes more than 800 base stations, covering about 4,700 settlements with a total population of more than 3.7 million people. This is a record LTE 900 coverage in Ukraine.

In 2020, we were the first telecom company in Ukraine to implement a pilot project on the use of drones in telecom network construction and maintenance. During the network planning stage, the drone data

help accurately determine the optimal location of the new station so that it covers a larger area and provides a better signal. The information from drones also helps choose the optimal configuration: the best locations of the antennas, the number of sectors and the required types of antennas, their inclination and azimuths. Drones allow to save time and increase the quality of planning while enhancing the efficiency of the network investments.

During 2020, the traffic consumption increased 1.4 times compared to 2019. On average, one data client used more than 5 GB of mobile Internet per month. Despite the increased network load, the mobile Internet is increasing. Our investment in expanding coverage and LTE capacity allowed customers across Ukraine to enjoy more content while maintaining a high quality of mobile Internet.

Vodafone Ukraine is a recognized mobile Internet speed leader in Ukraine in the second half of 2020, according to the assessment of Ookla, the reputable Internet speed testing and analysis company.

According to Ookla (Speedtest Award), our Company provides the highest speed of downloading and transmitting data – not only the average speed in the territory of Ukraine but also in almost all major Ukrainian cities. The fastest mobile Internet in terms of data download speed was recorded in Lviv, while the fastest mobile Internet in terms of data transfer speed – in Odesa. In the second half of 2020, Vodafone Ukraine demonstrated the highest average download speed 29.38 Mbps, and the highest average upload speed 14.10 Mbps. According to Ookla, our network speed has increased by 32% this year and reached 25.7 Mbps, which is even higher than the overall growth rate in Ukraine.

Our infrastructure development plans

In 2021, we plan to build new base stations, most of them with for 4G network. We aim to provide access to high-speed Internet for 90% of Ukrainians by 2022. In the next 2 years, our main priority in this area is the construction of a 4G 900 MHz network in rural and remote areas.



Innovative technologies, products and services

Our values and priorities

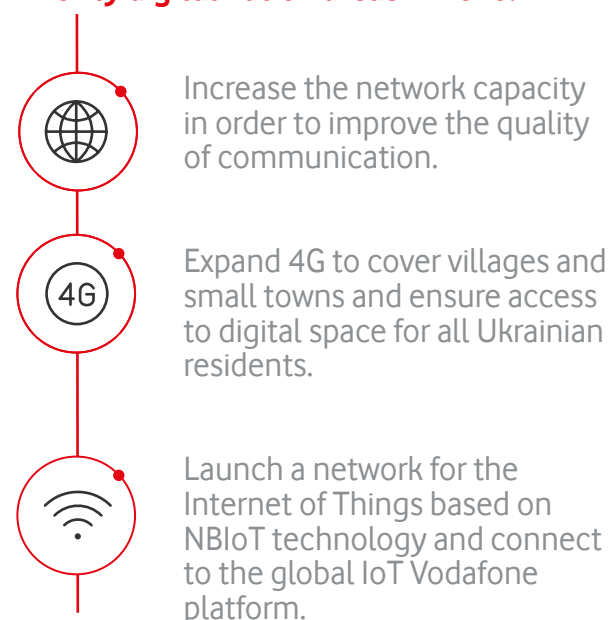
Our strategy is focused on digital transformation in order to develop a better customer experience through the creation of high quality and affordable digital products. As a result of the digitalization programs, the consumed Internet traffic and the number of users of our new services increased during 2020.

Vodafone Ukraine implements innovative solutions that enable more efficient use of resources and facilitate their monitoring. Digital transformation of our internal business processes is our priority. The annual investments in these projects average at about UAH 7 million.

All our external and internal transformation goals are based on the three values that are the key for Vodafone Ukraine:

- People
- Processes
- Technology

Priority digitalization areas in 2020:



Our projects implemented in 2020

Vodafone Ukraine strives to maintain technological leadership and therefore is constantly expanding the range of services provided. For instance, we incorporated Internet of Things (IoT), database analytics, fintech, cloud services, etc. in our products. In 2020, we focused on providing our customers with digital services that became especially valuable in the face of quarantine restrictions and social isolation.

IoT

• Smart Metering

As part of the Smart City concept, we have developed a number of Smart Metering solutions for water, gas and heat metering based on the innovative NB-IoT network. Such projects help save money for both individual consumers and utility companies and have a positive impact on the environment through energy-saving and the rational use of natural resources.

The pilot project helped upgrade water metering systems of utilities in Sumy city and Vyshneve town. The equipment installed at the commercial water metering units within the infrastructure of the water supply companies (Vodokanal) enables collecting water consumption data online through NB-IoT network for further analytics, load planning and billing. The tests confirmed that the network is ready for the commercial launch for housing and utility services operators and development companies.





Financial inclusion and electronic payments

• Integration of Mobile ID technology

Digital ID technology enables electronic identification and qualified electronic signature (QES) service. QES is a legally significant analog of the personal signature. It can be used on E-data, the web portal on the use of public funds (spending.gov.ua), which publishes information on the use of budget funds throughout Ukraine. More than 44 thousand organizations are registered and publish their financial documents on the portal. Mobile ID technology also provides access to Diya application for a smartphone or tablet.

• SMS payments

On October 20, 2020, as part of the implementation of the Smart City system in the city of Kharkiv, SMS payment for parking at the sites of the Municipal Enterprise Kharkivparkservice was launched by telecom operators Vodafone Ukraine, Kyivstar and lifecell together with Kharkiv City Council. Vodafone Ukraine subscribers have made more than a thousand transactions till the end of 2020.

• SMS-ticket

In 2019, we launched a service that enables paying public transportation charges by sending an SMS, instead of buying a paper ticket.

During 2020, the service became available in 4 cities: Vinnytsia, Zhytomyr, Lviv and Ivano-Frankivsk and more than 120,000 SMS-ticket transactions were successfully completed.

• Integration of ReporTax technology

ReporTax is a bot accountant for entrepreneurs. It allows paying taxes and file reports on a smartphone. From 2020, the bot has been operating with Vodafone's Mobile ID technology.

• Launch of 4G in the Kyiv metro

This project provides customers with access to high-speed Internet even underground. 4G network was launched with the help of the joint use of Huawei equipment and the frequencies allocated to Vodafone under our licenses.

• Development of SharPay service

SharPay offers a variety of functions, including payment by card from a mobile account, transfer of funds, a bonus program, payment for various services, including utilities (launched in 2017). The service is available for iPhones or Android smartphone users, as well as the customers of other Ukrainian operators. In 2020, we continued expanding the functionality of the service, including payment features.





Access to health care services

• Smart clinic Zdorro

The clinic is an integral ecosystem of digital telemedicine services. It aims to expand the capabilities of modern medicine through artificial intelligence, IoT and Big Data analytics. The clinic was opened by Vodafone Ukraine in partnership with Botkin.pro, which specializes in telemedicine consultations.

Здоppo



The smart clinic Zdorro has the largest database of doctors in Ukraine consulting remotely: more than 1,100 medical professionals.

Digitization of the workplace

• Remote workplace

Vodafone Ukraine uses the digital workplace, which allows our employees to work remotely. During 2020, digital workplace was essential for employees to stay safe and healthy. Our previous experience in this field allowed us to quickly set up remote work.

Digitalization of internal processes in the company

• Integration of SAP and ECM Opentext platforms

In 2020, we launched the program for the digitalization of our business processes through SAP and ECM Opentext platforms. These projects will be implemented during 2021- 2023. They are aimed at building end-to-end processes for managing the Company's assets, logistics, and investments. In addition, they help organize full-scale digital document management.

In 2020, the number of internal processes within the electronic document management increased, which resulted in an almost 40-fold increase in document flow. In total, about 10 different projects will be implemented under this program.

Cloud services

• Audit according to ISO 27001: 2013

From the end of November 2019 till the beginning of December 2020, Vodafone Ukraine successfully passed a certification audit according to ISO 27001: 2013 Controls Effectiveness for Cloud Computing based on our Data Center.

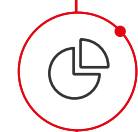


Future digitalization plans

In order to build a holistic digital ecosystem and have a competitive technological advantage, we will continue implementing our digital programs:



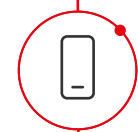
High-speed Internet services throughout Ukraine



Big Data



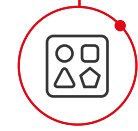
IoT



Smart City



Cloud services



Digital self-care services



**Providing value
to our customers**

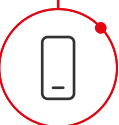




Products and services



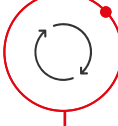
Our customers are our core value and the main focus of our business model. We work daily to improve the customer experience and quality of our services to be among the leaders in Ukraine. By the end of 2020, Vodafone Ukraine had almost 19 million active customers and more than 7 million people were using our 4G services.

We provide services to both private customers and businesses. Private customers may choose between a contract and a prepaid bundle.

Our key services for private customers include:






-  Mobile communication
-  Mobile Internet
-  Messaging

Our customers may choose from a variety of additional offers:

-  A year without subscription fees: a plan for 12 months with a fixed advance fee and no additional subscription fees.
-  A day without worries: call subscribers in Ukraine for free and use the mobile Internet for 24 hours (available no more than once every 7 days).
-  Multiple conversations: exchange selected batch minutes for calls to any operator and within Ukraine.
-  Minutes exchange: exchange minutes in a plan for calls abroad for minutes for calls within Ukraine.
-  Call me back: free and quick message sending to another caller asking to call you.

We strive to become a long-term partner for businesses by helping improve their

Our services for business customers include:

-  Mobile communication
-  Messaging
-  Fixed and mobile Internet
- 
 - NB-IoT
 - Smart metering: data collection and analysis automation
 - IoT Monitor: remote management of M2M (machine-machine interaction) SIM cards via your personal account. The service includes Internet traffic and SMS bundles.
- 
 - Business mailing lists

efficiency and cut costs using state-of-the-art technologies.

-  Business efficiency solutions
 - Big Data Scoring: building a model based on primary customer data and developing an API (application software interface)
 - Vodafone Analytics: description of the target audience portrait based on Big Data, organization of targeted advertising, help in making decisions (location of new stores, attracting and retaining customers).
 - Electronic Document Management. It allows to generate electronic documents, store them in the system, and sign with electronic digital signature.
 - Colocation: locating the customer's server or telecom equipment in our data center to ensure smooth operation.

We also provide individual and business customers with a wide range of related services:

- **Financial services:** account recharge, payment for services.
- **Entertainment services and content:** Vodafone TV, Vodafone Music, Vodafone Books, Vodafone Press, Kids Club, Kid's market, GOOD'OK, Vodafone market, BeFit, Busuu, Content Revisor, SIM-MENU, mobile portal, Mobile guide.
- **Support:** SIM card replacement and recovery, keeping phone number, Security, Short numbers, number transfer service.
- **Mobile ID** for individuals and legal entities: proof of identity, digital signature document flow.
- **PASS** (Online PASS, Social PASS, Video PASS): unlimited traffic for selected apps for a fixed fee.

2020 Initiatives

In 2020, we introduced “eSIM” – a built-in virtual SIM card, available in the online store. This is a fully digital SIM card that does not require the use of plastic. It provides better data protection, since it cannot be stolen or lost, and allows using mono-SIM devices with 2 SIM cards.

In 2020 we launched 4G in the Kyiv Metro. As of the end of 2020, it was operating at 47 metro stations. We held the “20 MetroGIG” campaign for the Kyiv Metro passengers and provided the customers with 20 GB of mobile Internet for 7 days with no additional costs. The data can be used in the underground, where 4G coverage is available.

In order to support the state digital development program, we have enabled the use of the Diya app in customer service in our own stores and partner stores.

Also in 2020, our customers got the opportunity to take advantage of the “YouTube Without Interruptions” offer. Our exclusive cooperation with YouTube made it possible for Vodafone Ukraine customers to get a four months free YouTube Premium subscription.

We are constantly improving and updating MyVodafone self-service tool for our subscribers. It is a mobile application available for Android and iOS, as well as in the WEB interface. Using this application, our customers can top up their account, change the plan, enable and disable services, monitor their plan and account balance, get detailed information about expenses, etc. As of the end of 2020, the active customer base was 4.5 million*. MyVodafone's share in self-service channels for performing operations was 39% at the end of 2020, which is 10% more than last year.

MyVodafone is available for both private customers and business clients. To satisfy the needs of big companies, we continue developing the service in the WEB-room. Our business customers also have access to the WEB Assistant tool, which will be subsequently transferred to MyVodafone WEB version.



*Number of subscribers in the 3M database – subscribers who have used the service at least once in the last 3 months



Supporting our customers during the pandemic

We have implemented several initiatives that allowed our customers to stay connected in critical situations and receive information related to the COVID-19 pandemic. We have provided free access to important medical and government information resources:

- Public Health Center
- Ministry of Foreign Affairs of Ukraine
- Ministry of Health of Ukraine
- Web resource “FRIEND” of the Ministry of Foreign Affairs of Ukraine (voluntary registration of Ukrainian citizens abroad)
- An information resource about COVID-19 in Ukraine - <https://covid19.com.ua/>
- World Health Organization

It was extremely important for us to provide an opportunity for our customers to connect with their close relatives who were in other countries at the time of the border closures. We have credited 100 UAH

to each of our prepaid customers’ accounts so that they stay connected until arriving in Ukraine and receive timely information about the COVID-19 pandemic. Our roaming customers got free access to Vodafone.ua site, the self-service tool, and the website of the Ministry of Foreign Affairs of Ukraine and its web resource “FRIEND”.

In order to help our customers cope with isolation during the quarantine, we have provided them with extended free access to entertainment and educational Services – Vodafone Books, Vodafone Market, Vodafone Kids Market and Vodafone Kids Club, Vodafone Press, Vodafone Music, Bookmate and BeFit. We also provided free unlimited traffic in the Diya app.

During the strict quarantine, we held the “Doctor Nearby” campaign and provided our customers with the opportunity to receive professional medical advice remotely. This was available through the short number 773 or vodafone.ua/773 page. The project was implemented in collaboration with medical platforms Telemed24.ua and Botkin.pro.

Responsible marketing and communication with our customers

Our approach to marketing and communications management is aimed at building a strong brand and establishing long-term relationships with our customers. We provide them the best offers and innovative products, and also complete and reliable information about Vodafone Ukraine services. When creating advertising, planning and conducting marketing campaigns, we are guided primarily by our customers' interests.

Our approach to marketing activities

Our advertising and marketing follow the requirements of the applicable Ukrainian legislation and resolutions and orders of the state bodies. We comply with relevant legislative acts of other countries and applicable international directives, including the General Data Protection Regulation (95/46/EU), the US Foreign Corrupt Practices Act, the UK Bribery Act and others.

In its marketing activities, Vodafone Ukraine adheres to its internal regulations for the development, agreement and approval of advertising materials. The visual part of all marketing materials is developed in accordance with the Vodafone Global Brand Book and all our advertising materials are agreed with the headquarters of our global partner.

Every year, we develop our marketing plan that includes specific projects and their expected outcomes. At the end of the year, we evaluate our achievements in this area and take them into account when planning the follow-up measures, events and campaigns. The Company

constantly evaluates the brand market position and the effectiveness of marketing campaigns using the "Brand Health Track" study. Based on the data obtained, the employees responsible for each area of activities analyze the results of marketing. If necessary, they initiate changes to Customer Journey and inform subscribers or review the approach to developing marketing materials.

The Marketing Director is responsible for the final marketing decisions. The Head of the Brand and Communications Department coordinates marketing activities.

We are delighted that our customers are satisfied with the quality of our products and services. In 2020, our Net Promoter score was 23%, while Net Satisfaction index reached 69%.





Labelling

The following materials and products of Vodafone Ukraine are subject to labelling:

- Advertising materials at points of sale
- Informational materials at points of sale
- Starter packs
- Outdoor advertising
- Advertising on radio and TV
- Digital advertising

Vodafone Ukraine fully complies with the Resolution of the Cabinet of Ministers of Ukraine No. 295 dated 11.04.2012 “On Approval of the Rules for Providing and Receiving Telecommunications Services”. According to the Resolution, when providing services using a prepaid service card, an identification card and an account top-up card, the provider must indicate on the cards:

- their validity period;
- name of the operator or provider;
- its address;
- number in the Register of telecommunications operators and providers;
- information about the procedure for using such cards.

Customer Communication

We are always open to communication and feedback from our customers as this helps us set ambitious goals, create new plans and programs, and become better every day. Therefore, we encourage our subscribers to contact us through various communication channels:

- sending a letter by mail;
- calling the Remote Customer Service centre;
- via social networks;
- via the online chat on the official website www.vodafone.ua.

Vodafone Ukraine has a standard procedure for filing claims or suggestions regarding marketing and advertising. Customers can contact the above channels, as well as the Customer Service Centre and points of sale. During 2020, there were no cases of non-compliance with regulatory or voluntary regulations on marketing communications, labelling, or advertising.



Data protection

Legal regulation

Vodafone Ukraine operates in strict compliance with the effective Ukrainian law and all other standards applicable to telecommunications companies. We process personal data in accordance with the Law of Ukraine “On Personal Data Protection”. We do not create directories or subscriber databases that are open to third parties and contain users’ personal data. According to the Law of Ukraine “On Information”, Vodafone Ukraine treats personal data as restricted (confidential) information that is subject to all requirements to the procedure for handling confidential information.

Internal policies and approach

The Vodafone Ukraine information security policy is the main document that defines the strategic goals, principles and methods of ensuring information security, and the powers and responsibilities of Vodafone Ukraine management. The Policy requirements apply to all Vodafone Ukraine branches, as well as to other organizations, institutions and individuals that interact with us as suppliers, consumers of services or information resources.

Our strategic goal in this area is to ensure:

- security of our information systems and services in accordance with our obligations;
- confidentiality, integrity and availability of information processed by our information systems regardless of the information owner.

Our principles help us achieve our information security goals:

- Legality
- Engaging senior management
- Economic feasibility
- Complexity and consistency
- Personal responsibility
- Minimal sufficiency
- Taking into account information security requirements in project activities



Vodafone Ukraine’s approach to consumer privacy and data protection is reflected in our **Information Security Policy**. Its requirements apply to all employees of Vodafone Ukraine who have access to restricted information, as well as third parties who have signed an obligation not to disclose confidential information. The policy defines the owners, managers and users of Information, their powers and responsibilities during information exchange. It also sets out the principles and procedures for requesting, receiving, using, distributing, storing and deleting confidential information.

The Policy classifies information by the degree of confidentiality and defines appropriate security measures for each class of information. The degree of confidentiality is determined based on the requirements of law and the Policy using the criteria of commercial value, the probability of leakage and the degree of impact on the Company’s image.

We value and respect the right to privacy. Privacy is a key component that we take into account when developing, creating and implementing our products and services to maintain the trust of our customers and partners.



Restricted access information that is circulating in the Company and belongs to Vodafone Ukraine is divided into four categories of confidentiality:

- **Public:** publicly distributed printed and audiovisual information posted on publicly available Internet resources and in mass media.
- **For internal use:** restricted access information that is intended only for use by Vodafone Ukraine employees in business processes and does not fall into the following two categories.
- **Confidential:** information that is in the possession, use or disposal of individual legal entities or individuals and is distributed in accordance with their requests and conditions provided for by them. Includes personal data (subscribers, employees, etc.), the protection of which is provided for by Ukrainian law.
- **Trade secret:** information that is the property of Vodafone Ukraine and the subject of our professional and business activities – technical, organizational, commercial, industrial and other information. Such information has a significant economic interest to Vodafone Ukraine. Its disclosure may cause significant damage to our activities.

The list of information in each category is approved by the CEO.

Our **Information Security Risk Management Policy** determines the information security risk management process and our approach to risk transparency and related actions and procedures. The Policy ensures compliance with legal requirements, national and international standards, internal risk management procedures and protocols.

Vodafone Ukraine has developed a Methodology for assessing and processing information security risks. The Methodology is an integral part of the Policy. It determines the procedure for the implementation and maintenance of the information security processes.

We appreciate the trust of our customers and we guarantee the safety of information provided through adhering to our internal policies, standards, methods and process regulations.



The Company officers and units involved in the Information Risk Management Process have clearly defined powers and responsibilities:

- **Risk Committee:** approval and processing of asset and risk registers.
- **Risk Management Group:** preparation of analytical materials, consolidation and provision of information to the Risk Committee on the state of information security risk management; reporting to the Risk Committee on the effectiveness of the Integrated Risk Management Process; monitoring the implementation of instructions of the Risk Committee.

- **Head of the Information Security Department:** organization of the annual process of reviewing information security goals.

- **Risk Manager:** organization of identifying and/or reviewing assets, ensuring interaction between participants in the risk management process, as well as the formation of the final version of asset and risk registers that are submitted to the Risk Committee for consideration.

- **Asset Owner:** Identification and classification of assets at its disposal, risks identification and mitigation, development and implementation of a risk mitigation plan.

The Cloud Data Center information Security Management System standard establishes a general approach to creating a system and setting up the basic principles of its operation in accordance with the requirements of ISO/IEC 27001:2013 and ISO/IEC 27005:2011. The standard regulates the provision of infrastructure to customers, and backup and colocation services.

Our Information Security priorities can only be achieved with a risk-based approach. We regularly conduct internal audits to make sure that our information security management activities comply with our plans and internal requirements, as well as international standards ISO/IEC 27001:2013.

The Personal Data Processing Policy sets out the rules for personal data collection, storage, processing and use, as well as the procedures for depersonalization and deletion of personal information. The policy regulates the functions and responsibilities of all employees engaged in personal data processing and establishes.

The head of the Compliance department is responsible for protecting personal data and respecting the rights of customers, employees, and other subjects of personal data. Also, the Information Security department, the Legal department and the Internal Controls department have designated employees responsible for protecting personal data at the department level.



Customer communications and the procedure for submitting complaints and suggestions

Our relations with subscribers are regulated by the Mobile Communication Services Agreement, the Terms of Use of Vodafone Ukraine mobile communication networks, and the applicable Ukrainian law. In the field of security, data protection and customer privacy, we are also guided by the Law of Ukraine “On Telecommunications”. We protect personal data from accidental loss, destruction, illegal processing and illegal destruction in accordance with the Law “On Personal Data Protection”.

By signing a contract or purchasing and using the Company’s equipment, the client agrees to the processing of their personal data and/or its transfer to third parties for receiving telecom and supporting services. All subscribers are notified about entering personal data into the operator’s databases. We also inform our customers about their

rights under the Law of Ukraine “On Personal Data Protection”, the purpose of data collection and to whom their personal data are transferred.

In case of any complaints or suggestions about data security and protection, customers can contact us via the online chat on the official website www.vodafone.ua, social networks, remote customer service center, and mail, etc. When we receive the customer request, we launch the identification procedure in accordance with the internal rules. This approach allows us to provide the necessary information without violating the privacy rules.

In 2020, we received no reasonable complaints about violations of the privacy of Vodafone Ukraine customers. There were no complaints from regulatory authorities on privacy violations either. No cases of leakage, theft, or loss of customer data were detected.

Achievements in 2020

In 2020, the Information Security Management System of the Cloud Data Processing Center was audited for compliance with the international security standard ISO/IEC 27001:2013. In the course of the audit, we have significantly updated certain regulatory documents, policies and methods of assessing and processing information security risks in order to comply with the standard.

In 2020, as the number of electronic payments in Ukraine increased, the risk of social engineering fraud rose. Therefore, we have joined initiatives aimed at informing and warning the public in order to prevent fraud:

- In July 2020, the National Bank launched an all-Ukrainian information campaign on combating payment fraud #FraudGood-bye (#ШахрайГудбай) to teach Ukrainians the basic rules of security of non-cash and online payments. We have become a partner of the #FraudGood-bye (#ШахрайГудбай) information campaign and help to spread the information about fraud threats. Vodafone Ukraine is working systematically to reduce the risks of fraud directed at our customers. The Company also shares its security expertise with the public in the format of the online lessons.

- In partnership with the International Educational Center Safety Park, we conducted a public online course on information security within the framework of #Course100 (#Курс100), which included 100 training sessions on the protection of life and health. The mission of Safety Park is to change Ukraine’s security policy, inform competent and active people who will influence lawmaking, education, culture and bring the life safety standards in Ukraine closer to the level of highly developed countries. The course was taught by international certified practitioners, scientists, heads of the largest and most influential public organizations in Ukraine, and representatives of leading companies in specialized segments.

The lectures focused on confidentiality and personal data protection. We explained who and how can access the information from personal electronic devices, how this data can be used by unauthorized persons, and clearly revealed the concept and initiatives of the cyber-attack to counter them. We taught the participants how to avoid becoming a victim of information leaks and protect the personal data of their loved ones. 650 participants attended the lectures, including representatives of local communities, teachers and police officers. Another 1,050 people watched open lectures online. The lectures are publicly available on our corporate PROSTOR network and YouTube.



**Caring for
our employees**



Vodafone Ukraine provides its employees with a wide range of opportunities for professional and personal growth. Our employees are our valuable and unique asset, and we provide them with a decent remuneration. Ensuring safe working conditions and equal opportunities is the cornerstone of our personnel management approach. We also seek to attract a new generation of talented employees and promote their career growth.

Our Human Resources Management Strategy ensures consistent approach to personnel management. It is focused on developing the Vodafone Ukraine brand both as an employer and a strong international technology company to become the best choice for customers and employees.

Vodafone Ukraine Personnel Management Strategy



Leadership
Promotion of leaders and teams, committed to business model improvement, innovations and leadership.



Digitalization
Digitalization and establishment of organizational and cultural environment to launch products satisfying consumers' needs.



Values
Customer-oriented business model.
Employee-focused human resource management approach.
Employer brand. Employee value proposition.

Vodafone Ukraine adopted internal personnel management regulations, covering the following issues:

- Work schedule;
- Hiring and firing employees;
- Guarantees and compensations;
- Remuneration;
- Staff training and development;
- Performance assessment etc.

The HR Director, the Heads of the Human Resources Directorates and Departments, Directors of all functions and Directors of subsidiaries are responsible for adherence to and implementation of the policies, standards, and personnel management

strategies. The Head of Compliance is responsible for providing equal opportunities and non-discrimination. Responsibility for health and safety management is vested on the Administrative Department, which includes the Occupational Safety and Fire Safety Group.



Our people

Our approach to attracting talents

Vodafone Ukraine provides all applicants with transparent and equal opportunities to fully demonstrate their skills. The Company has a policy and internal regulations that establish the selection principles, regulate hiring and transfers, as well as internship programs for students and young professionals. We create supportive and mentoring environment in the workplace for new employees.

The hiring process at Vodafone Ukraine is transparent and consistent with our corporate values. We select new employees based on their skills and competency by evaluating their knowledge, skills and expertise in accordance with the criteria (Interview Guide).

We seek to attract a new generation of talented employees. To this end, we cooperate with the leading Ukrainian universities and offer students educational programs and internships. We are constantly improving our recruitment process to reduce the risks of human factor. In 2020, we updated our web site for employing. Now we publish information about the Company on our high-speed site, tailored to the needs of different categories of candidates. The site also has the effective administration instruments. We created a bot to improve interaction with the shortlisted candidates. Also, in 2020, we introduced our LinkedIn career page and advanced our other social media accounts.

Vodafone Ukraine is ranked in the TOP-10 Best Employers 2020 according to Forbes

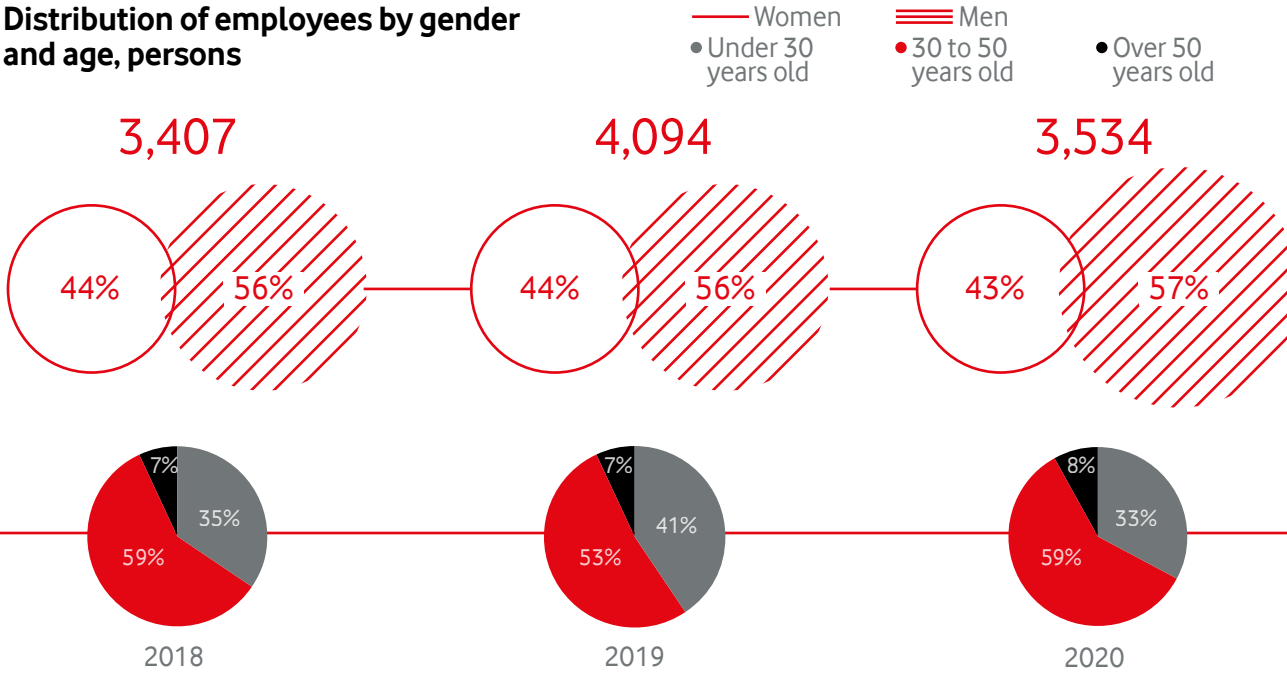
Personnel structure

In 2020, Vodafone Ukraine employed 3,534 people*, which is 14%** less than in the previous year. During 2018-2020, the gender balance in the Company was relatively constant. In 2020, women accounted for 43% of the Company's employees, and men for 57%.

As of the end of 2020, 99.9% of Vodafone Ukraine employees worked under a permanent employment contract, while only 4 people (0.1%) worked under a temporary employment contract. Similarly, 99.7% of employees worked full time.

Most operations are performed by full-time employees. In 2020, contractors were only engaged for servicing subscribers' incoming calls in remote service centers.

Distribution of employees by gender and age, persons



Distribution of employees by type of employment contract and type of employment in 2018-2020, persons



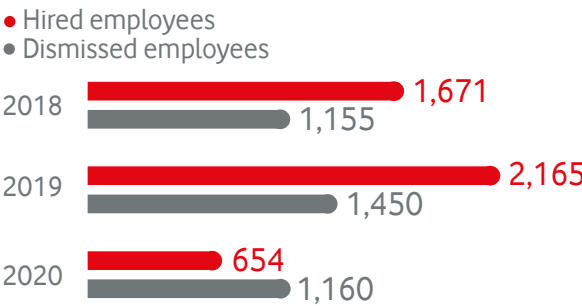
* As of the end of the calendar year

**The largest impact on the change in the total number of full-time employees of the Company was made by VF Retail LLC, where the number of employees decreased by 34% (from 1,626 in 2019 to 1,077 in 2020). The number of employees in VF Ukraine PrJSC decreased by only 1% (from 2,419 in 2019 to 2,396 in 2020, and in ITSF LLC - increased by 24% (from 49 in 2019 to 61 in 2020).

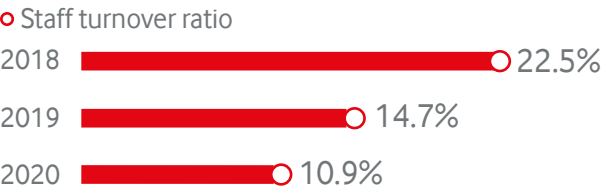
Personnel turnover

During 2020, we hired 654 employees (370 men and 284 women), which is 69.8% less than in 2019. The sharp decline in the number of new employees was due to challenges caused by the COVID-19 pandemic. At the same time, in 2020 1,160 employees laid off employees. In 2020, the number of employees in retail segment was optimized and inefficient stores were closed.

Staff turnover in 2018-2020



In 2020, the staff turnover ratio* at VF Ukraine PrJSC was 10.9%, which is less than in the previous year**. The staff turnover rate in the Company’s subsidiaries is calculated and analyzed separately due to the differences in operations. In particular, the staff turnover ratio in VF Retail LLC was 61%, and in ITSF LLC – 5%.



Inclusion and diversity

Respect for human rights and diversity is one of our core principles. Vodafone Ukraine has zero tolerance to any forms of discrimination. We create an inclusive environment for our employees, customers and partners.

Our Code of Conduct includes a set of our internal rules, mandatory for all employees. A separate section of the Code of Conduct “Diversity and Self-Fulfillment” specifies the principles of Vodafone Ukraine in the area of inclusion and diversity:

- We pursue **equality of opportunity for all** employees through our employment policies and practices.
- We aim to create an **inclusive environment** where everyone feels respected and valued. This also applies to our customers and business partners.
- We recognize and celebrate the importance of **diversity** in our workspaces. For that reason, we are as diverse as the customers we serve
- We do not tolerate any form of discrimination.
- We base relationship with and between employees on respect for individuals and their **human rights**
- We must **challenge discriminatory behavior** when we see it
- We want everyone to feel empowered to draw attention to this problem.



*The company staff turnover rate is calculated as the ratio of the number of dismissed employees at will to the average number of staff in the reporting period
**For more detailed information on the number of hired and dismissed employees, staff turnover rate by gender and age, please see the Appendix

The Company constantly monitors the diversity and human rights management. To this end, the relevant risk is assessed annually and, if necessary, control procedures are established.

Our strategic partner Vodafone Global monitors Vodafone Ukraine’s compliance with all relevant ethical standards on a regular basis. In 2020, monthly meetings of Vodafone Ukraine and Vodafone Global compliance managers were introduced to discuss the quality of diversity and inclusive management.

Diversity feedback

All employees have the opportunity to submit their suggestions or complaints about incidents of human rights violations or discrimination. They can contact either the Vodafone Ukraine hotline (including anonymously), compliance department manager or their immediate supervisor. After that, if necessary, an investigation and corrective mitigative actions will be carried out. In 2020, no cases of discrimination or human rights violations were detected in the Company, and there were no complaints that could indicate possible human rights violations.

Human rights education

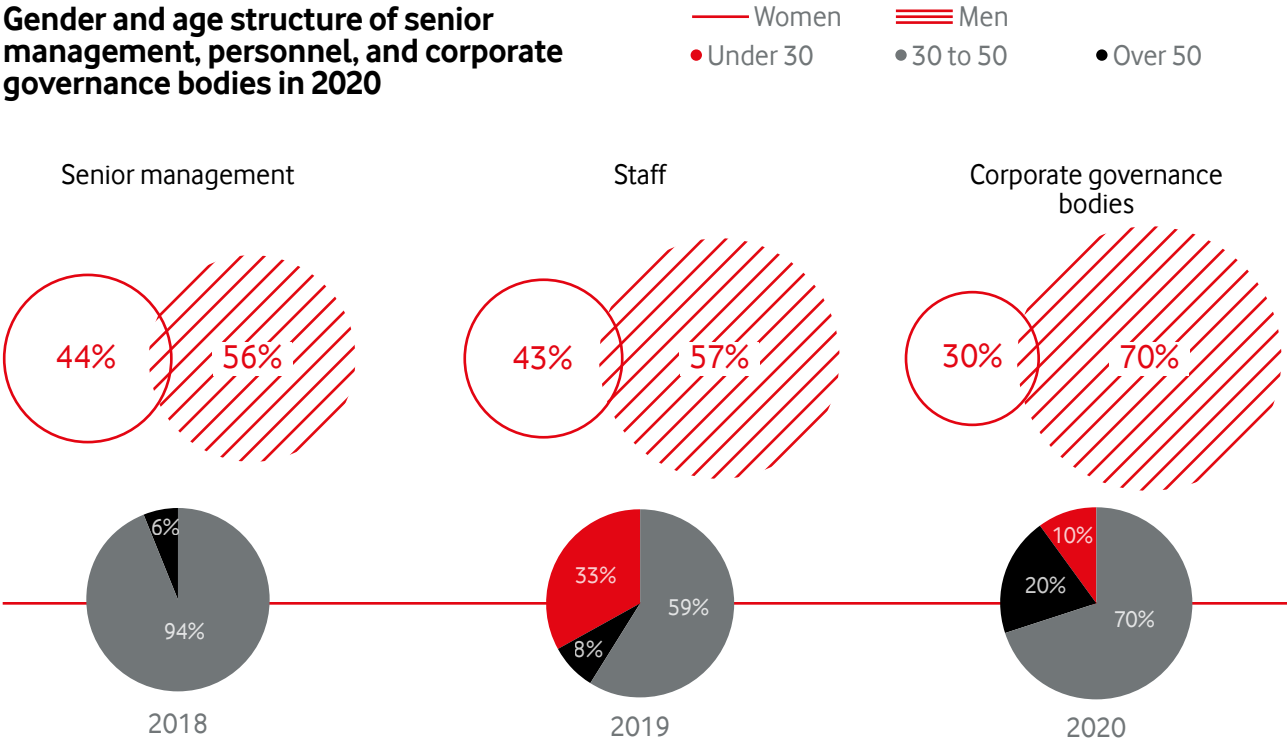
We constantly train our staff on diversity, human rights and non-discrimination on a regular basis. All employees undergo a training on human rights every 2 years. They study the principles stipulated in the Code of Conduct, including the diversity and self-fulfillment principles. We use case studies to test knowledge and skills of the trainees. All new employees are subjects to this training.

In 2020, 97% of all employees were trained on human rights policies and procedures. 99% of the employees responsible for security and safety were trained on human rights. It took about 18,000-man hours to conduct human rights training for employees over the year.

Gender equality

In 2020, there were 16 senior managers*, and 3,518 staff in the Company. The share of women in senior management and staff was 44% and 43% respectively. The employees aged 30 to 50 prevail in the Company, both in senior management and in the staff.

Gender and age structure of senior management, personnel, and corporate governance bodies in 2020



* In 2020, all senior managers of the company were Ukrainian citizens

Retention and motivation

Financial motivation

Our Company has several policies that establish the basic principles of financial incentives for the employees. The policies also determine the procedure for evaluating their performance and rewarding as well as providing guarantees and benefits. We use a differentiated remuneration approach depending on the employee duties. Our approach aims to simplify the assessment of the quality of employees' work and we encourage our employees to manage their personal results. All employees have the opportunity to ask any questions about their remuneration by sending their questions and concerns to a dedicated email Salary Help & Questions.

The remuneration system in Vodafone Ukraine is based on a grade assessment of positions. All positions are divided into grades according to the required skills, knowledge and qualifications, and the scope of work. The level of salary is determined

based on the established position grade and experience. The remuneration is reviewed annually and depends on the employee's personal performance and the budget of the unit.

Bonuses also depend on the results of performance appraisal and position grade. There is a special system for determining the size of a bonus for our retail staff. The bonus depends on the income from new customers attracted by the salesperson and performance level. In 2020, we introduced the efficient and transparent Motivation 2.0 commission system for retail staff. The sales employees now can manage their own rewards and benefits through their performance.

We offer a decent and competitive salary to our employees. The ratio of the base initial salary of the employees in our Company to the minimum wage established by law is 183%, for both men and women.

Non-financial motivation and benefits for employees

We strive to improve the quality of life of our employees and their level of satisfaction. For this, we also offer them a variety of non-financial benefits and social guarantees:

- Medical insurance – voluntary health insurance and accident insurance; participation in the “cafeteria of benefits” program, where they can choose the services within the insurance limit (for example, dentistry, rehabilitation in the gym, vaccination, preventive examinations, etc.);
- Flexible work schedule – all staff are given the opportunity to choose one flexible work schedules out of five, upon consultation with the management;
- Additional days off – up to 7 additional days off due to irregular working hours and intensive work;

- Business mobile communication – free business mobile communication for employees and preferential mobile communication for their relatives;
- Business transport – a company car or a car to move between the offices or a car without a driver, if necessary;
- Remote work upon consultation with the management.

These benefits are available to all employees of the Company, regardless of the type of employment or labor contract.





Parental leave

All Vodafone Ukraine employees, both women and men, have the equal right to take parental leave, in accordance with the applicable Ukrainian law. The employees who decide to take parental leave shall provide their child's birth certificate and an application for leave. If the leave is granted to a man, he shall provide a certificate from the place of work of a child's other parent, stating that they have not taken maternity leave.

In 2020, 110 employees of the Company exercised their right to parental leave. 41% of employees returned to work in 2020 after their parental leave (38 people out of 93). In 2020, the share of employees returning after parental leave and continued working at the Company was 49%.

Reward and leadership development programs

The employee incentives include rewards for their achievements and opportunities to develop their leadership qualities. Participation in all corporate programs is voluntary. In 2020, due to the COVID-19 pandemic and the requirements for social distancing, most of these events were online.

Engagement and motivation programs

• On-line gratitude "OVATION"

In the PROSTOR corporate network, the employees can reward their colleagues with virtual thanks "OVATION" for the demonstrated dedication to corporate values. Top managers can send a "Golden OVATION" to the employees for particularly valuable business decisions, projects and achievements.

• "Time of the Strong" Interview Series

In 2020, a series of 69 interviews with 72 employees was released. Recipients of a "Golden OVATION" were interviewed to talk about successful business cases during the year. The interviews received more than 12,000 views.

• Vodafone Business Champions

The program celebrates the employees in two nominations:

- "Power of the Year – People" – 249 employees were awarded for their business achievements,
- "Power of the Year – Projects" - 179 participants persons in of 10 teams were awarded for their team business results.

• Badges in the PROSTOR corporate network

The employees are awarded badges in their personal profiles in PROSTOR for active participation, top ranking position and participation in development programs. The badges demonstrate the achievements and engagement level.

• "Building New Neural Connections" art evenings

Our Company encourages employees to unlock their creative potential through art. In 2020, 100 head office employees participated in 5 creative workshops.

• Digital Vodafone Blogger HUB

The program aims at developing informal opinion leaders within the Company, creating quality content for PROSTOR and promoting the employer's brand on social media. In 2020, the amount of quality business content doubled, and the internal blogger community section was in the top 10 popular sections among the PROSTOR members.

• "ECO Stream" video lectures

In order to develop the employees' awareness of environmental issues, the Company produced "ECO Stream" video lectures on responsible consumption, resource utilization, etc. In 2020, 344 employees viewed the videos.

• League of Superheroes

In 2020, we launched "League of Superheroes" for the employees working in the stores. As a part of the program, three winners were awarded based on their performance indicators.

• Common celebrations

The Company arranges common celebrations of the Radio, Television and Communications Day in Ukraine, as well as New Year and other holidays. In 2020, we launched the Secret Santa gift exchange program. The "Greet Spring with Music" program helped to create a warm and friendly atmosphere among the staff of the head office.

• Global Inspiring Forum 2020

In 2020, 35 winners of the motivational essay competition at the Global Inspiring Forum 2020 presented their insights into the global business development.



Leadership development programs

- **“Laboratory of corporate facilitators” program and “Business world” game business simulation**
The objective of the program is to train and develop the internal corporate facilitators.
- **NEQSOL HOLDING Succession Readiness Program**
This program is mandatory for all top managers of the Company and aims to develop their leadership potential. In 2020, 35 managers participated in the program.
- **Growth Thinking Program**
The program is designed to develop the managerial thinking. In 2020, 55 employees were trained under this program.
- **ARMY management school for executives**
This training is designed to form a unified standard for managing regional Vodafone store teams.
- **Leadership Feedback in Distributed Teams Program**
The program helps employees acquire and strengthen their skills in providing quality feedback to their colleagues.
- **Everest Conquest Program**
The program aims to develop strategic thinking, encourage initiative and leadership.

Corporate volunteering
We create a culture of mutual support, encouraging employees to participate in volunteering activities.

Vodafone Charity Fest. In 2020, several Charity Fest events were held as part of the Year of Awareness project. It aims to support the country’s charitable initiatives and encourages employees to participate. The employees had an opportunity to watch interviews with famous philanthropists, learn more about their foundations and make a contribution to a charity.

Half an hour about miracles. The employees actively involved in charities and volunteering are happy to share their own experience and encourage others to do good deeds. In 2020, as part of the Charity Fest events of the Year of Awareness project, the 6 volunteers were interviewed in the “Half an hour about miracles” program. The interview received 938 views on the PROSTOR network.



Give a book to an orphan. In 2020, a charity event “Give a book to an orphan” was held, and our employees collected fiction and non-fiction books for orphanages and rehabilitation centers for children with special needs.

Blood Donor Day. The voluntary blood donation program was hosted in the Company’s offices to encourage a healthy lifestyle and blood donation. The program included lectures on blood donation safety, rules and benefits. On the Blood Donor Day, health screening was organized to help check the vitals for the employees including the test for antibodies to COVID-19.

The results of the Company’s volunteering initiatives in 2020:

-  **More than UAH 50,000** were donated to charity by the Company’s employees and spent on gifts for children, elderly and homeless people.
-  **About 250 books** were transferred to special educational institutions for children with special needs as part of the “Give a book to an orphan” campaign.
-  **2,000 employees** took part in the Charity Fest events of the Year of Awareness project.



Engagement of employees

We encourage employees to provide feedback and communicate with each other. We regularly update them on news at the Company and send weekly corporate “Equator of the Week” information letters. For communication and exchange of information in the Company, there is a corporate network PROSTOR. In open online chats, employees can ask questions and get answers. They can submit their complaints and suggestions on various issues to the hotline by contacting the compliance department or the senior management team (including through open chats on the PROSTOR network).

The Company’s employees can ask questions and communicate with senior management during joint meetings, as well as in online chats of the PROSTOR network:

- 4 online chats cover the topics of business development, remote work format, etc. The total number of participants in such chats is about 3,000 people.
- Senior management meetings with staff take place quarterly. They discuss the overall results of the Company and its prospects. In 2020, all 4 meetings were held online.

- Since March 2019, the Company has implemented the Wake UP project – a set of interviews with the top management. The aim of the project is to familiarize employees with senior management. Due to the introduction of quarantine measures in 2020, the meetings were held online. As of the end of 2020, the program includes 18 interviews. The number of views by employees exceeded 2.5 thousand.

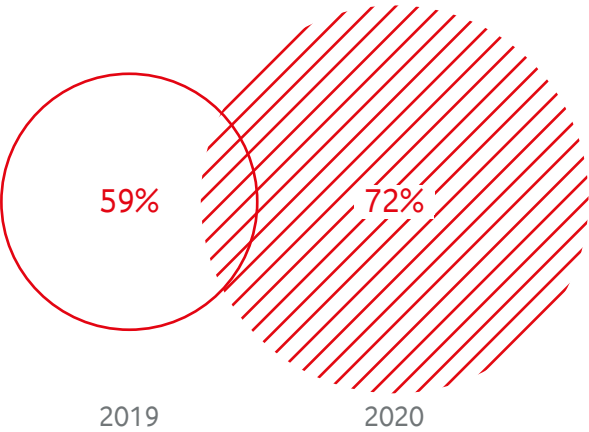


Survey of employees on the quality of personnel management

Vodafone Ukraine conducts annual survey using the eNPS (Employee Net Promoter Score) questionnaire. The anonymous survey measures the index of readiness to recommend the company as a place of work.

Apart from measuring the quality of personnel management, we regularly monitor other metrics, such as revenue per employee, number of customers per employee, employee competencies, hiring success rate and dynamics of internal management promotion, etc.

The index of readiness to recommend the company as a place of work (eNPS index)



Employee training and professional development

Approach to employee training

We have created various opportunities for training and development of our employees and are constantly working on their improvement. The Company has adopted the staff development and training policies, which establish unified principles and help coordinate the training, testing, internal communications and staff development processes. The Company has an open training catalog and a corporate learning center, regular sessions and seminars for teams, professional training, training events for executives and a new generation of leaders.

Our success depends on our highly qualified staff. Therefore, our training activities are aimed at:

- formation and continuous improvement of skills employees at all levels and positions;
- growth, preservation and effective use of the intellectual potential of the Company;
- development of learning culture.

Learning programs and trainings

Corporate training programs are available to all our employees, including those of retirement age regardless of gender.

The Company has mandatory trainings and programs, but most of them are voluntary. Trainings are conducted both with our own resources and through outsourcing. For employees who interact directly with customers on sales and customer service, training is conducted exclusively by in-house trainers and experts in these areas.

Due to the introduction of the quarantine in Ukraine, almost all personnel development programs have been delivered online. We created e-learning and ensure the relevance of all programs and trainings.

We regularly update our training and development programs to reflect changes or new processes and products in the market.

We also consider the feedback from our employees about their learning experience in the Company.

Types of education programs and trainings in Vodafone Ukraine

By target audience	By information delivery method	By coverage
<ul style="list-style-type: none">• Experts• Managers	<ul style="list-style-type: none">• Classroom training• Remote training (synchronized and asynchronized)	<ul style="list-style-type: none">• In groups• Individual
By functional area	By type of training	
<ul style="list-style-type: none">• For those directly involved in customer service and sales• For those not involved in customer service and sales	<ul style="list-style-type: none">• Basic professional education• Professional training• Development of managerial competences• Development of team interaction• Enhancing the engagement in corporate culture and business process	

In 2020, our employees participated in education and training programs in the following main areas:

1. Internal training:



Enhancing the engagement in corporate culture and business process. These trainings allow the employees to share unique professional knowledge and experience. In 2020, there were 8 introductory lectures on strategy, sales, Big Data, the use of Slack and Trello tools and others.



For employees dealing directly with customs service and sales. The training helps to maintain the required level of knowledge of sales staff. In 2020, 34 trainings and programs on business correspondence, conflict management, development of sales skills, customer service standards, etc. were delivered.

2. External training:



Professional training of employees not involved in customer service and sales. These programs ensure the effective performance of professional tasks by employees in accordance with business priorities. The training covers business development, change management, behavioral economics, data science, technical training of IT specialists, etc. In 2020, 67 programs were delivered in this area.



To increase the engagement of employees in the culture and business processes of the Company. The training is aimed at development of employees and teams. During 2020, 9 webinars and 5 face-to-face trainings were held, covering the topics of critical thinking, goal setting, team interaction, finding innovative solutions and others.

3. Online courses for employees directly involved in custom service and sales. Created for training the retail network employees on customer service and registration, mobile services and networks, the operator tariffs. In 2020, 31 online courses were delivered.

Average duration of employee training

In 2020, 49% or 1,742 all Vodafone Ukraine employees attended corporate education courses and trainings, which collectively took 11,983 man-hours with an average of 3.4 training hours per employee.

Quality of work assessment

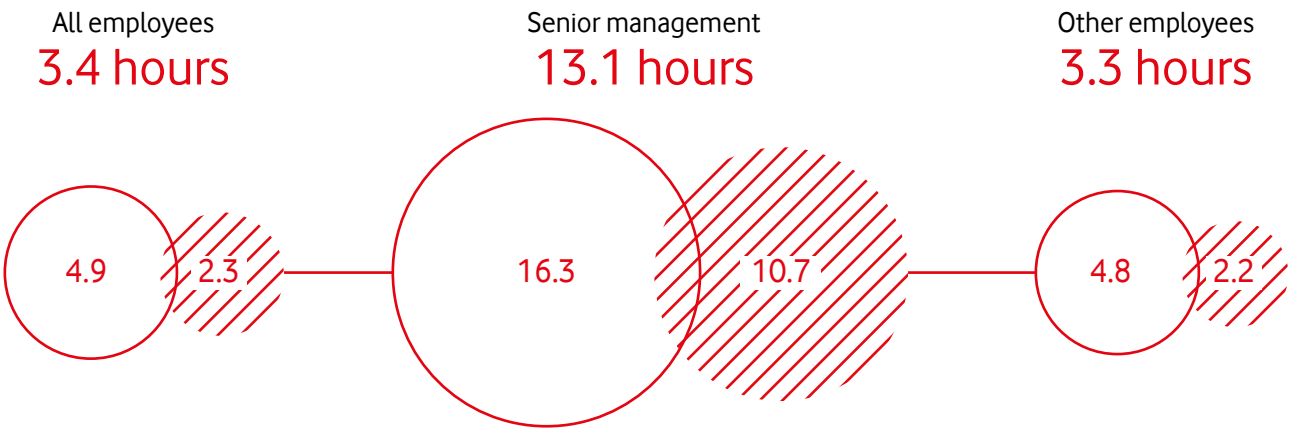
The employee performance assessment procedure is regulated by Vodafone Ukraine's Personnel Management, Performance Appraisal and Rewards Policy. It applies to all employees of the Company, except for those engaged in sales and customer service.

Evaluation is held twice a year, at the same time, throughout the year, the employees receive regular feedback from line managers.

In 2020, the quality of work of 100% of senior management and 55% of all other employees was regularly assessed.

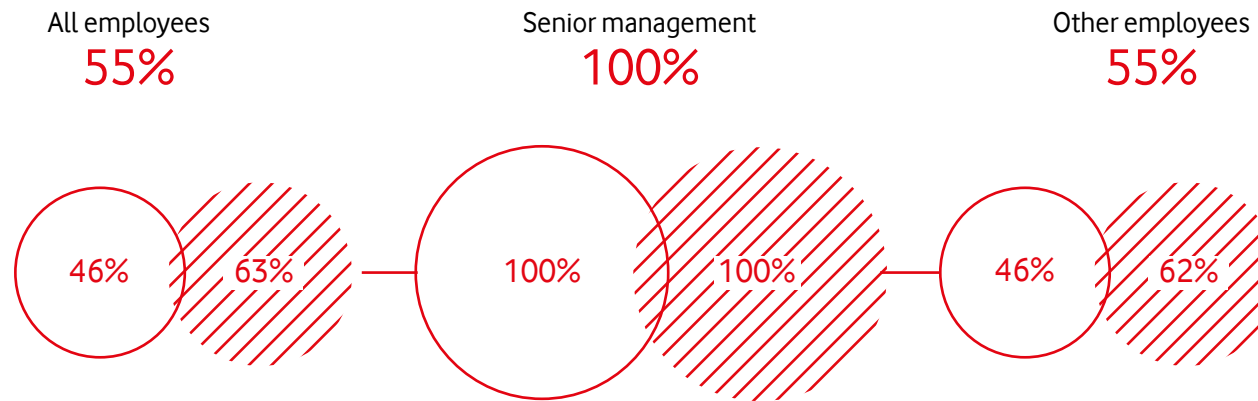
The average number of training hours per employee in 2020

— Women ≡ Men



The share of employees whose quality of work was regularly assessed in 2020

— Women ≡ Men



Health and occupational safety

Health and safety occupational approach and policies

The safety and physical and psychological health of employees are a priority in all areas of our operations. Vodafone Ukraine's occupational safety and health management system, built in accordance with internal policies and regulations, meets all legal requirements in Ukraine. In particular, our internal documents regulate the following issues: organization of high-risk work; training and testing of knowledge of employees on labor protection; work planning in labor protection; activities of labor protection commissioners; providing employees with overalls and other personal protective equipment.

Our Occupational Safety and Health Management System covers all areas of the Company's operations and applies to both our employees and contractors. Overall, in 2020, the System covered 100% of the Company's employees and 100% of employees of the contractors*.

According to the Company's occupational safety protection policy, the employees' life and health are of utmost importance

Our approach to health and safety management is aimed at:

- preventing occupational diseases and accidents;
- continuously improving working conditions using both local experience and the best foreign practices and approaches;
- providing employees with quality certified means of individual and collective protection;
- accounting for, investigating and implementing the measures to prevent accidents at work and occupational diseases;
- providing compulsory social insurance of employees against accidents at work and occupational diseases;
- compensating employees for hard work and work in harmful and / or dangerous conditions.
- introducing an effective system that stimulates the creation of safe working conditions;
- ensuring social partnership in labor protection between management and staff, regular informing employees about working conditions;
- monitoring compliance with health and safety requirements in all departments of the Company.

To check the quality of the health and safety system, a set of indicators is analyzed from time to time: the number of accidents, labor losses; the share of employees who have passed medical examinations; the degree of provision of workers with overalls and personal protective equipment. Such monitoring is carried out at least once every six months. In addition, a video surveillance system is used to verify compliance with health and safety regulations, including instructions on how to work in quarantine.

We support the initiatives of our employees and encourage them to communicate more on the matters of health and safety. Every employee has the opportunity to submit any complaints and suggestions regarding working conditions by contacting management and labor protection and fire safety service. In addition, in each division there are authorized employees responsible for labor protection. All documents on labor protection are published in the internal corporate system PROSTOR and are available to employees.



*The employees working under the civil law contracts are not within the scope of the mentioned Health and Safety Management System

Occupational safety training

Training of employees on occupational safety is an important element of our quality control of the occupational safety and health management and prevention of accidents system. Yearly occupational safety trainings and briefings are mandatory for all full-time employees of the Company, including:

- Occupational safety training – 2-hour training on general safety. In 2020, 260 such trainings were delivered with total duration 520 hours.
- Electrical safety training – a 16-hour training required for all employees performing electrical work. In 2020, 587 people were trained.
- Safety training at height – 16-hour training for those working at height. In 2020, 364 people were trained.

Control and minimization of the injury risk and adverse health effects

We closely monitor the working conditions and minimize the risk of critical situations for employees. Identification of possible hazards in the workplace and assessment of their risks are carried out under direct control of the department heads as well as during regular inspections by labor

protection and fire safety engineers. All relevant employees undergo occupational safety and performance of high-risk work certified training.

We also perform laboratory measurements with the help of external expert organization to identify dangerous and harmful production factors. According to lab test in 2020, no risks to the health of our employees were found.

The main categories of hazards in our Company are work at heights and activities with electric current. In order to minimize the associated risks, we thoroughly approach the specialized training of the employees, provide them with personal protective equipment and conduct routine medical examinations. In 2020, we successfully tested stationary fall safety systems.

We are constantly working with our suppliers and third parties, which can have an additional impact on health and occupational safety measures. For this reason, we require contractors to ensure that their employees comply with all our health and safety requirements. The rules of admission of contractor's personnel to our facilities are regulated by a separate internal document.





Labor protection in 2020

In 2020, no cases of occupational injuries or work-related diseases were indicated.

The main challenge in the field of labor protection in 2020 was the COVID-19 pandemic. Due to coordinated work, we purchased the necessary personal protective equipment for employees and implemented an online notification system about their availability at our stores. Because of the COVID-19 pandemic, we revised all internal standards and regulations on labor protection.

Since the introduction of the quarantine measures, we have transferred employees to remote work. We provided ongoing informational and educational support to our employees through the corporate network PROSTOR. Most training and other activities have been reformatted and delivered online.

To facilitate the adaptation of the teams to remote work in a pandemic, we organized the lectures “Effective work of remote teams”. The employees were provided with training and motivational materials on team management and personal productivity during remote work.

For more information on our COVID-19 related measures, please see the section “COVID-19 pandemic response”.

Employee health support

Physical and mental health of our employees directly influences quality of life and work efficiency. This is why we promote a healthy lifestyle and prevention of emotional burnout. We carry out daily activities to protect eyesight and prevent ophthalmic diseases, create and maintain recreation and psychological relief areas.

We care about the health of our employees and annually implement various related programs. Such voluntary programs cover physical and mental health.

Physical health support

Vodafone Team is an internal sports community with 200 members. They promote a healthy lifestyle, share educational content and unique offers to participate in the sporting events.

In 2020, the Vodafone Digital-Mentor initiative was introduced as part of the Vodafone Team, a digital training program. All employees had the opportunity to join the training at home. More than 30 people from the corporate sports community have volunteered to be Vodafone Team’s Digital Mentors. The initiative created video training for employees with different levels of physical fitness. The video received more than 2,400 views by the Company’s employees.

Useful digital is a series of video workshops that help gain knowledge on maintaining physical and mental health. In 2020, 80 experts, including on crisis communications, psychology, nutrition, infectious disease doctor, e-sports, eco-activism, creator of online training courses, running coach, etc.) were invited. Meetings were held remotely through a live broadcast. In 2020, we released 100 hours of video and held 40 hours of online broadcasts. The videos received 70,000 views from the employees.

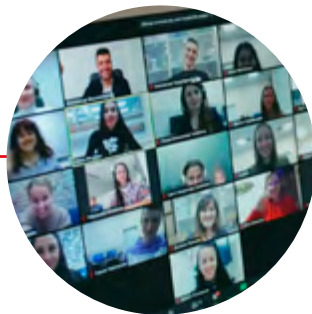
Physiology awareness development program. In February-March 2020, 5 lectures were held for the Company's employees regarding the influence of nutrition, sleep and communication on health. 3 meetings were held online received 749 views and 2 in face-to-face meetings were attended by 109 employees.



Vodafone Family Sport Weekend is a program that encourages active family leisure. As part of the initiative, we hold sports classes and joint developmental sports events. Due to quarantine restrictions in 2020, all joint classes were held online. To support the initiative, we gave family gifts to all participants.



Digital project on healthy sleep. Video lectures on healthy sleep were created for employees and in 2020, three lectures with external speakers were held online.



Mental health support
Psycultural May is an awareness marathon on mental health and well-being, which covers the following issues:

- burnout prevention;
- bad mood and depression;
- reduction of anxiety;
- life-work balance;
- caring for yourself and loved ones.

The marathon included video lectures, online meetings with psychologists, and recommendations from useful sources and exercises from experts. In 2020, 3 full-time lectures and 2 online lectures were held, which were viewed 1,121 times.

Mindfulness and awareness program. The Mindfulness program aims to study and practice meditation. The 8-week program included video lessons and support in the corporate network PROSTOR together with online meditation and home assignments. In 2020, 45 contact center employees participated, and video lessons were viewed 461 times.

Wellbeing: Mental Health & Mindfulness. The program is aimed at burnout prevention, minimizing stress in the work environment and the resilience and awareness practices. It included 5 modules, each 1 week long. In 2020, the audience consisted of a pilot group of 300 employees. The participants got access to a psychological support services, where they could receive online consultations with a psychologist.

The released video lectures on mental health were viewed 2,084 times.



Plans and goals in personnel management

We aim to continuously improve our personnel management system. Our plans for 2021 include optimization and automation of our business processes, introduction of new approaches and tools in personnel management during a pandemic.

With regards to training, in 2021 we plan to develop managerial skills of team leaders and help develop the result-oriented team members, as well as facilitate a culture of learning and providing feedback online.

In 2021, we also plan to enhance the employee safety measures through additional online workplace safety briefings and compliance with personal safety rules in quarantine.



The graphic features a large white circle in the center containing the text "Environmental protection". To the left of the circle is a close-up photograph of green leaves with water droplets. In the top-left and bottom-right corners, there are red geometric shapes: a triangle with diagonal lines in the top-left and a faceted, crystalline structure in the bottom-right.

Environmental protection

In all our operations, we pay considerable attention to preventing and minimizing the negative environmental impact and develop the values of rational use of resources. Since March 2007, Vodafone Ukraine has been part of the UN Global Compact network, year after year confirming its commitment to sustainable business and responsible attitude towards the environment.

Approach to precautionary principle and management of environmental risks

We operate in accordance with the national and international environmental legislation, and our quality management system meets the requirements of the international standard ISO 9001:2008 “Quality management systems”. Our equipment fits the standards of environmental safety.

Energy consumption and energy efficiency

Vodafone Ukraine’s approach to energy management is embodied in the internal regulations on our energy department and the Chief Power Engineer department. We use a special “Energy Manager” software for electricity metering. The functionality of the software package includes monitoring, automatic reporting to suppliers, contract management and control over energy billing.

In 2020, the Company consumed 273,024.04 thousand kWh, which is 5.9% more than in the previous year. The reason for the surge in electricity consumption was the increase of the Company’s production potential, including the increase in the number of technological sites, construction of new base stations and installation of additional LTE equipment.

We are one of the first telecommunications companies in Ukraine to use certified environmentally friendly materials and adhere to the principles of sustainable development during the construction of new base stations. Particularly, during construction and installation work we use LED lamps, and the electricity for operations of several base stations is provided from alternative energy sources – solar systems.

Also, in the reporting period we used a total of 1,001.48 thousand of liters of fuel for our vehicles and generators, which is 2.0% less than in the previous year.

In total, Vodafone Ukraine consumed 1,018,457.78 GJ of energy in 2020.



Fuel consumption in 2018-2020

Type of fuel	2018	2019	2020
Diesel fuel for generators, thousand liters	145.38	93.81	112.50
Gasoline for generators, thousand liters	2.25	3.06	3.61
Diesel fuel for vehicles, thousand liters	555.29	701.57	744.01
Gasoline for vehicles, thousand liters	399.18	229.19	141.36
Total, thousands liters	1,102.08	1,027.62	1,001.48
Total, GJ*	38,571.05	36,301.92	35,571.25

*To convert fuel units from liters to joules, standard IPCC coefficients (Intergovernmental Panel on Climate Change) were used: diesel density – 834 kg / thousand l, gasoline – 756 kg / thousand l; the coefficient of lower calorific value of diesel fuel – 43 MJ / kg, of gasoline – 44.3 MJ / kg. It has been assumed that fuel for cars and generators is identical in their characteristics

Electricity consumption in 2018-2020

Type of energy	2018	2019	2020
Electricity, thousand kWh	263,734.04	257,744.09	273,024.04
Electricity, GJ*	949,442.55	927,878.72	982,886.53



Energy saving measures

The IT solutions and energy-efficient technologies implemented in Vodafone Ukraine offices reduce resource consumption and minimize environmental impact.

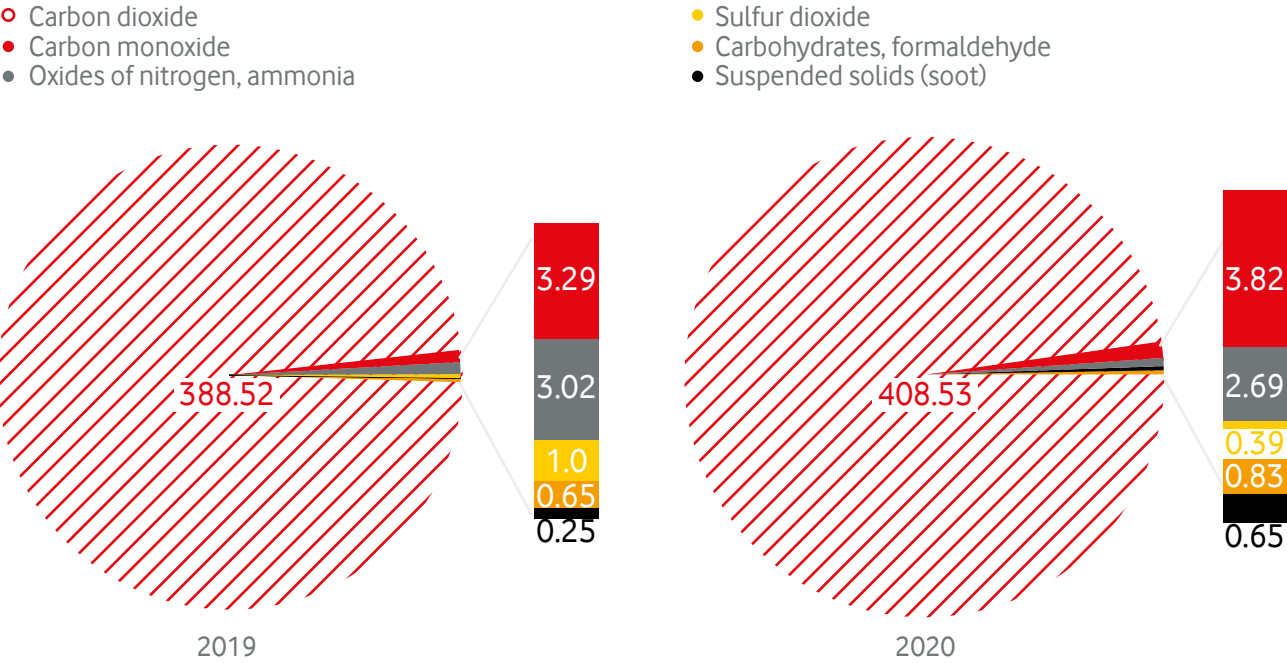
One of the key energy-saving measures is the integration of the “Power Saving” system within the base stations equipment. It allows for switching of the transceivers at stations during the peak load hours. Owing to this system, we can save up to 2-5% of the total electricity usage, or about 4 million kWh per year, if activated throughout the network.

An important achievement in energy management in 2020 was the introduction of the automated commercial electricity metering system (ACKOE) at several large facilities. In this regard, we have optimized the contractual relationship with the current electricity suppliers, namely we have transferred some facilities from tariff group B to group A**, and improved the commercial terms and conditions of energy supply procedures.

Emissions of greenhouse gases and pollutants

In 2020, the Company generated a total of 416.91 tons of greenhouse gases and pollutants, which is 5.1% more than in the previous year. Over the reporting period, we paid UAH 15.8 thousand of environmental tax for emissions into the atmosphere from stationary sources.

Greenhouse gas and pollutant emissions in 2019-2020, tons



*1 kWh = 0.0036 GJ
**Group A consumers are consumers whose measuring points are equipped with the specialized equipment that enables the established electricity accounting and metering LUZOD (local equipment for data collection and processing) or ACKOE (the automated system of the commercial accounting of the electric power). All other sites belong to group B.

Water consumption

Given the nature of our business operations, Vodafone Ukraine does not have a significant impact on water resources and does not

discharge wastewater directly into surface water bodies. We mainly consume water for household purposes in the offices.

Water consumption in 2019-2020, thousand cubic meters

Clusters	2019	2020
Kyiv (offices)	9.03	5.29
Cluster Center	2.31	2.51
Cluster West	7.18	9.04
Cluster East	2.67	1.03
Total	21.19	17.87



Waste management

At all areas of our business operations, we do our best to reduce waste. We minimize the negative impact of waste on the environment through appropriate utilization. In the field of waste management, we are guided by our policies for disposal of fixed assets, intangible assets, inventories and accounting of equipment and inventory. The procurement and supplier selection policies govern the selection of third parties to provide waste disposal services.

Vodafone Ukraine introduced the electronic system for automated document management, which enables qualified electronic signatures and archiving. This allows to significantly reduce the amount of paper used. We collect and recycle used office paper. With the launched e-document system, we save more than 100 tons of paper and dispose of about 2 tons of paper per year. The Company prohibits the purchase and use of plastic utensils, whereas the office needs are met only with environmentally friendly products. The Company's offices replace hazardous mercury containing lightbulbs with energy-saving and safe LED lamps and panels.

equipment. The elements of base stations, antennas and metal structures and other parts of used equipment, with a total weight of almost 2,000 tons, were collected for disposal. This was achieved through by selling scrap metal directly to processing companies and through auctions or by selling on the terms of free dismantlement. The total revenue of the cluster from the sale of illiquid equipment in 2020 amounted to UAH 20,960 thousand.

Our Company promotes responsible attitude to handling hazardous waste, such as batteries. In 2020, we collected 226 kg of used batteries and handed them over to a company, specializing in utilization of hazardous waste. Other categories of generated waste in 2020 included car tires and halogen lamps. In 2020, a total of 300 car tires (45% less than in 2019) and 492 halogen lamps (5% less than in 2019) were utilized.

In 2020, our regional cluster East achieved significant results in waste management, specifically in the disposal of illiquid

Vodafone Ukraine organized a series of educational webinars for business customers in 2020. We used this opportunity to share knowledge and tell more about the technologies we use in our operations. The webinars covered a variety of topics, namely principles of electronic document management and the use of cloud services that help to reduce consumptions of natural resources and minimize environmental impact. Almost 700 companies from all over Ukraine took part in the webinars during the quarantine.

Objectives in environmental protection for 2021

In 2021 we plan to:

- further develop the functionality of the electricity metering software “Energy Manager” by launching a new version of the consumption control and billing block;
- continue the implementation of the ACKOE system at the network facilities and the “Power Saving” functionality on the base station equipment;
- implement measures to upgrade the network and power supply units;
- launch the comprehensive optimization of power supply regimes and tighten control over electricity consumption to identify additional approaches to energy saving.



The background of the slide is a composite image. It features a hand holding a smartphone in the lower-left corner. Behind the hand is a cityscape at night, with lights from buildings visible. Overlaid on the cityscape is a network of white dots connected by thin lines, suggesting a digital or supply chain network. The top-left and bottom-right corners of the slide are decorated with red geometric shapes: a triangle in the top-left and a larger, more complex shape in the bottom-right, both featuring a pattern of horizontal lines.

Procurement and supply chain

Supplier interaction policy and practice

We pay considerable attention to our relationship with suppliers, whereas compliance with social, environmental and safety standards throughout the supply chain is one of our key values.

Procurement activities and interaction with suppliers at Vodafone Ukraine are regulated by the Procurement Policy and the Guidelines on selecting suppliers of goods, works and services. These documents determine employees in charge, as well as the basic principles and timing of procurement activities. The procurement process is also regulated by the anti-corruption compliance policy of Vodafone Ukraine. The Procurement Directorate is responsible for the overall control and management in this area. We build partnerships and trustfulness with our suppliers and contractors and require them to comply with the Supplier Code of Business Conduct.

Procurement management at Vodafone Ukraine is based on the category management principles, which implies that all purchased goods, works and services are grouped into separate categories. The categories are identified by technical characteristics, scope of use and markets of contractors for goods, works and services. A manager in charge is assigned to each category.

We developed a management strategy for each category of goods. The content of the strategy and its validity term are determined by the responsible manager. The strategy outlines the scope of procurement depending on the features and intended application of goods or services, as well as

an optimal approach to selecting a supplier, methods for evaluating suppliers' proposals and tools to improve procurement efficiency. All categorical strategies meet the requirements and priorities of Vodafone Ukraine's general business strategy and are approved by senior management.

In 2020, we collaborated with our global partner Vodafone Global to implement joint projects and launch additional options for optimizing procurement processes. In response to the COVID-19 pandemic-induced challenges, we promptly restructured the procurement system in line with the new operation format amidst social distancing and remote work conditions.



Our supply chain

During tender procurement in 2020, Vodafone Ukraine cooperated with more than 470 companies, both residents and non-residents of Ukraine. Most of non-residents are companies based in China. In addition, throughout 2020, organizational changes were made to the approval procedure for selecting suppliers due to the change of the owner of the Company.

As of 2020, almost 92% (435) of Vodafone Ukraine’s suppliers, selected through public tender, were local vendors (residents of Ukraine). The share local suppliers in the total procurement budget was 69%. We purchase primarily equipment, services, technical support and software, media (marketing), infrastructure services, etc. from Ukrainian providers.

92% - share of local suppliers in the total number of suppliers in 2020.






69% - share of the procurement budget spent on local suppliers in 2020.

Supplier evaluation and qualification requirements

We evaluate our suppliers, as well as their qualifications and ratings on a regular basis. All our suppliers have to sign a Certificate of adherence to Vodafone Ukraine business ethics and compliance requirements. By signing the certificate, they agree to comply with the principles and requirements in the field of occupational health and safety, environmental protection, and the requirements set out in the Code of Conduct and the Supplier Code of Business Conduct of Vodafone Ukraine.

In 2020, 100% of our new suppliers were evaluated according to the Company’s social and environmental evaluation criteria.

The Supplier Code of Business Conduct promotes the principles of fair competition, integrity and sincere partnership. In accordance with this Code, the suppliers should meet the following requirements:

-  Facilitating the implementation of the Vodafone Ukraine mission;
-  Honesty and integrity in business;
-  Seeking for mutually beneficial solution;
-  Protection of confidential information;
-  Compliance with environmental laws.

Honesty and integrity in business imply compliance with the applicable laws, provision of reliable information in throughout collaboration, guarantee of lack of conflict of interests, timely compliance with the terms of the contract, compliance with the rules of giving and receiving gifts, entertainment etc.

All participants of Vodafone Ukraine tenders shall submit their documents confirming their qualifications in accordance with the Company's Guidelines on selection of suppliers of goods, works and services.

We pay special attention to the selection of a supplier of dismantled equipment purchase and disposal services. Such a supplier shall:

- provide confirmation of its compliance with all requirements of the Law of Ukraine "On Scrap Metal";
- provide a license for hazardous waste management;
prove that hazardous waste management
- is mentioned in the company's charter;
provide evidences of availability of
- equipment and facilities that are required for scrap metal operations*.

If we find that a supplier does not meet the established qualification requirements, we ensure that the following measures are applied as appropriate:

- lower the supplier's rating;
- consider termination of a contract;
reject a contract with the potential
- supplier.

100% of suppliers to Vodafone Ukraine in 2020 met its purchasing policy standards

Procurement quality assessment

We regularly identify and manage the procurement risks and assess the procurement quality. In 2020, we conducted the internal audit of our procurement processes. The Company's security service monitors activities in this area. We also performed a regular annual analysis of the Company's internal procurement structure and market trends. The analysis reveals the possibility of creating added value in procurement.

In 2020, we hired an external consulting company A. T. Kearney to analyze Vodafone Ukraine's procurement using the methodology Assessment of Excellence in Procurement. The purpose of this expert evaluation was to monitor the progress of procurement processes and their further improvement, and to assess the profitability of our investments in procurement.



*According to the Order of the Ministry of Economic Development and Trade of Ukraine dated 29.03.2016 No 524 "On approval of the list of equipment and facilities a specialized enterprise and its receiving points or a specialized metallurgical processing enterprise must have to carry out operations with scrap metal"

Procurement plans and goals

Concentration of all the transaction activities in one department (centralized procurement structure) would ensure the efficient procurement cycle, which includes:

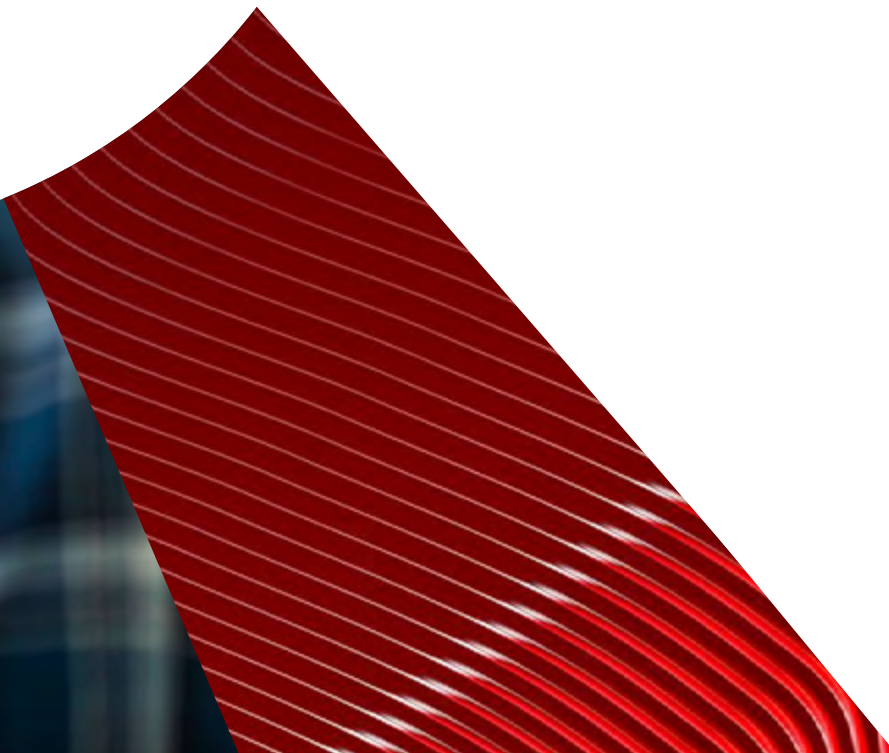
- strategic procurement management (market analysis and supplier search)
- operational procurement management (conclusion and approval of contracts)
- supply management (contract support)

Centralization would allow to introduce the overall discipline in our approach to procurement and build up effective and efficient processes and procedures.





Engagement with local communities



Approach to interaction with communities



Vodafone Ukraine supports local communities and aims to be engaged in designing the territory development plans. For a more integrated approach we adopted two regulations to manage the issues related to local communities. The compliance is monitored and guaranteed by the Sales and Customer Service Directorate, the Customer Service Department and the Corporate Governance and Control Directorate.

Our principles of interaction with communities is also regulated by the Corporate Social Responsibility Policy and the Charity Policy. The approach to communication with community representatives is outlined by the Policy on providing information about Vodafone Ukraine’s activities to the media and the analytical society. These policies are mandatory for all our departments and employees.

Receiving feedback

We promptly respond to the inquiries received from the local community representatives. We address enquiries and provide comprehensive publicly available information in response. If the request is received from a subscriber from a local community, we apply the following procedures: accept, register, consider and provide a response within the required time. We also engage experts from our regional technical department to help resolve the issues, develop recommendations, and meet with local

communities. We consider with special attention the requests for information on the current condition of the network and their development plans. They are additionally reviewed by the Corporate Governance and Control Directorate, the Licensing and Radio Frequency Support Division and the Marketing Directorate.

During 2020, we interacted with local communities through bilateral meetings and formal responses to written inquiries. All meetings were held in compliance with the safety and health safeguards prompted by the pandemic. In 2020, we received inquiries from local communities about the quality of communication services in settlements with a population of less than 2,000 people. All inquiries were taken into consideration when developing our plans to build mobile base stations so that we help meet the needs of the communities.

Addressing complaints

There is a separate Regulation that establishes a procedure for customer complaints. We categorize complaints by types and record them in our internal systems. Filed complaints further go through the consideration, based on which we make decisions and provide formal responses. The Regulation also specifies the indicators that evaluate the quality of complaint processing. According to the results of the evaluation, we are constantly improving the approach of the Department of Written Appeals to complaints consideration and processing.





Creating opportunities for local communities

We strive to create long-term value for the society by introducing the latest technologies and implementing infrastructure projects. We provide quality, innovative and affordable communication products and services to all our customers. We also create environment for improved well-being, community development and innovative thinking. This is achieved by implementing projects aimed at improving working conditions, developing education, increasing access to medical examination and treatment. The Company actively supports government initiatives aimed at improving the quality of life and well-being of the society. Thus, we contribute to the formation of a successful society in the future.

Achieving measurable results is one of our principles and, for that reason, we treat our social investments with utmost responsibility. We follow Ukrainian and best international practices on corporate social responsibility and technological innovations. Our Company is open to cooperation with expert associations to solve the most acute social problems. We invest in the telecommunication infrastructure that is created and developed under the national strategic projects in all regions of the country.

Additionally, one of the priorities of Vodafone Ukraine is to overcome digital inequality, provide access to modern technologies, innovative products and services for all Ukrainians. We create equal conditions and opportunities for residents of both remote regions and large cities.

Our social projects

Following our ambition to support the comprehensive development of local communities, we constantly implement and support various social projects*.

Quality communication in pandemic

After the introduction of the quarantine and borders lockdown in 2020, the long lines of vehicles at customs resulted in a heavy load on our network. Nevertheless, all our customers stuck at the border were provided with the quality and reliable connection. In addition, those customers who were quarantined in the Migrants Accommodation Center (Rozsudir village, Chernihiv region) were able to use the LTE services.

Support for station operations during the fires

During the large-scale fires in 2020 in the Luhansk region, we made efforts to support the operation of our base stations using mobile diesel generators. We added free minutes and gigabytes of Internet to our subscribers who stayed in the area of fire.

During heavy fires in the Chornobyl Exclusion Zone, we put a lot of efforts and provided the designated workers of Ministry of Emergency Situations of Ukraine with reliable communication.

Cooperation with Kharkiv and Kremenchuk city councils

In 2020, we implemented several digital solutions to improve communications between the city organizations of Kharkiv, Kremenchuk and their residents. Within this project, we have successfully:

- created short numbers for receiving citizens' enquiries on the quality of public utilities in these cities;
- organized a live webcast of the "reBOOTcamp" startup event arranged by Kharkiv Startup Center in September-October 2020;
- purchased 92 sign language tablets for 66 medical institutions in Kharkiv;
- provided Kharkiv city election commissions with mobile phones and special tariff plans for calls to other operators;
- enabled a special tariff with unlimited Internet for city trolleybuses, so that citizens of Kremenchuk have access to Wi-Fi in transport.

Support for mobile communications and high-speed Internet in Donetsk and Luhansk regions

In 2020, we provided mobile communication and high-speed Internet in the territory of three entry-exit checkpoints (EECP) in the area of the united forces operations, namely EECP "Schastya", "Novotroitske", "Gnutove".

*For the information on the projects implemented in response to the COVID-19 pandemic challenges, please see the "Response to the COVID-19 pandemic" section. The description of the innovative technologies, products and services projects is presented in the "Technologies and innovations" section. The projects and measures aimed at reducing the negative environmental impacts of Vodafone Ukraine are covered in the "Environmental protection" section.

Vodafone Smart City

We aim to contribute to the solution of major urban problems with the help modern technologies such as data analytics, IoT. Therefore, we implement and promote Smart City projects in Ukrainian cities. The aim of the Vodafone Smart City is to introduce innovative technologies in the cities of Ukraine to improve the operation of infrastructure facilities, government agencies and services, increase the level of comfort and safety of the city residents.

As part of the Vodafone Smart City project, our Company provides SMS-mailing services to inform Kyiv residents about emergencies. Such situations include road closures, power outages, changes in the metro schedule, urgent search for blood donors and other emergencies. Every resident of the city can subscribe to SMS-mailing from the city authorities.

We signed our first project-related memorandum with the Kharkiv City Council in August 2018. The residents of the city gained access to the city online services for registration of certificates, statements, applications through Mobile ID identification. In 2019, we held an international forum “Make IT Smart” on the introduction of modern technologies in the city infrastructure, launched a pilot “smart” parking for cars, suggested solutions for the implementation of the “smart waste” concept. During 2019-2020, the cities of Odessa, Kyiv, Kramatorsk, as well as Poltava and Zaporizhia regions joined the project. We develop our cooperation with them on IoT, Big Data Analytics, creation of a city “digital twin” and others.

In 2020, we signed memoranda of cooperation under the Smart City projects with Kramatorsk and Zaporizhia branches. Our Company engages with stakeholders to jointly solve the project-related issues.

Development of telemedicine

The Company made its first steps toward the development of telemedicine in 2008. We have created a telemedicine network that includes 40 various medical institutions, from city hospitals to medical institutes.

During the quarantine in 2020, we provided our customers with the possibility to receive professional telemedicine consultations using the “Doctor nearby” service. To get a doctor’s consultation, our customers need to call the short number 773 or visit the Web-page vodafone.ua/773.





Vodafone Big Data Lab

Nowadays, data skills are becoming increasingly important. Back in 2017-2018, Vodafone Ukraine shared its expertise in this area with stakeholders, including students. We launched the Big Data Lab project, and a competition for IT developers and entrepreneurs was one of its components. As a result, 40 innovative ideas were created.

In 2020, we expanded the project and opened the Big Data Lab school, where the first in Ukraine Data Science course is taught. It is based on fundamental knowledge of mathematical disciplines and big data science in combination with the first-hand expertise. We held the first six-month intensive course and trained the first group of 20 students. The teachers of the school are specialists from the top-ranked universities in Ukraine and world universities, as well as working experts in various fields. The graduates gain knowledge and practical skills at the level sufficient to start a career in Data Science.

Vodafone Find & Follow

Vodafone Ukraine has been implementing the Vodafone Find & Follow tourism project since 2015. The project created 7 tourist “City Routes” in the cities of Poltava, Chernivtsi, Uzhgorod, Kherson, Lviv, Cherkasy and Kyiv. The QR-codes on the routes provide tourists with information about their location and the way to the next location. Our routes have become popular, and the QR-codes on the plates are scanned 300 times per day on average.

In June 2020, we expanded the project to include the Ukrainian countryside. The extended Vodafone 4G coverage in rural areas and a demand for safe and uncrowded tourist destinations in Ukraine during the quarantine inspired us to launch a new “Village Routes” direction.

As of the end of 2020, we have presented 40 routes in rural areas, which include more than 120 settlements and attractions in all regions of Ukraine. The routes are designed for several days of travelling and contain a detailed description of locations, tips on sightseeing tours, food and accommodation.



Charity



Good Deed as a Gift charitable program

Since 2011, our Company, in partnership with the Heart on the Palm Charitable Foundation and the Heart Institute of the Ministry of Health of Ukraine, has been helping children from low-income families in need of urgent heart surgery. We repurposed our annual souvenirs and gifts budget to raise funds for this initiative. The Good Deed as a Gift initiative is also included in the Vodafone Bonus Loyalty Program. As of the end of 2020, 147 children had received our support.



Support for the International Charitable Foundation “Come Back Alive”

Every year, we support the project of the Charitable Foundation “Come Back Alive”. The Viterets Medical Rapid Response Team provides assistance to a team of medics on duty near military unit locations. The team delivers medical care and tactical medicine training to the military staff and civilians in eastern Ukraine.



Support for the NGO “International Association of Veterans of Anti-Terrorist Units “Alfa”

We support the initiatives aimed at providing charitable assistance to veterans and current staff of anti-terrorist units “Alfa”. Various forms of assistance are offered to the veterans of special anti-terrorist units and their family members. It helps to increase the level of their social security and adaptation of veterans to the new living conditions after military service.



Support for Charitable Foundation “Veteran of the Press”

Every year, Vodafone Ukraine supports the Kyiv Association of Veteran Journalists in cooperation with the Charitable Foundation “Veteran of the Press”. The support is provided to elderly people who previously worked as journalists.



Lifeline Ukraine Hotline

Vodafone Ukraine supports the Lifeline Ukraine Hotline project implemented by the NGO “Life Line Ukraine”. Our Company provided a free hotline for suicide prevention and mental health support. The hotline is designed first and foremost to help veterans with post-traumatic stress disorder, however, every Vodafone subscriber can also receive psychological support if needed.



Hotline for cancer patients

Vodafone Ukraine is a partner of the #WorthwhileLife (#ВартоЖити) Foundation. As part of our cooperation, we allocated a short hotline number for cancer patients support call center. The patients can also order a free taxi to the public health care facility and back home via the hotline.



SMS-charity project

In June 2018, our Company launched the SMS-charity service in Ukraine. We provided short numbers to charities and covered the costs associated with their maintenance and processing of charitable SMS. Currently, withing the project we cooperate with the following organizations: ICF “Ukrainian Charity Exchange”, ICF “Caritas Ukraine”, CF “Tabletochki”, CF “Your support”, ICF “Let’s help”, the Ukrainian Red Cross Society, CF “Zaporuka”, ICO “SOS Children’s Towns of Ukraine”, CO “Ronald McDonald’s House Foundation in Ukraine”, CF “LifeLover”.

**Interaction with communities:
our plans and goals**

We have set several ambitious community development goals for 2021. We plan to further expand the high-speed Internet coverage in settlements that are not yet covered. We also plan to continue cooperation with local communities under the Vodafone Smart City projects and contribute to the improvement of urban safety, development of public transport monitoring system and “smart” metering for utility suppliers.



About the report




We are committed to the principles of openness and transparency when dealing with our shareholders and other stakeholders. Our Company is responsible for the dissemination of clear and truthful information within the bounds of commercial confidentiality.

The Annual Sustainability Report 2020 is the first Vodafone Ukraine report prepared in accordance with the GRI (Global Reporting Initiative) Standards. It covers the activities of Vodafone Ukraine (VF Ukraine PrJSC and its subsidiaries: VF Retail LLC, ITSF LLC) during the period from 01.01.2020 to 31.12.2020.




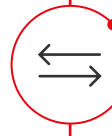


The report highlights Vodafone Ukraine's sustainable development values and strategy as well as its approach to managing environmental and social topics. It presents the Company's performance and plans in areas such as personnel management, health and safety, serving customers, use of natural resources, infrastructure projects.

During the preparation of this report, all GRI Standards principles for defining report content and quality were applied.

Principles for defining report content:

-  **Stakeholder inclusiveness.** Topics covered in this Annual Sustainability Report reflect the main expectations of Vodafone Ukraine's stakeholders. The list of material topics was defined based on the stakeholder survey results.
-  **Sustainability context.** This report covers the activities, achievements and future goals of Vodafone Ukraine in the economic, social and environmental aspects of sustainable development. The report elaborates on projects, which create value for customers, local communities and the economy, bringing long-lasting impact.
-  **Materiality.** The report covers topics that are most important to the stakeholders and describes the main Company's performance results.
-  **Completeness.** The scope of this report, including the list of topics and their boundaries, is aimed at providing complete information about the Company's sustainability performance.

Principles for defining report quality:

-  **Accuracy.** The level of accuracy and detail of quantitative and qualitative information in the report is sufficient for the readers to be able to evaluate the Company's performance in the field of sustainable development.
-  **Balance.** This report covers all spheres of the Company's activities, including positive and negative aspects so that the users of this report could form a sound assessment of the Company's social and environmental impacts.
-  **Clarity.** The information in the report is presented in a way that is understandable and accessible to all stakeholders of the Company.
-  **Comparability.** The Company's performance is presented so that it can be compared with the historical performance as well as the performance of other telecom companies.
-  **Reliability.** The data presented in the report are collected, consolidated and disclosed in such a way that their validity and quality can be verified.
-  **Timeliness.** The report covers the Company's results for the calendar year and is published in the period following the reporting. This allows the readers to obtain the relevant information.



Stakeholder engagement

We build up a dialogue with various stakeholder groups transparently and trustfully to establish mutually beneficial relations. The Annual Sustainability Report is an important tool for continuing dialogue with the Company’s shareholders, customers, partners and community representatives. Therefore, the material topics covered in the report were selected considering the interests and concerns of shareholders.

The interaction with each stakeholder group is governed by the policies of the

relevant department of the Company. For example, cooperation with the media is regulated by the Company’s Policy on providing information to the media and the analytical community. The managers of the departments create stakeholder engagement plans and/or strategies annually.

Vodafone Ukraine’s major stakeholder groups include media, employees and their families, customers, shareholders and investors, partners and public authorities.



Stakeholder group	Engagement channel	Engagement frequency	Key topics	Engagement in 2020
Customers (subscribers)	Corporate site, social media, presentations, negotiations, service center, official correspondence	Daily	Services, tariffs, company news	Through all channels
Company employees and their families	Corporate events, internal corporate portal, training, questionnaires, official correspondence	Daily	Company news, corporate ethics, information about programs for employees, video conferencing with senior management	Through all channels
Shareholders and investors	Annual and quarterly reports, annual and unscheduled shareholders meetings, presentations, meetings, corporate website, official correspondence	Regularly, with quarterly reporting	Financial and other indicators of the company	Through all channels
Partners (suppliers)	Tenders, negotiations, presentations, corporate website, official correspondence	Regularly	Terms of cooperation	Through all channels
Media community (journalists, bloggers, opinion leaders)	Comments, interviews, press releases, press conferences, meetings	Daily	News, comments, interviews	Through all channels
Public authorities	Round tables, conferences, charitable and social projects, meetings, official correspondence	Upon the necessity	Regulatory requirements, social and charitable programs	Through all channels



The change in tariffs was the main concern of the Company's stakeholders in 2020. The Company prepared messages for various communication channels (media, social media) beforehand and announced changes in tariffs.

In 2020, the Company held various events to inform the stakeholders on the operations, services and network development results, etc.:

Online press conferences on financial and operating results. Stakeholders engaged: media, shareholders and investors, clients, partners.

Quarterly online meetings with investors on the Company's performance. Stakeholders engaged: shareholders and investors.

A joint [event](#) of the mobile operators and the Ministry of Digital Transformation of Ukraine following the construction of the LTE900 network. Topics: overcoming digital inequality, investment. Stakeholders engaged: media, customers, partners, public authorities.

[Events](#) on the 4G network installation in the Kyiv metro. Topics: expanding 4G coverage, government and business cooperation, investments. Stakeholders engaged: media, customers, partners, public authorities.

[Big Data Lab Welcome Day](#) online conference. Topics: Big Data and Data Science application. Stakeholders engaged: media, customers, partners, public authorities.

Online press conference "Vodafone and DroneUA are implementing the first pilot project in Ukraine on the use of drones in telecom". Stakeholders engaged: media, customers.

Online press conference with the public authorities and local governments to promote the launch of the Company's social tourism project Village Routes as a part of [Find&Follow](#). Stakeholders engaged: media, customers, partners, public authorities.



Stakeholder survey

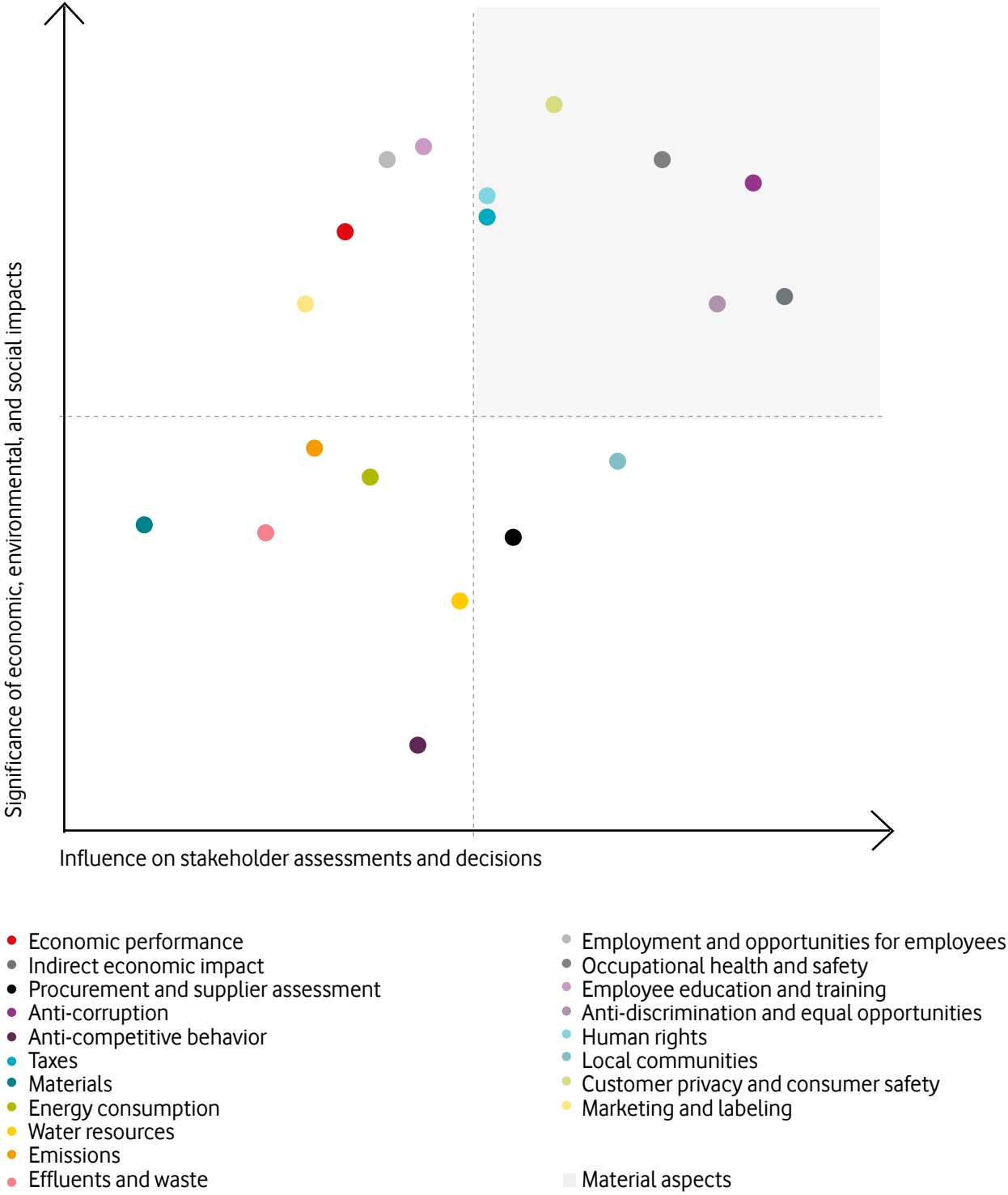
We conducted an online survey of internal and external stakeholders to identify a comprehensive list of key aspects of Vodafone Ukraine’s sustainability activities. The survey contained questions on various economic, social and environmental topics of the Company’s operations. The stakeholders assessed the importance of each topic for them and provided an assessment of the significance of Vodafone Ukraine’s impact on these topics.

In addition, we assessed the materiality of various sustainability aspects applying the following tools:

- Consultations with representatives of the Company’s top management;
- Analysis of information about the Company’s activities in media;
- Analysis of material topics covered by leading international telecom companies in their reports;
- Analysis of international initiatives and standards in the field of sustainable development (UN Global Sustainable Development Goals).

Material topics matrix

The list of material sustainability topics was defined based on the stakeholder survey results and materiality analyses. The materiality matrix below illustrates the prioritization of topics in terms of their importance to stakeholders and the significance of the Company’s influence on them.



Appendix

Technology and innovation

Table 1: List of licenses

Spectrum	Total spectrum (MHz)	<900 MHz	1800-2100 MHz	2300-2700 MHz	Mm wave
5G (exclusively)	-	-	-	-	-
4G (exclusively)	2 x 5		1780...1785 / 1875...1880		
4G (exclusively)	2 x 10			2510...2515 / 2630...2635 2515...2520 / 2635...2640	
3G (exclusively)	2 x 15		1950.0...1965.0 / 2140.0...2155.0		
Technology neutral spectrum (LTE + GSM-1800)	2 x 20		1750...1770 / 1845...1865 (LTE + GSM-1800)		
Technology neutral spectrum (LTE + GSM-900)	2 x 7.92	900 MHz (LTE + GSM-900)			
WiMax (Kyiv)	40				5630.0 - 5670.0
WiMax (Kyiv office)	40				5630.0 - 5670.0
WiMax (Odessa office)	40				5630.0 - 5670.0

Personnel

Table 2: Number of employees by employment contract in 2018-2020, persons

Employment contract type	Gender	2018	2019	2020
Total, including:		3,407	4,094	3,534
Permanent employment contract	Male	1,898	2,298	2,011
	Female	1,509	1,796	1,519
	Total	3,407	4,094	3,530
Temporary employment contract	Male	0	0	4
	Female	0	0	0
	Total	0	0	4

Table 3: Number of employees by employment type in 2018-2020, persons

Employment type	Gender	2018	2019	2020
Total, including:		3,407	4,094	3,534
Full-time	Male	1,896	2,289	2,007
	Female	1,367	1,657	1,473
	Total	3,263	3,946	3,480
Part-time	Male	2	8	8
	Female	11	11	4
	Total	13	19	12
Employees on parental leave	Male	0	1	0
	Female	131	128	42
	Total	131	129	42

Table 4: Number of employees by regions in 2018-2020 (as of the end of the year), persons

Cluster	2018	2019	2020
Total, including:	3,407	4,094	3,534
Head office (Kyiv)	1,609	1,679	1,664
Center	681	1,057	800
West	395	550	426
East	312	808	644
North	181	-	-
South	229	-	-

Table 5: Number of employees hires and employee turnover in 2018-2020, persons

Indicator	New employee hired			Employees who left the Company		
	2018	2019	2020	2018	2019	2020
Total, including:	1,671	2,165	654	1,155	1,450	1,160
By gender	Male	910	1,287	370	509	873
	Female	761	878	284	646	577
By age group	under 30 years old	928	1,533	425	476	945
	30-50 years old	690	567	216	637	465
	over 50 years old	53	65	13	42	40
	Head office (Kyiv)	294	347	231	537	304
By regions	Center	674	872	216	301	548
	West	304	384	60	119	248
	East	399	562	147	198	314

Table 6: Employee turnover rate by gender and age group in 2018-2020, %

Indicator		VF Ukraine PrJSC			VF Retail LLC			ITSF LLC	
		2018	2019	2020	2018	2019	2020	2019	2020
Total, including:		22.5%	14.7%	10.9%	35%	63%	61%	11%	5%
By gender	Male	10.1%	6.9%	4.8%	40%	74%	69%	19%	8%
	Female	12.4%	7.8%	6.1%	29%	50%	52%	0%	0%
By age group	under 30 years old	9.7%	6.2%	4.3%	38%	76%	86%	0%	7%
	30-50 years old	12.2%	7.9%	6.1%	29%	36%	27%	10%	5%
	over 50 years old	0.5%	0.6%	0.5%	32%	53%	23%	14%	0%
By regions	Head office (Kyiv)	16.2%	10.5%	8.1%	-	-	-	-	-
	Center	3.0%	1.4%	1.6%	53%	87%	90%	11%	5%
	West	0.9%	2.0%	0.3%	28%	63%	55%	-	-
	East	2.3%	0.8%	0.9%	19%	54%	59%	-	-

Table 7: Number of employees by gender and categories in 2018-2020, persons

Employee category	2018			2019			2020		
	Total, including:	Male	Female	Total, including:	Male	Female	Total, including:	Male	Female
Total, including:	3,407	1,898	1,509	4,094	2,298	1,796	3,534	2,015	1,519
Top management	15	9	6	16	10	6	16	9	7
Other employees	3,392	1,889	1,503	4,078	2,288	1,790	3,518	2,006	1,512

Table 8: Number of employees by age group and categories in 2018-2020, persons

Employee category	2018				2019				2020			
	Total, including:	under 30 years old	30-50 years old	over 50 years old	Total, including:	under 30 years old	30-50 years old	over 50 years old	Total, including:	under 30 years old	30-50 years old	over 50 years old
Total, including:	3,407	1,179	2,001	227	4,094	1,664	2,156	274	3,534	1,156	2,083	295
Top management	15	0	14	1	16	0	15	1	16	0	15	1
Other employees	3,392	1,179	1,987	226	4,078	1,664	2,141	273	3,518	1,156	2,068	294

Table 9: Number of governance bodies representatives by gender in 2018-2020, persons

Indicator	2018			2019			2020		
	Total, including:	Male	Female	Total, including:	Male	Female	Total, including:	Male	Female
Governance bodies, including:	17	12	5	19	14	5	20	14	6
Supervisory Board	10	8	2	13	10	3	14	10	4
Revision Commission	7	4	3	6	4	2	6	4	2
Audit committee	-	-	-	3	2	1	3	3	0

Table 10: Number of governance bodies representatives by age group in 2018-2020, persons

Indicator	2018				2019				2020			
	Total, including:	under 30 years old	30-50 years old	over 50 years old	Total, including:	under 30 years old	30-50 years old	over 50 years old	Total, including:	under 30 years old	30-50 years old	over 50 years old
Governance bodies, including:	17	0	14	3	19	1	15	3	20	2	14	4
Supervisory Board	10	0	9	1	13	0	11	2	14	0	10	4
Revision Commission	7	0	5	2	6	1	4	1	6	2	4	0
Audit committee	-	-	-	-	3	0	3	0	3	1	1	1

Table 11: Number of employees who took parental leave or returned from parental leave in 2020, persons

Indicator	Total	
	Male	Female
Total number of employees that were entitled to parental leave	113	172
Total number of employees that took parental leave	0	110
Total number of employees due to return to work in 2020 after taking parental leave	93	
Total number of employees that returned to work in 2020 after parental leave	38	
Total number of employees that returned to work in 2019 from parental leave	39	
Including, total number of employees retained 12 months after returning to work following a period of parental leave (meaning in 2020)	19	

Financial highlights

Table 12: Selected financial results y 2018-2020, UAH thousand

Indicator	2018	2019	2020
1. Direct economic value generated:	12,799,024	15,983,419	18,142,407
Sales revenues	12,799,024	15,983,419	18,142,407
2. Economic value distributed:	11,051,811	13,444,107	16,941,417
Operating costs, net position	5,935,808	7,656,637	8,314,517
<i>including employee wages and benefits</i>	<i>1,044,291</i>	<i>1,561,375</i>	<i>1,697,998</i>
Amortization	4,087,724	4,703,908	4,800,618
Non-operating costs, net position	568,607	394,033	3,431,503
Corporate tax (current and deferred)	459,671	689,529	394,779
3. Economic value retained	1,747,213	2,539,312	1,200,990

GRI Standards index

Material topic	Disclosure number	Disclosure title	Page number	References and comments
GRI 102: General standards				
GRI 102: General Disclosures 2016. Organizational profile	102-1	Name of the organization	-	Vodafone Ukraine - VF Ukraine PrJSC as well as its subsidiaries: VF Retail LLC (100% subsidiary of VF Ukraine PrJSC) and ITSF LLC (99% is owned by VF Ukraine PrJSC and 1% by VF Retail LLC).
	102-2	Activities, brands, products, and services	13-14	Vodafone Ukraine: Company profile and services
			71-74	Providing value to our customers: Products and services
	102-3	Location of headquarters	187	Contacts 01601, Ukraine, Kyiv, st. Leipzig, 15.
	102-4	Location of operations	19	Vodafone Ukraine: Regional structure of the Company The organization operates in Ukraine.
	102-5	Ownership and legal form	-	For the purpose of this report Vodafone Ukraine includes: 1. VF Ukraine PrJSC; 2. VF Retail LLC; 3. ITSF LLC.
	102-6	Markets served	13-14	Vodafone Ukraine: Company profile and services
			71	Providing value to our customers: Products and services
	102-7	Scale of the organization	93-94	Caring for our employees: Our people
			9	Key performance results in 2020
			160-171	Appendix: Personnel
			173	Appendix: Financial highlight
	102-8	Information on employees and other workers	93-94	Caring for our employees: Our people
			97-98	Caring for our employees: Inclusion and diversity
			160-172	Appendix: Personnel

Material topic	Disclosure number	Disclosure title	Page number	References and comments
	102-9	Supply chain	135-141	Procurement and supply chain
	102-10	Significant changes to the organization and its supply chain	13	Vodafone Ukraine: Company profile and services
			135-141	Procurement and supply chain: Our supply chain
				There were no significant changes to the supply chain and relations with suppliers in 2020.
	102-11	Precautionary Principle or approach	125	Environmental protection: Approach to precautionary principle and management of environmental risks
	102-12	External initiatives	125	Environmental protection
			62-66	Technology and innovation: Our projects implemented in 2020
			88	Providing value to our customers: Achievements in 2020
			148-152	Engagement with local communities: Our social projects
	102-13	Membership of associations	26-27	Vodafone Ukraine: Membership in associations
GRI 102: General Disclosures 2016. Strategy	102-14	Statement from senior decision-maker	5-8	Message from the CEO
GRI 102: General Disclosures 2016. Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	21-24	Vodafone Ukraine: Strategy and values
			48-51	Corporate governance: Corruption prevention and compliance practices
			96-97	Caring for our employees: Inclusion and diversity

Material topic	Disclosure number	Disclosure title	Page number	References and comments
GRI 102: General Disclosures 2016. Governance	102-18	Governance structure	45-46	Corporate governance: Corporate governance structure
GRI 102: General Disclosures 2016. Stakeholder engagement	102-40	List of stakeholder groups	162	About the report: Stakeholder engagement
	102-41	Collective bargaining agreements	-	There were no collective bargaining agreements in 2020.
	102-42	Identifying and selecting stakeholders	161	About the report: Stakeholder engagement
	102-43	Approach to stakeholder engagement	161-164	About the report: Stakeholder engagement
	102-44	Key topics and concerns raised	163-166	About the report: Stakeholder engagement
GRI 102: General Disclosures 2016. Reporting practice	102-45	Entities included in the consolidated financial statements	-	The financial statements are published on the Company's website: https://www.vodafone.ua/company/investors/zvity-ta-rezultaty/finansovi-rezultaty
	102-46	Defining report content and topic Boundaries	159	About the report
	102-47	List of material topics	165-166	About the report: Material topics matrix
	102-48	Restatements of information	-	No corrections were made. This is the first report of the company prepared under GRI Standards.
	102-49	Changes in reporting	-	There were no changes in reporting. This is the first report of the company prepared GRI Standards.
	102-50	Reporting period	-	01/01/2020 – 31/12/2020
	102-51	Date of most recent report	-	This is the first report published under GRI Standards.
	102-52	Reporting cycle	-	Annual
	102-53	Contact point for questions regarding the report	187	Contacts
	102-54	Claims of reporting in accordance with the GRI Standards	-	This report is prepared in accordance with GRI Standards, option "Core".
	102-55	GRI content index	175-186	GRI Standards index

Material topic	Disclosure number	Disclosure title	Page number	References and comments
	102-56	External assurance		External assurance from the independent party was not conducted.
GRI 200: Economic topics				
GRI 201: Economic Performance 2016	GRI 103: Management Approach 2016		3-32	Vodafone Ukraine
	201-1	Direct economic value generated and distributed	9 173	Key performance results in 2020 Appendix: Financial highlights
	201-3	Defined benefit plan obligations and other retirement plans	-	The Company is paying contributions from the salary of employees in accordance with Ukrainian legislation.
	201-4	Financial assistance received from government	-	The Company did not receive financial aid from the government in 2020.
GRI 202: Market Presence 2016	GRI 103: Management Approach 2016		91-121	Caring for our employees
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	99	Caring for our employees: Retention and motivation
	202-2	Proportion of senior management hired from the local community	-	Caring for our employees: Inclusion and diversity In 2020, 100% of top managers of the Company were citizens of Ukraine.
GRI 203: Indirect Economic Impacts 2016	GRI 103: Management Approach 2016		57-58; 145-147; 155	Technology and innovation Engagement with local communities
	203-1	Infrastructure investments and services supported	9-10; 35-41; 57-58; 145-164	Key performance results in 2020 Technology and innovation: Network and infrastructure Engagement with local communities Response to the COVID-19 pandemic
GRI 204: Procurement Practices 2016	GRI 103: Management Approach 2016		135-141	Procurement and supply chain
	204-1	Proportion of spending on local suppliers	137	Procurement and supply chain: Our supply chain

Material topic	Disclosure number	Disclosure title	Page number	References and comments
GRI 205: Anti-corruption 2016	GRI 103: Management Approach 2016		45-52	Corporate governance
	205-1	Operations assessed for risks related to corruption	48-51	Corporate governance: Risk management
	205-2	Communication and training about anti-corruption policies and procedures	48-50	Corporate governance: Corruption prevention and compliance practices
	205-3	Confirmed incidents of corruption and actions taken	-	In 2020 there were no detected incidents of corruption related to the Company. Also, there were no litigations regarding corruption against the Company or its employees.
GRI 206: Anti-competitive Behavior 2016	GRI 103: Management Approach 2016		45-52	Corporate governance
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	The Order of the State Commissioner of the Antimonopoly Committee of Ukraine (AMCU) dated 29.09.2020 № 127-26.4 / 93-20 opened a case on violation of the legislation on protection against unfair competition regarding violation of PJSC “VF Ukraine” the requirements Article 15-1 of the Law of Ukraine “On Protection against Unfair Competition” by disseminating to an unlimited number of persons information that may mislead consumers. According to this Order, the violation is that the actions of PJSC “VF Ukraine” in the form of distribution in advertising its own marketing campaign with the statement “Buy a smartphone - get a discount of UAH 1,000 for 4G Internet” (hereinafter - the Promotion), contain signs of

Material topic	Disclosure number	Disclosure title	Page number	References and comments
GRI 207: Tax 2019				false information on accrual of discounts to subscribers in the form of funds, which is a violation of Article 15-1 of the Law of Ukraine “On Protection against Unfair Competition”.
				PJSC “VF Ukraine” does not agree with the conclusions of the AMCU and submitted its objections to this order. The case is under consideration. The decision has not been made yet. Sanctions were not imposed.
				The AMCU is also conducting a study of the economic feasibility of tariffs for mobile services and review of such tariffs by all operators of the “big three”. A case on this issue has not yet been opened by the AMCU. The answers to all AMCU Inquiries were provided by the company on time and in full.
	GRI 103: Management Approach 2016		51-52	Corporate governance: Tax management
	207-1	Approach to tax	51-52	Corporate governance: Tax management
	207-2	Tax governance, control, and risk management	51-52	Corporate governance: Tax management
	207-3	Stakeholder engagement and management of concerns related to tax	51-52	Corporate governance: Tax management

Material topic	Disclosure number	Disclosure title	Page number	References and comments
GRI 300: Environmental topics				
GRI 302: Energy 2016	GRI 103: Management Approach 2016		125-131	Environmental protection
	302-1	Energy consumption within the organization	126-127	Environmental protection: Energy consumption and energy efficiency
GRI 303: Water and Effluents 2018	GRI 103: Management Approach 2016		125-131	Environmental protection
	303-1	Interactions with water as a shared resource	129	Environmental protection: Water consumption
	303-3	Water withdrawal	-	Water withdrawal was conducted through the capacities of utility services in 2020.
GRI 305: Emissions 2016	GRI 103: Management Approach 2016		125-131	Environmental protection
	305-1	Direct (Scope 1) GHG emissions	128	Environmental protection: Emissions of greenhouse gases and pollutants Indicator is disclosed partially.
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	128	Environmental protection: Emissions of greenhouse gases and pollutants Indicator is disclosed partially.
GRI 306: Waste 2020	GRI 103: Management Approach 2016		125-131	Environmental protection
	306-2	Management of significant waste-related impacts	130	Environmental protection: Waste management Indicator is disclosed partially.
	306-3	Waste generated	130	Environmental protection: Waste management Indicator is disclosed partially.
GRI 308: Supplier Environmental Assessment 2016	GRI 103: Management Approach 2016		135-141	Procurement and supply chain
	308-1	New suppliers that were screened using environmental criteria	138-139	Procurement and supply chain: Supplier evaluation and qualification requirements

Material topic	Disclosure number	Disclosure title	Page number	References and comments
GRI 400: Social topics				
GRI 401: Employment 2016	GRI 103: Management Approach 2016		93	Caring for our employees
	401-1	New employee hires and employee turnover	95 169-170	Caring for our employees: Our people Appendix: Personnel
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	100	Caring for our employees: Retention and motivation
	401-3	Parental leave	101 172	Caring for our employees: Retention and motivation Appendix: Personnel
GRI 402: Labor/Management Relations 2016	GRI 103: Management Approach 2016		91-92; 106-107	Caring for our employees
	402-1	Minimum notice periods regarding operational changes	-	Notice period regarding operational changes that may have a significant influence on employees is 2 months, in accordance with the legislation of Ukraine.
GRI 403: Occupational Health and Safety 2018	GRI 103: Management Approach 2016		113-121	Caring for our employees: Health and occupational safety
	403-1	Occupational health and safety management system	113-114	Caring for our employees: Health and occupational safety
	403-2	Hazard identification, risk assessment, and incident investigation	113-115	Caring for our employees: Health and occupational safety
	403-3	Occupational health services	113, 115 117	Caring for our employees: Health and occupational safety
	403-4	Worker participation, consultation, and communication on occupational health and safety	114	Caring for our employees: Health and occupational safety
	403-5	Worker training on occupational health and safety	115	Caring for our employees: Health and occupational safety
	403-6	Promotion of worker health	113, 118-121	Caring for our employees: Health and occupational safety

Material topic	Disclosure number	Disclosure title	Page number	References and comments
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	115	Caring for our employees: Health and occupational safety
	403-8	Workers covered by an occupational health and safety management system	114	Caring for our employees: Health and occupational safety
	403-9	Work-related injuries	117	Caring for our employees: Health and occupational safety There were no registered cases of work-related injuries among employees in 2020.
	403-10	Work-related ill health	117	Caring for our employees: Health and occupational safety There were no registered cases of work-related illnesses among employees in 2020.
GRI 404: Training and Education 2016	GRI 103: Management Approach 2016		108-112	Caring for our employees: Employee training and professional development
	404-1	Average hours of training per year per employee	111	Caring for our employees: Employee training and professional development
	404-3	Percentage of employees receiving regular performance and career development reviews	112	Caring for our employees: Employee training and professional development
GRI 405: Diversity and Equal Opportunity 2016	GRI 103: Management Approach 2016		96-98	Caring for our employees: Inclusion and diversity
	405-1	Diversity of governance bodies and employees	98	Caring for our employees: Inclusion and diversity
	405-2	Ratio of basic salary and remuneration of women to men	-	The company adheres to the principle of equal pay regardless of the gender. Therefore, the basic salary and remuneration of women and men are equal.

Material topic	Disclosure number	Disclosure title	Page number	References and comments
GRI 406: Non-discrimination 2016	GRI 103: Management Approach 2016		91-93; 96-97	Caring for our employees: Inclusion and diversity
	406-1	Incidents of discrimination and corrective actions taken	-	In 2020 there were no registered incidents of discrimination.
GRI 407: Freedom of Association and Collective Bargaining 2016	GRI 103: Management Approach 2016		91-93; 96-97	Caring for our employees
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	In 2020 there were not identified departments or suppliers at significant risk for breaching the right to freedom of association and collective bargaining.
GRI 408: Child Labor 2016	GRI 103: Management Approach 2016		91-93; 96-97	Caring for our employees
	408-1	Operations and suppliers at significant risk for incidents of child labor	-	In 2020 there were no identified departments or suppliers at significant risk for incidents of child labor.
GRI 409: Forced or Compulsory Labor 2016	GRI 103: Management Approach 2016		91-93; 96-97	Caring for our employees
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	In 2020 there were no identified departments or suppliers at significant risk for incidents of forced or compulsory labor
GRI 410: Security Practices 2016	GRI 103: Management Approach 2016		96-98	Caring for our employees: Inclusion and diversity
	410-1	Security personnel trained in human rights policies or procedures	97	Caring for our employees: Inclusion and diversity
GRI 412: Human Rights Assessment 2016	GRI 103: Management Approach 2016		96-98	Caring for our employees: Inclusion and diversity
	412-2	Employee training on human rights policies or procedures	97	Caring for our employees: Inclusion and diversity

Material topic	Disclosure number	Disclosure title	Page number	References and comments
GRI 413: Local Communities 2016	GRI 103: Management Approach 2016		145-155	Engagement with local communities
	413-1	Operations with local community engagement, impact assessments, and development programs	148-154	Engagement with local communities
	413-2	Operations with significant actual and potential negative impacts on local communities	-	In 2020 there were no registered cases of Company's operations with significant actual and potential negative impacts on local communities.
GRI 414: Supplier Social Assessment 2016	GRI 103: Management Approach 2016		135-141	Procurement and supply chain
	414-1	New suppliers that were screened using social criteria	135, 138-139	Procurement and supply chain: Supplier evaluation and qualification requirements
GRI 415: Public Policy 2016	GRI 103: Management Approach 2016		45-52	Corporate governance
	415-1	Political contributions		According to the Code of Conduct, Vodafone Ukraine does not give gifts or make contributions to political parties and not interfere into political parties' matters.
GRI 416: Customer Health and Safety 2016	GRI 103: Management Approach 2016		76, 81-88	Providing value to our customers
	416-1	Assessment of the health and safety impacts of product and service categories	-	Mobile services are the main services provided by the Company. The regulations and laws in this industry apply to the level of radiations, which are checked by regulatory bodies during the launch and operation process of base stations. There were no additional studies of the impact of Company's products on people's health conducted by Vodafone Ukraine.
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	There were no such incidents registered in 2020.

Material topic	Disclosure number	Disclosure title	Page number	References and comments
GRI 417: Marketing and Labeling 2016	GRI 103: Management Approach 2016		77-80	Providing value to our customers: Responsible marketing and communication with our customers
	417-1	Requirements for product and service information and labeling	79	Providing value to our customers: Responsible marketing and communication with our customers
	417-2	Incidents of non-compliance concerning product and service information and labeling	80	Providing value to our customers: Responsible marketing and communication with our customers In 2020 there were no registered incidents of non-compliance with laws or voluntary standards concerning product and service information and labelling.
	417-3	Incidents of non-compliance concerning marketing communications	80	Providing value to our customers: Responsible marketing and communication with our customers There were no registered incidents of non-compliance with regulations or voluntary standards concerning marketing communications in 2020.
GRI 418: Customer Privacy 2016	GRI 103: Management Approach 2016		81-88	Providing value to our customers: Data protection
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	87	Providing value to our customers: Data protection There were no registered substantiated complaints concerning breaches of customer privacy and losses of customer data by Vodafone Ukraine in 2020. There were no detected cases of leaking, stealing or losing of clients' data.
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	-	There were no incidents of non-compliance with laws and regulations in the social and economic area in 2020.
GRI G4: Sector Disclosures	G4 FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy	138	Procurement and supply chain: Supplier evaluation and qualification requirements

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