

**Corporate  
Responsibility  
Annual Report**

**2018**



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## A Message from the CEO

Everyone in Armenia knows that Beeline is the heir to an old telecom company and strives to provide the country's residents with the latest technologies and equipment to the greatest possible extent. However, we are also part of a large international company and are a resident to Armenia. As part of international "VEON Ltd" Group, we have introduced to Armenia the business style and the standards adopted by the Group. Being a responsible resident of our country, we strive to support the development of Armenia to the maximum, and not only in communication. We consider it our mission to provide youth with cutting-edge digital and business knowledge so as to help them shape a better future for themselves. I am confident that our multiple projects of corporate citizenship will not only have a positive impact on the lives of our beloved employees and customers, but will also deliver impactful achievements and victories to our youth.



# INTRODUCTION

“VEON Armenia” CJSC is one of the largest telecommunication operators in Armenia, which has been providing communication services under the Beeline brand throughout Armenia since 2008.

Beeline provides GSM 900/1800, 3G (UMTS) and 4G (LTE) standard mobile communication, fixed telephony services, and provides Internet access via CDMA, ADSL, FTTB and VDSL technologies.

“VEON Armenia” CJSC belongs to VEON Ltd. (with the HQ in Amsterdam). VEON is one of the world’s largest integrated telecommunication companies. It is listed on NASDAQ and Euronext Amsterdam and includes a number of telecommunication companies providing voice communication and data transfer services, as well as broadband Internet access to over 240 million subscribers worldwide.

For more information please visit [www.veon.com](http://www.veon.com).



# Financial and Operational Sustainability

*Beeline Armenia remains one of the largest companies and employers in the country. Financial sustainability is one of the most important indicators of proper organization of a company's business. Here are some of the achievements in this direction in 2018:*

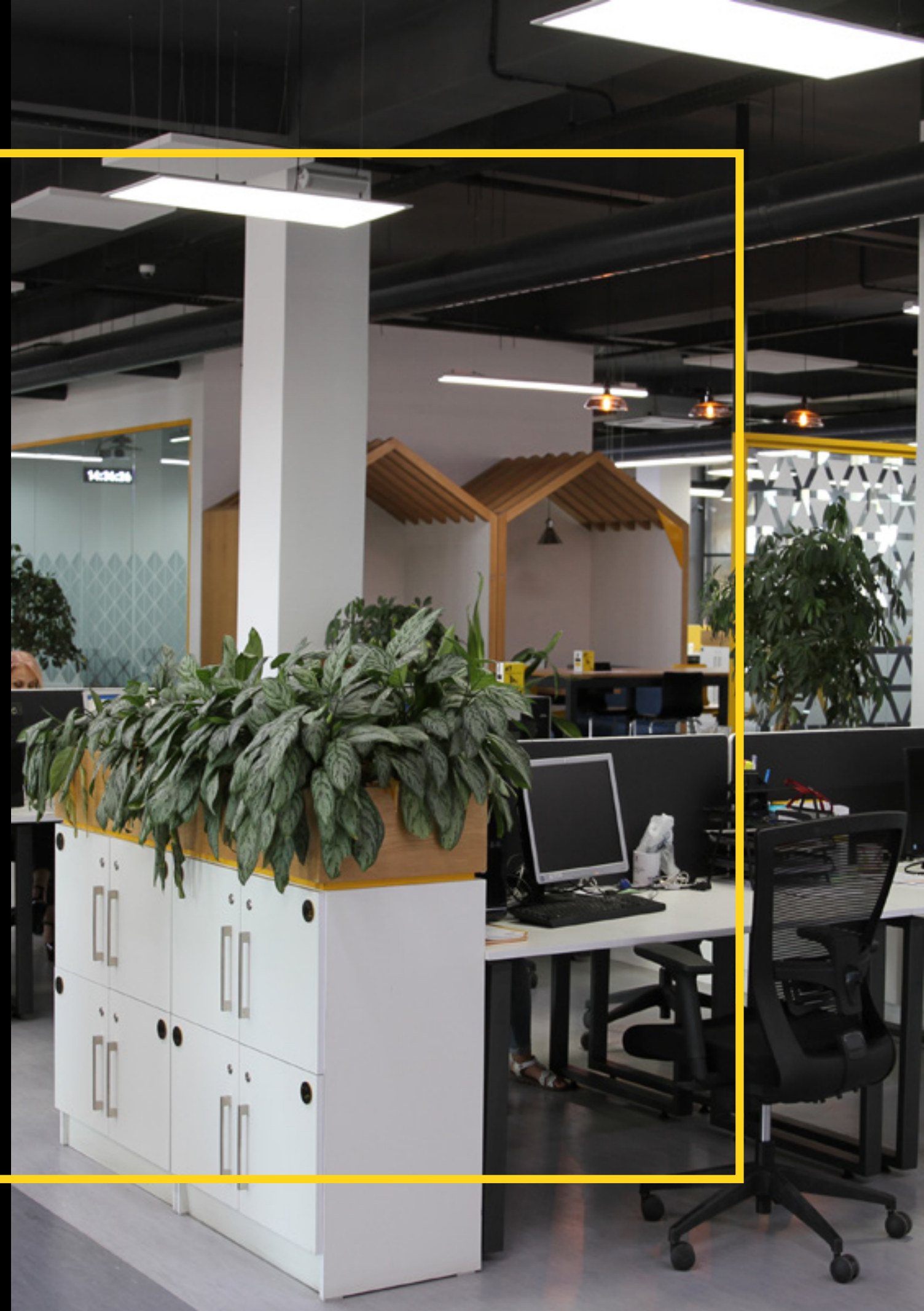
In 2018, "VEON Armenia" CJSC paid an amount of AMD 6,269,622,600, which included taxes paid to the state and local budgets, as well as duties and other fees.

The company has an internal control and risk management system in place to ensure operational safety and protection. The system ensures goals achievement by the company and reliability and transparency of financial statements.

A self-assessment mechanism for managers was also introduced into the internal control system, in which managers at all levels in cooperation with Internal Control Department evaluate business processes and the internal control scope to identify potential inconsistencies and plan further improvements.

By the end of 2018, about 600 employees moved to the company's new, bright and modern open space offices. The new spacious offices have separate meeting rooms and break areas to ensure comfortable working conditions.

Modern equipment is installed in special rooms for meetings and video conferences.



## Services and Offers

*Beeline constantly continues to develop both its services and the service quality for its subscribers. In 2018, activities in these areas were carried out in a number of directions:*

**For Beeline's fixed and convergent services subscribers, the following has been created:**

- Full spectrum of mobile and fixed services in one package with single bill and payment after addition of fixed telephony to COMBO service packages. COMBO packages come in two services offered in one, 3 in 1 and 4 in 1.
- New COMBO family bundle with high-speed fixed internet and off-net minutes for COMBO 2 subscribers easy upgrade.
- 2 years of free mobile services as part of a special offer for regional fixed Internet subscribers.
- Exceptional opportunity for fixed phone subscribers to make unlimited calls to Beeline Russia mobile network with 0 tariff.
- Try & Buy for Fixed voice subscribers, with free minutes to mobile and international networks for 2 months. Easy subsequent upgrade to new price plan only for extra 200 AMD.
- Easy control of expenses for Fixed voice subscribers by checking the remaining minutes via IVR.
- Up to 5 times price decrease for calls to Artsakh mobile network for fixed telephony users.
- Fully redesigned BeeTV mobile and TV box application with new functionality, easy navigation and improved streaming quality.
- Affordable 4 in 1 offer for regional cities including high-speed broadband and modern TV with only 6990 AMD.
- Fixed internet, that is always online, even if a subscriber forgets to pay for it.



**During 2018, Beeline launched numerous promotions to make modern communication features and smartphones available for everyone. Particularly:**

- When buying a Xiaomi Redmi 5A smartphone, a cashback of 10,000 AMD was being transferred to subscribers' accounts as part of the spring promotion. This was new for the Armenian market and was highly appreciated by customers.
- When buying an iPhone during summer, Beeline subscribers got the opportunity to use communication services free-of-charge for two

Internet in their studies. In 2018, 5 GB of free Internet was provided with Samsung Galaxy J2 Prime. Monthly payment of the phone bought on credit was 2800 AMD.

- By purchasing almost all Samsung smartphones on the occasion of the New Year, subscribers received cashback of up to 20,000 AMD to their account and a free Internet package.
- In 2018 an offer was launched allowing purchasing a phone on credit by paying for 18-24 months, subscribing to any of Beeline "Smart" packages and using communication services instead of paying bank interests.

- The cost of 1 MB of Internet in roaming package was reduced up to 10 AMD.
- A new offer was launched special for regional subscribers: when subscribing to "Regional" Internet plans, customers received a Samsung smartphone for only 10,000 AMD and two SIM cards as a gift.
- Also, a new Internet offer "Today" was introduced, where 1 GB of Internet was provided for AMD 200 per day.

**A number of improvements had also been made for corporate customers:**

- Since May, a new website has been operating for corporate customers with a convenient interface and extensive management options. The [www.beeline.am/b2b](http://www.beeline.am/b2b) website, developed for business, presents all the provided tariff plans and services. The structure of "My Account" has been improved and new account management tools and online service options have been introduced in the section.



months.

- In September, Beeline traditionally holds a special promotion dedicated to the Day of Knowledge, so that students and school children also have an opportunity to use the

- Subscribers of "Smart" packages got the opportunity to use Yandex.Taxi, Yandex.Music and Yandex.Navigator applications in 2018 without paying for Internet traffic.



- “Beeline Business” corporate customer service office located on 4 Northern Avenue has also been renovated and made more comfortable. It is open on weekdays from 10:00 to 19:00.
- Twenty-four-hour 8300 telephone number was also launched to serve Internet and VPN services.
- “Virtual PBX” (vPBX) service for corporate customers has been launched. It allows to get a non-geographic phone number and unlimited quantity of internal numbers, process up to 100 incoming calls simultaneously, set up voice greetings and smart call distribution between departments, employees or regions. Virtual PBX also allows to collect and analyze performance statistics for employees and promotions.
- The “Colocation” service has also been operating since October. It allows customers to install their servers, data storage systems and network equipment in the newly upgraded Beeline Data Center. Beeline customers receive not only “Colocation” equipment maintenance services, physical protection, climate mode protection, power backup, but also a number of digital services, such as remote access to equipment, monitoring and data protection.
- Since November 2018, “SMS Info” service has been operating for Corporate customers, which allows organizing mass distribution of informational, commercial and advertising text messages. It allows to select groups of subscribers to whom this information must be sent more accurately and correctly.
- In addition, Beeline “Smart” tariff plans were supplemented with three new post-paid and prepaid offers in 2018 - “Smart 9500”, “Smart 12000” and “Smart 15000”. Packages are available for individuals and legal entities, for subscribers who need a big package of airtime, SMS and mobile Internet.

“Corporate customers are always in the center of our attention, and their work comfort is a priority for us. We are happy to announce that now they can choose the most convenient service type for themselves: online, by phone or visiting the office. Thus, any business can use offers and tariff plans that are most convenient for them, since working with Beeline is not only convenient, but also profitable.”

Beeline Armenia CEO  
Andrey Pyatakhin.



# Technical Progress

*One of the main guarantees of sustainable development is continuous technical development. During 2018, numerous technical initiatives were implemented, including the following:*

- During 2018 Beeline Armenia deployed FTTC/VDSL technology in Stepanavan, Vardenis, Goris and Ajapnyak community in Yerevan. This means that Internet connection with the speed up to 100 Mbps is available to around 18 500 residents of this communities.
- The 3G network was extended in 2018: 68 new base stations set, which gave the wide coverage in whole Republic more than 85%.
- In 2018 LTE network was deployed in Yerevan and 19 other localities. At the moment the up-to-date generation mobile network is available in Ashtarak, Gavar, Sevan, Martuni, Abovyan, Garni, Tsakhkadzor, Vanadzor, Gyumri, Goris, Kapan, Dilijan, Ijevan, Jermuk, Vayk, Charentsavan, Stepanavan, Artashat, Vardenis.
- Hors, Dovegh, Arevashogh, Akner were provided with ADSL technology, which means that residents of these villages are provided with broadband internet services.
- The network nodes were upgraded in Aparan, Katnaghbyur, Achajur, Aygehovit, Verishen, Voskepar and Hrazdan Kochor district.
- Fiber-optic cables (32 km) were provided to rural areas, fulfilling the regulatory obligation.
- MSC swap was completed to provide full geo-redundancy for the mobile core and secure the mobile network operation.



## Inter-Operator Cooperation

*Together with internal network development, Beeline is constantly expanding inter-operator cooperation and improving its roaming services. In 2018, important work was done in this direction, too, particularly:*

- The number of partner-operators in 4G roaming increased by 56% in 2018 as compared to the previous year, and 4th generation communication became available in 51 countries instead of 40.
- The technology was modernized, thanks to which the network now registers and prevents DDoS attacks at the external border, and they do not reach subscribers in Armenia. In addition, special attention is paid to Internet security during the holidays and memorial days.
- VEON's global network was used to provide corporate customers with better VPN networks via IP technology. As a member of an international group,

the company uses the worldwide network that allows establishing direct corporate communications with our clients' offices located in different countries.

- Implementation of international call service partially started with the advanced and more secure VoIP technology.



## Implementation of New Information Technologies

*Beeline Armenia is also a large IT company and providing Internet access constantly improves the quality of customer service in this area, personal data protection and technologies, which are used to organize work within the company. Particularly, during 2018 the following works were performed:*

- A new electronic communication system for employees was implemented, which is more modern and convenient and speeds up the work.
- New computers were installed in Retail Stores to speed up the delivery of services to the customers.
- The Medallia System was introduced, thanks to which the company was able to measure customer satisfaction with services at the stores, call centers, with technical specialists, as well as with mobile and fixed services.
- To identify the level of company's networks operation efficiency, a company known in the industry was invited to conduct a broadband audit (broadband access check). The audit revealed a number of problems with broadband Internet network and routers, which were subsequently solved and the network operation was improved.
- A new NG Firewall has been introduced, which protects the company's systems, including the website, personal accounts, etc., from external attacks and intrusions.
- Computers and devices operating inside the company were also equipped with a new and more powerful security system, which allows to

efficiently deal with all threats to computers and ensure safe and uninterrupted operation of company departments.

- A DLP (Data Leak Protection) system was also introduced aiming at protection of the company and its customers from confidential information leak.

An automated payment system was created for prepaid subscribers, which independently makes monthly payments. Prior to this, a similar system was run for postpaid subscribers only.



## Customer Service

*Number of innovations were made to improve the operations of the Call Center, the main two of which are as follows:*

- A new system has been introduced that allows to remotely and automatically configure routers of fixed Internet provided via ADSL, VDSL and FTTB technologies. Now subscribers do not need to visit Retail Stores for setting-up configurations.
- Call Center employees underwent training and were qualified in complex product service, thanks to which subscribers contacting the Call Center are served without forwarding the call to an appropriate specialist. This initiative has significantly reduced the service time, as well as the waiting time for call center operator response.



## Customer Feedback

In 2018, number of various projects were implemented to improve customer service quality. In particular:



- During 2018, the Bottom-up NPS system was implemented in the company, thanks to which 66,495 customers were surveyed. As a result, 16,764 of them were contacted and their problems were resolved (configurations were set up, compensation was provided, etc.).
- On the occasion of International Customer Day, on 19th March, the 11 most active subscribers who provided feedback (positive and negative) were invited to the company's administrative office, where they met with Beeline Armenia CEO Andrey Pyatakhin and saw how the company works.
- During the year, four Customer days were



- organized, during which administrative offices managers visited the Retail Stores and worked with the company's customers. As a result of the feedback received, many operational problems were resolved, starting from Retail Store furnishing to service quality improvement.
- management calls customers to collect their feedback and, to the extent possible, solves their problems.
- Numerous trainings were delivered for employees involved in delivery of services to enhance their professional skills.
  - During 2018, the "Voice of Customer" project was introduced, where the company's

## Compliance and Ethics

*As part of international VEON Group, VEON Armenia has adopted a highest ethics standards compliance policy and confidently introduces compliance culture in all internal procedures and external partnerships. In particular, the following initiatives were implemented:*

- The Code of Conduct has been revised, which has been clarified and simplified. It fully reflects the values of the company and emphasizes priority for ethical norm compliance for the company.
- 48 staff trainings were held to increase the level of knowledge of ethics and compliance rules in Yerevan and in the regions.
- Three free online trainings were delivered on compliance matters with 100% participation of company employees.
- The company has in place and develops its Speak Up for raising concerns and Non-Retaliation Policy, which allows any employee to speak up in case of violation of ethical or legal rules.



## Opportunities for Employees

*Beeline Armenia always strives to provide the best conditions for its employees, contributing to their development and career growth. Projects implemented include:*



**Social package**

- Beeline employees enjoy corporate discounts offered by various companies, including sports and medical services.

**Material and non-material motivation system**

- The company has a corporate reward system designed to reward the best employees who are guided by corporate values, who expresses add value by bringing innovative ideas and demonstrate ethical behavior.
- To improve working conditions, all employees' opinions are taken into account, and for that internal surveys are regularly conducted. The results of these surveys are used in implementation of new products in the future.

- There are equal working conditions created in the company: everyone, including the CEO, are located in the same working space.
- Specialists whose presence in the office is not necessary to ensure an uninterrupted work process can work remotely from home (Be Free).
- The company encourages the intention of employees to acquire and develop new knowledge, and the company has created multiple opportunities for the exchange of experience, taking training courses. In particular, corporate Beeline University organizes courses involving internal and external experts. Any employee can share their knowledge and skills with his colleagues in a specially designed club or in another format after appropriate training.

- Beeline University offers its employees a wide range of development tools. In 2018, VEON LEARNING self-development platform was introduced with online educational resources: LinkedIn, Coursera, Alpina Publishers, WebTutor, Webinar.ru. Overall, in 2018 at least 35% of employees took part in various development events.
- The company encourages career growth of its employees. Currently, 8 out of 11 company top-managers have started their career in the company as junior specialists.
- All employees can voluntarily join the company's social projects, including voluntary Saturday works, support for low-income families, and experience-sharing events. In 2018, as part of the "Good Deeds" Initiative, company employees helped 14 families, and also raised money for the "Good Home", which helps poor single

mothers of children with special needs.

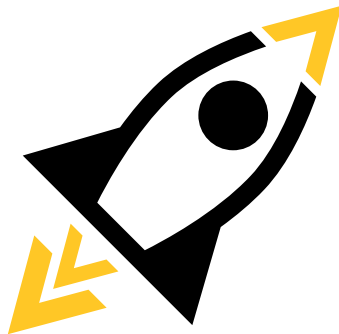
- The company operates a Communication Museum that receives visitors every Friday.
- The company also organizes numerous events for employees and their children, including sports and intellectual events (such as "What? Where? When?" team). The last Friday of each month is children's day, when employees' children can visit their parents' workplaces.

**Working climate and corporate culture**

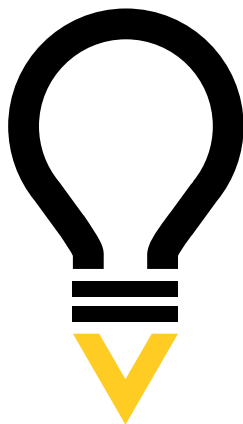
- Company values are:



» Customer-obsessed,



» Entrepreneurial,



» Innovative,



» Collaborative,



» Truthful.

**These are the values that new employee recruitment and bonus payment processes performance is based on.**

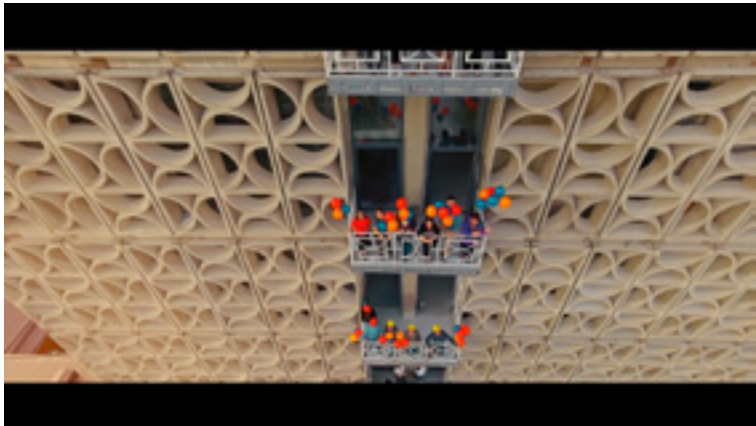
- Being socially responsible and one of the largest employers in Armenia, Beeline implements the “3rd Generation” internship program, the 10th anniversary of which was celebrated in 2018. The “3rd Generation” program was launched in 2008, and during this period 130 students took internship at Beeline. Today, more than half of them are Beeline employees, many of them occupying key positions. Moreover, one project participant now works in one of the VEON’s operational company in Ukraine.
- Emphasizing the importance of providing good education for young people, Beeline Armenia representatives regularly hold lectures and master classes. In particular, the company CEO Andrey Pyatakhin gave a series of lectures for the students of Yerevan State University, the Academy of Justice, the Leadership School, the Summer Business School, the Eurasia International University,



etc.



**On October 21, 2018, Armenia celebrated the 2800 anniversary of Yerevan, and Beeline employees could not miss the celebration. Representatives of various company functions participated in the creation of “Yerevan, My Heart” song, and in the filming of the video for several months to impress everyone with beautiful singing on this day. The song is available on the company’s page on Youtube.**



## Corporate Citizenship

*Beeline Armenia adheres to the best social responsibility traditions and always contributes to the economic development of Armenia.*

*In 2018, Beeline Armenia Corporate Responsibility projects (CR) are implemented in two main directions: Make your Mark and Digital Skills and Literacy.*

*The goal of “Make your Mark” global strategy is to support the development of startups in Armenia and their establishment on the market. The idea is to provide young people with business education and a platform for work, so that they build their future using their knowledge and skills.*



Beeline Startup Incubator

One of the most successful projects in this direction for 2018 is the Beeline Startup Incubator. Within the first year of its work, the Incubator accepted 20 startup teams, 16 of which have successfully completed trainings, some have already entered the Armenian and/or international market, received awards in various competitions and some investments. The goal of the Beeline Startup Incubator is to facilitate the intensive growth of startups using all its resources, thereby ensuring the entrance of startups into the international market. They are provided with a working space, as well as training, and master classes are organized on entrepreneurship, management, marketing, PR, finance and legal issues. Individual resident-startups use the resources of the Incubator, expert advice, including Beeline employees, and the opportunity to work in an active business environment within 14 weeks.



Startup Comments on the Incubator:



noomee

“Noomee is a mobile application designed to improve the lives of children with autism and helps their therapists save time. We were one of the first startups of the Beeline Startup Incubator. The Incubator helped and pushed us to gain knowledge from various fields necessary for any startup to have a successful and sustainable business.”

Gayane Hovhannisyan - <https://web.facebook.com/gayane.hovhannisyan>



TapTap

“TapTap creates fun games for travel companies. Customers can play with their phones and get directions while traveling. Beeline Startup Incubator gave us a huge skills reserve for building and conducting business correctly. Moreover, it provided TapTap with an extensive network of investors, businessmen, mentors and others who are ready to support us.”

Vahagn Zaqaryan - [https://web.facebook.com/vahagn.zaqaryan?ref=br\\_rs](https://web.facebook.com/vahagn.zaqaryan?ref=br_rs)

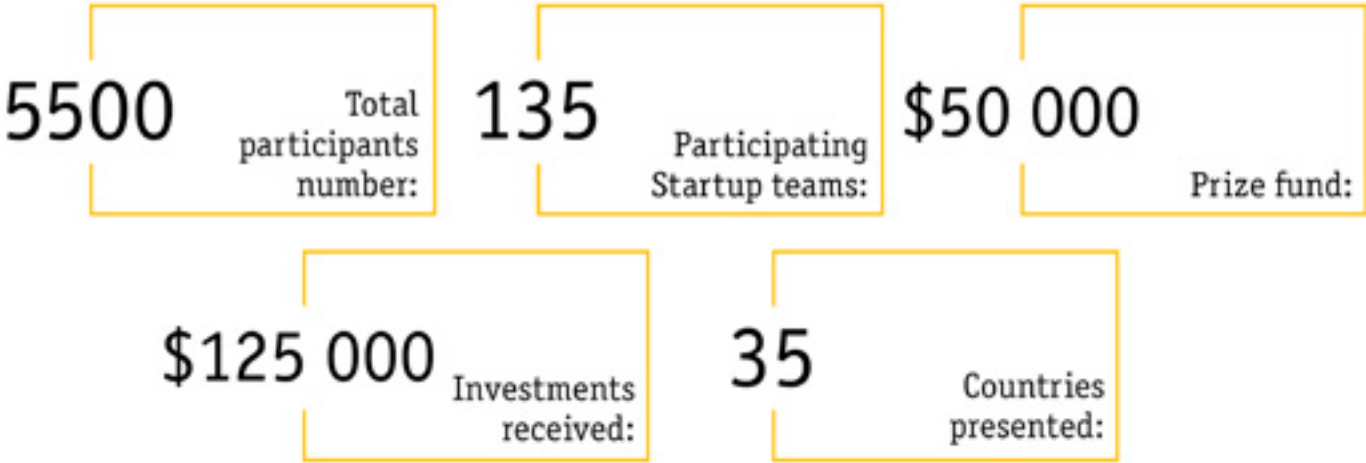


Sevan Startup Summit

Sevan Startup Summit is held on the shore of Lake Sevan for three consecutive years with the aim of gathering startups from Armenia and other countries, as well as mentors, experienced businessmen and investors in one place and in an informal atmosphere to exchange experience, establish networking and spend active time. Beeline, being an active participant in the Armenian startup ecosystem and a company supporting startups, again became one of the main supporters of the summit. Employees of the company also actively participated both in the organization process and in the Summit implementation. Beeline Armenia CEO Andrey Pyatakhin and CIO Alexey Kim also met with participating teams and shared their advice. Beeline Startup Incubator staff and participating startups also took an active part in the events.

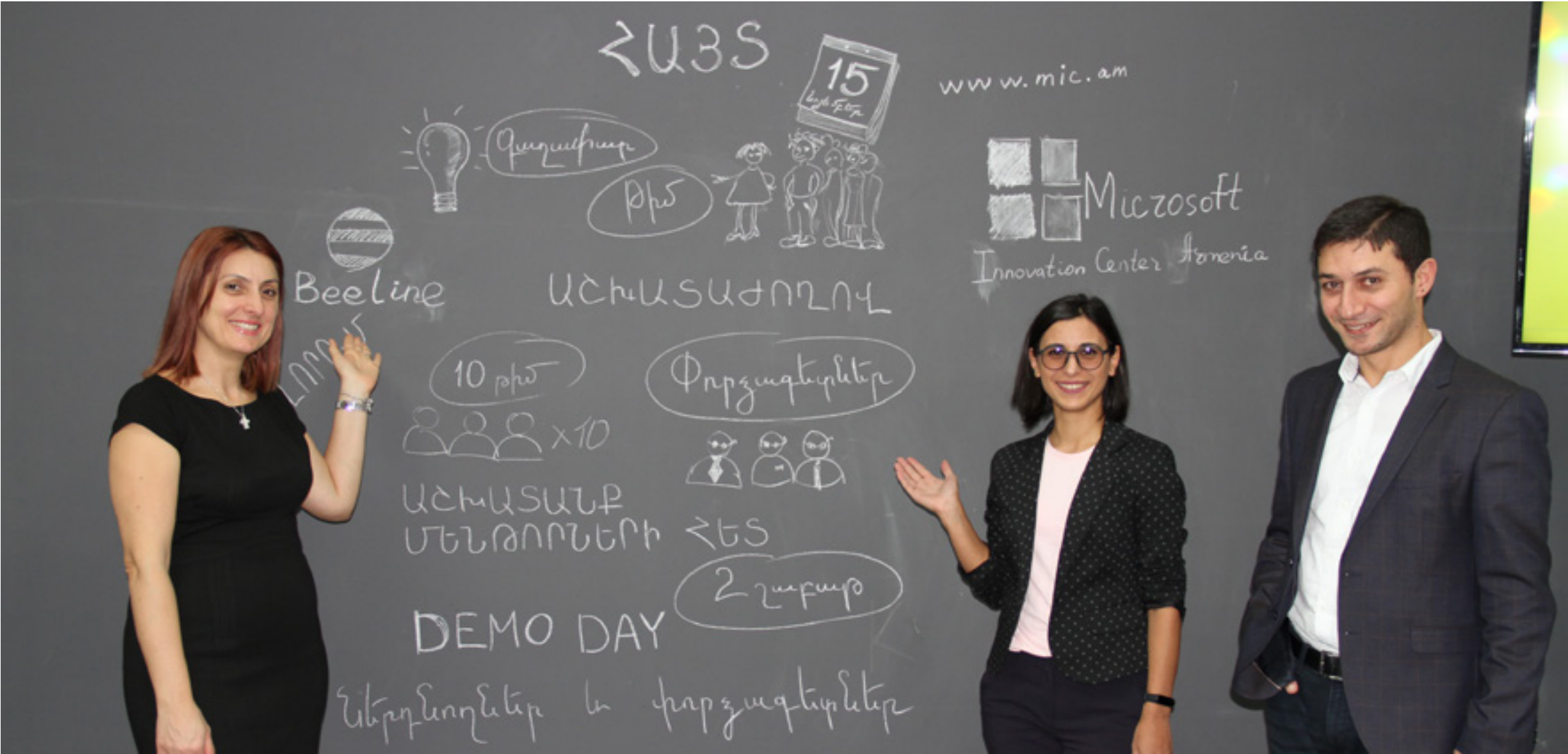


Sevan Startup Summit 2018 in numbers:



Product Bootcamp

This year, Beeline, in partnership with Microsoft Innovation Center Armenia, again implemented a project aimed at supporting Armenian startups. During the joint product bootcamp, many teams pitched their ideas, of which the top 10 were selected. They received active support from experts and spent two weeks working on their product to present preliminary versions to the jury. The creators of the best developments, the Festival and Rendchain teams, received monetary awards, which they used to develop their product. As a result, the Festival Team’s application got its final look and was ready to enter the market and provide people with information about their favorite film festivals and participating films.



**StartHub**

The StartHub.am platform was created in cooperation with the Technology Development Center Foundation to provide information support to startups. Within one year of its operation, the platform published guidelines on establishing startups in Armenia, information on supporting organizations, as well as news on startups and interviews with representatives of Armenian startups. The platform is constantly updated, providing startups with important information on various opportunities, contests, investment funds and much more. In parallel, a series of StartHub Offline meetings was held, in which influential representatives of the start-up ecosystem of Armenia took part and discussed the ongoing issues in this area.



was Andrey Pyatakhin, the company CEO. Then, the winners of the Armenian batch took part in the VEON Global Digithon 2018 in Amsterdam. Two teams with Beeline Armenia representatives - Digital Ninjas and Guardians of VEON - took first and third places in the world tournament, respectively. The winner of the Global Digithon 2018 Digital Ninjas team visited Silicon Valley and leading technology companies as an award.



**Digithon**

In September Beeline held its Digithon 2018 for its employees.

As part of Digithon, employees of various Beeline branches create prototypes of innovative digital functions. This year 4 teams took part in the Armenian batch of the corporate digital marathon. Monetization of data was chosen as Digithon 2018 subject, which is one of the current challenges in the telecommunications sector. As world famous hackathons, Digithon lasts 24 hours. During this period, the teams develop prototypes of their solutions and present them to the jury. This year, the jury included Beeline executives, and the chairman



**Within the framework of Digital Skills and Literacy direction, Beeline supports Armenian youth in acquisition of advanced digital knowledge that will be useful for their further education and work activities and will allow them to make their future better.**

**Professional Orientation Project**

In 2018, Beeline and the Republican Union of Employers of Armenia (RUEA) conducted a regular professional orientation project for schoolchildren from five schools and young people from various educational institutions. About 340 schoolchildren and Physics teachers from their schools took part in the joint program of Beeline and RUEA. At the first stage, students passed physics and technology lessons and got acquainted with modern equipment, in particular, with the principles of a solar heater operation. A special training was also held in IT, the specialists of which are rather sought-after on the labor market today. The second stage participants - 250 schoolchildren and students participated in a series of meetings-discussions, learned insights on preparing CVs and surviving competition in the labor market. In the third stage, students from five schools and various



educational institutions met with the executives of the leading employers of Armenia, including Beeline Armenia CEO Andrey Pyatakhin, and were informed about the current situation and requirements in the labor market.



**Cafesjian Center for the Arts**

During 2017-2018 academic year, as a result of cooperation between Beeline and the Cafesjian Center of Arts, 81 educational classes were carried out – for children and youth, families, and educational programs aimed at aesthetic education of children and adolescents, including a project dedicated to International Children’s Day, where about 300 children took part. In total, about 2,400 students took part in educational programs, such as:



- The “Summer Sculpture Garden” educational program, where children got acquainted with the basics of sculpturing and the history of famous sculptures,
- The “Following Sasuntsi Davit” educational program, the participants of which drew comics based on “David of Sassoun” epic,
- The “Miracle of New Year and Christmas” traditional holiday program,
- The “Art Studio” photo project of the Cafesjian Teen Council,
- The “Musical Promenades” music project, the participants of which got acquainted with the history of classical music in an interactive format,
- International Children’s Day, etc.



PR Awards

Being a supporter of an open and transparent style of working with public, Beeline Armenia has been supporting the Armenian PR Awards for the third year, which is carried out on the initiative of the Armenian PR Association Scientific-informational NGO.

The aim of the award is to fix achievements in public relations, to develop to a maximum extent possible and provide publicity for the importance of a competent communication culture in Armenia, to promote the active role of public relations specialists in political and public processes, and in public life.

The results of the PR awards are based on scientific research: surveys are conducted with target groups – PR experts, Media



representatives, the work of institutions and the activities of government, political, public figures are constantly monitored.

Environment

Beeline also assigns an important role to environmental protection as part of its social responsibility. In 2018, the company joined two major campaigns with the active involvement of employees. As part of the worldwide Earth Hour campaign, on March 26th, the company's headquarters and some offices turned off electricity for one hour, in order to save energy and remind of the importance of caring for the environment. In September 2018, Armenia joined the world's 150 countries that took part in the World Cleanup Day social action program, the goal of which was to clean



the country from garbage. About 300 Beeline employees, along with their families, also participated in the action program and cleared the area adjacent to the Children's Railway.





**“VEON Armenia” CJSC**

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