

**Annual
Sustainability
Report 2019**

Bakcell Group



Annual Sustainability Report
2019

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Chairman's Statement

GRI 102-14



2019 was a pivotal and productive year for Bakcell Group as we accelerated our transformation journey. It gives me pleasure to introduce Bakcell Group's Annual Sustainability Report 2019, following a year during which the Group delivered excellent results. As pioneers in delivering transparent communication with our stakeholders, we recognize the importance of such open dialogue to continue our legacy of leadership and commitment. The role that Bakcell Group and the broader telecommunications sector play in making a positive contribution to society and in delivering effectively on the country's transformation objectives is particularly important.

We are a company with a big vision. This means we step up to our responsibilities as a corporate citizen, and work hand in hand with customers, employees, local communities, and industry partners to create a healthy and harmonious ecosystem. Trust that our stakeholders place in us is the basis of how we run our business, hence we are committed to integrity and strong business ethics. Therefore, in early 2020 we started drafting a range of policies from Health, Safety and Environment to Diversity and Inclusiveness, for the improvement of our sustainability management, harmonization of our governance with the highest ethical standards, and validation of our stakeholders' trust.

This passing year has been full of remarkable achievements and transformational decisions. We reached a 8% increase in our revenue and concluded the year with a 30% increase in our profit figure. In the reporting period we implemented the largest rollout of LTE in the country. In only 4 months, we

installed more than 1,000 new LTE base stations, equipped with 4.5G¹ technology, delivering state-of-the-art connectivity and quality of service to our customers. In December 2019, Azerbaijan Digital Hub program of AzerTelecom won a prize in the nomination of Best Infrastructure Project of the Year at the 4th International Forum, Innovation Time – 2019, held in Baku. On top of that, our consistent efforts to demonstrate our commitment to society earned us the National CSR Award for the second year in a row.

During the reporting period we also started a partnership with the INNOLAND Incubation and Acceleration Center to boost entrepreneurship and innovation in Azerbaijan. In less than a year's time, this collaboration resulted in the successful implementation of several projects, and the introduction of young developers to potential investors.

We are a company that proudly acknowledges its status as a responsible corporate citizen. This is why we put substantial effort into our impact on the communities and regard such global issues as climate change and female empowerment as key areas of focus. We are taking considerable measures to decrease our negative environmental impact and increase our positive societal contributions. With this in mind, we have started a pilot project to curb our energy consumption at base stations, while at the same time we continue our programs to boost employment opportunities for women in the communities where we operate.

In 2019, we also revisited our strategy and renewed our priorities keeping our customers as our north star – we have fully committed to dedicating all our resources and passion into delivering value to our customers. We have built our new strategy to reflect this priority, and most of our business processes and targets have been adjusted accordingly.

Since joining the Group in March 2019, I have been incredibly impressed with the dedication and hard work demonstrated by our teams across the Group. Leadership is a paramount responsibility that requires devotion, and I believe that the results we have achieved reflect the quality of the leadership team and outstanding people across our Group. They have displayed a commitment to fostering teamwork across functions, holding each other accountable for good and bad behavior, encouraging others to always do the right thing, and showing enthusiasm and a sense of urgency in the execution of their duties. I wish to thank each and every one of our employees for this commitment and resilience that is essential for ensuring Bakcell Group's continued success. This has been a particularly positive year for all of us at the Group and provides a strong foundation for our ambitious plans for sustained growth. Although this report covers our performance and activities in 2019, as we prepare to publish it in the second quarter of 2020 the world is struggling with a full-blown COVID-19 pandemic. At Bakcell Group, we are monitoring the spread of the disease closely and continue to prioritize the health and safety of our employees, our customers and the wider community. Supporting our customers through these challenging times is particularly important for us, and our teams across the Group are hard at work to avoid any disruptions while at the same time acting responsibly to do what we can to prevent further spread.

Driving an ambitious change agenda across an organization is never easy, particularly when it involves both organizational and behavioral change. I am confident, however, that the Group's recent experience in taking the necessary tough decision to restructure the business and in successfully implementing its turnaround strategy is evidence that it has the capacity to deliver on its strategic agenda. As digital and smart technologies continue to transform the world, we will work with our partners to build a sustainable economy, environment, and society. We will bring digital to every person, home and organization for a fully connected, smart world, and we will cherish the trust placed in us by our customers, by our people and by our communities.

Rainer Rathgeber

Chief Executive Officer of Bakcell Group

¹4.5G, also known as LTE Advanced Pro, is the next-generation cellular standard following LTE Advanced (LTE-A).

Highlights of the Year

We at Bakcell Group have been the forerunners of digital innovation, leading the industry towards a complete transformation. We take pride in our efforts to improve working conditions for all people, while our work with the youth and the communities we operate in has long been a matter of gratification for us.

In the reporting year, we remained true to our legacy of leadership and drive, and our exertion has been

recognized throughout the nation and beyond, not only through awards and nominations, but also through a tangible change we can observe around us.

To better express the impact of our operations, we organized our highlights of the year by their impact area in line with the Sustainable Development Goals (SDGs)².

 <p>1 NO POVERTY</p>	<ul style="list-style-type: none"> • 254 people hired • 45 students supported • 7 career fairs attended 	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none"> • Azerbaijan Digital Hub program • Competition for local developers with INNOLAND
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> • 10 small and medium enterprises supported at Bakutel 	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<ul style="list-style-type: none"> • New Year celebration for children suffering from leukemia • CSR award from the Ministry of Economy • National CSR Award for the 2nd year running
 <p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> • Education Bus – Nasimi • Young inventors supported for a trip to the USA • Futsal tournament for youth with hearing impairment • International chess tournament supported for schoolchildren • Internet safety training held for school-children 	 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<ul style="list-style-type: none"> • Cooperation with the Ministry of Education and AzEduNet • Memorandum of cooperation with Premium Bank • Public-private-partnership consortium involving CAERC and AzerTelecom • Official partners of Microsoft • Official partnership with global cybersecurity companies
 <p>5 GENDER EQUALITY</p>	<ul style="list-style-type: none"> • 39% of employees are female • Information technology training held for women to enhance employment opportunities 		
 <p>10 REDUCED INEQUALITIES</p>			
 <p>6 CLEAN WATER AND SANITATION</p>	<ul style="list-style-type: none"> • Protect the Caspian Sea! campaign supported 		
 <p>14 LIFE BELOW WATER</p>			

Reporting to our Stakeholders

GRI 102-45; 102-46; 102-50; 102-51; 102-52; 102-54

This report is the second sustainability report of Bakcell Group (please refer to section “Group Overview”) and describes the economic, environmental, and social performance of Bakcell and its subsidiaries. Unless otherwise stated, the time span of this report is from January 1, 2019 to December 31, 2019. The scope of the report focuses on Bakcell and presents some limited information on the subsidiaries of Bakcell. All data contained herein is derived from Bakcell Group’s official documents and internal reports.

The report is prepared with reference to the Global Reporting Initiative (GRI) Standards ‘Core’ Option. For

clarity purposes, each section has been mapped to the relevant disclosure. Moreover, some components of the report have been aligned with the International Integrated Reporting Council (IIRC) Framework. We have described the disclosure status for each material topic in the GRI Index, which can be found at the end of this report.

Bakcell Group engaged an external assurance provider to verify the accuracy, reliability, fairness and transparency of selected key sustainability indicators in this report and to issue an independent assurance statement. The assurance statement can be found on page 78.



²The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

Material aspects of our business

GRI 102-21; 102-29; 102-44; 102-47

In 2019, we continued to focus our activities on the most material topics in relation to our business and the impact on sustainable development. We identify our material topics based on a combination of factors that include our strategy and vision, risks and opportunities, feedback from stakeholders, legal requirements, both macro and micro trends, international sustainability frameworks, our value creation and the Sustainable Development Goals of 2030 Agenda, which covers all member states of the UN. We review our activities from the perspective of shared value that we can create to maximize positive impacts and minimize negative ones.

During the year we carefully analyzed and prioritized the issues that are most relevant to our stakeholders and our business. We also systematically reviewed the social, environmental and economic impact along our value chain for materiality. As a result, we identified thirteen material topics, which we subsequently classified in accordance with our three strategic priorities. The following graph demonstrates a summary of our analysis.

Figure 1. Mapping of our material topics with our strategic priorities

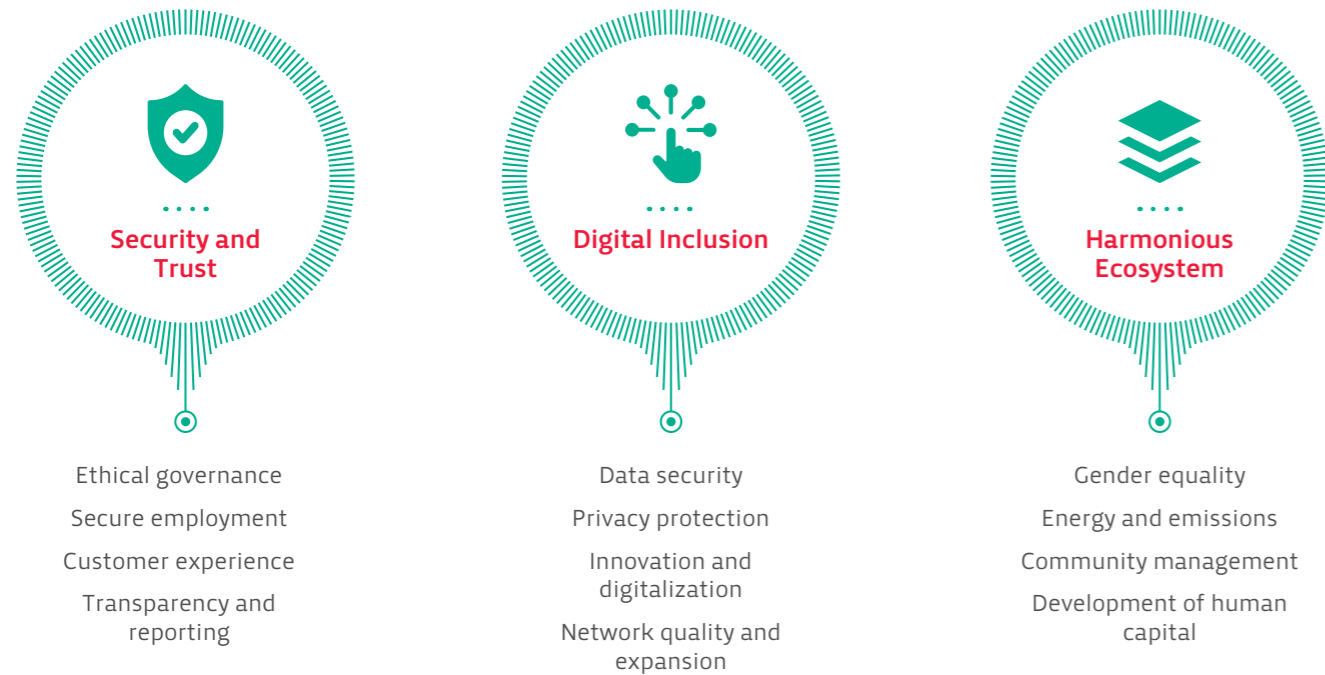


Table 1. Material topics, topic boundaries and our commitments

Strategic priority	Material topic	Boundaries	Governing policies	Target
Security and trust	Ethical governance	Internal	Code of Ethics	We commit to upholding the values of transparency and integrity and will assess 100% of our operations for corruption risk by the end of 2020.
	Transparency and reporting	Broader value chain	Code of Conduct	We commit to publishing annual sustainability reports disclosing all material indicators to our stakeholders.
	Customer experience	Broader community	Group Strategy and related Policy and Procedures	We commit to transforming our mindset from growth to value retention and improving our NPS score by the end of 2020.
	Inclusive employment	Internal	Performance Management and Development Policy	We commit to implementing a fully functioning OHS management system in accordance with ISO 45001 by the end of 2020.
Digital inclusion	Data security	Broader value chain	Human Rights Policy	We commit to maintaining 100% compliance with all applicable security laws and regulations in 2020.
	Privacy protection	Broader community	Human Rights Policy	We commit to protecting the private data of all our customers and employees and will never distribute this data to any third parties without prior consent.
	Network quality and expansion	Broader community	Group Strategy and related Policy and Procedures	We commit to increasing our 4G population coverage.
	Innovation and digitalization	Broader community	Group Strategy and related Policy and Procedures	We commit to accelerating digitalization in the areas where we operate through increasing the number of e-care users.
Harmonious ecosystem	Community engagement	Broader community	Community Engagement Policy	We commit to engaging community members through investing in our corporate social responsibility projects and increasing our CSR budget.
	Gender equality	Broader community	Diversity and Inclusion Policy	We commit to empowering women both inside and outside of our Group and equipping them with necessary skills and prerequisites to achieve professional success.
	Development of human capital	Broader community	Learning and development policy	We commit to creating appropriate learning opportunities and providing continuous professional development (CDP) for our employees.

Table 1. Material topics, topic boundaries and our commitments

Strategic priority	Material topic	Boundaries	Governing policies	Target
Harmonious ecosystem	Energy and emissions	Broader value chain	HSE policy	We commit to testing and implementing our Pilot Project on Energy Efficiency of our Base Stations by the end of 2020.
	Environmental management	Broader value chain	HSE policy	We commit to implementing a fully functional Environmental Management system in accordance with ISO 14001 by the end of 2020.

Sustainable Development Goals




Your feedback


GRI 102-53

We welcome your views and questions on our activities, our performance and the spectrum of disclosed data and information. If you would like to share your opinions or give us suggestions on what you would like to see in our upcoming reports, please contact us at Suheylaj@bakcell.com.

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FASTEST
2019

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Customer trust

Our customer service can be defined among others by our virtue and trustworthiness.

We strive to uphold these principles and continually encourage the customer service culture among our employees. This is why, in 2019 we made the decision to revisit the Group strategy, as a result of which customer satisfaction was selected to be the core principle of our business. We are proud to say that starting from this year, we have changed our mindset from a growth orientation, to a mindset that cherishes and prioritizes our existing customer base.





ABOUT BAKCELL GROUP

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1. About Bakcell Group

Our Strategic Mission

Mission, vision and purpose

GRI 102-14; 102-16

Our core business is connectivity and related activities, and we aim to deliver our technology in a responsible way, where purpose and sustainability are an integral part of how we operate and what we provide. We take responsibility for the impact we

have, both positive and negative, in order to make a difference in the community we're operating in.

Working towards these aspirations ensures that we are on the right track.



We aspire to be leaders in **customer satisfaction** for all segments – the only true measure of success for us is customer satisfaction.



We aspire to be the **preferred employer** in our industry – by being the preferred employer we attract and retain the best people.



We aspire to generate **industry-leading profitability** – through strong performance we are able to invest in products, services and people.

Our vision and mission ultimately entail bringing digital to every individual, every home and every organization for a fully connected world. Our end goal is to contribute to making the world more

human by connecting people's lives and by turning the possibility of having everyone's voice heard into reality.

Figure 2. Mission and vision of Bakcell Group



In 2019, we revisited our strategy and transformed it in a way to reflect our sustainability priorities. According to our economic, environmental and social responsibility approach, Bakcell Group, as a leading provider of telecommunications services in

Azerbaijan, has identified the following three areas of focus around sustainability. All three areas reflect the philosophy of focusing on our customers, that we have adopted as a foundation of our entire business, and it will be our driving force for the years to come.

Figure 3. Strategic priorities of Bakcell Group



Security and trust

Taking responsibility for greater trust:
Cybersecurity and privacy protection are our top priorities, and we keep investing and remain open and transparent regarding this matter. We continually improve our capabilities and practices, build resiliency, develop trustworthy and high-quality products, and support stable network operations and business continuity.

Digital inclusion

Making technology accessible to all:
Technology should not be for the few, but for everyone. We want to make more effort in terms of connectivity, applications, and skills to promote digital inclusion for all. Our goal is to bring digital technologies to every person, every home, and every organization.

Harmonious ecosystem

Collaborating for the common good:
We focus on a critically important transition that has considerable implications for society, the economy and the environment. Driven particularly by digitization, connectivity, and new modes of collaboration, our ultimate objective is to reshape the core structures of the industrial economy to enable new approaches to addressing serious societal and environmental challenges.

Our mission and vision, our purpose and strategy, as well as our business model and business conduct as a responsible corporate citizen, are founded upon our

four values which dictate every step that we take and every decision that we make.

Figure 4. Corporate values of Bakcell Group



As we expand into new markets, recruit new talents and face new challenges, these values guide our people

in the decisions and actions they take every day.

Ongoing dialogue with our stakeholders

GRI 102-40; 102-42; 102-43; 102-44

The achievement of our business strategy relies on a stakeholder engagement mechanism that supports Bakcell Group's strategic objectives, enhances its reputational value, and contributes to long-term sustainability and growth. Our stakeholder engagement approach, therefore, takes into account various business risks faced by the Group, and responds to interests, concerns and expectations of our key stakeholders. With this in mind, we started drafting our first Stakeholder Engagement Policy in early 2020 with planned completion by the end of Q2. The policy will define our philosophy of prioritizing our stakeholders, engage them in a systematic and mutually beneficial way, and overcome the existing gaps in accounting for the key concerns and suggestions received from our stakeholders. We adjust our strategy regularly to account for new stakeholders as well as shifting interests and concerns and to set new performance indicators. Our goal is to formulate a unified approach to engaging key stakeholders, endorse a shared vision and value

proposition amid dynamically changing stakeholder positions, and maintain the Group's reputation as the partner of choice in creating long-term sustainable value.

We have used the following criteria to identify our priority stakeholders:

- The extent to which we depend on the stakeholder's support in achieving our strategic goals.
- The extent to which the stakeholder can influence organizational performance.
- The significance of the issues linking the stakeholder to Bakcell Group.

Below we broadly outline how we engage with our most important stakeholders. Some of our stakeholders are direct participants in our value chain and are integral to our ability to deliver sustainable growth. Others influence how we do business by setting the laws and regulations within the areas of our operation.



Engaging with governments and regulatory agencies

We co-operate and engage with government, regulators and legislators in the drafting of proposed legislation and regulations which may affect our business interests. We do not support or fund political parties, candidates or any groups that promote party interests.

Communication through: Reports, meetings, seminars

Communication frequency: On an as-needed basis



Engaging with customers

Our ambition is to be a top service provider to all of our customers across the markets that we operate in with clear action plans to make this happen. We work with our customers to set out clear actions supporting key initiatives aimed at improving our services and products. We monitor quantitative customer satisfaction on a daily basis and strive to achieve the highest possible satisfaction rate. We optimize customer experience regularly, keeping in mind convenience and accessibility, as well as efficiency and affordability.

Communication through: Customer portals, customer care centers, customer surveys, dealer shops

Communication frequency: Daily, weekly, monthly, quarterly



Engaging with suppliers

Every day, we work with hundreds of suppliers who help us achieve success and contribute to the continuity of our business. They help us develop new products and services, drive market transformation and create value, capacity and quality. We continually make sure we select the most reliable suppliers, and where possible, engage in the capacity-building of local communities through our supply chain.

Communication through: Supplier assessment, meetings, verbal and written correspondence

Communication frequency: On an as-needed basis



Engaging with employees

Our ultimate ambition is to create a high-performance culture driven by passionate and motivated employees. For this reason, both physical and mental wellbeing of our employees is always at the heart of everything we do. Starting from 2019, we have placed a significant emphasis on the learning and development of our people, adopting Invest in People as a core part of our new strategy.

Communication through: Grievance mechanism, intranet portal, meetings, employee surveys

Communication frequency: On an as-needed basis, quarterly, annual



Engaging with NGOs

We recognize that our actions alone cannot achieve the systemic change necessary to overcome the world's major challenges, such as climate change and poverty. Our various partnerships help us in championing a more inclusive business model and the pursuit of long-term value creation for the benefit of multiple stakeholders.

Communication through: CSR programs, meetings, conferences, seminars, webinars

Communication frequency: Project-based



Engaging with communities

Our business contributes to the economic livelihoods of many people across our value chain. We create direct and indirect employment opportunities, we pay taxes to the government for reinvestment in infrastructure and communities, and we make direct contributions through our corporate community activities.

Communication through: CSR programs, conferences, seminars, webinars

Communication frequency: On an as-needed basis

Partnerships for sustainability

GRI 102-12; 102-13

Bakcell Group is dedicated to building the capabilities of and partnering with, different organizations and cross-industry sectors. Our partnerships offer diverse points of view that challenge our ambitions and

elevate our thinking. The following table summarizes our most important strategic partnerships and demonstrates what has been achieved as a result of these partnerships.

Table 2. Strategic partnerships of Bakcell Group

Partner	Who they are	What we have achieved through this partnership
INNOLAND Incubation and Acceleration Center	INNOLAND Incubation and Acceleration Center of the State Agency for Public Service and Social Innovations under the President of Azerbaijan	Within the frames of this agreement, Bakcell and INNOLAND jointly implemented the incubation program for local startups. This cooperation contributed largely to development of the country's entire startup ecosystem and establishing a startup culture in Azerbaijan.
Ministry of Education AzEduNet	A governmental body in charge of the education system	The main purpose of partnership is the provision of up to 700 general educational institutions located in remote villages with access to internet and network services.
Premium Bank	One of the most highly-regarded private banks in Azerbaijan	Organization of joint activities aiming to extend the existing partnership between the parties, as well as running joint projects in various areas.
Microsoft	Leading global technology company	The partnership enables AzerTelecom to provide groundbreaking ICT solutions, such as Azure, Microsoft 365 and Microsoft Teams.
Alibaba Group	Global technology company, specializing in e-commerce and retail	Future cooperation in cloud services within the Azerbaijan Digital Hub project.
ENGINET	Internet services provider	Implementation of the Safe Internet project, as well as development of the Internet Filtering Service to provide safe browsing for children and young adults.
TrendMicro	Cybersecurity and defense company	AzerTelecom has established cooperation within the Azerbaijan Digital Hub project for cybersecurity purposes.
Symantec	Cybersecurity software and service company	AzerTelecom has established cooperation within the Azerbaijan Digital Hub project for cybersecurity purposes.
ESET	Internet security company that offers anti-virus and firewall products	AzerTelecom has established cooperation within the Azerbaijan Digital Hub project for cybersecurity purposes.
Quest	IT administration services provider	AzerTelecom has established cooperation within the Azerbaijan Digital Hub project for cybersecurity purposes.
One Identity	A Quest Software business that helps organizations establish an identity-centric security strategy	AzerTelecom has established cooperation within the Azerbaijan Digital Hub project for cybersecurity purposes.

We also use our scale and influence to bring transformational change in the areas where we can make the biggest difference, and which are aligned

with our business activities. Therefore, we see associations and memberships as a valuable resource for increasing knowledge of industry practices and

trends, as well as engaging on policy topics. We have been a member of GSMA (the GSM Association) since 1997, actively participating in regional collaborations and various forums. We are also members of the

American Chamber of Commerce in Azerbaijan, German-Azerbaijani Chamber of Commerce and Azerbaijan-France Chamber of Commerce.

Group overview

GRI 102-1; 102-2; 102-3; 102-4; 102-5; 102-6

Bakcell Group comprises six entities all operating in the information technologies and telecommunications industry and providing a wide range of telecommunications services both to B2C and B2B clients. These entities are Bakcell – the parent of the Group, and its subsidiaries, i.e. **AzerTelecom, AzerConnect, CNC.AZ, DataPlus and Global Networks.**

For the purposes of this report, Bakcell Group entails Bakcell, AzerTelecom and AzerConnect. The remaining entities are outside the scope of this report due to their smaller scale of operations.



Bakcell



Bakcell, the parent company of Bakcell Group, was incorporated as a Limited Liability Company in 1996 by the Ministry of Justice of Azerbaijan.

Bakcell was the first company to provide mobile communications services in Azerbaijan. Being the leader in innovation and one of the largest investors in the non-oil sector of the economy of Azerbaijan, Bakcell provides a wide range of high-quality modern telecommunications services to more than three million customers.



AzerConnect

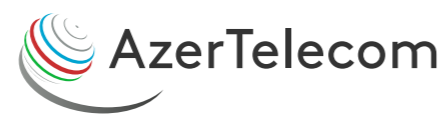


AzerConnect provides a wide range of services in the area of telecommunications, ICT and high-tech solutions in full compliance with international standards. One of the main priorities of the company, which employs almost 1,400 professionals, is to bring the most successful global experiences and optimal solutions in the area of ICT to Azerbaijan.

The provision of stable and beneficial employment opportunities, as well as a high-class service and customer experience, are among the main advantages of the company. AzerConnect currently delivers various services to companies operating in the technologies and telecommunications sectors.



AzerTelecom



AzerTelecom is the internet backbone provider connecting Azerbaijan to the Global Internet Network.

The company was established in 2008 and provides the country with high-quality internet and other telecommunications services.

AzerTelecom owns a sustainable and diversified local and international network, and the company's local fiber-optic cable network covers all major regions and cities of Azerbaijan, including the Nakhchivan Autonomous Republic. The international network of AzerTelecom is connected to international destinations across various directions and has the capacity to be connected to all major international telecommunications hubs.



Azerbaijan Digital Hub



The Azerbaijan Digital Hub program, implemented by AzerTelecom, is a transformational project with the aim to turn Azerbaijan into a regional center in the Caucasus, the Middle East, Central Asia, and South Asia.

The main objective of the Azerbaijan Digital Hub program is to raise the telecommunication ecosystem of Azerbaijan to the most advanced world standards, to minimize the dependence of the country on foreign countries in the purchase of internet, in the future, to become a central country in the sale of internet in the region, and to transform Azerbaijan from a digital services importing country into a country that produces and exports these services to the neighboring regions under the brand "Made in Azerbaijan".

The program comprises 3 phases:

- Building sustainable infrastructure inside and outside Azerbaijan;
- Adding the city of Baku to the global internet map as a new Internet Exchange Point and attracting large content providers (Google, Facebook, Netflix, Apple, Alibaba, Amazon, Tencent, etc.) to Azerbaijan to place their database in the country;
- Creating a digital ecosystem in Azerbaijan.

The program will also create conditions for the better provision of 1.8 billion people (1/4 of the world's population) with various digital services. The implementation of the Azerbaijan Digital Hub program will ultimately contribute to the creation of a digital ecosystem in the country, flexible transformation into a digital economy and the development of IT architecture in the Caspian Sea littoral countries.

Our future outlook

<IR> 4G

Bakcell Group is cognizant of the imperative to address the challenges facing our country, and in particular of the fact that we need to use our assets to deliver meaningful social and economic transformation. It is critical that businesses, government, and civil society acknowledge the strengths that each party brings, and that we move beyond the traditional short-term mindset, agreeing on the goals to be achieved and working collaboratively in finding appropriate solutions.

Greater connectivity will soon usher in the Fourth Industrial Revolution, which promises stellar gains in productivity and economic growth. But not only that – the technology that will revolutionize factories and workplaces will be of equal use in healthcare, efficient agriculture, and smart power production. In other words, across the entire infrastructure of a healthy and sustainable society.

We are determined that these gains should not be limited to certain privileged groups or communities. They should be universal benefits. Our sustainability vision remains to enhance communication to connect the world in a responsible way. Together.

Responsible Business Conduct

Growth model and value chain

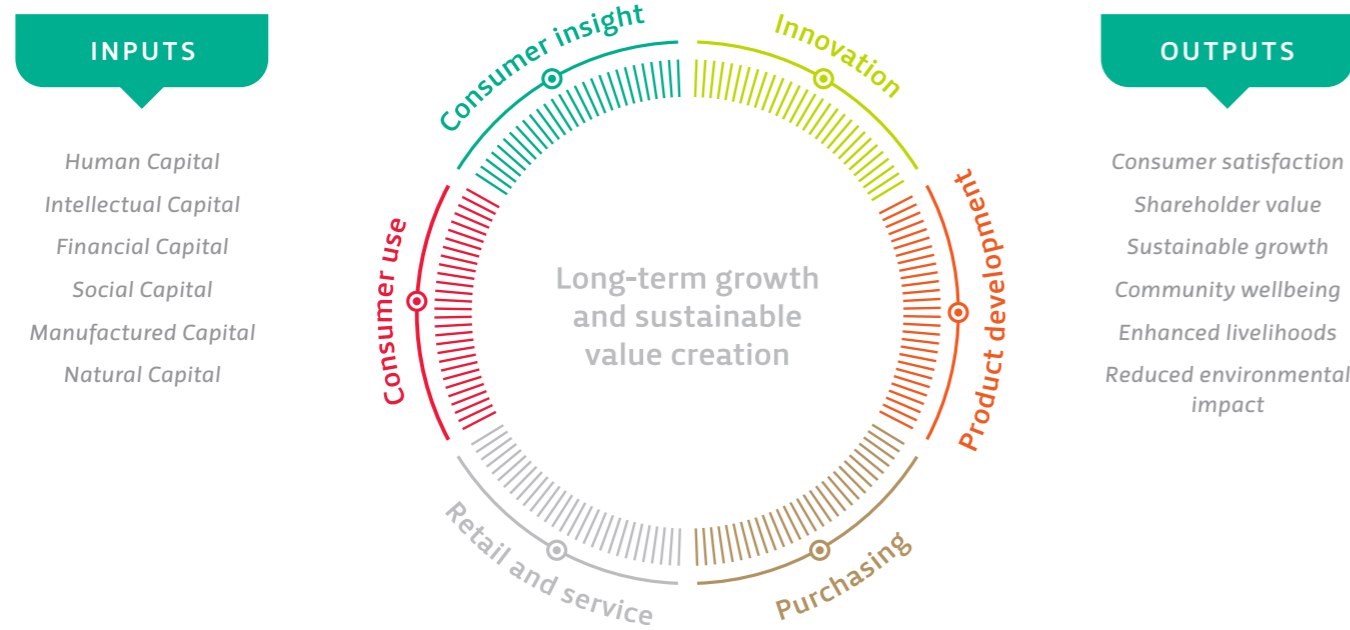
<IR> 2B; <IR> 2C

We understand that our success depends on the degree to which we deliver value to society. It is therefore important to understand our role in society and how society can be different, because Bakcell Group is a part of it. As a telecommunications company, we know that we play a crucial role in facilitating economic activity and ensuring sustainable growth and development by enabling connectivity and enhancing communication. A deep understanding of our purpose helps us guide strategy and decision-making in this regard and should result in an optimal balance between long-term value and short-term results.

In our value chain model below, we demonstrate how we utilize our inputs to create shared value for our business, our stakeholders and the communities in

general. The graph shows how we interpret each of our capital inputs, and how we strive to universally adopt a 'beyond financial capital' approach. We no longer view nonfinancial data as simply 'nice to have' or added on as an afterthought – we now acknowledge that nonfinancial data is an essential management tool, one that provides a fuller and more detailed picture of our role in the world. It is often talked about in the context of demonstrating and managing risks, but at Bakcell Group we believe that when collected and used properly, nonfinancial data will also highlight commercial opportunities that may otherwise be obscured. Our success story of tomorrow recognizes that nonfinancial disclosures are integral to our business today and have an indirect financial impact over time.

Figure 5. Value proposition model of Bakcell Group



BEYOND FINANCIAL CAPITAL



Natural capital

This includes resources such as water, fossil fuels and energy, which cannot be replaced and are essential to the functioning of our business and economy as a whole.



Human capital

The skills and know-how of our people, in addition to their commitment and motivation - which affect their ability to fulfill their roles.



Social and relationship capital

This encompasses the relationships - and attendant resources - between Bakcell Group and its stakeholders, including communities, governments, suppliers and customers.



Financial capital

The traditional yardstick of performance, our financial capital includes funds obtained through financing or generated by means of productivity.



Intellectual capital

This accounts for the intangibles associated with brand and reputation, in addition to patents, copyrights, organizational systems and related procedures.



Manufactured capital

This encompasses physical infrastructure or technology pertaining to this, such as equipment and tools.

At Bakcell Group we strive to generate long-term competitiveness by maximizing value creation in every part of our value chain through increased

efficiency, quality and performance and by acting responsibly towards business partners, employees and the world around us.

Market trust

GRI 203-1; 203-2; 417-2; 417-3

Consumers' enthusiasm for new digital products and services is central to the digital economy and has helped drive many of the innovations that are now an indispensable part of our lives. Yet consumers' demand for reliable, fast and convenient service is not always matched with trust that the provider has their best interests at heart. Headlines about data misuse, tech overuse and frustrations with getting problems redressed have fed consumers' mistrust of the market and the sense that something is not right. Yet without positive alternatives, there is little that consumers can do but continue using the products and services on offer.

enjoy the benefits of new technology without having to compromise on issues such as data protection, security, quality service and information about their consumer rights. To give our customers the power to connect with each other – to learn, work and broaden their horizons, wherever and however they choose – this is the mission of our Group. In keeping with this mission, Bakcell Group has always sought to build relationships based on trust. This pillar of corporate strategy underpins two critical assets – **technological infrastructure and brand image**.

Our ambition as Bakcell Group is to provide services to our customers in a way that will enable them to

With regard to **technological infrastructure**, Bakcell Group consistently strives to be the first-mover in launching and propagating new technologies, and in doing so invests considerable sums in its network.

At present the Group is focusing on disseminating 4G technology, which can support data services more effectively and has the biggest potential for future growth in Azerbaijan. In 2019, in only 4 months, Bakcell installed more than 1,000 new LTE base stations equipped with 4.5G technology. This was a one-of-a-kind project which was implemented for the first time in Azerbaijan and the entire region as a whole.

Today, with more than 2,700 4G base stations, Bakcell has the largest 4G network in Azerbaijan in terms of coverage area and capacity, covering almost 91% of the country's population and the central parts of all the regions in the country (excluding Nakhchivan AR and the occupied territories).

Brand image is another asset of the Group and a major purchase driver for consumers and corporate customers. This explains why Bakcell Group constantly invests in building brand awareness and in reinforcing brand image. Our brand image evokes powerful associations with innovativeness, dynamism and energy. We take great pride in the fact that we were not involved in any incidents of non-compliance concerning product or service

information or labeling, or concerning marketing communications, during the reporting period.

Counting more than 3 million customers, AZN 363 million in turnover and 1,368 employees as of 2019, Bakcell Group remains one of the major players in the telecommunications industry of Azerbaijan and strives to leverage its assets to create a positive impact in our society and beyond.

Supply chain

GRI 102-9; 204-1; 308-2; 414-2

A significant portion of our growth comes from innovation, delivering leading-edge products to the marketplace. A large majority of our innovations involve our strategic suppliers. That's why we invest in long-term, mutually beneficial relationships with our key suppliers, so we can combine capabilities and co-innovate for shared growth. Our suppliers and business partners come from all around the world, thus sustainable solutions and close collaboration with suppliers are key for the success of the Group's customers. Consequently, proactive efforts are made to establish a robust and flexible supply chain for Bakcell Group.

In 2019, we revisited our strategy, which meant our procurement function was also redefined and certain aspects were reprioritized. Bakcell Group launched a new Group-wide business partner due diligence procedure and screening tool to support our anti-bribery and corruption principles. This comprehensive assessment tool establishes requirements for the selection, engagement, retention and continuous monitoring of business partners. Although no formal assessment mechanism is in place yet to determine the negative social and environmental impact of our suppliers, we are going to expand our due diligence processes to increase the social and environmental impact assessment within our supply chain in the upcoming reporting periods.

Similarly, a number of important controls are set within the procurement, internal procedures and finance functions. To maintain a transparent approach when selecting vendors, we engage potential suppliers through tender or competitive sourcing. More fundamentally, we rely on adherence to the procurement process. We are committed to transparent, accountable procurement processes

that ensure all suppliers are given fair and equitable treatment.

Simultaneously, we aim to improve relationships with sustainable and ethical suppliers in order to create maximum benefit for the communities we operate in. Therefore, in early 2020 we established a Supplier Code of Conduct which we expect to be finalized by the end of Q2 2020 and which will be communicated to our existing vendor base.

To manage the high volatility in the market, capacity management is a focus area, as well as social management in close cooperation with suppliers and business partners. We see the supply chain as a broad part of our value chain, through which we can increase the boundaries and magnify the impact of our contributions. We are therefore committed to giving preference to local suppliers, building capacity in the local market and stimulating the local entrepreneurial ecosystem wherever possible. The following graph shows how we consistently spend the biggest portion of our procurement budget on local suppliers.

Figure 6. Bakcell Group's total number of suppliers and number of local suppliers

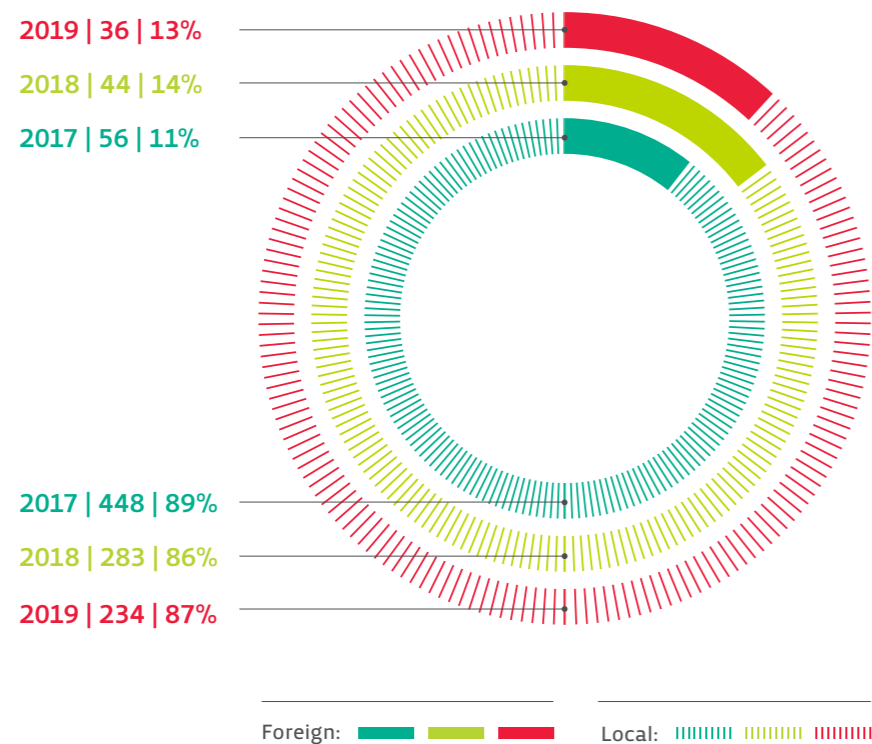
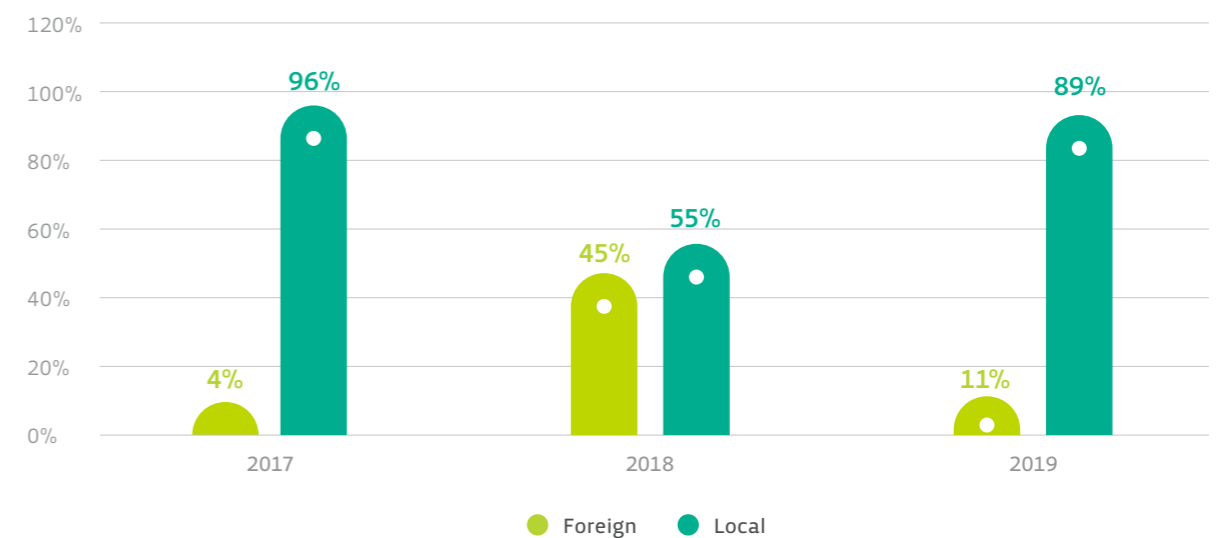


Figure 7. Bakcell Group's procurement budget: local versus foreign suppliers



Ultimately, we hope to do more than just improve our supply chain. Our ambition is to challenge and inspire our industry to do the same. Success will rely

on collaboration, and we're always looking for new and innovative ways of engaging as many parties as possible to join us in our quest for sustainability.

Digital trust

Innovation lies at the core of our operations.

We must always endeavor to uphold our position as the forerunners of digital innovation, which is why we have taken on a project of significant influence for the economy of Azerbaijan. “Azerbaijan Digital Hub” is aimed at transforming the country into a regional digital center. It is expected to make an important contribution to accelerating digitalization, flexible transformation into a digital economy, and the development of IT architecture in the Caspian Sea littoral countries.





HARNESSING DIGITALIZATION

32	Connectivity and accessibility	36	My Bakcell Business
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2. Harnessing Digitalization

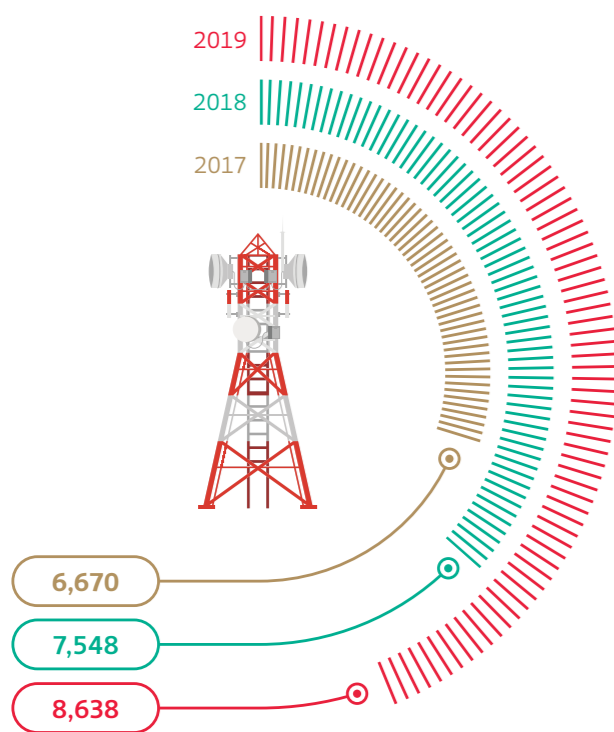
Connectivity and accessibility

<IR> 2D

Connectivity is no longer just a communications matter. It's the essential fabric that enables productivity and drives customer satisfaction. Done right, connectivity will propel businesses to new heights. Digital transformation has therefore captured the imagination of businesses around the world, but without a solid foundation of network

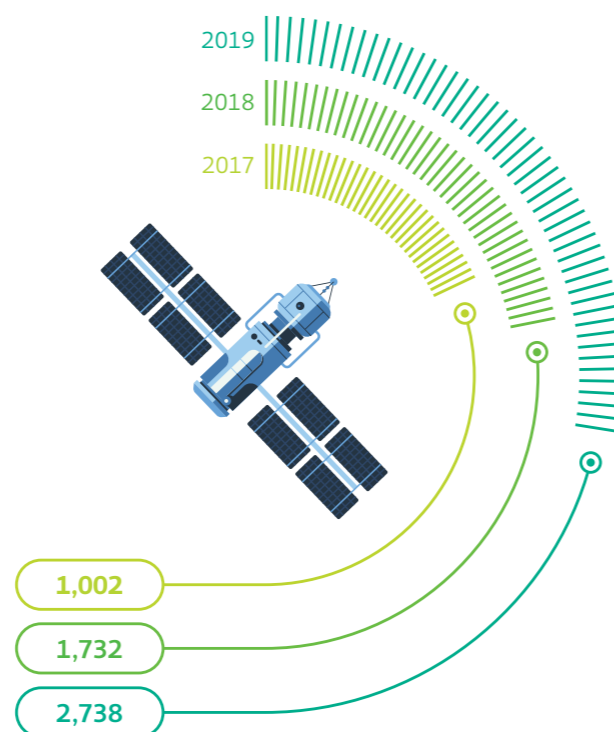
infrastructure designed for the modern age, these digital initiatives are doomed to fail. At Bakcell Group, operational excellence is our working motto – we constantly invest in our network infrastructure to provide continuous services to our customers while maintaining minimal exposure to external threats and risks.

Figure 8. Number of Base Transceiver Stations (BTS) over the last three years



In 2019, Bakcell enabled 225 Mbps support in its high-speed 4G network by upgrading it using LTE-Advanced Carrier aggregation technology. Bakcell is proud to be one of the few networks in the world using carrier aggregation technology and deploying LTE-Advanced technology. Thanks to this technology, Bakcell users are able to watch or upload high-resolution 4K content, have instant

Figure 9. Number of LTE stations over the last three years



access to entertainment including live HD-quality sports and concerts streams, and enjoy increasingly sophisticated next generation mobile applications.

As a result of prioritization of our operational performance, almost all of our functional metrics have recorded an improvement in the reporting period, as shown below.

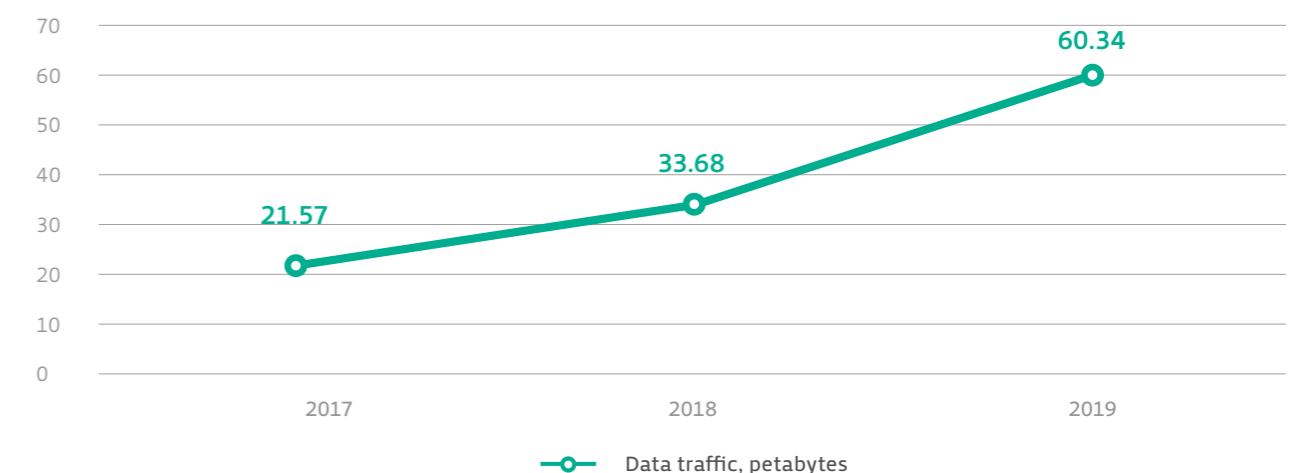
Table 3. Functional metrics of Bakcell

	2017	2018	2019
Average 3G downloading rate, kbps	2,209	2,400	2,459
Average 4G downloading rate, kbps	14,963	14,612	13,822
2G voice accessibility	98.82	98.98	99.82
3G voice accessibility	99.31	99.61	99.74
2G drop call rate	0.40	0.33	0.30
3G drop call rate	0.27	0.19	0.18
Data accessibility	98.19	98.93	99.46

Due to our revised strategic priority of digital inclusion, our data traffic has increased almost

twofold, from 33.68 petabytes in 2018 to 60.34 petabytes in 2019.

Figure 10. Bakcell data traffic over the past three years



The modern world cannot function without digital networks. Our products and services play a central role in the daily lives and livelihoods of more than three million people. Bakcell Group's core business therefore delivers a substantial return to society as a whole. During the year, we invested heavily in maintaining and upgrading the network infrastructure relied upon by families, communities and companies. Those investments provided our customers with the ability to connect, learn and advance their ambitions. We believe there are not many other businesses which can claim a closer alignment between their financial objectives and the

achievement of material societal gains. This is the essence of our business sustainability and the reason why we're proud to be serving our customers the way we do.

Privacy and cyber security

GRI 418-1

Every day, an average of 1 million new users go online for the first time globally³. The data entered by each of the frequent or new users alike can be traced at any time. Additionally, the General Data Protection Regulation (GDPR) which came into force

³Internet World Stats - Usage and Population Statistics, 2020

across the European Union in 2018 marks the biggest overhaul of data privacy laws in over two decades. The regulation impacts consumer-facing industries, forcing businesses to alter their processes, revamp governance mechanisms, and even diversify revenue streams. This creates an environment of constant vulnerability, and for us as an ICT company, our customers' trust is at the very foundation of our operations, making data privacy and cybersecurity our key priority areas. We seek to uphold the standards in this field, therefore we have been implementing quarterly penetration testing to reveal potential shortcomings of our systems since 2018. As a result of the tests, we ensure that all proper procedures are taken to mitigate possible breaches. In the same year, we also started to relocate all of our services to cloud and we expect most of them to run on cloud by the end of 2020.

Our customers play a significant role in shaping our corporate culture. The integrity of our data privacy and cybersecurity systems is at the top of our

concerns. Due to our continuous efforts to maintain uninterrupted operations and the data privacy of our customers, during the reporting year we prevented several cyberattacks from foreign hackers. Additionally, as part of our continuous measures to provide the safest and most secure experience for our customers, we upgraded our cybersecurity software to enhance information security. As the result of our efforts, we did not receive any substantiated complaints concerning breaches of customer privacy or loss of customer data during the reporting period.

As a company, we want to ensure that all of our employees have the capacity and knowledge to deliver their best performance and handle data privacy appropriately. This is why all our employees notwithstanding their unit or position are required to participate in mandatory training sessions in data privacy and information security. At the same time, our Information Security Manual provides guidance to employees on our standard IT security procedures.

Table 4. Number of employees who attended mandatory data privacy and information security training sessions over the last three years

	2017	2018	2019
Number of training sessions	N/A	53	17
Number of attendees	N/A	1,237	351

We are currently in the process of acquiring an ISO 27001 certificate, which is the global standard in information security, and are planning to obtain it by the end of 2020. We believe that our disciplined approach and stringent measures will further strengthen our data security, facilitating an impenetrable level of protection against external cyberattacks.

Customer experience

<IR> 4F

As a socially responsible company, our customer-oriented approach requires that we consider all our customers' needs. We strongly believe that this approach benefits us and the community alike, but it also presents a challenge, along with evolving

technological advancement, the range of services is growing at a faster rate than ever before. This poses a new challenge for the telecom businesses to provide excellent customer experience. At Bakcell, we take this challenge as an opportunity to learn and derive new ways to optimize our customer experience by ensuring a holistic customer relationship management approach.

In the past few years we have been working on the complete restructuring and digitalization of our core business to ensure that our customers can communicate with us online. We take considerable steps to systematically improve customer experience, as it is vital for us that our customers have exclusively positive encounters with our company and choose our services on the market.

Table 5. Customer demographics of Bakcell

	2017	2018	2019
Number of customers, thousand	2,908	2,892	2,910
Number of 2G/3G customers, thousand	1,220	1,239	1,860
Number of 4G customers, thousand	147	384	844
Number of B2B customers, thousand	299	359	393
Number of B2C customers, thousand	2,609	2,534	2,517

One of the most important communication channels for us is social media, and we regularly review our official pages on social media to analyze the received feedback and comments. We are proud to say that we have been named "Socially Devoted" for two consecutive years for our 100% response rate to inquiries and requests received via Facebook by Socialbakers, a leading company engaged in monitoring social network activities of large corporations around the world.

Table 6. Customer relationship metrics at Bakcell

	2019
Inbound calls to our customer service centers	5,671,462
Number of substantiated complaints received	2,057,891
Number of substantiated complaints resolved	126,400
Customer satisfaction rate, %	83%

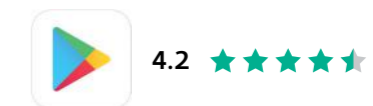
In recent years of our operations, we have been working in several areas to develop channels for providing digital customer service.

My Bakcell

Launched in February 2018, My Bakcell is a self-care web portal and application for Android and IOS platforms. The number of customers who downloaded the application had exceeded 510,000 as of the end of the reporting period. In 2019, the number of successful operations per month reached 116,000. The application attracts new users daily by virtue of its user-friendly interface as well as its extensive selection of promotional activities.

We prioritize the comfort of our customers; therefore, we have designed the application to be free of charge and require no usage data. Additionally, the multifaceted platform provides users with access to all available customer and subscription information,

and simultaneously offers them the options to check and top-up their balance and track their operations and usage history.



"Top free productivity applications"



"Lifestyle applications"

Live Chat function

The Live Chat function was launched in November 2018. Customer requests are handled 24/7 through this channel, while the number of requests amounts to 7,000 a day. The service has achieved an average of 20-second First Respond Time on a monthly basis. We have integrated the loyalty program into the application to allow our customers to access all available information through the platform, and in the future we are planning to build an option to manage more than one mobile number at once, purchase new mobile number, set auto-payment for mobile numbers, and restore expired, damaged or lost mobile numbers through the application as opposed to going to an actual office.

My Bakcell Business

Launched in February 2019, the My Bakcell Business platform is a self-care web portal and application on Android and IOS platforms for our B2B customers.

The platform equips our B2B customers with the ability to manage all operations and accounts, including all mobile numbers, without having to use traditional channels. Over 3,000 B2B clients had benefited from this platform by end 2019.

Ulduzum

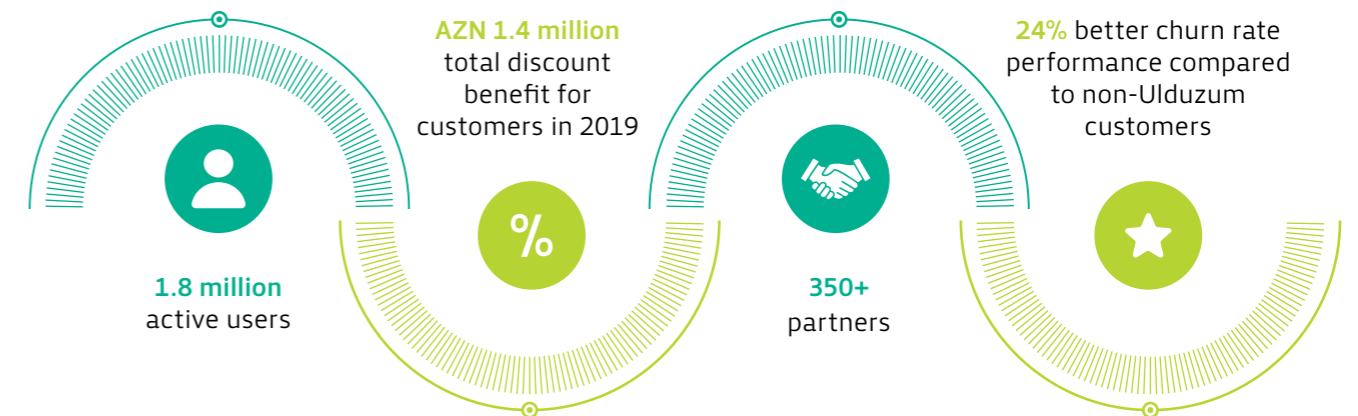
Ulduzum has been one of our most prominent loyalty programs since 2013, offering a range of promotional services such as discounts, cashback and other valuable benefits through our continuously growing network of partners. Customers gain access to discounts in categories ranging from health and beauty to banking and insurance, while their operations through the program can earn them additional value points from other local and international loyalty programs. As a result, Ulduzum is a strong differentiator contributing to Bakcell's NPS.

Figure 11. Discount categories in the Ulduzum program

- Auto
- Cafe and restaurants
- Beauty and health
- Entertainment and tourism
- TV and online services
- Bank and Insurance services
- Education and book stores
- Electronics, home supply and other



Figure 12. Ulduzum's main performance indicators

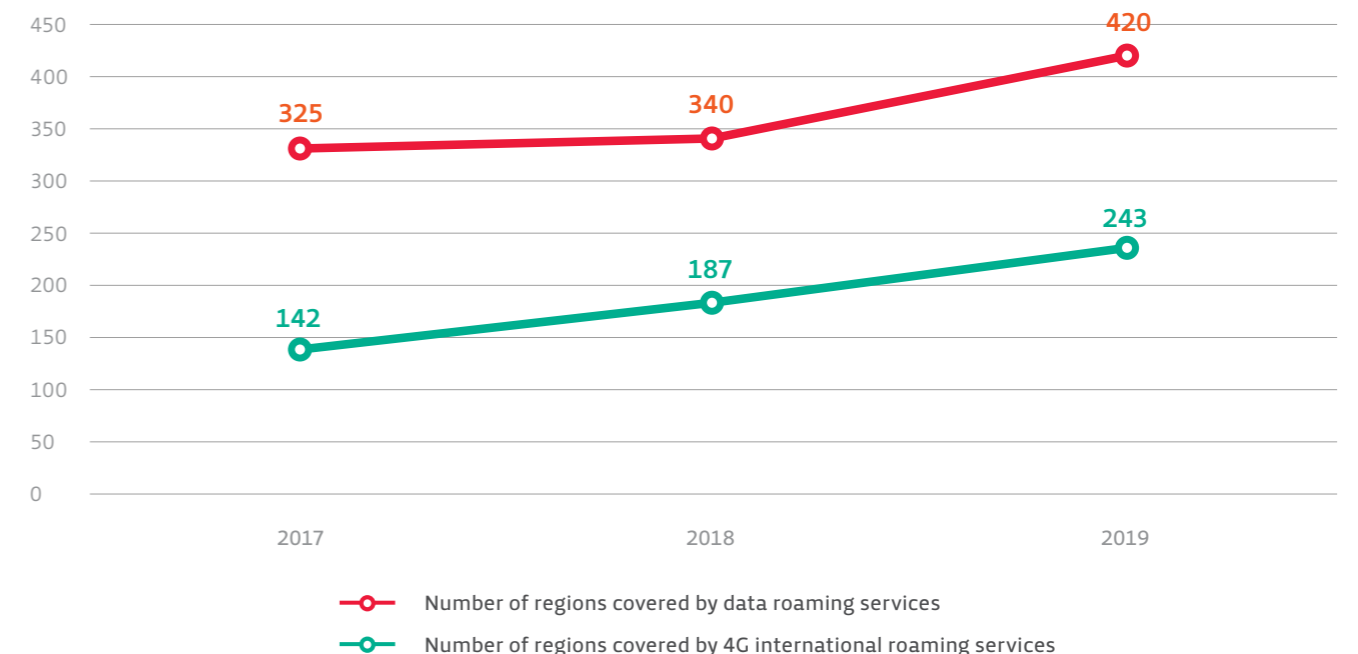


Roaming

We strive to become the leaders in roaming services in Azerbaijan, which is why we continually grow our roaming partners network. Today, customers can enjoy Roaming Internet packages in more than 40 countries, which give them the opportunity to travel without the need to constantly search for

Wi-Fi or buy a local operator's SIM card. On top of that, we offer an in-flight roaming service, which is currently available on 20 flights. This service allows our customers to make and receive calls, send and receive SMS messages, and browse the internet on selected flights.

Figure 13. Number of regions covered by Bakcell's roaming services



Responsible use of technology

GRI 416-1

The increasingly pervasive use of technology in our everyday lives has triggered a debate about the management of its use. While innovation has paved the way for humanity to achieve economic growth, make new discoveries and create an environment of convenience for consumer purchasing, technology still poses increasing risks over its unsafe use. The unsafe use of technology can range from browsing sensitive content to cyberbullying. As of 2019, 36.5% of people admit to having been bullied over the internet, which is over double the number of 2007. Today, over 95% of teenagers are connected to the

internet, and 85% of them are active users of social media. While these statistics can be interpreted as positive, considering that more teens have access to knowledge and information, it also raises their chances of exposure to sensitive content and cyberbullying.

We recognize our accountability within this evolving dialogue for the responsible use of technology, which is why we are committed to contributing to this cause.



Together with ENINET, we organized training sessions at selected schools in Azerbaijan on safe use of the internet. Within the Safe Internet project, children and their parents were informed about unsafe content in the internet and provided with tips on safe browsing.



Together with ENINET, we have developed a Safe Internet package, which is now available in our 4G network. Through our Internet Filtering Service, parents have the opportunity to protect their children from harmful or unwanted content and ensure safe browsing.

We ultimately aim to contribute to the establishment of a common foundation for dialogue that will allow both technical and non-technical stakeholders to engage in the conversation, understand the questions that need to be asked and co-create approaches

that institutionalize ethics and human rights in the development, deployment and end use of new and disruptive technologies.



Employee trust

Our employees are at the forefront of our decisions.

We consider each person's wellbeing in every decision we make and strive to ensure a safe, equitable, and comfortable working environment for everyone. Our rapid and thorough response to the recent outbreak of the Coronavirus (COVID-19) serves as a prime example of our efforts to maintain this integrity. Due to the nationwide school closure, employees with children were allowed to work from home, while all of our facilities, including warehouses and parking lots, were extensively disinfected. It is also noteworthy that with the adoption of our new strategy, Invest in People, we recognize the importance and value of the human capital. One of the main directions of this strategy is prioritization of learning and development, which provides our employees with all the necessary conditions for continuous improvement.





BUSINESS EXCELLENCE

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3. Business Excellence

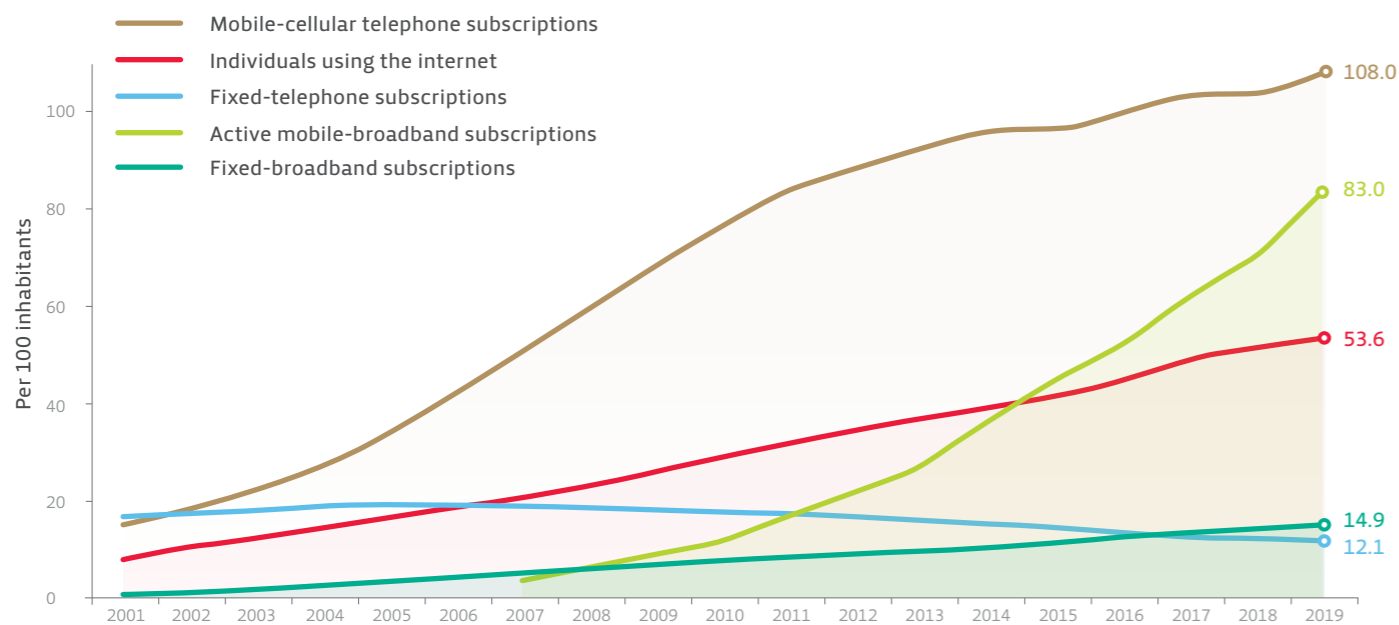
Industry analysis

<IR> 4A

The transformation of our communities and way of life is unrelenting and inevitable. Pervasive technological advancements find their way into every aspect of societies, starting from education and medicine and stretching all the way to customer

services and governance. Technological growth has made it possible for mobile users to amount to 5 billion people globally, while every day over 1 million people go onto the internet for the first time.




Figure 14. Global ICT developments from 2001 to 2019



Source: ITU, 2019

Today, the telecommunications industry is going through transformation. While the industry as a whole has been benefitting from the rapid

technological advancements, telecommunication companies have been presented with the challenge of keeping up with the evolving trends.

-  Telecommunication companies are facing ever-growing consumer demand for faster internet and digitalization of services, while the pattern of consumer behavior remains unpredictable, making businesses adjust to demands as they arise.
-  Demand for new non-core trends in the industry like Over-the-Top (OTT) and value-added services place a financial strain on companies as more infrastructure pressure is placed on them.
-  For the billions of people relying on the internet for their daily activities, security is becoming a major concern. In 2019 alone, losses due to cybercrime amounted to US\$ 2 trillion. Such vulnerabilities put extra pressure on the telecommunications industry, as a holistic security system becomes more crucial than ever.

These trends are totally reshaping the industry and pose a challenge for telecommunications businesses to adapt to the changes. However, as challenging as it may be, adjusting to the shifts in industrial patterns presents business opportunities that can be turned into profitable ventures. Therefore, we at Bakcell Group are taking the chance to revolutionize the telecommunications industry in the country

by adopting groundbreaking innovations in ICT. We believe that new disruptive technologies will enable us to provide better, faster and higher-quality services to consumers, while simultaneously embracing digitalization in our operations. Our market position remains solid and will only grow stronger as we continue to introduce technological advancements.

Corporate structure and governance


GRI 102-18; 102-19; 102-20; 102-21; 102-22; 102-23; 102-24; 102-25; 102-26

The Board of Bakcell Group recognizes its role as the custodian of solid corporate governance, setting the Group's strategic direction, providing continuous oversight of the Group's performance on material matters, and acting as an independent check and balance to the executive team. Critical to delivering on these responsibilities is ensuring that we have a skilled and diverse Board, with an appropriate mix of experience and perspective.


the principles of good corporate governance in all its dealings. Furthermore, the Charter sets out the roles and responsibilities of the Board and individual directors, including the composition and relevant procedures of the Board. The Charter is aligned with the provisions of all relevant statutory and regulatory requirements.

The Charter regulates the parameters within which the Board operates and ensures the application of


Pursuant to the Charter, corporate governance of Bakcell Group is the responsibility of the following bodies:



The General Meeting is Bakcell Group's highest decision-making body. Under the Charter the General Meeting is entitled to hold meetings and pass resolutions on any matters pertaining to the activities of Bakcell Group. The General Meeting possesses a number of exclusive competences in accordance with the Charter and the requirements of the Civil Code. The General Meeting is convened once a year, within six months after the end of the fiscal year.



The Board of Directors is ultimately responsible for the direction of our Group, and reviews risks and opportunities as part of its regular review mechanism. It is also the responsible body for setting top-level strategy, vision, mission, and core values of the Group. Its members are appointed by the General Meeting, after a careful consideration of their relevant educational and industry-related experience. The Board is currently comprised of four members, all of whom are non-executive directors hired from the local community. The Board supervises the Chief Executive Officers during the periods falling between the General Meetings. To avoid any conflict of interest, members of the Board of Directors cannot simultaneously hold other positions in Bakcell Group, including the position of Chief Executive Officer.



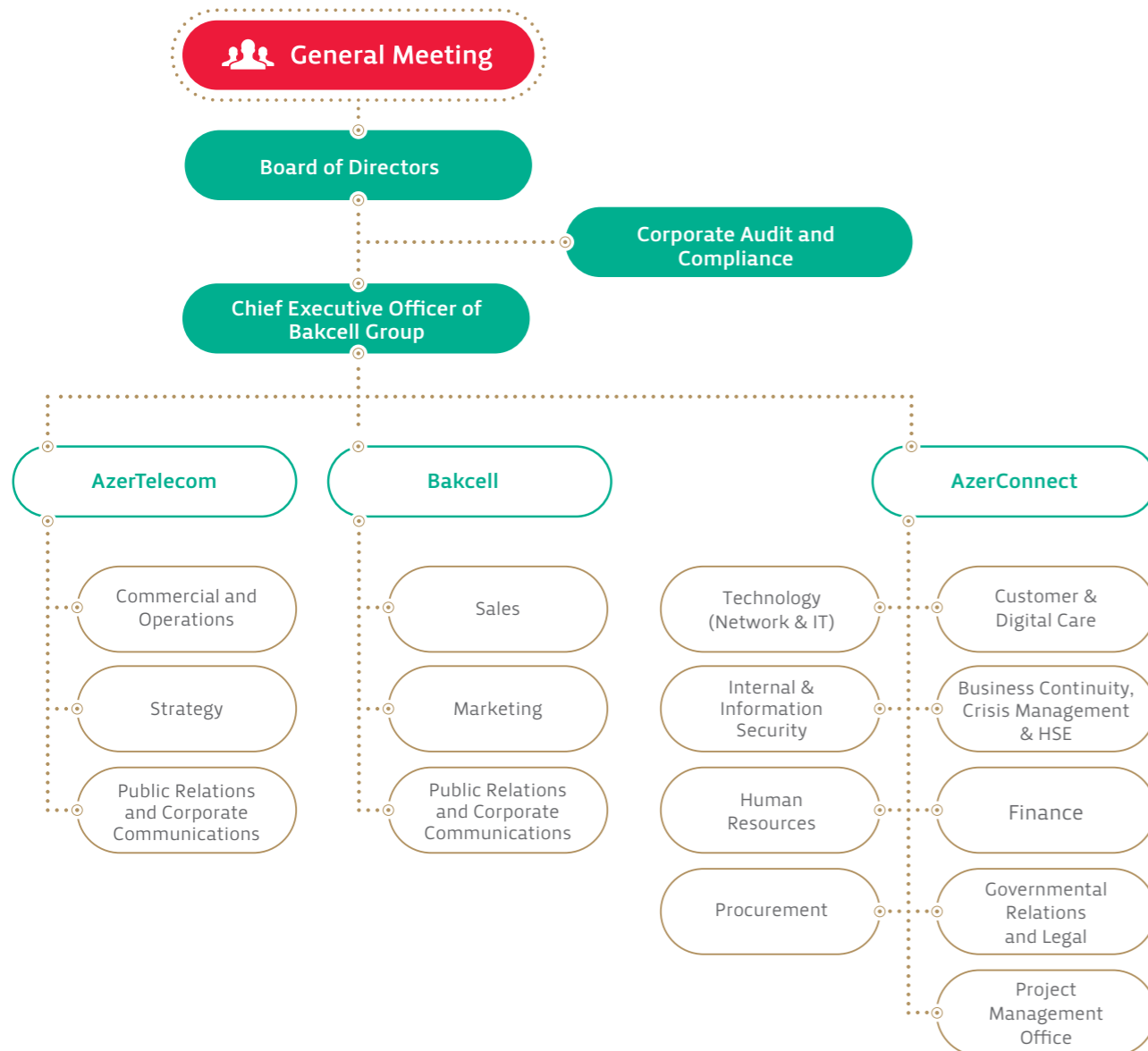
Key governance bodies include the Investment Committee, Technology Committee, Audit Committee, Disciplinary Committee and Remuneration Committee.

Table 7. Committees of Bakcell Group and their responsibilities

Committee	Responsibilities
Disciplinary Committee	Functioning since April 2018, the Committee is responsible for examining and investigating alleged breaches of the Code of Conduct and Code of Ethics, and taking respective actions based on the investigation outcome and Labor Code.
Audit Committee	Functioning since 2017, the Committee is responsible for assisting the Board to fulfill its oversight over financial reporting, internal control system, and primarily internal and external audit functions.
Technology Committee	Functioning since 2017, the Committee is responsible for overseeing role of technology and innovation in executing the business strategy, including but not limited to, technology strategy, technical operations performance, and significant technology investments.
Investment Committee	Functioning since May 2019, the Committee is responsible for the oversight and management of the investment portfolio, monitoring portfolio performance and setting the investment strategy.
Remuneration Committee	Functioning since 2012, the Committee is responsible for attracting and motivation of the Board and senior management, in order to achieve the long-term interests of shareholders.

The following organizational structure is a visual representation of the corporate governance hierarchy and mutual interaction between the Group entities.

Figure 15. Organizational structure of Bakcell Group



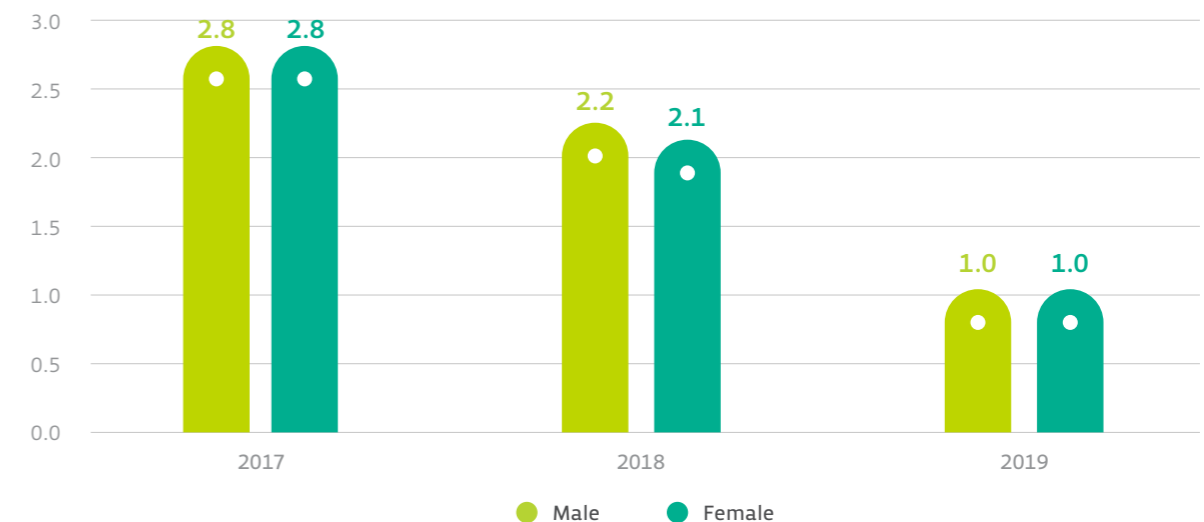
Our Group operates in a fiercely competitive industry in which customers are free to change suppliers if they lose faith in the company that they rely on to meet their digital needs. There is strong evidence of a linear connection between trust and value creation, since companies that act responsibly and meet

or exceed public expectations of good corporate behavior continue to grow in value over time. We strongly believe therefore that acting responsibly is absolutely integral to business performance and the bedrock of responsibility and trust starts with solid and transparent corporate governance.

Table 8. Annual total compensation ratio at Bakcell Group

	2017	2018	2019
Ratio of annual total compensation for the Group's highest-paid individual to the median annual total compensation for all employees	85.74	79.37	44.74

Figure 16. Standard entry-level wage to local minimum wage ratio at Bakcell Group



Transparency and anti-corruption

GRI 102-17; 205-1; 205-2; 205-3

Behaving ethically and conducting business with integrity and in compliance with the law is a prerequisite for being a responsible company and building trust with our customers, business partners and society. Trust is one of Bakcell Group's most important values, therefore, our Code of Conduct sets the framework for everything we do.

We do not tolerate bribery or corruption in any form

and are committed to maintaining an effective compliance program to manage bribery and corruption risks. In 2019, we continued to strengthen our compliance framework by appointing a Ethics Officer. The Ethics Officer advises and reports directly to our CEO and has direct access to the Board of Directors. In early 2020, we also started the drafting of a new Anti-Bribery Policy which is expected to be finalized by the end of Q4. This policy will enable us to

share our anti-bribery requirements not only with our employees, but also with our partners and suppliers.

At Bakcell Group, we want our employees to feel safe enough to confidently report any matter of concern, even if it may be a personal ethical dilemma. In addition to being able to approach the Ethics Officer, who is the first port of call for the ethical advice mechanism, employees are strongly encouraged to approach the Head of the Security Department with any concerns regarding corruption or bribery.

There were no confirmed cases of corruption during the reporting period.

With the guidance and oversight of the top company executives, efforts to strengthen a culture of operational compliance are ongoing. Through training and awareness programs, performance appraisals, and accountability management, we consistently reinforce awareness of laws and operational compliance among our employees at all levels.

Code of Conduct

Our Code of Conduct is a mandatory Group-wide policy that sets the requirements for how to conduct business – it states the minimum requirements on how to do business within Bakcell Group everywhere we operate, and it focuses on the requirements for all employees. It defines mandatory obligations for everyone who works for and with us. From the Board members to the newest employee, every individual colleague is expected to:

- Behave in an ethical manner, taking pride in their actions and decisions
- Comply with the principles and rules found in our Code of Conduct
- Fulfil their legal and regulatory obligations
- Apply our business values to their professional behavior and performance
- Report any unethical working practices or unsafe or inappropriate behavior which is in breach of our Code of Conduct.

There can be very serious consequences for non-compliance, including disciplinary action and dismissal.

Risk management

<IR> 4D

Fully identifying sustainability risks and opportunities is an important consideration in our annual strategic planning. This helps us set well-targeted goals and

action plans, minimize sustainability risks that our Group is facing, and maximize our contributions to sustainability. The following table defines our sustainability risks and opportunities across our three strategic priorities – **security and trust, digital inclusion, and harmonious ecosystems.**

Table 9. Sustainability risks and opportunities for Bakcell Group

Strategy	Risk and opportunity	Risk response
Security and trust	Risk Cybersecurity and privacy risks may reduce demand for ICT or adoption of ICT.	We ensure that our products and solutions are secure and user privacy is well protected from end to end.
	Risk Natural disasters and excessive demand for networks may cause network failure or unavailability.	We establish a business continuity management system to ensure network stability anytime and anywhere.
	Opportunity Increasing transparency will win trust and support from the stakeholders.	We disclose information via sustainability reports, our websites and other channels.
Digital inclusion	Risk The existing measures to bridge the digital divide may not meet stakeholder's expectations for a digital society.	We hold strategic discussions, redefine what bridging the digital divide means, and plan to release a digital inclusion strategy.
	Opportunity ICT technologies can boost productivity and promote social development.	We provide customized ICT solutions for individuals and businesses.
Healthy and harmonious ecosystem	Risk As global legal compliance is becoming more complicated, Bakcell Group is facing more challenges.	We establish a compliance management system, as compliance is the best safeguard against external uncertainty.
	Risk Workplace hazards that impact employee health and safety continue to exist.	We establish an HSE management system to drive the attainment of health and safety goals.
	Risk Suppliers at risk of violating sustainability principles, affecting supply chain sustainability and continuity.	We incorporate sustainability requirements into procurement processes and practices.
	Opportunity There are areas for improvement in community conditions, where we can make more contributions.	We carry out community support programs, such as ICT talent cultivation, donations to communities and disaster relief.
	Opportunity Business growth can be driven by the improved social, economic and environmental performance of suppliers.	We intensify efforts to help suppliers improve sustainability management capabilities.

Financial indicators

As a result of remarkable achievements and transformations decisions reached in a past year, we observe substantial progress in our financial performance and indicators.

In 2019 our revenue continue to grow by 8%, as compared to approximately 6% growth in 2018.

Moreover, during 2019 we were able to implement the largest roll-out of LTE in the country, by installing 1,000 new LTE base stations, which resulted in increased operating costs by 10% in current reporting period as compared to 2018. We believe that these investments will assist us in reaching our long-term strategy of delivering value to customers, benefit our shareholders and maintain sustainable and organic growth within the Group.

We constantly continue to demonstrate our commitment to society and community. As an instance, sponsorship fees were increased by approximately by 10% in 2019 and by 28% in 2018.

In 2019, Bakcell made the support to Digital Hub project, through its investee, Azertelekom International LLC. The project is aimed to transfer Azerbaijan into the Digital Hub for the Caucasus, CIS, Central and South Asia, Middle East and neighboring regions thorough development of backbone infrastructure, turning Baku into the Internet Exchange Point (IXP), establishment of large regional data center in the country and eventually development of digital ecosystem.



Environmental Performance

Priorities and challenges

GRI 102-11

The global emission of greenhouse gases (GHG), leading to an increase in the average temperature of the earth's atmosphere, continues to be a threat for all mankind. Excess utilization of fossil fuel is one of the sources of GHG emission, which carries environmental, economic and health consequences. ICT is a relatively low energy intensity industry, which contributes more to the economy than it consumes in energy. However, it is estimated that the telecommunications industry alone uses 164 terawatt hours per year, making it responsible for 1% of all global power consumption.

The telecommunications industry uses a vast amount of power for nearly everything, including major power plants, cooling systems harnessed by the biggest data centers, power suppliers required by servers, and others. In fact, faster data centers and data transmission networks are emerging as an important source of energy demand. Along with that, the production of electronic devices such as smartphones is harmful to the environment and requires large amounts of water, raw materials and energy.

The ICT sector is developing rapidly and is playing an important role in the context of sustainability. High expectations are being placed on telecoms in this respect. Our Group strives to optimize the physical network through improved planning as well as the minimization of energy consumption and, therefore, CO2 emissions. Some examples include using wireless broadband to improve active load management for more efficient use of energy sources and implementing dematerialization by replacing physical items with digital downloads.

Bakcell Group takes seriously its responsibility for protecting the environment in which it operates and contributes to the transition to a less material-intensive economy. As the basis for our sustainability management strategy, we tackle issues that influence environmental risks and opportunities, which include economic conditions, lifestyles, technology, environmental ambitions, incentives and regulation. Our dedication to the mitigation of CO2

emissions and pollution manifests itself in the urge to minimize our energy and resource consumption, which will help our customers and ourselves combat climate change. We also apply a precautionary approach to sustainability, refusing to use the lack of full scientific certainty of environmental threats as an excuse for not addressing them.

Bakcell Group constantly seeks to set the highest performance standards and mitigate negative environmental consequences of our progress. We endeavor to develop new solutions to reduce our carbon footprint, which will help us achieve our climate protection end goal. As one of the largest ICT companies in Azerbaijan, we aim to increase energy efficiency by exploring the use of renewables instead of conventional energy sources by the year 2030. The usage of low-carbon resources for power generation is expected to massively reduce our CO2 emissions. We have the responsibility to lead by example that the more environmental improvements are considered, the more likely the business is to benefit from the range of green options available to it.

Energy and carbon emissions

GRI 302-1; 302-3; 305-1; 305-2; 305-4

The demand for telecommunication devices and services has been growing extensively, leading to challenges from an environmental perspective. Expanding the network infrastructure, data centers, and operations brings an increase in energy consumption and, consequently, carbon emissions.

To ensure sustainable deployment of their network, telecommunication companies have a shared responsibility for tackling climate change by improving their energy efficiency. The key aspects of this green movement are to achieve economic and climate goals, both in terms of operational and embodied energy.

In 2019, Bakcell Group initiated a pilot project to minimize energy consumption at our base stations. As a whole, cooling systems are highly energy-

consuming, especially during peak demand. We have decided to limit capacity additions and use more natural ways of cooling the technology by placing built-in windows and using fans, which will help us cut energy use and decrease our indirect GHG

emissions. In addition, we monitor our progress and compare it with the previous year's results to establish whether the project is feasible for all other base stations.

Table 10. Energy consumption by source

	2017	2018	2019
Grid electricity, kWh	44,690,016	46,370,184	51,082,528
Diesel and petrol, liter	623,458	503,343	424,129

We have compiled the following data of the world's largest telecommunication companies and obtained

the industry average to compare the data with Bakcell Group's indicators.

Figure 17. Bakcell Group's energy intensity per subscriber compared to industry average in 2019

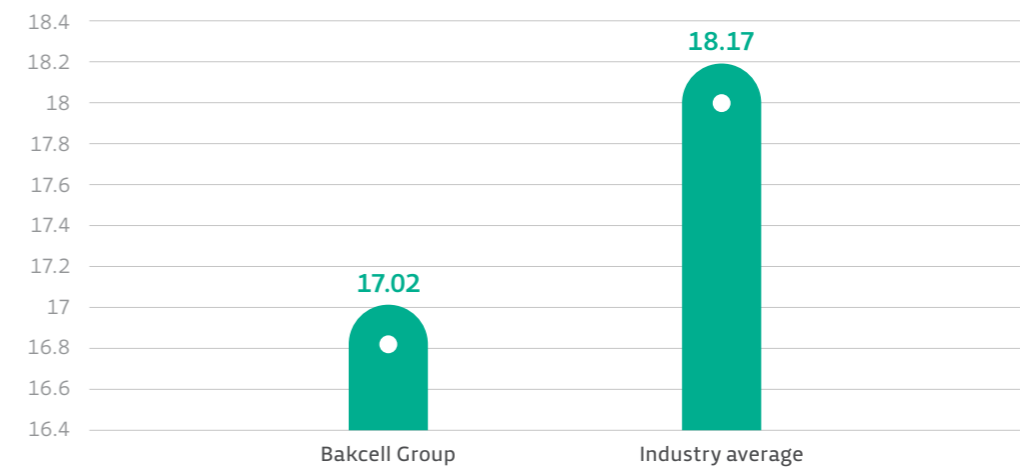


Table 11. Energy intensity per subscriber

	2017	2018	2019
Energy intensity per subscriber	15.37	16.03	17.02

Figure 18. Bakcell Group's GHG emissions per subscriber compared to industry average in 2019

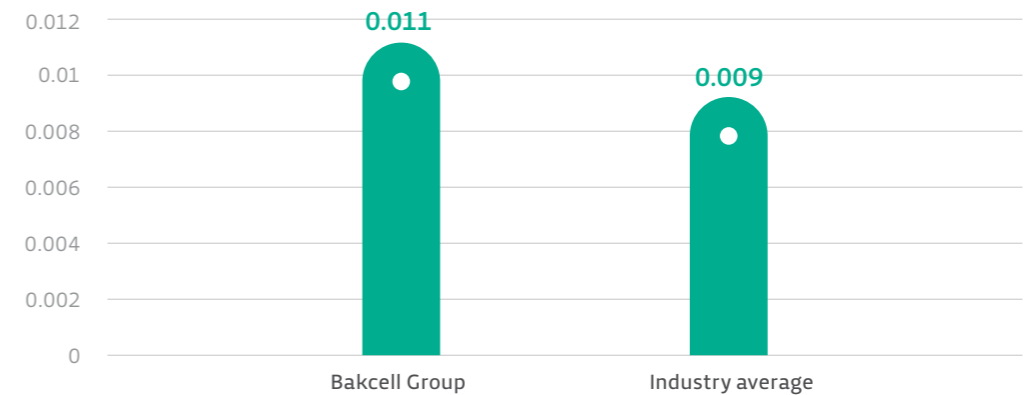


Table 12. GHG emissions at Bakcell Group, tons CO2e

	2017	2018	2019
Scope 1 GHG emissions	1,550.102	1,251.46	1,054.511
Scope 2 GHG emissions	28,461.03	29,531.05	32,532.13
Scope 2 GHG emissions per subscriber	0.01	0.01	0.011
Scope 2 GHG emissions per petabyte of data traffic	1,319.472	876.812	539.147

Our company is aspiring to reduce carbon intensity following Azerbaijan’s target to decrease emissions by 35% below 1990 GHG levels by 2030. We are committed to modernizing our network to enhance its efficiency through implementing power saving facilities and minimizing fuel consumption. We plan to initiate specific energy saving projects for the future and, moreover, to adopt low carbon ICT solutions across Bakcell Group to reduce our carbon footprint.

We have set ourselves specific goals to transform our network, not only from a technical and revenue viewpoint, but also for the sake of the environment. As a telecommunications company, we feel a responsibility to make a shift towards reducing our environmental footprint and generating incentives to prioritize sustainability.

Water and waste management

GRI 303-1

At Bakcell Group, we are doing everything in our power to shape the future of our industry and society in a sustainable way. We set our sights on formulating present opportunities and finding comprehensive approaches to environmental improvements, which also have measurable economic benefits. For that, we are currently in the process of carrying out maintenance checks in order to obtain ISO 14001 Environmental Management System (EMS) certification by the end of 2020. Further, we require our suppliers to use resources responsibly and provide information on their activities as part of self-assessment.

In comparison with agriculture and the manufacturing industry, water consumption in the ICT sector is relatively minor. Undaunted, we use water rationally and efficiently for the purpose of our office activities. For the future, we intend to consider further water saving initiatives such as an extension of the lifespan of water processing equipment with improved energy savings at our office sites.

Table 13. Water consumption at Bakcell Group

	2017	2018	2019
Total water consumption, m³	10,415	2,096	8,008

With regard to waste management, we embrace our role as a socially responsible corporate citizen and recognize the impact of corporations on the environment, which makes adoption of waste management systems all the more important. For this reason, we are developing an appropriate waste management system with our consultants to ensure that we minimize our negative impact on the environment and contribute our positive input to environmental preservation. According to our estimates, the system will be up and fully running by the end of 2020.

The rising problem of e-waste is another serious concern that we are facing today. Regrettably, quite often people tend to discard their old appliances with general waste after they purchase new devices. However, raw materials contained in old mobile phones can be reused after the termination of the device’s lifespan appliance. We see recycling as a convenient method in struggling against this problem and our ambition is to apply it in our practice. We plan to invite our employees and customers to contribute to reducing e-waste in a way that involves

recycling or reusing their devices. As an ICT company, we will seek to facilitate more sustainable use of precious raw materials, which will contribute to circularity in the industry.

We also try to use as many green options as possible, therefore we are planning to provide our offices with environmentally friendly supplies to improve resource efficiency at the workplace. To help reduce the pollution caused by waste we are going to equip our offices with bins for recyclable trash in cooperation with local municipality and environmental organizations. We encourage our employees to use less paper and store the majority of information electronically.

We believe our stance and determination will help us fight the ongoing environmental deterioration. We expect to obtain better results in upcoming reports that will feature more information on our water and waste management metrics.

Community trust

We recognize the consequentiality of our actions and our responsibility towards the communities we operate in, which is why we identify the society among our main stakeholder groups

We take broad steps to ensure stakeholder engagement and to signify its importance for us through projects and initiatives. Even though we've implemented projects covering all areas of corporate social responsibility (CSR), we put particular emphasis on women empowerment, education, and inclusiveness. For our continuous aspiration and venture to leave an impact and create a positive change, we have now been awarded the National CSR Award two years in a row.





SOCIAL RESPONSIBILITY

60	Our people	68	Education
60	Talent management and development	70	Female empowerment
64	Health and safety	71	Volunteerism
65	Community development	72	Human rights management
65	CSR strategy and initiatives		

4. Social Responsibility

Our people

Talent management and development

GRI 401-1; 404-1; 405-1; 405-2; 406-1

We at Bakcell Group recognize that our legacy has been built on the commitment and efforts of our employees, who are guided by strong morals and exemplify our values through their determination and virtue. We exhibit a principled and reliable approach to everything we do at every stage of operations. Further, we believe that every person's actions matter, however big or small, which is

why exceptional behavior is imperative for all our employees.

Our acknowledgement of this matter is evident through our newly adopted strategy, Invest in People, which has determined the following factors as our main strategic directions.



With this strategy, we have the opportunity to conduct customer-oriented service training for 500 people. We have also designated a minimum amount of training hours for each employee and will closely monitor their learning development to ensure that everyone gets the chance to explore their talents and potential and develop an essential skillset for a successful career.

of the fact that there have been no incidents of discrimination during the reporting period.

The following tables show our employee demographics by age and gender.

For us at Bakcell Group, female empowerment and equal opportunities mean more than just strategy – they are engraved in our behavior and business conduct. We take measures to ensure female representation at every level of every activity of the company. We also ensure that we strictly adhere to principles of diversity and inclusiveness throughout the whole talent management process – starting from hiring up to the employee's departure. As part of this process, at the beginning of 2020 we established a Diversity and Inclusiveness Policy which clearly states our stance on diversity and cements our position as an inclusive employer. We are proud

Figure 19. Percentage of women in total workforce at Bakcell Group compared to industry average in 2019



Figure 20. Number of employees, by gender

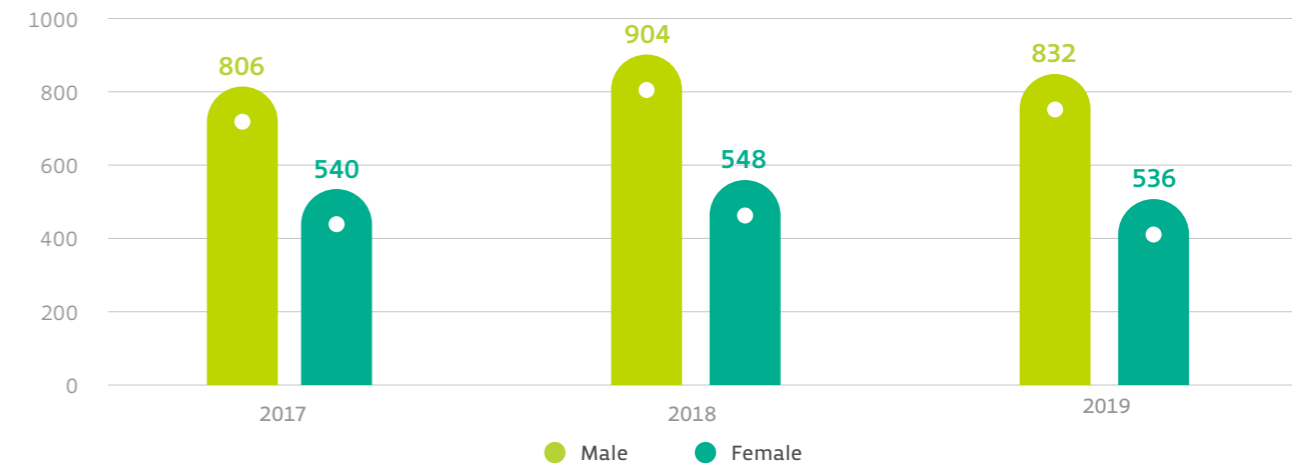
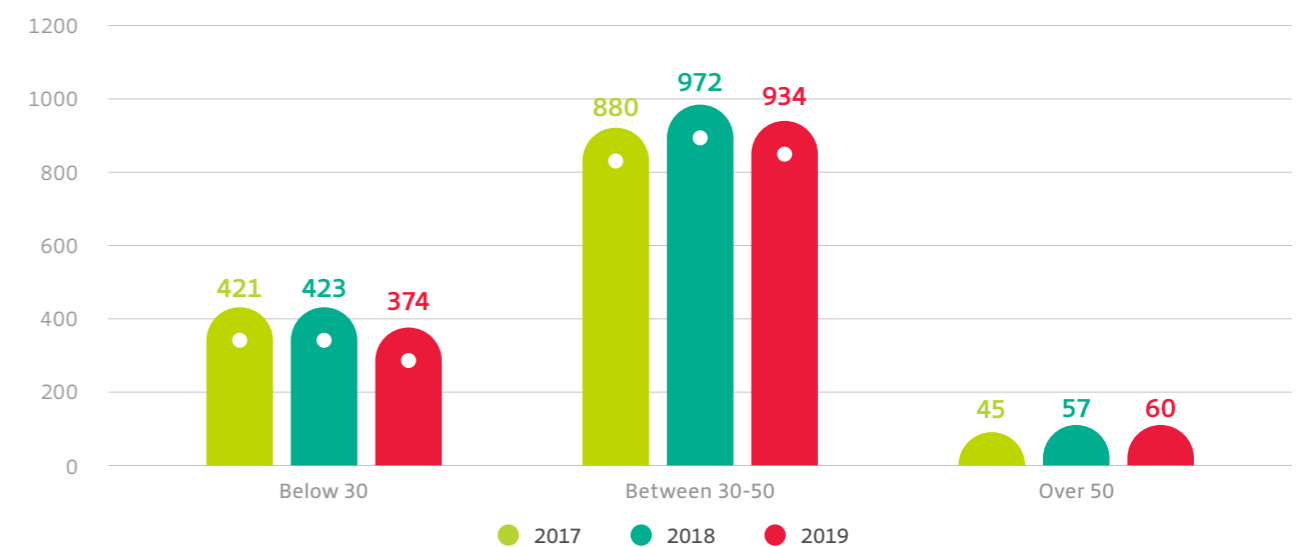


Figure 21. Number of employees, by age



The figure below shows our employment categories by gender.

Figure 22. Employment categories of Bakcell Group in 2019, by gender

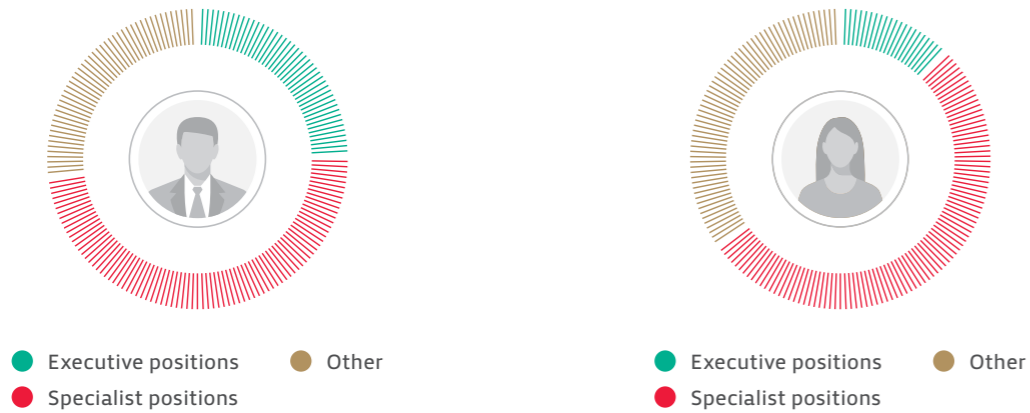


Figure 23. Share of male and female employees at Bakcell Group during the reporting period, %

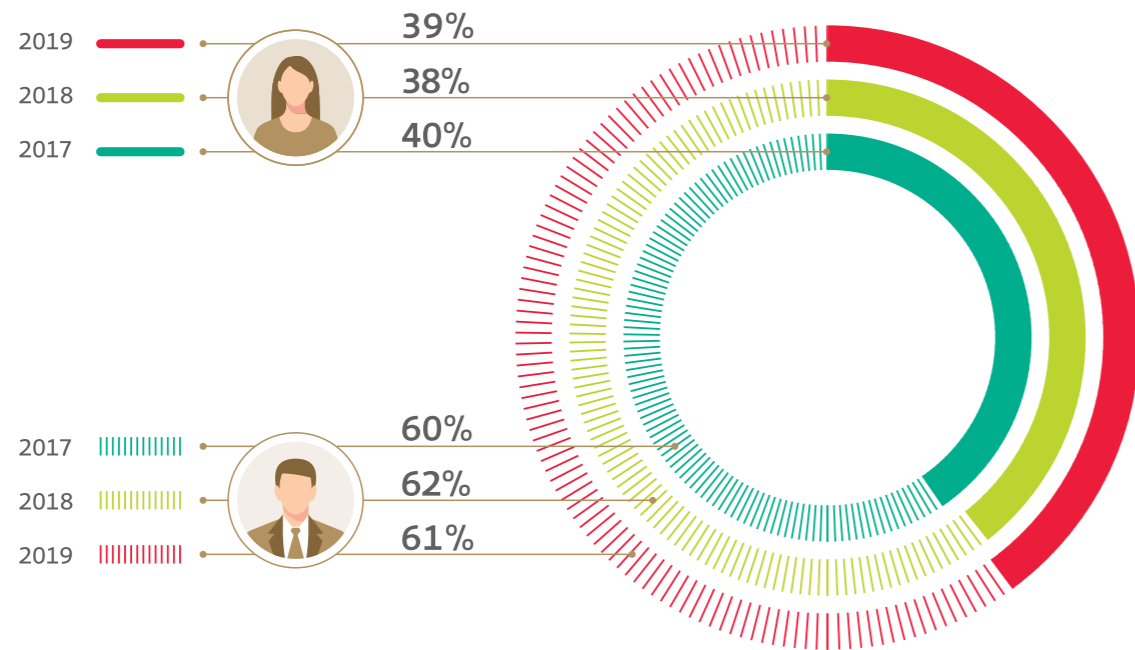


Table 14. Total number of employees by vulnerable groups

	2017	2018	2019
Disabled	28	35	37
Internally displaced	26	30	26
Other	0	0	0

The following tables present information on the number of hired and terminated employees. It is important to note that as a result of restructuring

which we underwent in 2017, most of our employees were transferred to our subsidiary.

Table 15. Statistics of hired and terminated employees, by gender

	2017		2018		2019	
	Male	Female	Male	Female	Male	Female
Employees hired	715	561	294	118	168	86
Employees terminated	519	454	196	110	240	98

Table 16. Statistics of hired and terminated employees, by age

	2017			2018			2019		
	< 30	30 – 50	50 <	< 30	30 – 50	50 <	< 30	30 – 50	50 <
Employees hired	529	722	25	207	188	17	182	70	2
Employees terminated	312	633	28	131	168	7	163	169	6

Table 17. Employee turnover rate, %

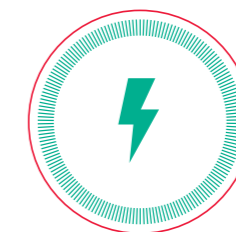
	2017	2018	2019
Employee turnover rate	N/A	21.1%	24.71%

As we mentioned above, we closely monitor our employees' development as it is a fundamental part of our talent management. Throughout the year, our employees receive appropriate assistance to ensure their achievement of personal and professional

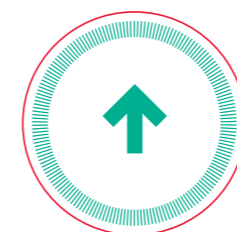
success. We provide regular feedback, maintain an open dialogue on their career prospects, set attainable annual targets and KPIs, and conduct a fair and impartial annual performance evaluation based on the following elements:



Responsibility – to determine the ability to pay attention to most important issues and provide optimal choice of behavior strategy for results achievement



Energy – to determine the extent to which the individual works productively, without breaks and distraction, completes tasks simultaneously, and how quickly he or she restores their energy



Motivation – to determine readiness to demonstrate commitment to work and to undertake new and unfamiliar tasks without fear



Proficiency – to determine quality and experience, which influence accuracy, speed and organization of assignment implementation

Our employees are our greatest asset, and we believe that only through cultivating a culture of growth and openness will we be able to continue to succeed

in our aspirations. We will carry on our tradition of putting our people first and will continue to invest in people.

Health and safety

GRI 403-2; 403-3

As a company, we aim for excellence and full sustainability integration in everything we do, which is why we foster special consideration for our health and safety management system and maturity. Our Group takes extensive measures to ensure that our employees work in a safe and comfortable environment, and to minimize risk at all stages of our operations. Our approach to this matter is across-the-board, and we constantly verify that all our facilities comply with rules and regulations, and regularly conduct training on HSE and responses to emergencies.

Our goal is to maintain the safety of our employees, whether they are in the office, warehouses or at base stations. Due to the nature of our work,

occupational and safety risks are relatively low, and in the reporting period no fatal or minor incidents were recorded, while the number of days lost to occupational diseases and injuries was also zero.

Our Occupational Health and Safety function is governed by national labor protection laws and regulations, our Health, Safety and Environmental Policy, as well as formal procedural documents for handling and investigating incidents. In early 2020 we started a full-scale upgrade of our HSE policy to bring it into line with the applicable standards and industry best practices.

The structure of OHS consists of two units: facilities and technology. Facilities include core- and run-sites.

We unceasingly strive for continuous improvement and make special efforts to find new ways to improve our procedures and ensure the utmost safety of our employees. In the reporting period, our technology team spent 240 days visiting over 350 sites across the country and identified 1,000 inconsistencies in our operations. Half of the identified issues were resolved during the reporting period, while more extensive work is being carried out to resolve the remaining issues. By the end of 2020 all of them are expected to be resolved.

At Bakcell Group, we prioritize our employees' wellbeing, and take considerable measures to ensure that their welfare is protected on all our premises. The location of our main office can be hard to reach due to heavy traffic, which is why we have established an emergency medical aid center right in our office, operated by our Health Insurance provider. All of our employees can receive professional medical care free of charge and at any moment.

That being said, it is important to mention that in light of the recent outbreak of the Coronavirus Disease (COVID-19) in early 2020, our company took

extensive measures to ensure the health and safety of our employees. All of the facilities, including run- and core-sites, parking lots, and customer centers have been thoroughly disinfected. We were one of the first major corporations to issue notices to employees to stay at home in case they or their immediate family members are experiencing any respiratory problems.

To ensure that the culture of safety is embodied by everyone in the company, all of our employees regularly receive HSE training, while our new hires receive mandatory HSE training on responses to emergencies. In addition to that, with the establishment of our medical aid center, our employees also received first aid training.

Table 18. Total number of hours spent on HSE training

Year	Training hours	Number of employees
2017	30	74
2018	31	87
2019	26	78



The OHS function in our main office is outsourced to the building management, while our warehouses follow the same procedure, where the warehouse owners are responsible for the HSE function. At the same time, health and safety procedures of the Network and Technology unit are managed by our OHS team. We continually strive to carry out all of our procedures in accordance with international standards and ensure that all of our outsourced facilities have appropriate procedures in place.

Since the last reporting period, we have taken considerable measures to further improve our OHS management. We are currently in the process of acquiring ISO 45001 certification and are planning to finalize it by the end of 2020. After preliminary diagnostics of the existing system carried out by third-party consultants, we have identified its disadvantages and have determined possible solutions to tackle the shortcomings.

Community development CSR strategy and initiatives

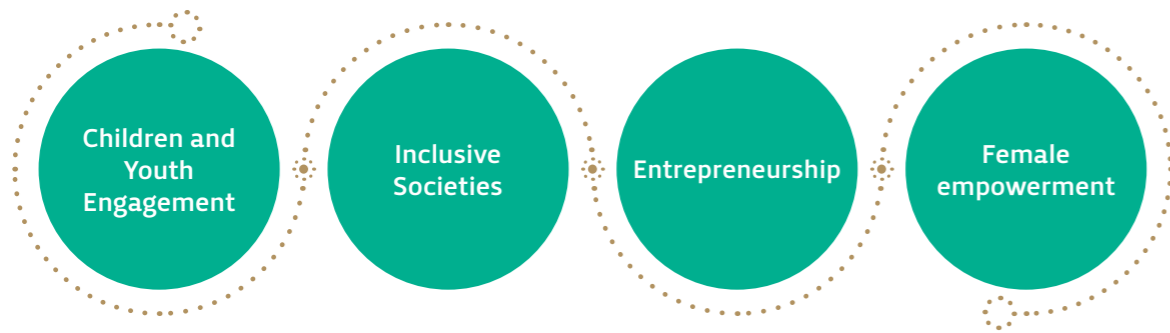
GRI 413-1; 413-2

Our ultimate ambition is to create prosperous communities and recognize that our operations throughout the whole value chain leave an impact on the communities where we operate. We acknowledge the responsibility placed on us to measure this impact and ensure greater value for the public.

Launched in 2009, the Bakcell Stars program has become the catalyst of our social projects, which are now carried out within its scope. On top of that, we align our CSR activities with the Sustainable Development Goals, primarily the following ones:



We are an impact-driven socially responsible corporate citizen, and we take extensive measures to ensure that this concept carries on throughout our value chain and activities. We attempt to ensure that our activities cover all areas of social issues, however, at present we mainly focus on the following areas:



It should be noted that as part of our commitment to ongoing improvement and excellence, in 2020 we started drafting our first Community Engagement policy, which will define our future endeavors and act as a cornerstone for all our future community

engagement projects.

Below is a table of our most prominent projects implemented during the reporting year.

Table 19. Bakcell Group's CSR projects within the Bakcell Stars program

Children and Youth Engagement				
Edubus	Ministry of Education	To support and strengthen educational development in rural areas	Ongoing since 2017	Education Bus - Nasimi is a summer school program that runs through a number of regions and cities in Azerbaijan, deploying a bus specifically designated for the project
Communication through art	United Aid for Azerbaijan	To provide equal rights and opportunities to children with special needs	Ongoing since 2010	Project envisages bringing pleasant and memorable changes to the lives of children in need of special care through empowering them with new skills at the UAFA's Community Based Rehabilitation Centers in Khachmaz and Yasamal.
Support for a trip to the USA for young inventors	US Embassy in Azerbaijan	To stimulate technological development and interest in STEM education among the schoolchildren of Azerbaijan	Summer 2019	Bakcell supported the participation of Azerbaijani schoolchildren at the Genius Olympiad held in the USA
Inclusive Societies				
Support for Futsal Tournament among children with hearing impairment	Azerbaijan Football Federation for disabled people	To encourage sport and educational development of people with disabilities	Ongoing since 2010	A traditional Spring Futsal Tournament for young persons with hearing impairment
Entrepreneurship				
Destekolaq.az	Center for Social and Social-Psychological Studies	Development of Social Entrepreneurship skills among vulnerable groups of population	November 2018	Create opportunities for socially disadvantaged individuals with entrepreneurial and practical skills to find a job or offer their services and products by creating and promoting their profiles at a website that will eventually help improve their economic conditions and integrate to society.
Bakcell and INNOLAND Incubation Program	INNOLAND Incubation and Acceleration Center	To strengthen the startup ecosystem in the country	Ongoing since 2018	The cooperation between Bakcell and INNOLAND aims to support emerging startups in the telecommunications industry by providing them free office space, mentorship, equipment, training, and networking opportunities.

Entrepreneurship				
Start and improve your business	SOS Children Villages	To improve educational and vocational skills of the youth	Ongoing since 2009	Participants gain basic knowledge and skills related to career planning, finding vacancies and establishing relations with employers, as well as basic IT skills.
Female empowerment				
Female employment growth in Sabirabad and Salyan	UNDP, State Committee for Women, Family and Children's MattersChildren	To drive the economic empowerment and employment of women in rural areas	Ongoing since November 2018	A special web portal was created to reflect women's success stories and information on personal development. The portal also contains webinars for skills improvement. By means of this resource, members of both regions' will be able to exchange information on employment and business activities without visiting the center.

In the reporting year, we signed a cooperation agreement with INNOLAND Incubation and Acceleration Center to boost the startup ecosystem in the country. In less than a year of continuous cooperation, we have already successfully implemented several projects and competitions for young developers, as well as finding potential investors for their businesses through networking events such as Demo Day. As part of our continuous collaboration with INNOLAND, one of the projects we organized was the Global Game Jam® (GGJ) event for local game developers, which is the world's largest international hackathon focused on game development taking place around the world at physical locations. We believe that this initiative is crucial to provide a strong support system for entrepreneurs in our country and will continue this venture to create an environment essential for their success.

We continually strive to advocate for the cultural development of our society by supporting large-scale art projects. Among the most prominent of such projects is our sponsorship of the M.A.P. International Theatre Festival within the framework of our partnership with Yarat Contemporary Art Space. M.A.P., which stands for Music, Art, Performances, was first held in 2017 and has since become an annual benchmark event in the cultural life of our community, bringing together artists and performers from around the world.

We unceasingly seek more opportunities to support the arts and sports culture in the country, therefore, during the reporting year, we became the First Official Supporter of the Formula 1 Azerbaijan Grand Prix, as well as official partner of the IBSA Judo Grand Prix Baku 2019, and we supported the closing ceremony of the Francophonie Week in Baku.

Table 20. CSR investments of Bakcell Group over the last three years

	2017	2018	2019
Total social investment, AZN	31,007	108,637	133,748
Product or service donations, AZN	30,000	40,000	68,000

We are also proud to say that our constant efforts in the field of corporate social responsibility are recognized around the country, as during the reporting year we won the National CSR Award by the Ministry of Economy for the second year in a row.

we at Bakcell Group firmly believe that it is our duty to ensure that our society and infrastructure are equipped to include everyone notwithstanding their needs. We believe in an equitable and just society where everyone has equal opportunity to thrive and succeed, and we will continue our endeavors in the years to come.

Entrepreneurship, youth engagement, inclusivity and female empowerment are our focuses, because

Education

GRI 413-1

As a forward-thinking information and telecommunications company, we consider education to be a key component of the long-term foundation for the sustainable and progressive development of society in Azerbaijan. It's one of our priorities to support learning and teaching activities in the region. We therefore support youth in realizing their full potential through sparking their interest in gaining knowledge.

One example of how we put this into practice is our immense contribution to the development of digital skills of children from all over the country. In 2019, our Group launched the Education Bus – Nasimi summer school project focused on stimulating personal development of schoolchildren, influencing the formation of a distinctive outlook on life and mindset, increasing their interest towards learning and helping them discover the legacy of Nasimi. The mobile education hub has travelled along the route

Baku-Gusar-Astara-Jojuq Marjanli-Gazakh-Shamakhi-Baku, during which almost 200 schoolchildren from these regions with poor or average results have participated in individual development training sessions as well as intellectual contests, held by professional trainers and experts. Moreover, Bakcell also provided high-speed internet connection for the Education Bus that covered 2,000 kilometers during the project. The campaign, run together with the Ministry of Education and other partners, has received a large number of positive responses in the local community.

Every year, Bakcell Group initiates quality improvements in the education and social welfare sectors within the framework of its CSR Program. We have signed a memorandum of cooperation with the Ministry of Education and AzEduNet to provide up to 700 general education institutions located in remote villages with access to internet and network



services, supplying complementary monthly internet traffic and data-cards to these general educational institutions for a period of three years.

The internet plays an important role in the development of the young generation, but only when it's used properly. We deem it important to protect young people from negative experiences online by raising awareness through seminars and workshops. In cooperation with the Ministry of Education of the Republic of Azerbaijan, we have organized awareness-raising seminars within the framework of the Safe Internet Day project for the students and teachers of Khazar University's Dunya School and Hedef Lyceum. During the sessions, children were provided with information about the educational purposes of the internet, as well as potentially harmful content and safe internet usage guidelines.

Bakcell also ensures safe internet browsing for children through the Safe Internet package available in the company's 4G network. Our customers can activate data limits for appropriate child use, as well as an advanced parental control application for safe navigation of children on the internet and social media using this package and the Internet Filtering Service provided by ENGINET.

In a world of increasing globalization and disposable income, it is hard to grasp the behavior and demands of users. Consequently, products and services offered by companies are changing rapidly, too. We've been running a series of educational seminars for journalists regularly for six years, the aim of which is to present the essentials of mobile telecommunications and provide information about modern technologies and innovations. The latest project held with the participation of more than 30 journalists from leading media in the country centered on providing them with all the novelties of the ICT solutions to help raise their professional level even further. They were introduced to such topics as Fundamentals of Mobile Telecoms, Big Data in Mobile Telecommunications: Applications and Latest Trends, Mobile Network Development, Events and Network Readiness, Customer Services Technologies, Customer Relations Management, Loyalty Programs and Internet of Things by leading Bakcell experts during interactive seminars held at Galaalti.

Our Group aims to further increase the number of projects with an educational approach and promote

the development of such offerings. Along those lines, we are of the view that by helping to prepare Azerbaijan for a new wave of technological change, Bakcell Group is making a significant contribution to the future of the nation.

Female empowerment

GRI 405-1

Creating a just and equitable society is a prerequisite for sustainable development. Improvements to gender equality reveal a larger pool of talented applicants and result in economic growth, which helps to outperform competition. We also know that companies with healthy, gender-diverse work communities are approximately 53% more likely to achieve higher returns on equity and are 70% more likely to report successfully capturing new markets. Female empowerment is a primary facility to be provided for eradicating discrimination and promoting gender balance. Our Group makes significant efforts to attract more women to the ICT sector, which can only be a positive step forward for our industry as a whole. We are certainly flying the

flag for female leadership in telecoms in the regions where we operate.

The first and longest-lasting corporate social responsibility program in Azerbaijan run by Bakcell became one of the winners of the National CSR Awards 2019 organized by Support for Women's Entrepreneurship Public Association. Another project initiated by our company in cooperation with the United Nations Development Program helps women in rural parts of the country to build their own businesses by giving them access to network and other necessary ICT tools. A special platform containing useful webinars was created within the framework of this project which supports



entrepreneurs in growing businesses and improving their livelihoods.

At Bakcell Group, we believe our strong commitment to diversity and action will lead to potential social and economic prosperity, which is worth the effort. We pledge our readiness to make a material difference to women, reflecting the customers we serve and the broader societies within which we operate.

Volunteerism

GRI 413-1

We are highly involved in social projects, applying volunteer efforts in our practice. We believe that by encouraging social commitment we give our

employees the opportunity to make valuable contributions to strengthening our society.

Our Group is dedicated to supporting volunteer projects directed at protecting the local environment. Annually, at the end of the beach season we organize the large-scale Protect the Caspian Sea! environmental campaign, in cooperation with Coca-Cola and PASHA Bank aimed at cleaning the Buzovna beach by removing trash and debris. Every year, the event is attended by hundreds of volunteers representing different companies, government agencies and other organizations. During the latest campaign, more than 700 people cleared coastal areas of three tons of household waste, which was partially sent for recycling, while the rest was sent to the Balakhani landfill.

Bakcell Group also supports charity projects aimed at helping children needing special care and ensuring the provision of equal rights and inclusive education opportunities for them. Another such initiative, held in cooperation with the ASAN Letter project, was geared towards bringing a festive mood to 35 children who suffer from leukemia. We visited the children and surprised them with gifts to lift their mood. As part of our cooperation with ASAN Volunteers, we also prepared a Knowledge Day festive event for children from underprivileged population groups on the eve of the new academic year. Our employees provided the schoolchildren with schoolbags and other school supplies. The charity projects held in cooperation with ASAN Volunteers are aimed at increasing overall social responsibility and the sense of care in society.

Human rights management

GRI 412-1

Bakcell Group's integrity is recognized for its highest ethical standards in managing and serving people. Our company is committed to building good relationships around the world and working successfully among different customers and cultures. We believe the prosperity of business is anchored in respect and upholding and advancing human rights. In our approach, our key principles are supporting and strengthening our work community, valuing customer relationships and engaging with stakeholders.

The strategy of empowering people as leaders is our greatest asset, which also ensures a sustainable future for our business. Following the principle of preventing rights abuses before they arise, we reduce the chances of business disruption, public criticism, reputational harm, and harm to employee retention and recruitment. We foster the rights of our employees through policies and management systems on issues such as fair employment practices and anti-discrimination, which strengthens their working conditions.

We strive to organize the work environment in accordance with respect, integrity and fairness for our employees and customers wherever we operate. In early 2020, we started drafting our first Human Rights Policy, which will be complete by the end of Q2 and further communicated to all our employees. Additionally, by implementing a Grievance

Mechanism, we encourage our employees to express their concerns and grievances, creating confidence that anonymous complaints can be made through a transparent process. In any serious case, our Ethics Officer directly discusses the issue with employees and makes efforts to tackle the root cause of the incident. Moreover, if there is a need for any further discussions, it is the Disciplinary Committee that steps in. Recruitment checks also play an important role in preventing rights abuse cases. Thus, our Human Resources Department takes measures to respond seriously to new risks, strictly adhering to laws, regulations, and social norms.

Though embedding the promotion of human rights into every corner of our company is a long-term aspiration, we spare no effort in achieving that ambition. We continue to analyze the gaps in close consultation with our employees and customers, and we aim to achieve results that will meet the best of our expectations.

Closing Remarks

Collaboration is paramount in creating the greatest impact on the sustainability challenges of our time. There is power in joining together to create shared value. No single company, organization or government can solve the existing challenges alone, but technology and connectivity will continue to play an ever-increasing role in creating a better world for all.

We know that contribution to sustainability in general requires a constant effort over the long-term, rather than purely short-term action. Our ambition is to make significant progress towards assimilating reporting standards of financial and nonfinancial data, following the principle that we need to measure to be able to manage. This is especially relevant when it comes to sustainability metrics. We acknowledge that there is a strong, resilient and global trend in the communications industry in which attention to and reporting of nonfinancial information is increasingly going to become a critical factor for the sustainability of our company, the industry and the economy as a whole.

Beyond formal compliance with the quality and quantity of information expected from an organization like Bakcell Group, the creation process of this report provides us with a broadened perspective to reflect on the challenges we faced in the year, and with an opportunity to adapt and improve our approach to these challenges. Despite not being able to deliver on some of our commitments due to circumstances that were largely outside of our control, we remain optimistic and fully dedicated to accelerating our sustainability journey and continue on our quest to make our world a better place.

COVID-19 Statement

As we publish this report, the world is struggling with the COVID-19 pandemic, with the current situation developing daily. It's important for us to provide an update on Bakcell Group's continued business operations during this time and the steps taken to minimize the impact on our business, staff and customers.

Our thoughts remain with those who have been affected by the virus, and with the frontline medical staff who are placing themselves at risk for our collective safety.

The health and wellbeing of our team, families and broader communities are of utmost importance to us at Bakcell Group. To address this, we have implemented group-wide protocols to ensure employee welfare, in addition to safeguarding our community's wellbeing.

As we face this unprecedented situation, our commitment to our people, our customers and our communities remains unwavering. Bakcell Group's operation and services are functioning as normal – we are focused on ensuring we continue to provide the expected levels of performance and accessibility and are determined to dedicate all our resources to combat the situation.

Measures taken by Bakcell to support the citizens of Azerbaijan during the special quarantine regime:

- **1.5 million AZN donation to Coronavirus Support Fund:** Bakcell, one of the companies with the broadest Corporate Social Responsibility (CSR) strategy in Azerbaijan, has donated 1.5 million AZN to the Coronavirus Support Fund established by the Decree of the President of the Republic of Azerbaijan Ilham Aliyev.
- **A large amount of money has been allocated for the delivery of medical equipment and facilities:** Artificial respirators, special temperature-measuring equipment, as well as 3,000 rapid

tests to detect coronavirus infection on the spot were obtained. These equipment and tools were presented to the centers designated by the operational headquarters under the Cabinet of Ministers.

- **Free hotline call:** Calls to "TƏBİB" hotline number 1542 are also completely paid for all Bakcell subscribers.
- **Special campaign for doctors and quarantined people:** Bakcell employees sent open messages to express their gratitude to the medical staff of the quarantine centers and their support to the citizens in quarantine. Payment cards in the amount of 100 AZN were sent to medical workers working in quarantine points and 50 AZN to the citizens in quarantine.
- **Security of subscribers and employees - "evdegal" measures:** From the first days of the announcement of the quarantine regime in the country, Bakcell has posted a call "stay at home" on the screens of its subscribers' phones. The company also advised its subscribers to use the "My Bakcell" application or call 555 Contact Center instead of going to Customer Service Centers, unless it is particularly important. In addition, all Bakcell service centers are equipped with the necessary disinfectants.
- **Online sales and delivery service throughout the country:** During the quarantine period, citizens wishing to obtain a duplicate of Bakcell numbers or a new SIM-card could use the online service. Ordered SIM-cards are delivered by Bakcell's dealer representatives to customers' homes or offices. Delivery in Baku and regional centers is completely free. It is worthy to note that the new service includes Baku, Ganja, Sumgayit, Gazakh, Agstafa, Tovuz, Shamkir, Gadabay, Dashkasan, Barda, Yevlakh, Samukh, Goranboy, Agjabadi, Imishli, Shirvan, Sabirabad, Goychay, Shamakhi, Ismayilli, Agsu, Shabran, Khachmaz, Guba, Siyazan, Gabala, Zagatala, Sheki, Gakh, Balakan, Mingachevir, Agdash, Lankaran, Bilasuvar, Salyan and Nakhchivan AR.
- **Support for the technical integration of the "Permitting and Monitoring System during the Implementation of the Special Quarantine Regime":** The company has provided free SMS permission to respond to citizens' inquiries quickly through the "Special Quarantine Regime Permitting and Monitoring System" established by the State Agency for Citizen Services and Social Innovations under the President of the Republic of Azerbaijan and the Ministry of Internal Affairs. Technical integration measures were taken in a short period of time to launch this system. Once the service is up and running, the Company, together with ASAN Xidmet, monitors the system on a daily basis.
- **Food assistance to low-income families living in Bina settlement:** Employees of the company visited 650 low-income families living in the building and presented aid boxes on behalf of Bakcell. With the organizational support of Khazar District Executive Power and Bina Municipality and according to the lists provided by them, Bakcell provided food aid to 650 families living in the settlement within the campaign.
- **Free "e-Tabib" for Bakcell subscribers:** The company's subscribers can use the main functionality of the mobile application for free. In addition, subscribers registered in the application will receive 100 MB of Internet traffic.
- **Support for doctors fighting "Covid-19":** Hundreds of medical workers working in pandemic hospitals were given a balance of 30 AZN by Bakcell for 3 months.

Report Disclaimer

This annual sustainability report contains forward-looking statements that relate to current plans, objectives, forecasts and management estimates. These statements only consider information that was available up to and including the date that this report was prepared.

The management of Bakcell Group makes no guarantee that these forward-looking statements will prove to be right. The future development of the Group and the results that are achieved are subject to a variety of risks and uncertainties which could cause actual events or results to differ significantly from those reflected in the forward-looking statements. Many of these factors are beyond the control of the Group and therefore cannot be precisely predicted. Such factors include, but are not limited to, changes in economic conditions and the competitive situation, changes in the law, interest rate or exchange rate fluctuations, legal disputes and investigations, and the availability of funds.

Some subsequent events that happened after the reporting period have also been included in the Report due to their scale and importance to relevant stakeholders.

Bakcell Group neither intends nor assumes any separate obligation to update any forward-looking statements or to change these to reflect events or developments that occur after the publication of this annual sustainability report.

Independent Assurance Statement on the Bakcell Sustainability Report for 2019

To the Management and Stakeholders of Bakcell LLC

Identification and description of the subject matter

At the request of Bakcell LLC (hereinafter 'the Company'), we have provided a limited level assurance on the selected non-financial indicators (hereinafter collectively "the Indicators") disclosed in Bakcell Sustainability Report for 2019 (hereinafter 'the Report'), namely:

Operational indicators

- Network coverage
- Dropped-call rate

Customer-related indicators¹

- Total number of customers²
- Number of 2G/3G/4G customers
- Number of female customers
- Number of male customers

HR indicators

- Total headcount, including distribution of employees by age group and gender
- Total employees hired
- Total employees terminated

Community engagement indicators

- Total social investment
- Product or service donations

Procurement indicators

- Total number of suppliers
- Total number of local suppliers
- Percentage of budget spent on local suppliers

The Indicators have been selected and prepared by the Company's management based on the relevant sustainability reporting principles and methods.

Identification of the criteria

The criteria of our engagement were the GRI Standards and the Company's sustainability reporting principles as set out in the section 'About the Report'. We believe that these criteria are appropriate given the purpose of our assurance engagement.

Management's responsibilities

The management of the Company is responsible for the preparation of the Report and the information therein in compliance with GRI Standards and the Company's sustainability reporting principles. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the sustainability report that is free of material misstatements, selecting and applying appropriate reporting principles and using measurement methods and estimates that are reasonable in the circumstances.

Our responsibilities

Our responsibility is to independently express conclusion that the Indicators have been fairly stated in all material respects.

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

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

Summary of work performed

Our engagement was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by International Federation of Accountants (IFAC), and accordingly included the following procedures:

- Interviews with the representatives of the Company's management responsible for its sustainability policies, activities, performance and relevant reporting,

- Analysis of key documents related to the Company's sustainability procedures, activities, performance and relevant reporting,
- Benchmarking of the Report against sustainability reports of selected international peers of the Company,
- Review of a selection of corporate and external publications on the Company's sustainability policies, activities, events, and performance in 2019,
- Obtaining understanding of the process of reporting on the Indicators and other engagement circumstances by reviewing the reporting process used for reporting on sustainability issues;
- Review of data samples regarding the Indicators, selected for the year ended December 31, 2019 to assess whether these data have been collated and reported appropriately.

Our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Conclusions

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Indicators are not represented fairly, in all material respects.

Ernst & Young Holdings (CIS) B.V.

Baku

24 September 2020

¹ Assurance for customer related indicators was obtained only for 2019

² Total Number of Customers includes the customers that were active within last 90 days and used any type of services including incoming, free of charge, not to be paid connections leading to counting of non-paying customers as active customers of the Company.

GRI Content Index

GRI 102-55

GRI Standard	Disclosure	Page reference	Notes
GRI 102: General Disclosures – Organizational profile	102-1. Name of the organization	Disclosed p. 16	
	102-2. Activities, brands, products, and services	Disclosed p. 16	
	102-3. Location of headquarters	Disclosed p. 21	
	102-4. Location of operations	Disclosed p. 21	
	102-5. Ownership and legal form	Disclosed p. 45	
	102-6. Markets served	Disclosed p. 17	
	102-7. Scale of the organization	Disclosed p. 17	
	102-8. Information on employees and other workers	Disclosed p. 60-63	
	102-9. Supply chain	Disclosed p. 26-27	
	102-10. Significant changes to the organization and its supply chain	Disclosed p. 26-27	
	102-11. Precautionary Principle or approach	Disclosed p. 7	
	102-12. External initiatives	Disclosed p. 18	
	102-13. Membership of associations	Disclosed p. 20-21	
GRI 102: General Disclosures – Strategy	102-14. Statement from senior decision-maker	Disclosed p. 4	
	102-15. Key impacts, risks, and opportunities	Disclosed p. 49	
GRI 102: General Disclosures – Ethics and integrity	102-16. Values, principles, standards, and norms of behavior	Disclosed p. 17; 45-48	
	102-17. Mechanisms for advice and concerns about ethics	Disclosed p. 47-48	
GRI 102: General Disclosures – Governance	102-18. Governance structure	Disclosed p. 45	
	102-19. Delegating authority	Disclosed p. 45-48	
	102-20. Executive-level responsibility for economic, environmental, and social topics	Disclosed p. 45-48	
	102-21. Consulting stakeholders on economic, environmental, and social topics	Disclosed p. 18	
	102-22. Composition of highest governance body and its committees	Disclosed p. 45-46	
	102-23. Chair of the highest governance body	Disclosed p. 45	
	102-24. Nominating and selecting the highest governance body	Disclosed p. 45-46	

GRI Standard	Disclosure	Page reference	Notes	
GRI 102: General Disclosures – Governance	102-25. Conflicts of interest	Disclosed p. 47		
	102-26. Role of highest governance body in setting purpose, values, and strategy	Disclosed p. 21-23		
	102-27. Collective knowledge of highest governance body	Disclosed p. 45-46		
	102-28. Evaluating the highest governance body's performance	Disclosed p. 45-46		
	102-29. Identifying and managing economic, environmental, and social impacts	Disclosed p. 7		
	102-30. Effectiveness of risk management processes	Disclosed p. 49		
	102-31. Review of economic, environmental, and social topics	Disclosed p. 7		
	102-32. Highest governance body's role in sustainability reporting	Disclosed p. 45-46		
	102-33. Communicating critical concerns	Disclosed p. 7		
	102-34. Nature and number of critical concerns	Disclosed p. 7-8		
	102-35. Remuneration policies	Disclosed p. 60		
	102-36. Process for determining remuneration	Disclosed p. 60		
	102-37. Stakeholders' involvement in remuneration	Disclosed p. 60		
	102-38. Annual total compensation ratio	Disclosed p. 47		
	102-39. Percentage increase in annual total compensation ratio	Disclosed p. 47		
	GRI 102: General Disclosures – Stakeholder engagement	102-40. List of stakeholder groups	Disclosed p. 18	
		102-41. Collective bargaining agreements	Undisclosed	There are no collective bargaining agreements at Bakcell Group
		102-42. Identifying and selecting stakeholders	Disclosed p. 18	
		102-43. Approach to stakeholder engagement	Disclosed p. 18	
GRI 102: General Disclosures – Reporting practice	102-44. Key topics and concerns raised	Disclosed p. 8		
	102-45. Entities included in the consolidated financial statements	Disclosed p. 21		
	102-46. Defining report content and topic boundaries	Disclosed p. 8		
	102-47. List of material topics	Disclosed p. 8		
	102-48. Restatements of information	Disclosed p. 7		
	102-49. Changes in reporting	Disclosed p. 7		
	102-50. Reporting period	Disclosed p. 8		
	102-51. Date of most recent report	Undisclosed		
	102-52. Reporting cycle	Disclosed p. 8		
	102-53. Contact point for questions regarding the report	Disclosed p. 10		

GRI Standard	Disclosure	Page reference	Notes
GRI 102: General Disclosures – Reporting practice	102-54. Claims of reporting in accordance with the GRI standards	Undisclosed	This Report is not written in accordance with GRI Standards, however the Standards have been considered as a point of reference
	102-55. GRI content index	Disclosed p. 78	
	102-56. External assurance	Disclosed p. 77	
GRI 103: Management Approach	103-1. Explanation of the material topic and its Boundary	Disclosed p. 8-10	
	103-2. The management approach and its components	Disclosed p. 16	
	103-3. Evaluation of the management approach	Disclosed p. 16	
GRI 201: Economic Performance	201-1. Direct economic value generated and distributed	Disclosed p. 50	
	201-2. Financial implications and other risks and opportunities due to climate change	Undisclosed	Will be revisited in the upcoming reporting periods
	201-3. Defined benefit plan obligations and other retirement plans	Undisclosed	Will be revisited in the upcoming reporting periods
	201-4. Financial assistance received from government	Undisclosed	Will be revisited in the upcoming reporting periods
GRI 202: Market Presence	202-1. Ratios of standard entry level wage by gender compared to local minimum wage	Disclosed p. 47	
	202-2. Proportion of senior management hired from the local community	Undisclosed	
GRI 203: Indirect Economic Impacts	203-1. Infrastructure investments and services supported	Disclosed p. 25-26	
	203-2. Significant indirect economic impacts	Disclosed p. 25-26	
GRI 204: Procurement Practices	204-1. Proportion of spending on local suppliers	Disclosed p. 26	
GRI 205: Anti-corruption	205-1. Operations assessed for risks related to corruption	Disclosed p. 47-48	
	205-2. Communication and training about anti-corruption policies and procedures	Disclosed p. 47-48	
	205-3. Confirmed incidents of corruption and actions taken	Disclosed p. 48	
GRI 206: Anti-competitive Behavior	206-1. Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Undisclosed	There have been no such cases during the reporting period
GRI 301: Materials	301-1. Materials used by weight or volume	Undisclosed	Will be revisited in the upcoming reporting periods
	301-2. Recycled input materials used	Undisclosed	Will be revisited in the upcoming reporting periods
	301-3. Reclaimed products and their packaging materials	Undisclosed	Will be revisited in the upcoming reporting periods
GRI 302: Energy	302-1. Energy consumption within the organization	Disclosed p. 53	

GRI Standard	Disclosure	Page reference	Notes
GRI 302: Energy	302-2. Energy consumption outside of the organization	Undisclosed	
	302-3. Energy intensity	Disclosed p. 53	Will be revisited in the upcoming reporting periods
	302-4. Reduction of energy consumption	Disclosed p. 53	
	302-5. Reductions in energy requirements of products and services	Undisclosed	Will be revisited in the upcoming reporting periods
GRI 303: Water	303-1. Water withdrawal by source	Disclosed p. 54-55	
	303-2. Water sources significantly affected by withdrawal of water	Undisclosed	No such water sources have been identified
	303-3. Water recycled or reused	Undisclosed	Will be revisited in the upcoming reporting periods
GRI 304: Biodiversity	304-1. Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Undisclosed	Will be revisited in the upcoming reporting periods
	304-2. Significant impacts of activities, products, and services on biodiversity	Undisclosed	Will be revisited in the upcoming reporting periods
	304-3. Habitats protected or restored	Undisclosed	Will be revisited in the upcoming reporting periods
	304-4. IUCN Red List species and national conservation list species with habitats in areas affected by operations	Undisclosed	Will be revisited in the upcoming reporting periods
GRI 305: Emissions	305-1. Direct (Scope 1) GHG emissions	Disclosed p. 52-54	
	305-2. Energy indirect (Scope 2) GHG emissions	Disclosed p. 52-54	
	305-3. Other indirect (Scope 3) GHG emissions	Undisclosed	Will be revisited in the upcoming reporting periods
	305-4. GHG emissions intensity	Disclosed p. 52-54	
	305-5. Reduction of GHG emissions	Disclosed p. 52-54	
	305-6. Emissions of ozone-depleting substances (ODS)	Undisclosed	Not applicable due to the nature of Bakcell Group's operations
GRI 306: Effluents and Waste	305-7. Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Undisclosed	Not applicable due to the nature of Bakcell Group's operations
	306-1. Water discharge by quality and destination	Undisclosed	Will be revisited in the upcoming reporting periods
	306-2. Waste by type and disposal method	Undisclosed	Will be revisited in the upcoming reporting periods
	306-3. Significant spills	Undisclosed	Not applicable due to the nature of Bakcell Group's operations
	306-4. Transport of hazardous waste	Undisclosed	Not applicable due to the nature of Bakcell Group's operations
GRI 307: Environmental Compliance	306-5. Water bodies affected by water discharges and/or runoff	Undisclosed	Not applicable due to the nature of Bakcell Group's operations
	307-1. Non-compliance with environmental laws and regulations	Disclosed p. 52	

GRI Standard	Disclosure	Page reference	Notes
GRI 308: Supplier Environmental Assessment	308-1. New suppliers that were screened using environmental criteria	Undisclosed	Will be revisited in the upcoming reporting periods
	308-2. Negative environmental impacts in the supply chain and actions taken	Undisclosed	Will be revisited in the upcoming reporting periods
GRI 401: Employment	401-1. New employee hires and employee turnover	Disclosed p. 60-63	
	401-2. Benefits provided to full-time employees that are not provided to temporary or part-time employees	Undisclosed	Will be revisited in the upcoming reporting periods
	401-3. Parental leave	Undisclosed	Will be revisited in the upcoming reporting periods
GRI 402: Labor Management Relations	402-1. Minimum notice periods regarding operational changes	Undisclosed	Will be revisited in the upcoming reporting periods
GRI 403: Occupational Health and Safety	403-1. Workers representation in formal joint management-worker health and safety committees	Undisclosed	Currently no formal joint management-worker health and safety committees exist at Bakcell Group
	403-2. Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Disclosed p. 64	
	403-3. Workers with high incidence or high risk of diseases related to their occupation	Disclosed p. 64	
	403-4. Health and safety topics covered in formal agreements with trade unions	Undisclosed	Currently no formal agreements with trade unions exist at Bakcell Group
GRI 404: Training and education	404-1. Average hours of training per year per employee	Disclosed. 60	
	404-2. Programs for upgrading employee skills and transition assistance programs	Disclosed. 60	
	404-3. Percentage of employees receiving regular performance and career development reviews	Disclosed. 60-63	
GRI 405: Diversity and Equal Opportunity	405-1. Diversity of governance bodies and employees	Disclosed p. 60	
	405-2. Ratio of basic salary and remuneration of women to men	Disclosed p. 47	
GRI 406: Non-discrimination	406-1. Incidents of discrimination and corrective actions taken	Disclosed p. 60	
GRI 407: Freedom of Association and Collective Bargaining	407-1. Operations and suppliers in which the right to freedom of associations and collective bargaining may be at risk.	Undisclosed	No such operations have been identified
GRI 408: Child Labor	408-1. Operations and suppliers at significant risk for incidents of child labor	Undisclosed	No such operations have been identified
GRI 409: Forced or Compulsory Labor	409-1. Operations and suppliers at significant risk for incidents of forced or compulsory labor	Undisclosed	No such operations have been identified

GRI Standard	Disclosure	Page reference	Notes
GRI 410: Security Practices	410-1. Security personnel trained in human rights policies or procedures	Undisclosed	Will be revisited in the upcoming reporting periods
GRI 411: Rights of Indigenous Peoples	411-1. Incidents of violations involving rights of indigenous peoples	Not applicable	
GRI 412: Human Rights Assessment	412-1. Operations that have been subject to human rights reviews or impact assessments	Undisclosed	Will be revisited in the upcoming reporting periods
	412-2. Employee training on human rights policies or procedures	Undisclosed	Will be revisited in the upcoming reporting periods
	412-3. Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Undisclosed	Will be revisited in the upcoming reporting periods
GRI 413: Local Communities	413-1. Operations with local community engagement, impact assessments, and development programs	Disclosed p. 66	
	413-2. Operations with significant actual and potential negative impacts on local communities	Undisclosed	No such operations have been identified
GRI 414: Supplier Social Assessment	414-1. New suppliers that were screened using social criteria	Undisclosed	Will be revisited in the upcoming reporting periods
	414-2. Negative social impacts in the supply chain and actions taken	Undisclosed	Will be revisited in the upcoming reporting periods
GRI 415: Public Policy	415-1. Political contributions	Undisclosed	There have been no political contributions during the reporting period
GRI 416: Customer Health and Safety	416-1. Assessment of the health and safety impacts of product and service categories	Disclosed p. 37	
	416-2. Incidents of non-compliance concerning the health and safety impacts of products and services	Undisclosed	There have been no incidents of non-compliance concerning the health and safety impacts of products and services
GRI 417: Marketing and Labeling	417-1. Requirements for product and service information and labeling	Disclosed p. 33-35	
	417-2. Incidents of non-compliance concerning product and service information and labeling	Disclosed p. 33-35	
	417-3. Incidents of non-compliance concerning marketing communications	Disclosed p. 33-35	
GRI 418: Customer Privacy	418-1. Substantiated complaints concerning breaches of customer privacy and losses of customer data	Disclosed p. 33-35	
GRI 419: Socioeconomic compliance	419-1. Non-compliance with laws and regulations in the social and economic area	Undisclosed	Will be revisited in the upcoming reporting periods



Contact information

We are keen to improve the value of our reporting, and therefore welcome comments on this Report, and on our sustainability performance in general.

The Report can be found online at www.bakcell.com and www.azertelecom.az



For any suggestions or inquiries, please contact Suheyła Jafarova via SuheyłaJ@bakcell.com

