



ANNUAL SUSTAINABILITY

REPORT 2021



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List of Acronyms

ABMS	Anti-Bribery Management System
B2B	Business to Business
B2C	Business to Consumer
BCM	Business Continuity Management
BTS	Base Transceiver Station
CEO	Chief Executive Officer
CO₂	Carbon Dioxide
CSR	Corporate Social Responsibility
ESG	Environmental, Social, Governance
GDP	Gross Domestic Product
GeSI	Global e-Sustainability Initiative
GHG	Greenhouse Gas Emissions
GRI	Global Reporting Initiative
GSMA	Global System for Mobile Communications
HR	Human Resources
HSE	Health, Safety, Environment
ICT	Information Communication Technologies
IIS	Internal and Information Security
ISO	International Organization for Standardization
ITU	International Telecommunications Union
LED	Light-Emitting Diode
LTE	Long-Term Evolution
M2M	Machine to Machine
Mbps	Megabits per Second
MSSP	Managed Security Service Provider
PR	Public Relations
SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goals
SIM	Subscriber Identity Module
SMM	Social Media Marketing
SMS	Short Message Service
TCFO	Trans Caspian Fiber Optic
UN	United Nations
USD	United States Dollar
VoLTE	Voice Over LTE

Statement from the CEO

In 2021, our focus was on deploying our resources to recover and thrive, on enabling our people to stay healthy and perform at their best, and on helping communities bounce back and resume their lives in the post-pandemic world.

Creating an interconnected and responsible digital world

As a trusted and leading connectivity provider, Bakcell gives everyone the keys to an interconnected and responsible digital world. That is our purpose – the one that drives us and brings us closer with our community. By integrating our purpose into all functions and levels of our business, we determine the central element of our identity and build valuable relationships with our customers and all our stakeholders.

Our core commitment in the past years, and the one we carried on through 2021, is to reinvent our business model by capitalizing on our leading position in networks. We know that the telecommunications industry is at a critical junction. Facing intense competition from over-the-top media service providers, which continue to permeate the industry, we invest heavily in the networks of the future, keenly aware of the fact that our unique selling points are becoming less of a factor. We therefore identify new ways to offer our customers enhanced fiber broadband and mobile connectivity, aiming at becoming the leading integrated telecommunications services provider in the region.

The spread of COVID-19 has further altered consumer trends and the nature of work specifically. People have shifted towards a hybrid work model, which highlighted the lack of necessity for the physical presence and its obvious benefits. The circumstances posed by the pandemic and the hybrid work model served as an enzyme, a catalyst for the digitalization of the world. Digitalization has become the world's most popular trend and the focus of all organizations. The pandemic has escalated our digital development significantly – some digitalization processes that were expected to take place in the next ten years took a period of two years instead. Adhering to our mission of becoming a company that paves the way for digitalization, we have vastly digitalized our operations and processes internally. We revamped “My Bakcell” mobile app, which proved to be popular with our users. In the past 12 months, we implemented 12 new Oracle functions for our internal procedures.

Complete digitalization of the local connectivity landscape is an ambitious aspiration that we are determined to bring to life by being at the forefront of the digital revolution.



Prioritizing customer experience and comfort

The comfort and satisfaction of our customers comes first to us at Bakcell and we aim to prioritize it at all times. The bedrock for all of our strategic actions and plans is consumer trends and behavior. Our commitment to listening to our customer's feedback and concerns gives us all the answers we need in order to improve our products and service offerings.

Consumer trends are shifting globally – our customers are becoming more tech-savvy and their expectations from their connectivity providers are rising. This has made the telecommunications industry a 'no-mistake' industry. A minor setback will be noticeable to our customers and will inevitably affect their experience, and consequently loyalty. Therefore, we aim to keep the quality standards of our products and services on top levels and strive to conduct business with no space for mistakes.

Increasing our focus on sustainability



The increased importance of sustainability in the global arena is non-disputable, so we know that we should aim at both the facilitation of Bakcell's sustainable growth and increase of our positive impact on our communities. In 2021, we made progress across all three pillars of sustainable development, as we reviewed our economic, social, and environmental impacts. Our commitment to sustainability reflects in our first Sustainability Policy and its subsequent implementation, in line with the Sustainable Development Goals (SDGs). As we achieved positive financial results over the past three years, we also shifted our attention to social and environmental factors. Internally, we developed a number of policies related to the well-being of our people and the development of Bakcell as a more mature organization. Our Code of Conduct, Diversity and Inclusiveness Policy, as well as our Anti-Bribery Policy have all opened new gateways for Bakcell in terms of value-based culture and ethical norms. In fact, we are proud of the fact that we have one of the highest shares of women in senior positions amongst organizations in our region. We kept on delivering our extensive community-focused CSR projects, and we won the "National CSR Awards" for two years in a row, showing our commitment not only to our Company's development, but also to that of the community we serve.

We understand that our main environmental impact is our energy consumption, as we operate in a quite energy-intensive industry. As of this year, we have started researching energy-saving mechanisms. We are currently assessing opportunities in solar power and energy-saving tools and are highly committed to decreasing our negative impact through extensive energy consumption by finding alternatives.

Looking ahead

A time of great transformation and change is ahead of us and we will continue to work relentlessly on delivering our purpose and strategy, while keeping our customers and communities as connected as ever. In 2021, we kick-started the preparations for the launch of the brand new VoLTE (voice over LTE) network connection, which will greatly improve the experience of our customers and bring the much-awaited change to the local connectivity landscape. In the coming years, our extensive focus on digitalization will continue, as our technological capabilities grow posed by the responsibility we bear to connect people and communities.

Rainer Rathgeber
Chief Executive Officer of Bakcell

WE ARE BAKCELL

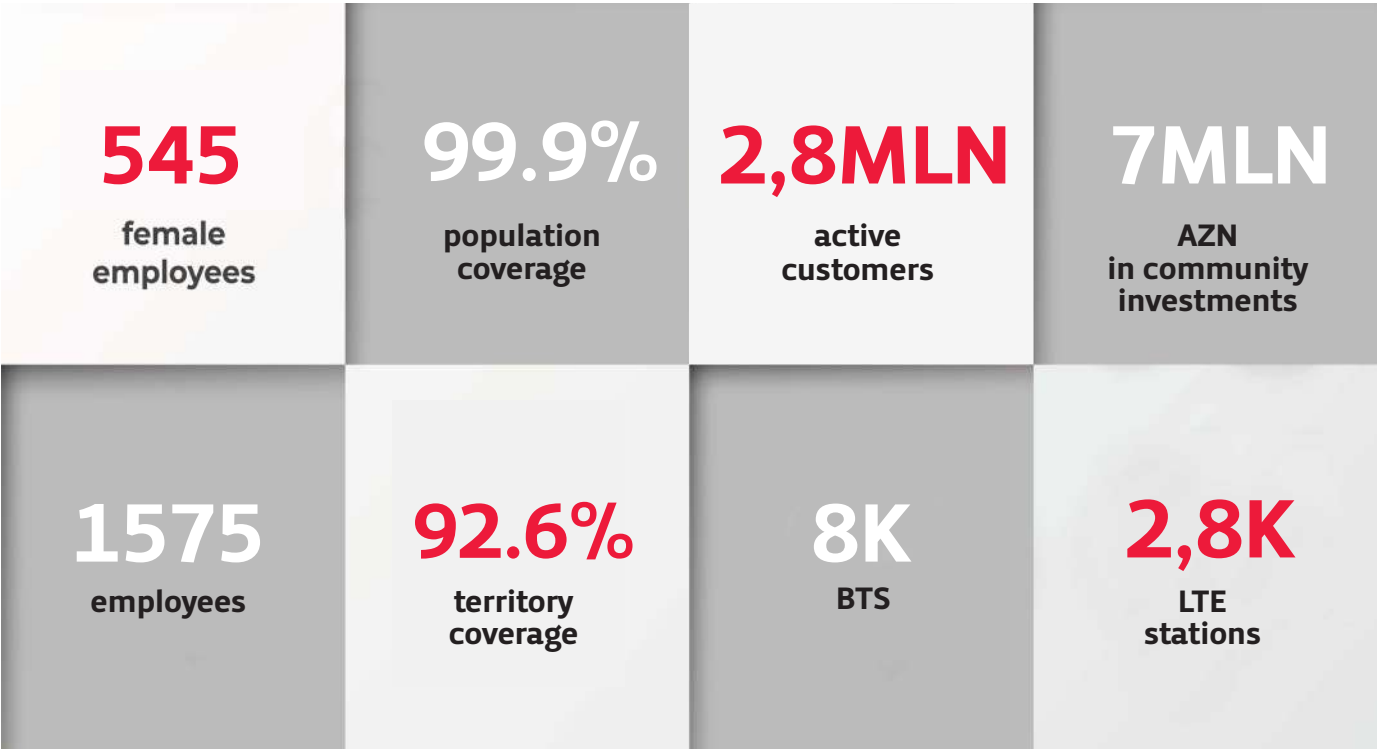
Bakcell in numbers

Values and principles

Sustainability approach and agenda

Contribution to UN Sustainable Development Goals

Bakcell in numbers



Values and principles

As a telecommunications company, we understand our immense role in people’s communication and the responsibility we hold, as every day millions of people are connected through our services and products. By following the virtue of our values and principles, and ensuring that we utilize the resources available to us, we seek to create a world of all-abounding connectivity. While we acknowledge that our goal is ambitious, we believe that with the right approach we can be successful in this endeavor.

We hold the view that a successful business is built on the bedrock of strong values. At Bakcell, we are proud to say that our Company has established a set of values that fully reflects our aspiration to promote a culture of transparency, integrity, and accountability. Our values are based in our core belief that real action brings about real change. In our pursuit of staying true to what we believe in, we are guided by our principles of how a true industry leader should act. Over the years, our values have evolved to be perfectly in line with what we stand for as a company. To achieve that, we constantly revisit and reevaluate our corporate philosophy and views to realign with our commitments.

Table 1. Bakcell’s mission and vision

Mission	Vision
To deliver real value through a sustainable and customer-centric approach to a diversified customer base by sustaining technological leadership on the market.	To lead the way in the telecom industry and innovation, stimulating connectivity and digitalization in the country.
	

Table 2. Bakcell's values and guiding principles

OUR VALUES AND GUIDING PRINCIPLES		
OUR VALUE	OUR STANCE	OUR GUIDING PRINCIPLES
Be authentic	At Bakcell we believe that to be authentic is to be successful. Each of our employees provides a unique contribution and point of view to our work, which ultimately enables us to bring exceptionality to our stakeholders.	We stay true to ourselves ✓ We show respect for all individuals ✓ We empower those around us ✓
Lead in innovation	We strive to maintain our position on the market as innovative leaders, providing highest-quality modern telecom services to our customers through continuous research and development, and implementation of the latest technological advances.	Our success lies in our innovation ✓ We lead responsibly ✓ We push the boundaries of possibilities ✓
Offer value	Through our shift from quantity to quality, we want to ensure that our customers have access to the best value when it comes to the services and products that we offer.	We seek to be the first choice on the market ✓ We put our customers first ✓ We are open in communication ✓
Accelerate digitalization	While we had always pursued and facilitated a digital transformation in the local community, the spread of the COVID-19 pandemic accelerated this process in ways no one could have imagined. Our Company's position as a technological leader enables us to persist in our ambition to create a connected world through a ubiquitous digital transformation and keep up with the ever-evolving trends in the world.	We stay flexible and find unique solutions to all arising challenges ✓ We stay on top of global trends ✓ We encourage ambition ✓
Stay virtuous	Our efforts would be fruitless if we did not hold ourselves to the highest standards of transparency, accountability, and integrity. By prioritizing these virtues over everything else, we act on our commitment to be the actors of change in the country.	We are the voice of those who need it ✓ We always do the right thing ✓ We take responsibility ✓

Sustainability approach and agenda

As a company, Bakcell acknowledges the crucial role of sustainability in the world and in building a better future for everyone. In our quest to incorporate sustainability holistically, we regularly reevaluate our approach to identify areas of improvement and the methods through which we can achieve our goals. We acknowledge that to reach this destination, we will have to take actions that are more decisive.

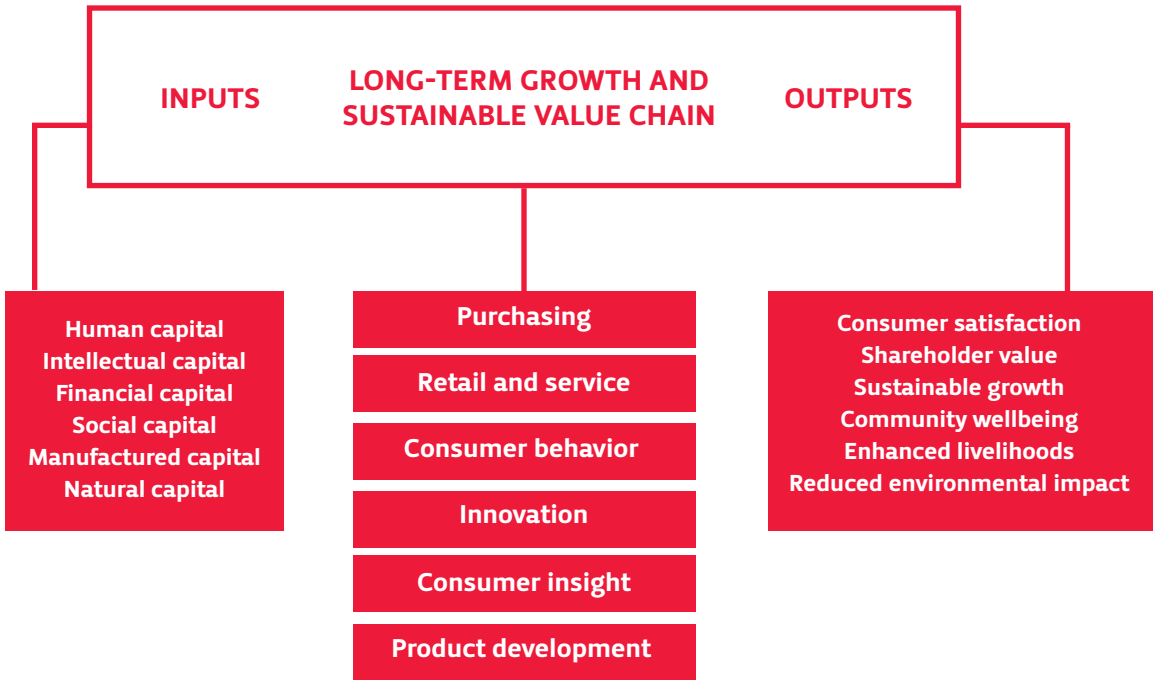
With this intention, we developed our Sustainability Policy in 2020. We believe this to be by far the most critical step towards pursuing our sustainability ambitions. Through this policy, we seek to spread awareness on sustainability within our Company, and to be the voice of change in the society. Our sustainability policy embraces the UN Sustainable Development Goals (SDGs) when conducting business and requests all our business units to do so. The policy outlines the future pathway for all of our projects, programs, and services.

Further to our Sustainability Policy, we have always sought to contribute towards the achievement of the SDGs. While we realize that we alone cannot change the world and it will take all of us to play our parts in this quest, we believe that every contribution leaves a positive impact that truly matters.

We recognize that sustainability is not simply a project, but rather a way of doing business. To ensure that we integrate sustainability into the foundational pillars of our business, we have established a number of levers that maintain an environment of honesty, transparency, and accountability. Our governing structure provides us with multiple levels of accountability that serves the purpose of establishing a multilayered system of checks and balances. More on our organizational structure can be found in the section ‘Ethical business conduct’ on page 12.

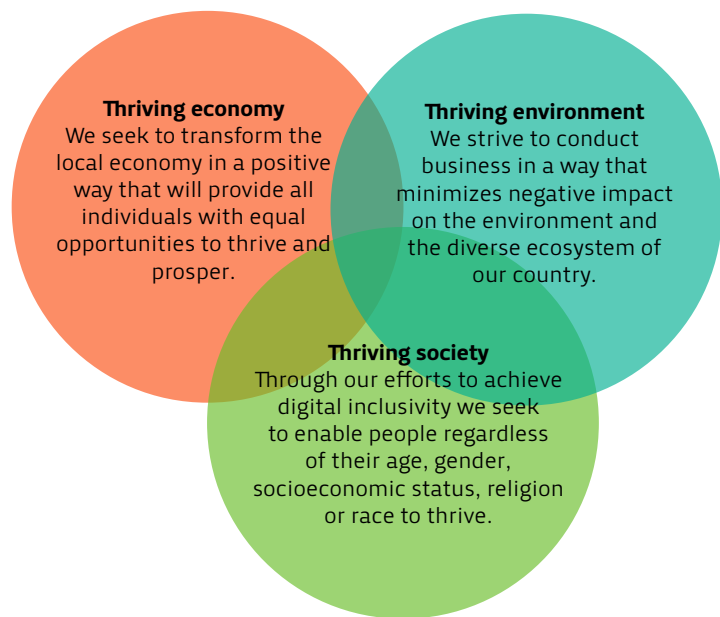
At Bakcell, we hold the belief that a truly sustainable world is a connected world. Our position of leadership in innovation and technology is our advantage in the pursuit of connectivity. We strive to provide everyone with an opportunity to engage within the society and the economy, ultimately creating a world of digital inclusivity. Our contribution to sustainability lies in our ability to enable people to work and conduct business efficiently, to learn and get educated, to spread awareness on things that matter, and to participate within the society. We use our technological leadership to create true value that goes beyond profit. Our value chain reflects our stance, as well as our efforts to create an equitable society through sustainable leadership and minimal impact on the environment.

Figure 1. Bakcell’s value chain



To ensure that we see our commitment to technological leadership and sustainability all the way through, we take extensive measures to ensure that our priorities enable us to stay on course. Through a clear system of prioritization, we can approach sustainability in a systemic way, while keeping our eyes on the ultimate goal.

Figure 2. Bakcell’s three pillars of sustainability priorities



In order to create a change for our external stakeholders, we recognize that we first have to give way for sustainability inside our Company. By prioritizing the wellbeing of our internal stakeholders, we create an environment where each individual has the opportunity to thrive, grow, and prosper. As such, while the circumstances around the outbreak of COVID-19 were bleak, we tried to leverage it as an opportunity to pave the way for sustainable change through a review of our Company’s policies to adapt them to a more flexible approach. Fully rewiring our business conduct, the FLEXcellence initiative of our network service provider, which we fully adapted, enables our employees to work flexibly, allowing them to prioritize their wellbeing, maintain a healthy work-life balance, and therefore contribute towards the achievement of our goals to the best of their abilities.

Figure 3. Sustainability-related benefits of FLEXcellence program









Our emphasis on digitalization and technological leadership, perpetuated by an increasing reliability on technology, has allowed an easier access for consumers to a variety of services. As agents of sustainable leadership, we want to leverage digitalization as a tool for a more inclusive society and thus to expedite sustainable development in the country.

Contribution to UN Sustainable Development Goals

At Bakcell, we have been actively encouraging sustainability culture among our people to achieve tangible change within our communities. With the introduction of our Sustainability Policy, we make sure to incorporate Sustainable Development Goals (SDGs) into our operations. The principles at the foundation of our Company's culture lead us in our efforts to contribute to the SDGs and therefore create true value for society, and ultimately the country where we operate. Every year, our portfolio of SDG contributions continues to grow as we implement more projects and initiatives in line with the Agenda 2030.

Table 3. Bakcell's SDG contributions

UN SDG	Our contribution	Our actions
3 GOOD HEALTH AND WELL-BEING 	We believe that the health and wellbeing of our employees is a key driver in their excellent performance and work. The outbreak of COVID-19 has pushed us to increase our focus on this SDG greatly.	"FLEXcellence" programme HSE requirements for the employees Related CSR events
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Bakcell's provision of connectivity around the country gives it a unique role as the leader in innovation and infrastructure.	Introduction of the new network VoLTE Usage of LTE-Advanced technology (4.5G) Trans Caspian Fiber Optic (TCFO)
5 GENDER EQUALITY 	We do not discriminate against any gender and provide the same working opportunities for both men and women. We work hard on empowering women and ensuring their representation in leading roles in the Company.	CSR events related to women empowerment
4 QUALITY EDUCATION 	Recognizing that our success is dictated by knowledge and skills, we take learning and development initiatives very seriously. We pay great attention to the provision of top-edge education opportunities for our employees. Moreover, we want to contribute positively to our community and provide the same opportunities for quality education for those who would have no access to it otherwise.	"Three Months to Master Employee engagement" training programme Working with young talents "Support Virtual Education" programme Remote education packages
11 SUSTAINABLE CITIES AND COMMUNITIES 	Being one of the largest telecommunications providers in the country, Bakcell makes way for the development of sustainable and connected cities and communities through its large network of cell towers, BTS, LTE stations, and other relevant infrastructure.	Digital infrastructure network
15 LIFE ON LAND 	We recognize that due to the nature of operations, our activities do not majorly impact the local ecosystems, be that life on land or underwater. However, we care for our collective home and the world we live in and we strive to create a tangible change through our numerous CSR activities and environmental initiatives.	Coastal clean-up projects Renewable energy Cleaner alternative to diesel

WE CREATE SHARED VALUE FOR EVERYONE

Ethical business conduct

Business continuity and COVID-19 impact

Responsible supply chain management

Ethical business conduct

Leadership and governance

Bakcell is part of NEQSOL Holding, an international group of companies operating across various industries and countries. In order for a company to function properly and develop in a sustainable manner, it is highly important to have a stable and functional corporate governance model. We are always in the process of developing and improving our governance structure to enable the best conditions to manage our Company. Strong governance of our Company supports the execution of our strategy, purpose, and mission in the most beneficial way for both our customers and employees.



Rainer Rathgeber is the CEO of Bakcell. With an extensive background in leading companies in management consulting and telecom industry across the world, including Croatia and Pakistan, he took up his role in Bakcell in 2019.

Rainer Rathgeber

Lothar Heinrich Andreas Pauly is the Chairman of the Board of Directors. With over 30 years of experience in the telecom and technology industry, he is currently holding multiple Board Chairman positions across various telecom companies.

Lothar Heinrich Andreas Pauly



Yusif Jabbarov is the CEO of NEQSOL Holding and the Deputy Chairman of the Board of Directors of Bakcell. He is serving as a Chairman of the Board of Directors of Vodafone Ukraine, as well as a Board Member across multiple other companies, including Nobel Upstream, Nobel Energy and Norm.

Yusif Jabbarov



Richard Shearer is a Member of the Board of Directors, who served as the CEO of Bakcell from 2011 to 2016. He has previously served as a Board Member and CEO at other telecom companies, including Cable & Wireless and DiGiTelecom.

Richard Shearer



Ilter Terzioglu is a Board Member at Bakcell, with a nearly 20 year tenure at Turkcell, holding various positions ranging between Executive Vice President of Strategy and Finance, Chief of International Business, Chief Strategic Projects Officer, and Chief Operations Officer.

Ilter Terzioglu



Cenk Serdar is a Board Member of Bakcell with an extensive background in the telecom industry, holding senior and leadership positions in companies such as Saudi Telecom Group, Vodafone Group, and Turkcell Group.

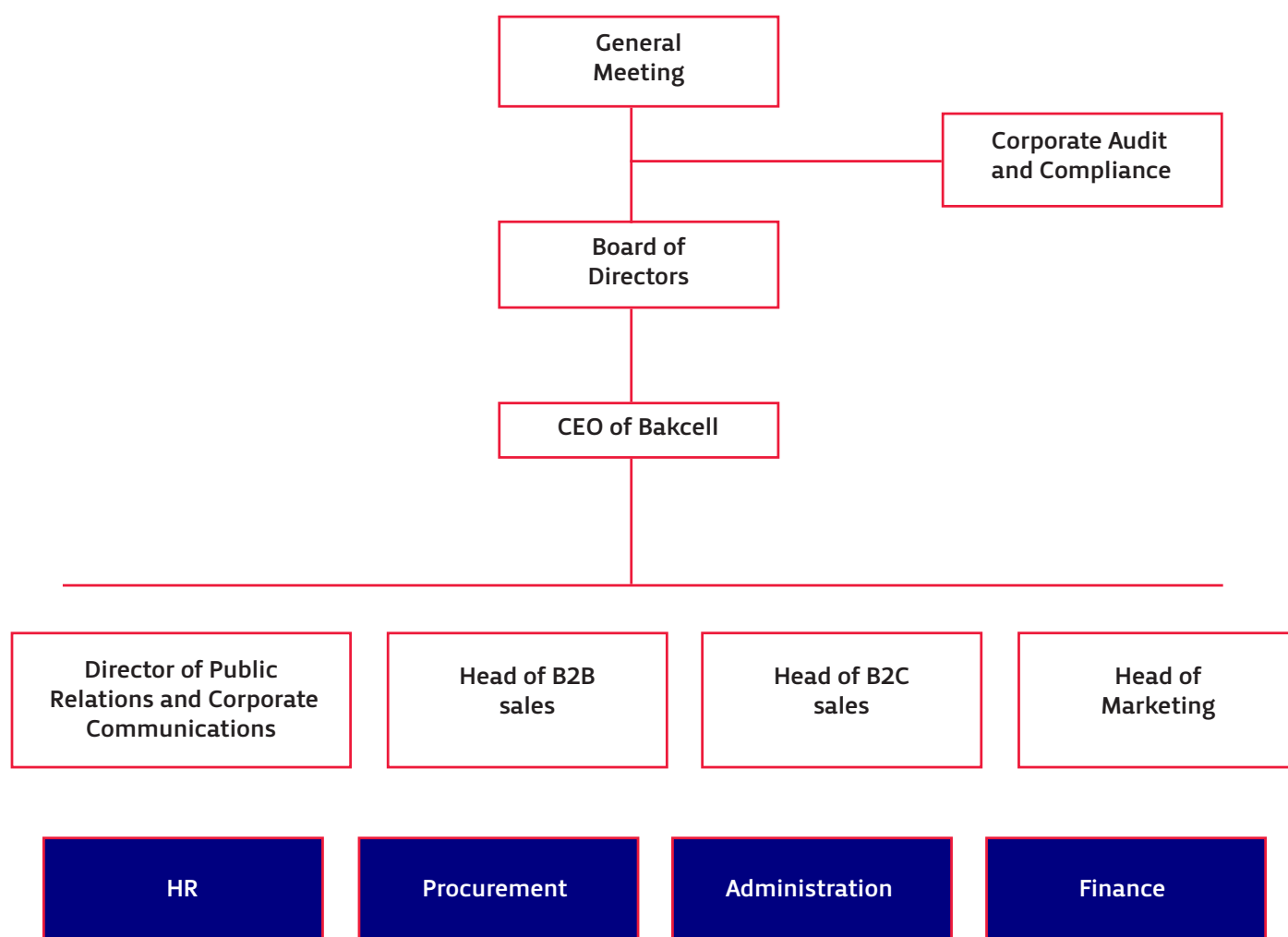
Cenk Serdar

Table 4. Annual total compensation ratio, 2019-2021

	2019	2020	2021
Ratio of annual total compensation for Bakcell's highest-paid individual to the median annual total compensation for all employees	44.74	44.74	46.26

Three main bodies are responsible for the performance management and the overall governance of the Company: General Meeting of Shareholders, Board of Directors, and Committees. For details on the duties of these governance bodies, please see our Annual Sustainability Report 2020.

Figure 4. Bakcell's organizational structure¹



¹ The functions highlighted in blue are carried out by an independent service provider.

Figure 5. Committees at Bakcell



Remuneration Committee

- Responsible for the implementation of compensation policies and plans
- Establishes recommendations on employee attraction and retention



Audit Committee

- Oversees compliance and ethics within the Company
- Monitors the system of internal controls
- Ensures responsible audit reporting



Technology Committee

- Responsible for the Company's technological strategy
- Monitors and approves tech budget
- Holds assessment of tech performance
- Identifies new tech opportunities



Disciplinary Committee

- Oversees misdeeds or gross misconduct of employees
- Investigates misconduct and reaches a verdict



Investment committee

- Develops investment objectives and corporate investments policies
- Adopts annual investment plans
- Supervises the work of the CFO and relevant business functions



Ethics and Compliance Committee

- Ensures compliance of the employees with the Code of Conduct
- Investigates cases of non-compliance
- Reviews internal processes and ensures their compliance with the Code of Conduct

One of the biggest organizational priorities for us is attracting and retaining talent through a culture of fairness and equal opportunities. Therefore, we approach the issue of remuneration and compensation earnestly. We understand the importance of the motivation factor in employee retention, and want to ensure that our employees are rewarded for their hard work and dedication in a fair and just manner. Our Remuneration Policy outlines a balanced and merit-based procedure for compensation of all employees.

As we strive to promote diversity and inclusion in our Company, we recognize that a change should start at the top; hence, we encourage female representation in the highest governance bodies of Bakcell. We have started implementing several projects to encourage women's participation in leadership, with a large-scale gender equality project called "We Will" to be launched in 2022.



70

women in executive positions



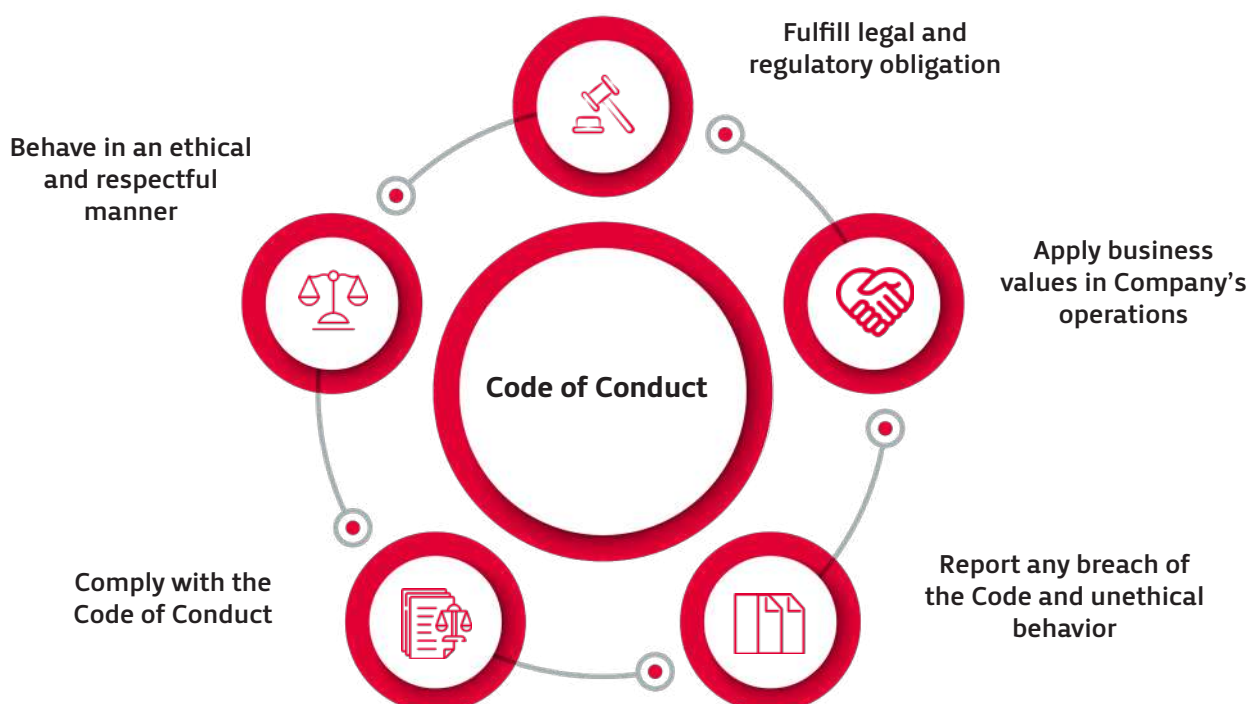
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men in executive positions

Our business conduct

Honesty, integrity, and respect are the bedrock of Bakcell's principles. As a company, we seek to integrate these principles into all aspects of our business conduct and strive to act in an ethical manner at all times and circumstances. Such adherence to ethical standards is at the core of our corporate culture. Our Board recognizes that conducting business responsibly is a fundamental aspect of Bakcell's long-term success and we continuously take steps to maintain our progress in this direction. Our Code of Conduct, approved in 2021, describes our core values and sets the standards for how we operate and conduct our business. The Code encompasses all of our functions and therefore does not only establish the appropriate behavior for our employees, but also our suppliers and business partners. The main points of our Code of Conduct are outlined in Figure 6.

Figure 6. Main principles of Bakcell's Code of Conduct



To achieve success of our ethical business conduct, we have developed a fitting governance structure. The Ethics Officer ensures all ethical matters are brought up to attention and resolved timely and fairly. By communicating with the Board directly, the Ethics Officer has the exclusive position to bring critical matters to the management of the Company.

Bakcell's culture is built on respect and trust for one another, therefore we put great trust in our employees to detect and report unethical behavior. In order to facilitate compliance with our values, we make sure our employees have all necessary mechanisms to help them report such issues. In case of a detection or suspicion of unethical behavior, each employee can call or send an email to the Ethics and Compliance Committee of Bakcell directly or anonymously through the compliance hotline or phone number, which operates independently and is duly authorized to investigate requests.

A big part of our ethical business conduct is our strict policy of no tolerance for bribery and corruption. To better monitor and develop a culture of no tolerance, we have developed an Anti-Bribery Policy, which sets standards and monitoring mechanisms for anti-bribery and anti-corruption. We are also in the process of receiving an Anti-Bribery Management System (ABMS) certification. To strengthen the culture of integrity, we conducted ABMS training sessions for all of Bakcell's employees, which covered the Code of Conduct and other ethics related matters.

Business continuity and COVID-19 impact

No industry in the world was unaffected by the COVID-19 outbreak, including the telecommunications industry. As the lives of people around the globe were disrupted by restrictions and lockdowns, and the movement of people pulled to a halt with most businesses switching to remote work, the telecommunications industry has proven to be a crucial actor in the modern times, connecting people, governments, and businesses to each other regardless of the circumstances around. Telecom companies have established themselves as the backbone in keeping societies running, but the pandemic also tested the limits and resilience of the industry. As an unprecedented number of people relied on the telecommunications infrastructure to ensure business continuity, our services were tested for their reliance amidst an increased demand and more vulnerability to cybersecurity risks.

As a company, we are proud of our performance during COVID-19, not only as a service-provider, but also as an employer. Through our flexibility, we adapted to change in a prompt and holistic manner, developing programs and initiatives that enabled both our customers and employees to work to the best of their abilities in any arising circumstances. We developed education packages to facilitate remote learning for school and university students and teachers. We adopted a pivotal FLEXcellence program to allow our employees to work in the safety of their homes during COVID-19 outbreaks, which has expanded to become our new norm of working. Our HSE team cultivated a culture of safety and precaution through their tireless efforts to keep our employees from harm's reach. Our cybersecurity team worked wonders during the pandemic and the Patriotic War to protect customers' data from foreign attacks. These initiatives are among many that we implemented since the world first faced one of the greatest challenges of our generation.

At Bakcell, we understand that the stagnancy of comfort will not drive us forward, so we view these challenges as opportunities to grow and become better. We encourage adaptability as a response to difficulty, and this approach has paved the way for us to review our risk management practice. By developing our Business Continuity Management (BCM) process, which is overseen by the Business Continuity, Crisis Management and HSE department, we seek to ensure that our operations run seamlessly regardless of unforeseen circumstances. The regulating documents for our BCM function are the Business Continuity Policy, Business Impact Analysis and Risk Assessment procedures, BCM strategy, Crisis and Disaster Response process, and Business Continuity Plan.

After the review of our risk management practice, we have made the decision to account more for sustainability risks and opportunities to ensure that we reflect our ambition to be a fully sustainable business. To learn more on our sustainability risks and opportunities, refer to the Table 5.

Table 5. Bakcell's sustainability risks and opportunities

Area	Factor	Response
Security and trust	Risk The demand for and willingness to adopt ICT may decrease due to cybersecurity risks and risks of data breaches.	Risk Our cybersecurity team works in line with the highest international standards and ensures the safety of our customers' data.
	Opportunity Through transparent and ethical business conduct, stakeholder trust may increase.	Opportunity Our business conduct is governed by a number of policies, regulatory documents, and committees, which ensure transparency, integrity and ethics.
Digital inclusivity	Risk The innovative solutions may not always be welcome by all segments of the society, leaving some of them excluded from the network.	Risk Our services and products are customized and can be tailored to the unique needs of every individual. At the same time, we maintain an easy-to-read and user-friendly interface to ensure that all customers can adapt to the innovative changes in our products and services.
	Opportunity ICT has the potential to create an interconnected world, contribute to the economic development of the society, and ensure inclusion and wellbeing of all groups within the society, particularly marginalized groups and minorities.	Opportunity We approach the matter of digital inclusivity with seriousness, and are planning on releasing a strategy on digital inclusivity in the coming years.
Ecosystem impact	Risk Workplace hazards such as height of cell towers and work with electricity pose a threat to the wellbeing of employees.	Risk Our HSE team ensures security of our employees through continuous improvement of our safety measures, procedures, and equipment.
	Risk Suppliers are at risk of breaching sustainability standards and principles.	Risk Our suppliers are assessed and evaluated by a rigorous set of conditions and requirements to minimize the risk of violations of sustainability standards and principles.
	Opportunity We can generate value for the society by implementing sustainable initiatives directed at our social and environmental performance.	Opportunity We continue to implement a number of environmental initiatives, including renewable energy, less harmful fuel, and LED lighting among others to reduce our energy consumption and GHG emissions.

Climate change	<p>Opportunity We can contribute to the sustainable economic development in the country by working directly with suppliers that conduct business fairly and sustainably.</p>	<p>Opportunity As a responsible company, we work primarily with local suppliers to ensure that we contribute to the improvement of the local business ecosystem. Our Supplier Code of Conduct ensures that our selection criteria for the business to partner with is based on the best international principles and standards.</p>
	<p>Risk Extreme weather events induced by the climate change pose a threat to continuous business conduct and may cause network failure and unavailability by damaging our infrastructure.</p>	<p>Risk Our business continuity management process ensures network stability at all times, as we assess existing threats and detect new ones to respond in a timely and holistic manner.</p>
	<p>Opportunity The mitigation and adaptation policies may pave the way for a more rapid transformation of the industry towards full sustainability and drastically improve our environmental performance.</p>	<p>Opportunity We continue to improve our environmental performance through a number of clean energy initiatives and plan on accelerating our efforts in the coming years.</p>

Responsible supply chain management

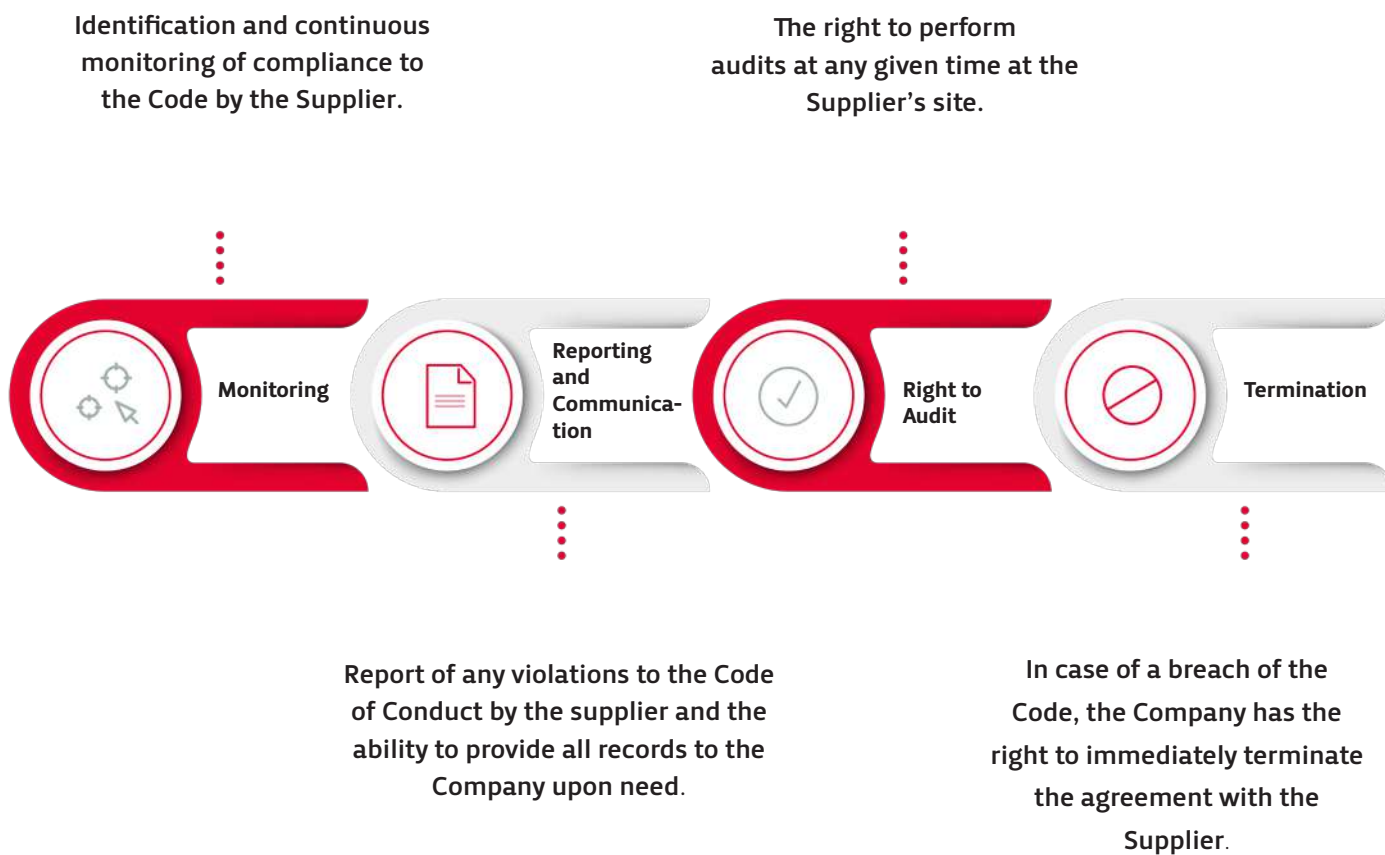
Procurement is one of the most important functions in facilitating an organization's operations, therefore it is important to us that our sourcing process is sustainable and transparent. We assess our business partners based on our due diligence and screening procedures, which take into account environmental, social, and governance matters, including human rights impact. This helps us keep the procurement process transparent and ensure zero tolerance towards bribery and corruption.

Being a technological leader, we understand the value of digitalization and its impact on the simplification of the procurement process. In 2020, we initiated a digital procurement platform project and we expect it to be finalized by 2022. The platform will help us manage our suppliers better, monitor their compliance, and help us with e-sourcing options.

We cannot serve our customers without collaborating with our suppliers and business partners, and we are making intentional choices to include them in our journey to be a force for good and for growth. As one of the biggest telecommunications companies of our country, we aspire to pave the way and support suppliers who conduct business with integrity and accountability.

Understanding the growing importance of supplier credibility and assessing their operations, we have developed a **Supplier Code of Conduct**. The Code helps us minimize risks associated with our external business partners and helps guide our suppliers towards more sustainable business operations. In order to monitor and assess our suppliers, the Supplier Code of Conduct includes four main considerations, which are monitoring, reporting and communication, right to audit, and termination. For more details, refer to Figure 7.

Figure 7. Four principles of Bakcell's Supplier Code of Conduct



94%

of total procurement budget is spent on local suppliers.

We want to make a positive impact on our local community. By choosing to work with local suppliers, we strive to promote the development of local business ecosystem. We strive to encourage local businesses and stimulate local entrepreneurship by supporting businesses with a more sustainable performance.

WE BUILD DIGITAL AND INCLUSIVE WORLD

Industry outlook

Leadership in technology

Exceptional network quality

Information security and data privacy

People of Bakcell

Customers of Bakcell

Social impact and community engagement

Industry outlook

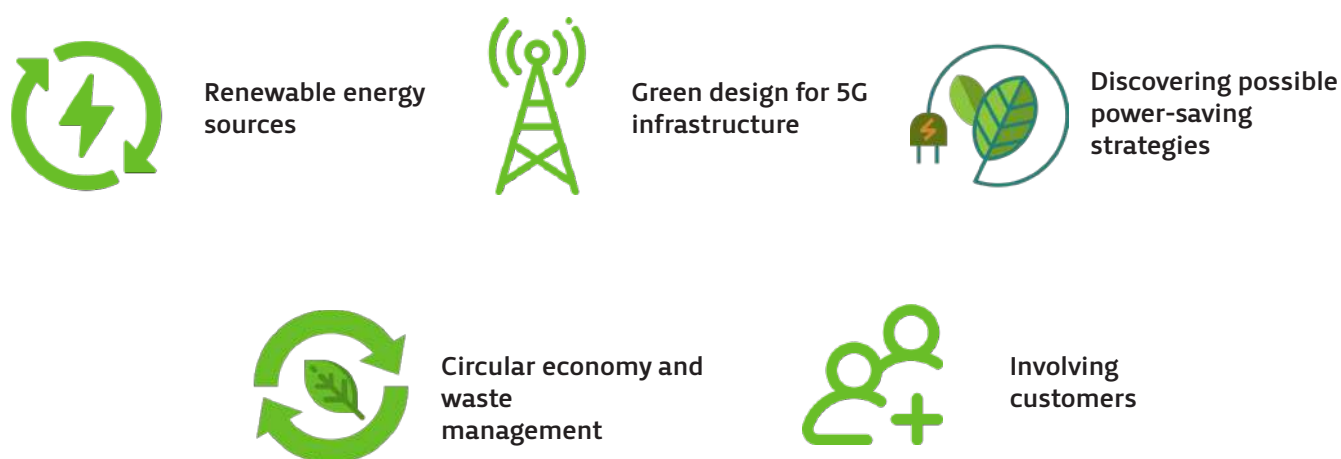
As 2021 has proven to be the year of digitalization and high-speed connection, the telecommunications industry continues to expand its network capabilities and limits. The consumer preference shifts towards innovative technologies and devices has become the key driver of the industry, while the incessantly growing number of mobile subscribers results in the highest demand for high-speed data connectivity that the industry has ever seen. Today, the focus of telecommunication industry is on employing 5G networks. The innovation is a big upgrade for the market since 5G operates at a much higher speed than previous cellular broadband network standards.

Moreover, leading companies in the industry began to implement edge computing to achieve as low a latency as possible. Edge computing tends to speed up the conversion and processing of real-time data collected and transmitted through various devices. The innovative wireless networks adopt data science to augment network capability. The employment of machine learning in telecommunication infrastructure facilitates the complex structure of networks.

Additionally, sustainability holds an increasingly crucial part in the advancements of telecommunication industry. As of April 2021, 50% of global mobile networks have committed to net-zero emissions. Furthermore, the majority of investors base their decisions on companies' ability to fulfill ESG goals. The industry aims to achieve climate neutrality for the emissions as well as help customers reduce their carbon footprint.

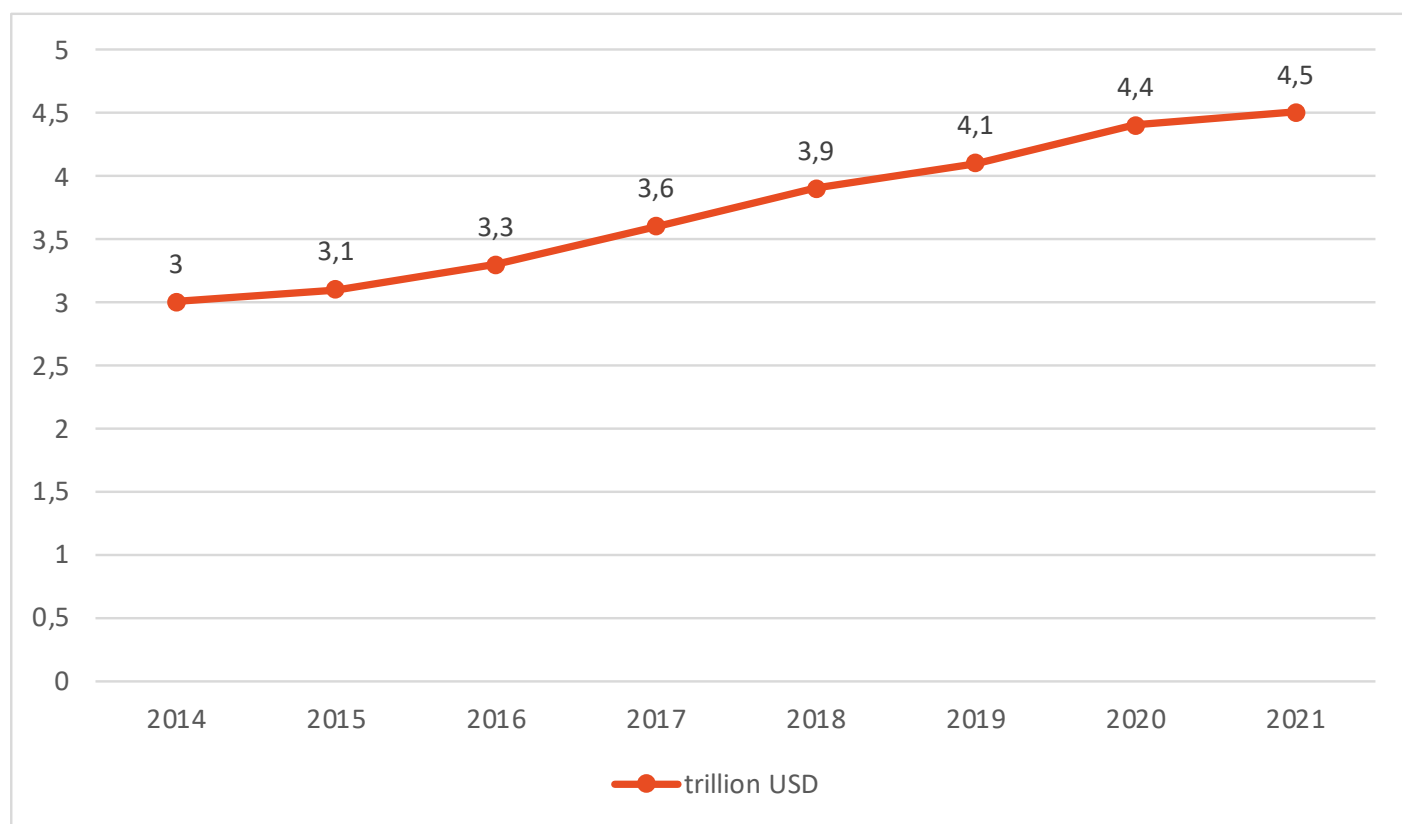
Today, telecommunication companies use various practices to maintain their corporate responsibility goals. These revolve around utilization of renewable energy sources and curbing energy consumption, waste management and circular economy, as well as green infrastructure and customer engagement.

Figure 8. Global trends in telecom sustainability



This tendency is particularly important when considering the growing share of the telecom industry in the global GDP, which has reached 5% in 2021. The share of telecom industry has seen a steady growth for the past decade, growing by 36% since 2014, and is projected to increase by a further half a trillion USD by 2025.

Figure 9. Telecom market share in the global GDP, trillion USD



Leadership in technology

Bakcell is transforming lifestyles through technology-driven services that empower opportunities and provide connectivity. We are committed to delivering the best mix of integrated telecommunication services and digital experiences to almost 3 million people, enabling them to drive economic growth and improve lives.

In 2021, we reinvested in our networks and accelerated our investment in pioneering digital services to ensure we can provide the best experiences to our customers. We grew our 4G customer base and expanded the reach of our high-speed networks. We increased the number of BTS stations from 8549 in 2020 to 8753 in 2021, and the number of LTE stations from 2713 in 2020 to 2849 in 2021, respectively.



Number of LTE
stations in 2021

2849



Number of BTS
in 2021

8753

Fastest Mobile Network Bakcell

Bakcell is Azerbaijan's Speedtest Awards Winner for mobile network speed during Q1-Q2 2021. To win this award, Bakcell achieved a Speed Score of 41.85 – the highest in the country, with median download speeds of 32.99 Mbps and median upload speeds of 13.19 Mbps.

During 2021, we also increased the number of countries covered by our roaming services. After experiencing a significant dip of our roaming revenue in 2020 due to travel restrictions and lockdowns, we are expecting a gradual recovery in the upcoming periods.

Table 6. Roaming services of Bakcell, 2019-2021

Metrics	2019	2020	2021
Number of countries covered by the data roaming service	164	167	170
Number of countries covered by 4G international roaming service	87	93	103

In light of accelerated digital transformation of the economy and society, our strategy is to keep maintaining and improving our infrastructure, while at the same time leveraging the scale of our business and integrated development of our core services. By doing so, we have already achieved breakthroughs in our services and products, while we continued to increase customer satisfaction.

Exceptional network quality

As we continue to deploy state-of-the-art communication infrastructure across our footprint, we also invest in modernizing and enhancing our network to improve coverage, network availability, capacity, and user experience. Customer interaction and experience play a paramount role in how our customers see us, meaning our success relies on the quality of service we provide. We are extremely proud of the fact, that in 2021 we enhanced our accessibility and service interruption metrics to the best possible extent. We achieved 99.9% accessibility for both 2G and 3G voice, as well as data services, and our 2G and 3G drop call rates dropped to 0.3% and 0.13% respectively.



 **99.9%**
voice accessibility

 **99.6%**
data accessibility

 **0.13%**
drop-call rate

Bakcell is an industry leader in operating reliable and resilient networks that support the needs of our customers. Our network includes various elements, technologies and business processes that work together to enhance the reliability and quality of our services. To minimize the impact of power disruptions at critical sites, we deploy reserve power in form of batteries and generators.

Information security and data privacy

Most of the operations people conduct daily are based in the virtual world, cutting inefficiencies and creating new opportunities to connect in ways never imagined before. However, it is important to stay vigilant as these digital developments come at a risk of security breaches. Recognizing our role as safeguards of our customers' data, we aim to ensure that we uphold the highest standards of practice from around the world.

Our Internal and Information Security (IIS) team performs strenuous work to provide seamless and secure operations for our customers. We regularly monitor our systems for possible cybersecurity risks and timely address them. Our IIS team works as a managed security service provider (MSSP) for the entirety of Bakcell. Our operations are fully in line with the local regulations on data privacy as well as the recommendations of GSMA Mobile Privacy Principles. As evidence of our exhaustive work in the area of cybersecurity and data privacy, we acquired the ISO 27001 Information Security Management certification in 2020. Furthermore, our roaming operations are also covered by our thorough cybersecurity procedures.

Since 2018, we have been performing quarterly penetration tests to identify possible deficiencies in our systems. We also seek to encourage a culture of responsible handling of data. For this purpose, we regularly hold mandatory training sessions on data privacy and information security among our employees.

Table 7. Training session on data privacy and information security at Bakcell, 2019-2021

Metrics	2019	2020	2021
Number of attendees	351	109	114

As a socially responsible company, we recognize that we can also play a key role in the development of the younger generation. Our resources enable us technically to support parents in their endeavor to protect their children from content that is not safe for minors, protect them from cyberbullying and harassment, and ensure that internet resources are used for good. As the world becomes increasingly dependent on internet resources, we want to ensure that we play our part in responsible management of data.

For several years now, we have been partnering with ENGINET to organize training sessions on responsible internet use among minors. These training sessions provide parents and students with the information and tools necessary to ensure that minors are not exposed to unsafe content on the Internet. We also offer 'Safe Internet' package that gives parents the ability to filter unwanted content for their children.

People of Bakcell

We are a company with over 1500 employees, every one of whom delivers a unique contribution to our business. We have gathered people from all ends of life to thrive together in a mutually respectful, culturally diverse, and welcoming environment.

Our human resource management is based on a strategy designed meticulously to suit our dynamic and diverse workplace. We have been implementing 'Invest in People' strategy since 2019, and its success is a direct reflection of our top HR management priorities of digitalization, efficiency, and engagement. We continue to digitalize most of our HR processes to curb time wasted on manual processing of information, hence increasing overall efficiency.

Through our digitalization efforts, we have found digital solutions to recruitment, compensation and benefits, and performance management among others. We have also launched a HR Helpdesk, which is a digital platform for our employees to receive fast and easy HR services upon request. On top of that, we have transitioned our career development and learning management systems to digital solutions to simplify the process for all parties involved in those processes. Through the digitalization of our routine and day-to-day operations via Oracle Fusion, we seek to transform our business and optimize our operations for the sake of efficiency in everything we do.

Table 8. Bakcell's total number of employees, by gender, 2019-2021²

	2019	2020	2021
Total number of employees	1368	1406	1575
Total number of male employees	832	885	1030
Total number of female employees	536	521	545

² Total employee figures disclosed in this Report include employees of Bakcell and employees of a shared service provider that provides network and functional services for Bakcell.

Table 9. Bakcell's number of employees by position, 2019-2021

	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Executive Total	206	65	180	66	189	70
	271		246		259	
Specialist Total	402	287	463	313	532	355
	689		776		887	
Other Total	224	184	242	142	309	120
	408		384		429	

Table 10. Number of employee hires and turnover at Bakcell, by age, 2019-2021

	2019			2020			2021		
	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Employee hires	182	70	2	153	211	7	206	193	19
Employee dismissals	163	169	6	109	214	10	104	133	12

Table 11. Number of employee hires and turnover at Bakcell, by gender, 2019-2021

	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Employee hires	168	86	259	112	303	115
Employee dismissals	240	98	206	127	158	91

As a company with deep commitment to diversity and inclusivity, we continuously seek out ways to improve our performance and representation among our employees. People of different nationalities and ethnicities, age groups, genders, religious beliefs, and abilities represent our Company, where everyone is encouraged to contribute their unique perspective on matters. Our inclusivity is our strength as it proves that a robust and thriving environment is built on the diversity of ideas and vision.

As part of our commitment to equity and equal representation, in 2020 we adopted our first Diversity and Inclusion Policy, which outlines our 5 principles of equitable business conduct.

Table 12. Bakcell's five principles of diversity and inclusion

Respect for diversity and inclusion	Compliance with law and international frameworks	Non-complacency	Zero tolerance on discrimination	Awareness
We strive to conduct our business in a way that displays utmost respect for diversity and inclusivity.	We seek to comply with all the local laws and regulations as well as internationally recognized frameworks.	We refuse to be willingly complicit with breaches of diversity and inclusion.	We pursue a work environment, in which no one is discriminated on any basis.	We actively pursue awareness in our workplace on diversity and inclusion.

As is clearly outlined in our Diversity and Inclusion Policy, we do not tolerate any sort of discrimination, harassment, or bullying, and take every necessary measure to address such issues in our workspace. Our recruitment and selection process is guaranteed to be based on the principle of equality of opportunity regardless of gender, race, sexual orientation, age, ethnicity, or any other basis for potential cases of discrimination. Our Recruitment Policy outlines the specifics, under which the recruiting and selection process should be conducted in a fair and just manner.

The Diversity and Inclusion Policy also acknowledges the importance of work-life balance and flexible working opportunities to foster an environment, in which everyone has the ability to thrive professionally without sacrificing their personal life and wellbeing. Through this policy, we are also committed to allocating fair and adequate remuneration for the sake of attracting, motivating, and retaining talent. Our bonus and incentive programs are governed by our Performance Accomplishment Bonus Policy.

We are committed to the encouragement of learning and development among our employees, which is another important point of our Diversity and Inclusion Policy. As we strive to provide equal opportunity to every employee to enable them to reach their full potential, our efforts in this regard are primarily governed by our Learning and Development Policy. At Bakcell, we celebrate the differences between people of different heritage and backgrounds; therefore, we respect cultural diversity and our employees' cultural, social, and religious identity. We are also committed to building harmonious societies through cooperation and support of businesses that seek to do fair and sustainable business with us.

As a company that is committed to value, we strive to create a world, in which all people have equal opportunities regardless of their gender. To act on this commitment, we are currently designing a large-scale project 'We Will' on gender equality and women empowerment, which is set to be implemented in 2022. This project entails a systemic and structural integration of gender equality all through our internal processes and external initiatives.

Recognizing that our goal of creating a culture of full acceptance and equality is ambitious, we seek to foster an environment, in which our employees have the tools and knowledge necessary to act in accordance with our core values and principles. For this reason, we take pride in the training and development schemes we have established in our Company.

Every year, we set out a training agenda with minimum mandatory training hours for employees, and we constantly maintain observation over their training performance. We seek to create opportunities for our employees to grow personally and professionally, therefore we have been implementing the Succession Readiness Program, which aims at developing the leadership potential of local talent and reduce reliance on foreign experts. We have also carried out the training program on 'Three Months to Master Employee Engagement'. The goal of this training program was to enable our managerial level employees to engage their team members regardless of whether they are working in the office or remotely.

Table 13. Bakcell's total number of training hours, by gender and position, 2019-2021³

	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Total number of training hours	4230	4219	1649	575	24424	14259
Executive	1131	1100	147	50	5800	3320
Specialist	3099	3119	1502	525	13233	7772
Other					5392	3166

As a company committed to developing talent, we invest our time and resources into the youth potential of our country. Working with young people does not only open career opportunities for them, but also gives us an opportunity to attract young talent with a fresh outlook on the industry. To act on this commitment, we launched our first summer internship in the reporting year. We are also continually working with universities to deliver training sessions and workshops to young students to share our expertise in the industry.

To ensure that our employees remain at the top of their potential, we seek to provide the necessary conditions for their mental and physical wellbeing. This includes the provision of proper and safe working environment. Our Health and Safety team works vigorously to ensure that all of our premises follow the highest standards of safety and health. Our ambition to obtain the ISO 45001 certification stands as a reflection of our commitment to employee health and safety. Safety always remains our top priority, whether it concerns our employees in the office, warehouses, data centers, or cell towers. While working conditions in most of our premises do not entail high risk for safety concerns, our cell tower workers are under the highest risk of workplace injuries. To ensure their safety, we purchase the latest tower-climbing safety equipment and regularly assess them for functionality.

³The sharp increase in training hours in 2021 is due to introduction of online resources for our employees.

Table 14. HSE training statistics at Bakcell, 2019-2021

	2019	2020	2021
Number of employees who received HSE training	817	890	1197
HSE training hours	150	60	60

During the COVID-19 pandemic, we were the pioneers in delivering fast, holistic, and decisive solutions to the uncertainty of the situation that the world suddenly found itself in. To ensure the safety of our employees and their families, we quickly adapted all of our operations to remote working without disrupting seamless provision of services for our customers. We ensured that all of the employees had access to proper working conditions at their accommodation, while our cybersecurity team provided utmost security to safeguard sensitive information and personal data.

Table 15. HSE investments at Bakcell, 2019-2021

	2019	2020	2021
Total investments into improving working conditions, AZN	1,040,000	1,040,000	50,100
Total investments into personal protective equipment, AZN	N/A	231,898	150,000
Total investments into anti-COVID measures in the workplace, AZN	N/A	406,000	400,000

While the situation around the COVID-19 outbreak greatly affected many people around the world, it has also proven that we can do better. As an employer, we realized that the traditional approach to office work is outdated, as our employees continued to perform to the best of their abilities while working remotely. We want to ensure that our employees have the opportunity to thrive, whether for them that means working in the office or opting for remote work option. The **FLEXcellence** program, developed by our service provider, ensures that our employees can opt for any work option that suits their needs best. In the framework of this program, we have adapted all of our internal policies and procedures to fit remote working.

The FLEXcellence program is not only a way for people to work from home – it is our way of showing that we are committed to employee wellbeing. We seek to create an environment, in which our employees thrive and know they are valued. We communicate with our employees regularly to receive their feedback pertaining to their level of satisfaction with the work conditions and environment. We want to ensure that we hear directly from everyone. Our feedback surveys are performed regularly and anonymously to avoid any potential cases of conflict of interests.

Customers of Bakcell

We know how important it is to stay connected – to family and friends, to jobs and schools, to resources and information – so we take our responsibility to keep our customers connected as a matter of critical importance. We entered the year 2021 with an abundance of opportunity and a relentless focus on providing first-class service to all our customers.

At Bakcell, we believe in developing products that enable our customers to lead better lives. We utilize all the resources available to us to offer our customers the opportunity to lead fulfilling and connected lives. Given the diversity of our customer base, we recognize the responsibility we hold in sustaining effective, clear, and transparent communication channels with different customer segments. Our B2B and B2C customers enjoy a variety of services and products that are tailored to their unique demands.

Our B2B clientele continues to grow as we accommodate their needs based on their size and nature of operations. We offer tariffs specially tailored for small and medium enterprises, large corporations, and public sector institutions. Our B2B clients get access to our state-of-the-art application, My Bakcell Business, which is a tool to effectively manage your Bakcell numbers. We offer services, such as bulk SMS, cloud-based solutions, Internet packages, and server installations. Our corporate clients also get support from the account manager assigned to their entity, who ensures the fastest response rate to technical issues. We offer our onboarding sessions to our B2B clients both online and in-person.

Figure 10. Bakcell's B2B services



My Bakcell Business

My Bakcell Business application is a tool that allows our B2B clients to easily and effectively manage their Bakcell numbers.



Bulk SMS

Through our bulk SMS feature, businesses can deliver messages to a large number of mobile phones at once.

At the same time, our B2C customer segment has access to a multitude of the most advanced services and products available on the market. These include comprehensive packages for education, shared internet, remote work, social networking, and personalized applications. Since the COVID-19 pandemic transformed the way business is conducted, we had to adjust our business model as well, and now our customers can enjoy home-delivery of SIM cards. We also offer a 24/7 call center with professionals trained to handle the most pressing technical issues and deliver the highest quality customer services to our callers. Our customers also have access to our loyalty program, Ulduzum.

Figure 11. Bakcell's B2C services

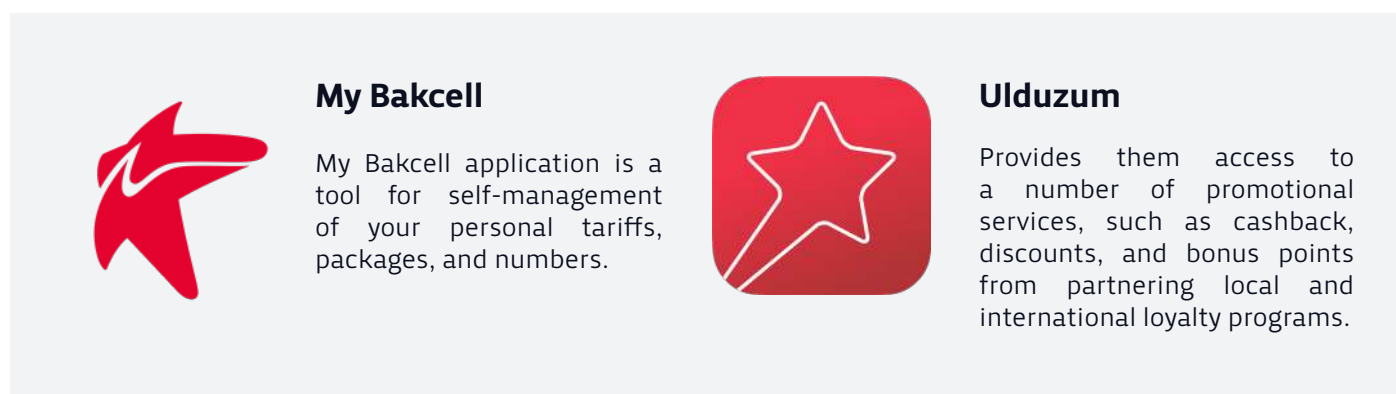


Table 16. Active subscribers of Bakcell, 2019-2021

	2019	2020	2021
Total number of active subscribers	2,704,905	2,593,059	2,883,312

As a company that supports local business, we partner with a number of official dealers to manage a substantial proportion of our sales. Overall, we have 108 dealer stores around the country. To ensure that our customers receive the same quality of services through our dealers as they would directly with us, we have been conducting dealer satisfaction surveys to receive feedback on dealer's performance and provide them with the support needed for further improvement.

Table 17. Sales channels of Bakcell, 2019-2021.

	2019	2020	2021
Number of retail stores owned	1	2	6
Dealer shops	116	106	108
Number of dealers	106	98	99
Exclusive dealers	96	86	88
Dealers shared with service centers	20	20	20
Other retail channels	1	3	3

We also constantly seek out ways to improve our own operations and interactions with our customers. We want to ensure that we bring value to every individual and corporate client we have, through effective direct communication. For this purpose, we regularly encourage our customers to provide customer feedback on our performance through various communication channels, such as our call center, social media accounts, and our LiveChat function, which is customer request platform that handles complaints and questions 24/7 with an average of 210 request per day and an 18-second response rate. Every feedback and every voice matters to us as we aspire to do better and be better.

To deliver value to our customers, we strive to continually improve not only our communication channels, but our operational quality as well. We recognize the crucial role that technology plays in the modern world, building bridges between families and friends torn by war or pandemic, between industry leaders who seek ways to cooperate and create a better world, between nations and leaders of governments as they look for solutions to global crises. Technology bridges the world in ways never seen before, and as a company, we persist in our endeavor to grow and be part of the solution.

Our operational metrics continue to grow as we expand and improve our network quality and durability.

Table 18. Bakcell's operational metrics, 2019-2021

	2019	2020	2021
Download rate			
Average 3G downloading rate	2,459	2,454	2,830
Average 4G downloading rate	13,822	13,766	15,676
Voice accessibility			
2G voice accessibility	99.82	99.81	99.82
3G voice accessibility	99.74	99.52	99.8
Drop call rate and data accessibility			
2G Drop Call Rate	0.30	0.36	0.38
3G Drop Call Rate	0.18	0.16	0.13
Data accessibility	99.46	99.57	99.58
Data traffic, petabytes	60.34	58.9	67.77

Table 19. Bakcell's BTS and LTE stations

	2019	2020	2021
Number of BTS	8,638	8,549	8,753
Number of LTE stations	2,738	2,713	2,849

Table 20. Bakcell's roaming coverage

	2019	2020	2021
Number of countries covered by our data roaming services	164	167	170
Number of countries with 4G international roaming service	87	93	103

Our network continues to expand globally as we strive to be the leaders in roaming services on the market. Our customers can enjoy a number of roaming services with regular data and 4G in most countries around the world, as well as in-flight roaming services.

Social impact and community engagement

Over the years of our operations, we have positioned ourselves on the market as a company that truly cares for its people. We want to display our care does not only extend to the people working directly with us, but to the community at large. As a company, we strive to serve our community in a way that enhances cooperation and provides true value to the society.

Our endeavor to create an inclusive society, where everybody has equal opportunity to reach their full potential, has paved the way for our strategy of interaction with the local community. Our Community Engagement Policy, approved in 2020, outlines the purpose and principles of our work with the society.

The purpose of this policy is to align our social initiatives with the SDGs and relevant international frameworks. By selecting management directions when it comes to community engagement, we seek to create long-term value for our local communities and integrate our community engagement principles into our strategic decision-making.

Table 21. Bakcell's community engagement principles

Diversity and inclusion	Equality of opportunity	Active communication	Knowledge sharing
By working on narrowing the digital divide within the society, we seek to promote an inclusive and diverse community.	We want to empower vulnerable and minority groups by creating equal opportunities for everyone.	We are actively engaged in direct communication with the local community through various channels to ensure that we are able to timely respond to their critical concerns.	We strive to share our knowledge and practice in community engagement with the our stakeholders and partners.

In full adherence with our community engagement strategy, we initiate long-term and large-scale projects that are designed to create a long-lasting value for the wider society. In line with this mindset, we established affordable packages tailored for educational needs of students and teachers during the lockdowns due to COVID-19. We also collaborated with ENGINET and the Ministry of Education to develop the 'Support to Virtual Education' project, which was arranged to provide all the tools necessary for educators in times of lockdowns.

We continue to stay committed to supporting families in need through our systemic initiative 'Supermarket', through which we provided food and household essentials for a number families. We believe that food security is a basic right of people; therefore, we seek to contribute to the solution through systemic and structured initiatives.

Through our commitment to upholding food security in the country, we have also been collaborating with the Ministry of Agriculture, Agrarian Science and Innovation Center, and Azerbaijani State University of Oil and Industry to create the AgroHackaton 2020, which aimed to boost the skills of the youth in field of IT in the agricultural industry by cultivating sustainable resource management. The competition brought together 50 teams of young talent.

In 2021, we supported PASHA Holding in the commencement of the first Annual Innovation Summit, which attracted global experts on innovation, including Google's Chief Innovation Evangelist Dr. Frederik G. Pferdt, Professor at London Business School and Education Management Consultant Julian Birkinshaw and Strategy, Growth, and Transformation Expert Kaihan Krippendorff.

As a company with a deep commitment to the future generation, we go above and beyond to ensure that we leave a positive impact on the children in the country. In 2021, we held a drawing competition among children from the families of soldiers fallen during the Patriotic War. We also cooperate with ASAN Volunteers through our joint project 'ASAN Letter' by delivering school supplies to children from families in need. In 2021, we also started the support of the project with the goal of reconstruction of the Qazakh Teachers Seminary. The Seminary was established in 1918 as a successor to the Azerbaijani branch of the famous Transcaucasian Teachers Seminary. Its graduates include some of Azerbaijan's prominent writers, educators, and public figures, who went on to contribute to the country's social, cultural, scientific, and educational development. During the Soviet era, the seminary operated as a pedagogical college until its closure in the mid-20th century.



OUR EFFORTS GO BEYOND SOCIAL PROJECTS.

As a major employer in the country, we recognize that part of a harmonious society is a healthy and protected environment. To ensure that we act on our core belief and aspiration to minimize our environmental footprint, we joined a large-scale environmental campaign 'Protect the Caspian Sea!' within the framework of the International Coastal Cleanup Day. The project brought together a number of corporations and non-governmental organizations to clean up an area of 25 hectares. As the result of the collective action of over 1000 participants, we cleaned up 6.5 tons of waste in one day.

Table 22. Bakcell's community donations in AZN, 2019-2021

	2019	2020	2021
Total amount of community investments	133,748	6,362,377	7,593,508



National CSR Award 2021

In 2021, we received the National CSR Award for our continuous contribution to the local community.

WE CARE ABOUT THE FUTURE OF OUR PLANET

ICT and impact on climate change

Our carbon footprint


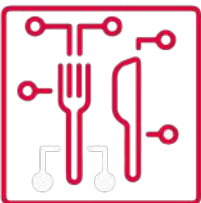


Environmental responsibility

ICT and impact on climate change

The ICT sector has experienced one of the fastest accelerating growths over the past 70 years, with massive advances and innovation in technology. The rising importance of ICT in the modern world has therefore increased the significance of its environmental impact. The sector's share of global GHG emissions is around 1.8% - 2.8%. At the same time, it accounts for 4% of global electricity consumption, while its carbon footprint had increased by 40% in the years from 2002 to 2012. Largely, the escalating carbon footprint of ICT sector is due to the increased role of the telecommunications industry in the modern digitalized world.

Notwithstanding the current trends of rising emissions, the ICT sector has great potential to combat climate change and contribute to an improved environmental management system across the globe. According to the Global e-Sustainability Initiative (GeSI), the ICT sector has the potential to slash GHG emissions by 20% by 2030 through helping companies adjust to a more intelligent use of energy. Manufacturers are integrating ICT into industrial processes in order to optimize production and reduce energy use, while a growing trend of commercial buildings being built using smart technologies and data analytics for decreased energy consumption transforms the way we live in cities. Intelligent transportation systems use traffic data to reduce congestion, saving commuters' time on the road while also reducing fuel use and emissions.

Figure 12. The impact of the use of ICT technologies across sectors (GeSI & ITU).

Monitoring through ICT		How it works ICT technologies can facilitate better systems for researches to monitor the environment, ecosystems, as well as trends in deforestation among others.
Addressing food insecurity		How it works The ICT sector can contribute to increased global levels of food security through M2M connectivity, databases for analysis, as well as information distribution between and to farmers and consumers.
Smart ICTs & decreased GHG emissions in other sectors		How it works Smart ICT technology can contribute to decreased GHG emissions across sectors, including through smart logistics, smart buildings, smart motor systems, and smart grids.
Enhanced livelihoods through ICT		How it works Using ICT technologies in fields such as healthcare can provide more data for researchers, exacerbating groundbreaking medical advances, while ICTs in education can spread awareness on issues of environmental concern through better educational technologies

We acknowledge the unique opportunities that the ICT sector holds in combatting climate change and improving the environmental management systems by virtue of digitalization. Through our technological leadership, we are striving to incorporate these opportunities into our everyday work at Bakcell and the community at large.

Table 23. Bakcell's ICT influence

Area of influence through ICT	Our actions
Education	During the COVID-19 pandemic, we mobilized our resources to provide high-quality remote learning for students and teachers alike.
Healthcare	Our services maintained uninterrupted connection for healthcare providers during the height of the pandemic as well as during the Patriotic War.
Food security	By the use of ICT technologies that we offer, we provide the opportunity for rural farmers to enhance production through better connectivity and M2M networking.
Environmental management	As a responsible company, we continue to bring excellence to our employees and all who are affected by our operations through a meticulous approach to HSE. Moreover, we have taken a leap in our energy consumption and renewable energy use by establishing hybrid solar system on our station, while our energy consumption has decreased due to a number of initiatives in our corporate office such as LED light.
Inclusivity	Through our technological leadership, we are bringing digital inclusivity in the country to a new level.

Our carbon footprint

As one of the leading employers in the country, we at Bakcell have always been particularly conscious of the environmental impact contrived by our activities. Energy consumption is a decidedly major issue in the telecommunications industry, and we acknowledge that it should hold an exceptionally crucial position on our sustainable development agenda. In line with this belief, we have been implementing a number of initiatives aimed at a drastic reduction of the levels of our energy consumption and carbon footprint.

One of the most significant steps in our efforts to reduce our carbon footprint and improve our environmental management was the initiation of a pilot project on the use of renewable energy sources. We have installed a hybrid solar power system on one of our BTS to be fully powered by renewable energy, while simultaneously equipping them with backup batteries to ensure uninterrupted operations even in times of lower sunlight. This initiative was an important step in the right direction and we are planning to up the game further in the near future.

In 2019, we found a unique solution to the issue of excessive energy consumption generated by the cooling equipment in our base stations. The concept of this innovative solution lay in the utilization of the natural force for the purpose of creation of heat sinks. As such, we have achieved an increase in energy efficiency using in-built windows and fans.

To support our commitment to reducing our carbon footprint further, in 2020, we replaced the lighting source in our offices to LED lightbulbs, which are more efficient in energy consumption, as well as have a longer lifetime and require replacement less often, which subsequently also contributes to less waste generation. We have also switched to compressed natural gas for our company vehicles, to reduce our reliance on gasoline and diesel.

Currently, we are in the process of establishing an environmental management system based on the ISO 14005 Environmental Management Systems certification. We expected this process to be completed no later than the fourth quarter of 2021; however due to the circumstances around COVID-19, this process has been delayed. We are working tirelessly to ensure that we will go through with this initiative by the next reporting period.

Table 24. Energy consumption at Bakcell, 2019-2021

	2019	2020	2021
Electricity consumption in the office (kWh)	583,128	567,482	390,000
Electricity used for technical equipment (i.e. LTE, BTS etc.) (kWh)	29,060,765	30,958,763	28,213,609
Diesel (ton)	150.5	123.7	210
Petroleum (ton)	213	200	165

Table 25. Energy intensity ratio at Bakcell, 2019-2021

	2019	2020	2021
Energy intensity ratio (kWh per employee)	21,669.5	22,422.6	21,000
Energy intensity ratio (kWh per petabyte)	491,280.9	535,250.3	250,046.8

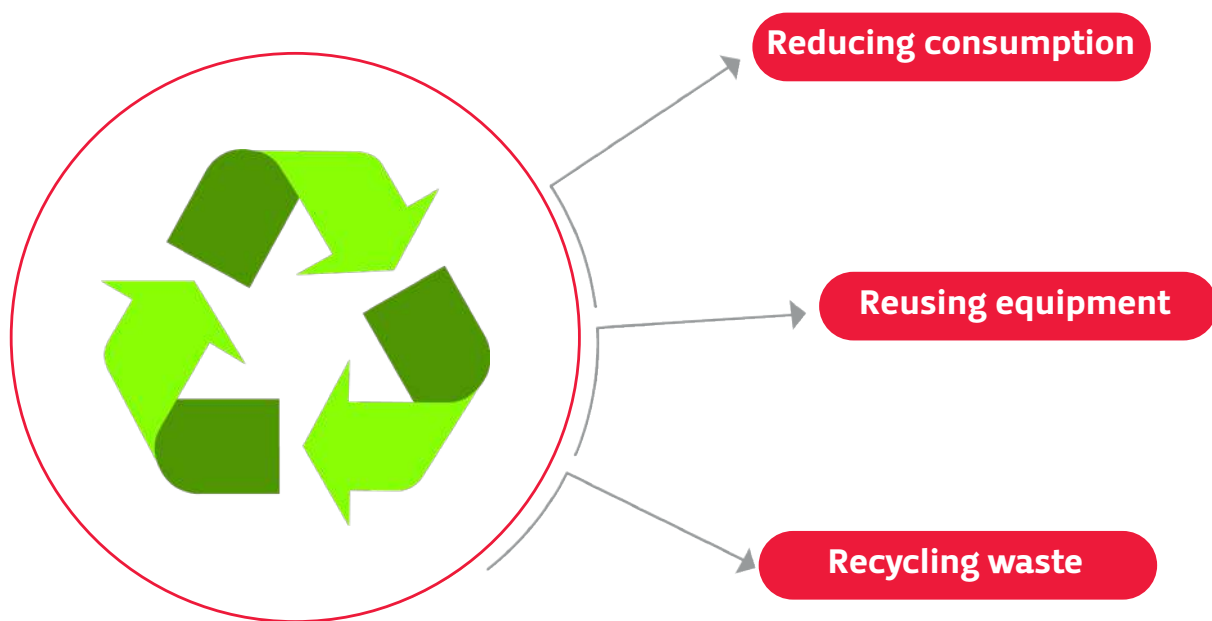
Table 26. GHG emissions at Bakcell, 2019-2021

	2019	2020	2021
Scope 1 GHG emissions (tCO2 e)	1,142.55	1,021.38	701.68
Scope 2 GHG emissions (tCO2 e)	491,280.9	535,250.3	487,788.7

Environmental responsibility

Our approach to environmental management has seen a significant shift in the past several years. We have been taking decisive measures in our efforts to improve our impact on the environment not only through initiatives on energy consumption, but also through the rewiring of our consumption habits in general.

Figure 13. Bakcell's approach to waste generation



Bakcell is a dynamic workplace with numerous different operations carried out on a daily basis, including our offices, warehouses, and base stations. We recognize that these operations, even something as seemingly insignificant as printing and signing a document, often result in waste generation that adds up to a problem way beyond our Company alone. We strive to contribute to the solution, not the problem. We leveraged the situation around COVID-19 outbreak as an opportunity to create a lasting change in the way we conduct our business, and as such, we have managed to curb our paper waste generation by digitalizing most of our internal operations, as well as offering most of our services online. The flexible working opportunity also contributes to the reduction of food waste in the offices, plastic waste, and medical waste, such as masks and hand sanitizers. We have been cooperating with a third-party company to collect, transfer, and safely dispose of the waste generated at our premises. Moreover, we have equipped our premises with bins for recyclable waste in cooperation with environmental organizations and the local municipality.

ANNEX

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Performance tables

About the report

We continue our practice of publishing annual sustainability reports for our stakeholders to stay up-to-date with our activities, initiatives, and major changes in our Company. Throughout the report, some historic data and information have been included to provide context and to illustrate performance trends. The Global Reporting Initiative (GRI) Index at the end of this report refers to the GRI Core standards disclosed in the report.

In this report, for the first time, Bakcell will include disclosures in line with Sustainability Accounting Standards Board (SASB) Standards, in line with the Telecommunication Service industry-specific criteria.

Table 27. Reporting scope and boundaries

Reporting cycle:	Annual
Reporting scope:	1 January, 2021 – 31 December, 2021
Reporting boundary	Bakcell LLC
Organization name:	Bakcell LLC
Headquarters:	Baku, Azerbaijan
Reporting frameworks:	<ul style="list-style-type: none">• The report is written in accordance with the Global Reporting Initiative (GRI) Standards (Core)• Sustainability Accounting Standards Board (SASB) standards (Telecommunications Services)• UN Sustainable Development Goals (SDGs)
Language:	Azerbaijani, English
Third-party involvement:	External assurance on selected indicators

Stakeholder engagement

As an industry leader, stakeholder engagement is a top priority for us to ensure that we deliver value to everyone who interacts with us in any capacity. We strive to maintain meaningful connection with our stakeholders through appropriate communication channels.

Our Stakeholder Engagement Policy enables us to accurately identify our stakeholders and determine communication strategy for each stakeholder group. Through this policy, we strive to engage in a transparent flow of information to avoid miscommunication or misleading our stakeholders.

Figure 14. Bakcell’s stakeholder groups and communication methods



Our communication channels allow us to hear directly from our stakeholders to collect feedback. Afterwards we analyze the data to plan and consequently implement an action plan for stakeholder engagement.

Materiality assessment

We live in an uncertain and constantly changing world. Materiality helps us report on the sustainability issues that matter most to our business and stakeholders. An issue is material to us if it meets two conditions. Firstly, it affects our business significantly in terms of growth, cost or risk. Secondly – it is important to our stakeholders, and they expect us to take action on the issue. In determining if an issue is material, we consider our impacts across the value chain.

We update our assessment each year to make sure it reflects changes in our business and external environment. In 2021, to reflect the dynamic and ever-changing sustainability landscape, we redesigned our materiality process and methodology. Instead of relying on interviews with a small number of representative stakeholders, we opted for harnessing big data and using the extensive stakeholder insights available to us from within our business. The following table shows our revisited material topics – for each material topic that we identified, we assessed their potential negative and positive impacts based on criteria including severity, scale, likelihood and impact on human rights.

Table 28. Bakcell's material topics

Material topics		Negative impact			Positive impact	
		Severity	Likelihood	Human Rights	Scale	Likelihood
Better connectivity	Digitalization and innovation	Not severe	Not likely	High	Very significant	Very likely
	Product and service quality	Not severe	Not likely	Low	Very significant	Very likely
	Data privacy and security	Extremely severe	Not likely	High	Very significant	Very likely
	Customer relations	Not severe	Not likely	Low	Very significant	Very likely
Better communities	Philanthropy and social responsibility	Not severe	Not likely	High	Significant	Likely
	Sustainable and responsible supply chain	Severe	Not likely	High	Significant	Likely
	Digital equity and inclusion	Severe	Not likely	High	Very significant	Very likely
	Women empowerment	Severe	Not likely	High	Significant	Likely
Better Bakcell	Talent attraction, development and retention	Extremely severe	Not likely	Medium	Significant	Likely
	Ethical business practices	Extremely severe	Not likely	High	Significant	Likely
	Health, wellness and safety	Extremely severe	Not likely	High	Significant	Likely
	Business continuity and network resilience	Extremely severe	Not likely	Medium	Significant	Very likely
	Corporate governance	Extremely severe	Not likely	Medium	Significant	Likely

	Disclosure	Status	Location
General disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	Disclosed	'We are Bakcell'
	2-2 Entities included in the organization's sustainability reporting	Disclosed	'About the report'
	2-3 Reporting period, frequency and contact point	Disclosed	'About the report'
	2-4 Restatements of information	Disclosed	'About the report'
	2-5 External assurance	Disclosed	'Assurance statement'
	2-6 Activities, value chain and other business relationships	Disclosed	'We are Bakcell'
	2-7 Employees	Disclosed	'People of Bakcell'
	2-8 Workers who are not employees	Disclosed	'People of Bakcell'
	2-9 Governance structure and composition	Disclosed	'Leadership and governance'
	2-10 Nomination and selection of the highest governance body	Partially disclosed	'Leadership and governance'
	2-11 Chair of the highest governance body	Disclosed	'Leadership and governance'
	2-12 Role of the highest governance body in overseeing the management of impacts	Disclosed	'Leadership and governance'
	2-13 Delegation of responsibility for managing impacts	Disclosed	'Leadership and governance'
	2-14 Role of the highest governance body in sustainability reporting	Disclosed	'Leadership and governance'
	2-15 Conflicts of interest	Partially disclosed	'Ethical business conduct'
	2-16 Communication of critical concerns	Disclosed	'Ethical business conduct'
	2-17 Collective knowledge of the highest governance body	Disclosed	'People of Bakcell'
	2-18 Evaluation of the performance of the highest governance body	Partially disclosed	'People of Bakcell'
	2-19 Remuneration policies	Not disclosed	
	2-20 Process to determine remuneration	Not disclosed	
	2-21 Annual total compensation ratio	Disclosed	'Leadership and governance'

	2-22 Statement on sustainable development strategy	Disclosed	'Sustainability approach and agenda'
	2-23 Policy commitments	Disclosed	'Sustainability approach and agenda'
	2-24 Embedding policy commitments	Disclosed	'Sustainability approach and agenda'
	2-25 Processes to remediate negative impacts	Disclosed	'Sustainability approach and agenda'
	2-26 Mechanisms for seeking advice and raising concerns	Disclosed	'Ethical business conduct'
	2-27 Compliance with laws and regulations	Disclosed	'Ethical business conduct'
	2-28 Membership associations	Disclosed	'We are Bakcell'
	2-29 Approach to stakeholder engagement	Disclosed	'Stakeholder engagement'
	2-30 Collective bargaining agreements	Not disclosed	
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Disclosed	'Materiality assessment'
	3-2 List of material topics	Disclosed	'Materiality assessment'
Economic performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Not disclosed	
	201-2 Financial implications and other risks and opportunities due to climate change	Not disclosed	
	201-3 Defined benefit plan obligations and other retirement plans	Not disclosed	
	201-4 Financial assistance received from government	Not disclosed	
Market presence			
GRI 3: Material Topics 2021	3-3 Management of material topics		'People of Bakcell'
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Disclosed	'People of Bakcell'
	202-2 Proportion of senior management hired from the local community	Disclosed	100% of senior management is hired from the local community.
Indirect economic impacts			
GRI 3: Material Topics 2021	3-3 Management of material topics		'We create shared value for everyone'
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Disclosed	'We create shared value for everyone'
	203-2 Significant indirect economic impacts	Disclosed	'We create shared value for everyone'

Procurement practices			
GRI 3: Material Topics 2021	3-3 Management of material topics		'Responsible supply chain management'
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Disclosed	'Responsible supply chain management'
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics		'Ethical business conduct'
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Disclosed	All operations are continuously assessed for risks related to corruption.
	205-2 Communication and training about anti-corruption policies and procedures	Disclosed	'Ethical business conduct'
	205-3 Confirmed incidents of corruption and actions taken	Disclosed	No such incidents occurred during the reporting year.
Anti-competitive behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Disclosed	No such incidents occurred during the reporting year.
Tax			
GRI 3: Material Topics 2021	3-3 Management of material topics		As this is a new disclosure, it will be revisited in the coming reporting periods.
GRI 207: Tax 2019	207-1 Approach to tax	Not disclosed	
	207-2 Tax governance, control, and risk management	Not disclosed	
	207-3 Stakeholder engagement and management of concerns related to tax	Not disclosed	
	207-4 Country-by-country reporting	Not disclosed	
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Not disclosed	
	301-2 Recycled input materials used	Not disclosed	
	301-3 Reclaimed products and their packaging materials	Not disclosed	
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Disclosed	'Our carbon footprint' 'Performance tables'
	302-2 Energy consumption outside of the organization	Disclosed	'Our carbon footprint' 'Performance tables'

	302-3 Energy intensity	Disclosed	'Our carbon footprint' 'Performance tables'
	302-4 Reduction of energy consumption	Disclosed	'Our carbon footprint' 'Performance tables'
	302-5 Reductions in energy requirements of products and services	Not disclosed	'Our carbon footprint' 'Performance tables'
Water and effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics		'Environmental responsibility'
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Not applicable	
	303-2 Management of water discharge-related impacts	Not applicable	
	303-3 Water withdrawal	Not applicable	
	303-4 Water discharge	Not applicable	
	303-5 Water consumption	Disclosed	'Environmental responsibility' 'Performance tables'
Biodiversity			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable	
	304-2 Significant impacts of activities, products and services on biodiversity	Not applicable	
	304-3 Habitats protected or restored	Not applicable	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable	
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics		'Our carbon footprint'
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Disclosed	'Our carbon footprint' 'Performance tables'
	305-2 Energy indirect (Scope 2) GHG emissions	Disclosed	'Our carbon footprint' 'Performance tables'
	305-3 Other indirect (Scope 3) GHG emissions	Not disclosed	
	305-4 GHG emissions intensity	Disclosed	'Our carbon footprint' 'Performance tables'
	305-5 Reduction of GHG emissions	Disclosed	'Our carbon footprint' 'Performance tables'
	305-6 Emissions of ozone-depleting substances (ODS)	Not applicable	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not applicable	

Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Not disclosed	
	306-2 Management of significant waste-related impacts	Not disclosed	
	306-3 Waste generated	Not disclosed	
	306-4 Waste diverted from disposal	Not disclosed	
	306-5 Waste directed to disposal	Not disclosed	
Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics		'Responsible supply chain management'
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	Disclosed	All new suppliers are screened through our standard due diligence procedures.
	308-2 Negative environmental impacts in the supply chain and actions taken	Disclosed	No such impacts were detected during the reporting period.
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics		'People of Bakcell'
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Disclosed	'People of Bakcell' 'Performance tables'
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Disclosed	'People of Bakcell'
	401-3 Parental leave	Disclosed	'People of Bakcell'
Labor/management relations			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Not disclosed	
Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics		'People of Bakcell'
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Disclosed	'People of Bakcell'
	403-2 Hazard identification, risk assessment, and incident investigation	Disclosed	'People of Bakcell'
	403-3 Occupational health services	Disclosed	'People of Bakcell'
	403-4 Worker participation, consultation, and communication on occupational health and safety	Disclosed	'People of Bakcell'
	403-5 Worker training on occupational health and safety	Disclosed	'People of Bakcell' 'Performance tables'
	403-6 Promotion of worker health	Disclosed	'People of Bakcell'

	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Disclosed	'People of Bakcell'
	403-8 Workers covered by an occupational health and safety management system	Disclosed	All workers are covered by the occupational health and safety management system.
	403-9 Work-related injuries	Disclosed	No such cases.
	403-10 Work-related ill health	Disclosed	No such cases.
Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics		'People of Bakcell'
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Disclosed	'People of Bakcell' 'Performance tables'
	404-2 Programs for upgrading employee skills and transition assistance programs	Disclosed	'People of Bakcell'
	404-3 Percentage of employees receiving regular performance and career development reviews	Disclosed	'People of Bakcell' 'Performance tables'
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics		'People of Bakcell'
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Disclosed	'Leadership and governance'
	405-2 Ratio of basic salary and remuneration of women to men	Disclosed	'People of Bakcell' 'Performance tables'
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics		'Ethical business conduct'
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Disclosed	No such incidents occurred during the reporting year.
Freedom of association and collective bargaining			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Disclosed	No such operations have been determined during the reporting year.
Child labor			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Disclosed	No such operations have been determined during the reporting year.
Forced or compulsory labor			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Disclosed	No such operations have been determined during the reporting year.
Security practices			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Disclosed	

Rights of indigenous peoples			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Not applicable	
Local communities			
GRI 3: Material Topics 2021	3-3 Management of material topics		'Social impact and community engagement'
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Disclosed	'Social impact and community engagement'
	413-2 Operations with significant actual and potential negative impacts on local communities	Disclosed	'Social impact and community engagement'
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics		'Responsible supply chain management'
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Disclosed	All new suppliers are screened through our standard due diligence procedures.
	414-2 Negative social impacts in the supply chain and actions taken	Disclosed	No such impacts were detected during the reporting period.
Public policy			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 415: Public Policy 2016	415-1 Political contributions	Not disclosed	
Customer health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Partially disclosed	'Customers of Bakcell'
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Disclosed	No such incidents occurred during the reporting year.
Marketing and labeling			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Not disclosed	
	417-2 Incidents of non-compliance concerning product and service information and labeling	Disclosed	No such incidents occurred during the reporting period.
	417-3 Incidents of non-compliance concerning marketing communications	Disclosed	No such incidents occurred during the reporting period.
Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics		'Our business conduct'
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Disclosed	No such complaints were recorded during the reporting period.

SASB INDEX

Topic	Code	Metric	SR	Comment/ Location
Code	TC-TL- 130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Partially disclosed	Our carbon footprint
Metric	TC-TL- 220a.1	Description of policies and practices relating to behavioral advertising and customer privacy	Not disclosed	
	SR	Number of customers whose information is used for secondary purposes	Not disclosed	
	Comment/ location	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Disclosed	No such cases have been recorded
	TC-TL- 220a.4	(1) Number of law enforcement requests for customer information, (2) number of customers whose information was requested, (3) percentage resulting in disclosure	Not disclosed	
Data Security	TC-TL-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	Disclosed	No such cases have been recorded
	TC-TL-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Partially disclosed	Information security and data privacy
Product End-of life Management	TC-TL-440a.1	(1) Tullantılardan istifadə proqramları vasitəsilə bərpa olunan materiallar, (2) təkrar istifadə olunmuş (3) təkrar emal olunmuş, (4) basdırılmış bərpa olunan materialların faizi	Partially disclosed	Environmental responsibility

Competitive Behavior & Open Internet	TC-TL-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Disclosed	No such cases have been recorded
	TC-TL-520a.2	Average actual sustained download speed of (1) owned and commercially-associated content and (2) non- associated content	Partially disclosed	Customers of Bakcell
	TC-TL-520a.3	Description of risks and opportunities associated with net neutrality, paid peering, zero rating, and related practices	Partially disclosed	ICT and impact on climate change
Managing Systemic Risks from	TC-TL-550a.1	(1) System average interruption frequency and (2) customer average interruption duration	Disclosed	Exceptional network quality
Technology Disruptions	TC-TL-550a.2	Discussion of systems to provide unimpeded service during service interruptions	Partially disclosed	Business continuity and COVID-19 impact
Activity metric	TC-TL-000.A	Number of wireless subscribers	Disclosed	Performance tables
	TC-TL-000.B	Number of wireless subscribers	Disclosed	There are no wireline subscribers
	TC-TL-000.C	Number of broadband subscribers	Disclosed	Performance tables
	TC-TL-000.D	Network traffic	Disclosed	Performance tables

PERFORMANCE TABLES

Operational

Table 1. Bakcell's active customers

Metrics	2019	2020	2021
Total number of active customers	2,704,905	2,593,059	2,883,312

Table 2. Bakcell's network capacity, 2019-2021

Metrics	2019	2020	2021
Average 3G downloading rate, Mbps	2,459	2,454	2,830
Average 4G downloading rate, Mbps	13,822	13,766	15,676

Table 3. Bakcell's network improvement, 2019-2021

Metrics	2019	2020	2021
2G voice accessibility	99.82	99.81	99.82
3G voice accessibility	99.74	99.52	99.86
2G drop call rate	0.30	0.36	0.38
3G drop call rate	0.18	0.16	0.13
Data accessibility	99.46	99.57	99.58

Table 4. Bakcell's network infrastructure, 2019-2021

Metrics	2019	2020	2021
Number of Base Transceiver Stations (BTS)	8,638	8,549	8,753
Number of LTE stations	2,738	2,713	2,849

Table 5. Roaming services of Bakcell, 2019-2021.

Metrics	2019	2020	2021
Number of countries covered by the data roaming service	164	167	170
Number of countries covered by 4G international roaming service	87	93	103

Table 6. Bakcell's subscribers, 2019-2021

Metrics	2019	2020	2021
Number of wireless subscribers	2,704,905	2,593,059	2,883,312
Number of broadband subscribers	75,531	54,509	44,566
Network traffic	60.34	58.9	67.77

Table 7. Sales channels of Bakcell, 2019-2021.

Metrics	2019	2020	2021
Number of retail stores owned	1	2	6
Dealer shops	116	106	108
Number of dealers	105	98	99
Exclusive dealers	96	86	88
Dealers shared with service centers	20	20	20
Other retail channels	1	3	3

HR

Table 8. Bakcell's total number of employees by gender, 2019-2021.

Metrics	2019	2020	2021
Total number of employees	1,368	1,406	1,575
Total number of male employees	832	885	1030
Total number of female employees	536	521	545

Table 9. Bakcell's number of employees by position, 2019-2021.

Metrics	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Executive Total	206	65	180	66	189	70
	271		246		259	
Specialist Total	402	287	463	313	532	355
	689		776		887	
Other Total	224	184	242	142	309	120
	408		384		429	

Table 10. Number of employee hires and turnover at Bakcell by age, 2019-2021.

	2019			2020			2021		
Metrics	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Employee hires	182	70	2	153	211	7	206	193	19
Employee turnover	163	169	6	109	214	10	104	133	12

Table 11. Number of employee hires and turnover at Bakcell by gender, 2019-2021.

Metrics	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Total number of new employee hires	168	86	259	112	303	115
Total number of employee turnover	240	98	206	127	158	91

Table 12. Annual compensation ratio at Bakcell, 2019-2021

Metrics	2019	2020	2021
The ratio of annual total compensation for the highest-paid individual to the median annual total compensation for all employees, excluding the highest-paid individual	39%	56%	46%

Table 13. Ratio of entry-level wage to local minimum wage at Bakcell, 2019-2021

Metrics	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Ratio of standard entry-level wage compared to local minimum wage, by gender	1	1	1	1	1	1

Table 14. Percentage of employees who received a regular performance and career development review at Bakcell, by gender, 2019-2021

Metrics	2019	2020	2021
Male	100%	100%	100%
Female	100%	100%	100%

COMMUNITY ENGAGEMENT

Table 15. Bakcell's community investments, 2019-2021

Metrics	2019	2020	2021
Total amount of community investments	133,748	6,362,377	7,593,508

PROCUREMENT

Table 16. Number of total and local suppliers at Bakcell, 2019-2021

Metrics	2019	2020	2021
Total number of suppliers	269	180	171
Number of local suppliers	227	155	150

ENVIRONMENT

Table 17. Bakcell's CO2 emissions, 2019-2021

Metrics	2019	2020	2021
Direct (Scope 1) emissions	1,142.55	1,021.38	701.68
Indirect (Scope 2) emissions	491,280.9	535,250.3	487,788.7

Table 18. Water consumption at Bakcell, 2019-2021

Metrics	2019	2020	2021
Total water consumption, m3	15,844.2	14,774.4	11,403.03

Table 19. Bakcell's energy intensity ratio, by kWh, 2019-2021

Metrics	2019	2020	2021
Energy intensity (per employee)	21,669.5	22,422.6	21,000
Energy intensity (per petabyte of data traffic)	491,280.9	535,250.3	250,046.8

Table 20. Bakcell's electricity and fuel consumption, 2019-2021

Metrics	2019	2020	2021
Office electricity consumption, kWh	583,128	567,482	390,000
Electricity used for technical equipment, kWh (i.e., LTE, BTS etc.)	29,060,765	30,958,763	28,213,609
Diesel, ton	150.5	123.7	210
Petroleum, ton	213	200	165

**We welcome your inquiries, suggestions and feedback. Please
get in touch with us and let us know what we can do better.**

 **SuheyjaJ@bakcell.com**

INDEPENDENT ASSURANCE REPORT

Independent practitioner's limited assurance report by Deloitte & Touche LLC ("Deloitte") to the Board of Directors of Bakcell LLC ("the Company") on the 2021 Sustainability Report for the year ended 31 December 2021:

Scope of assurance

We have been engaged by the Company to perform an assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) ("the Standard") to provide independent limited assurance on the accuracy of selected data presented in "Bakcell Sustainability Report 2021" ("the Report") prepared in accordance with the "Core" option requirements of Global Reporting Initiative ("GRI") Sustainability Reporting Standards for the year ended 31 December 2021.

Assurance procedures and roles

We carried out limited assurance on the accuracy of the following data related to 2021 year and included into the Report:

- (1) Selected key performance indicators specified below in the section "Selected non-financial performance data for limited assurance"; and
- (2) The Company's self-declaration in preparing the Report in accordance with the "Core" option requirements of GRI Sustainability Reporting Standards as stated in the "Report Profile" subsection of the Report.

Our key assurance procedures

To achieve limited assurance, the ISAE 3000 (Revised) requires that we review the processes, systems, and competencies used to compile the areas on which we provide our assurance. Considering the risks of material misstatement, we planned and performed our work to obtain all of the information and explanations we considered necessary to provide sufficient evidence to support our assurance conclusion.

To form our conclusions, we undertook the following procedures:

- Analyzed on a sample basis the key systems, processes, policies, and controls relating to the collation, aggregation, validation, and reporting processes of the selected sustainability performance indicators;
- Conducted interviews with employees of the Company responsible for sustainability performance, policies, and corresponding reporting;
- Conducted selective substantive testing to confirm the accuracy of received data to the selected key performance indicators;
- Made inquiries of management and senior executives to obtain an understanding of the overall governance and internal control environment, risk management, materiality assessment, and stakeholder engagement processes relevant to the identification, management, and reporting of sustainability issues; and
- Performed selective review of disclosures in the Report on compliance with GRI Sustainability Reporting Standards.

We believe that the evidences obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error, or non-compliance may occur and not be detected. Additionally, non-financial information, such as that included in reporting documents is subject to more inherent limitations than financial information, given the nature and methods used for determining, calculating, and sampling or estimating such information.

Our work has been undertaken so that we might state to the Company those matters we are required to state to them in this Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work, for this Report, or for the conclusions we have formed.

Our engagement provides limited assurance as defined in ISAE 3000 (Revised). The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Roles and responsibilities

The Directors of the Company are responsible for the preparation, accuracy, and completeness of the sustainability information and statements contained within the Report. They are responsible for determining the Company's sustainability objectives and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Our responsibility is to independently express a conclusion on the Selected Data based on our procedures. We conducted our engagement in accordance with the ISAE 3000 (Revised) *Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board.

Independence and quality control

We have complied with the independence and other ethical requirements established by the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which are based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Deloitte applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Selected non-financial performance data for limited assurance

Operations	• Total number of BTS
	• Total number of LTE stations
	• Network traffic, petabytes
	• Average 3G downloading rate
	• Average 4G downloading rate
	• Data accessibility
Supply Chain	• Number of local suppliers
	• Share of procurement budget spent on local suppliers

Employees	<ul style="list-style-type: none"> • Total number of employees • Number of employees by gender, male • Number of employees by gender, female • Number of hired employees • Number of employee turnover • Employee turnover rate
Customers	<ul style="list-style-type: none"> • Total number of customers
Social	<ul style="list-style-type: none"> • Total amount of community investments

We have been engaged by the Company to perform limited assurance procedures on the accuracy of the following key performance data of the 2021 reporting year included in the Report:

Limited assurance conclusion

Based on the scope of our work and the assurance procedures performed we conclude that nothing has come to our attention that causes us to believe that the aforementioned Selected Data, which we were engaged to provide limited assurance on, as specified in the "Roles and responsibilities" section above are materially misstated.

Deloitte + Touche LLC

19 April 2023

