



Sustainability Report

2023

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List of Abbreviations

AJF	Azerbaijan Judo Federation	ICT	Information and Communication Technology
CEO	Chief Executive Office	IEC	International Electrotechnical Commission
CIDC	Critical Infrastructure Defense Challenge	ISO	International Organization for Standardization
CIS	Commonwealth of Independent States	IT	Information Technology
CSR	Corporate Social Responsibility	MT	Material Topic
DEI	Diversity, Equity and Inclusion	NFT	Non-fungible Tokens
ESG	Environmental, Social, Governance	PR	Public Relations
FY	Financial Year	SCM	Supply Chain Management
GHG	Greenhouse Gas	SAP	Systems Applications and Products
HCM	Human Capital Management	STEM	Science, Technology, Engineering and Math
HR	Human Resources	UN SDGs	United Nations Sustainable Development Goals
HSE	Health, Safety and Environment	UNICEF	United Nations Child Fund

Message from the CEO



Zarina Zeynalova

CEO of “Azercell Telecom” LLC

Dear Stakeholder,

I am delighted to extend a warm welcome to you as we unveil Azercell’s Annual Sustainability Report, a testament to our commitment to transparency, responsibility, and the journey toward a sustainable future.

We are living through an era of remarkable changes, witnessing rapid advancements in many domains. Technological progress is moving forward at an unrelenting pace, with digital technology integrating into every facet of our lives, economy, and society. The omnipresent nature of these developments is evident as artificial intelligence, machine learning, the metaverse, web3, and remarkably telecommunication networks emerge as integral components of our new reality.

As we navigate through the complexities of this constantly evolving world, it becomes increasingly apparent that sustainability and resilience is not a choice but an imperative.

As the leading mobile operator which provides services to nearly half of Azerbaijan, we fully recognize our responsibility as one of the largest telecom service providers in the country. Conducting a sustainable and resilient business at Azercell is crucial for ensuring seamless connectivity for millions of subscribers and smooth operation of many strategic functions in the country. Therefore, sustainability is incorporated into the core of Azercell’s strategy: setting up the trends and implementing best sustainability practices is not a desirable option but a fundamental business necessity for us.

Our ESG strategy, structured around four strategic directions we have defined for 2022-2024, aligns seamlessly with specific Sustainable Development Goals (SDGs) as we endeavor to drive sustainable success. Our report outlines the steps we’ve taken to mitigate our environmental footprint, support our communities, and ensure ethical practices throughout our value chain.

Leading Telecommunications in Azerbaijan

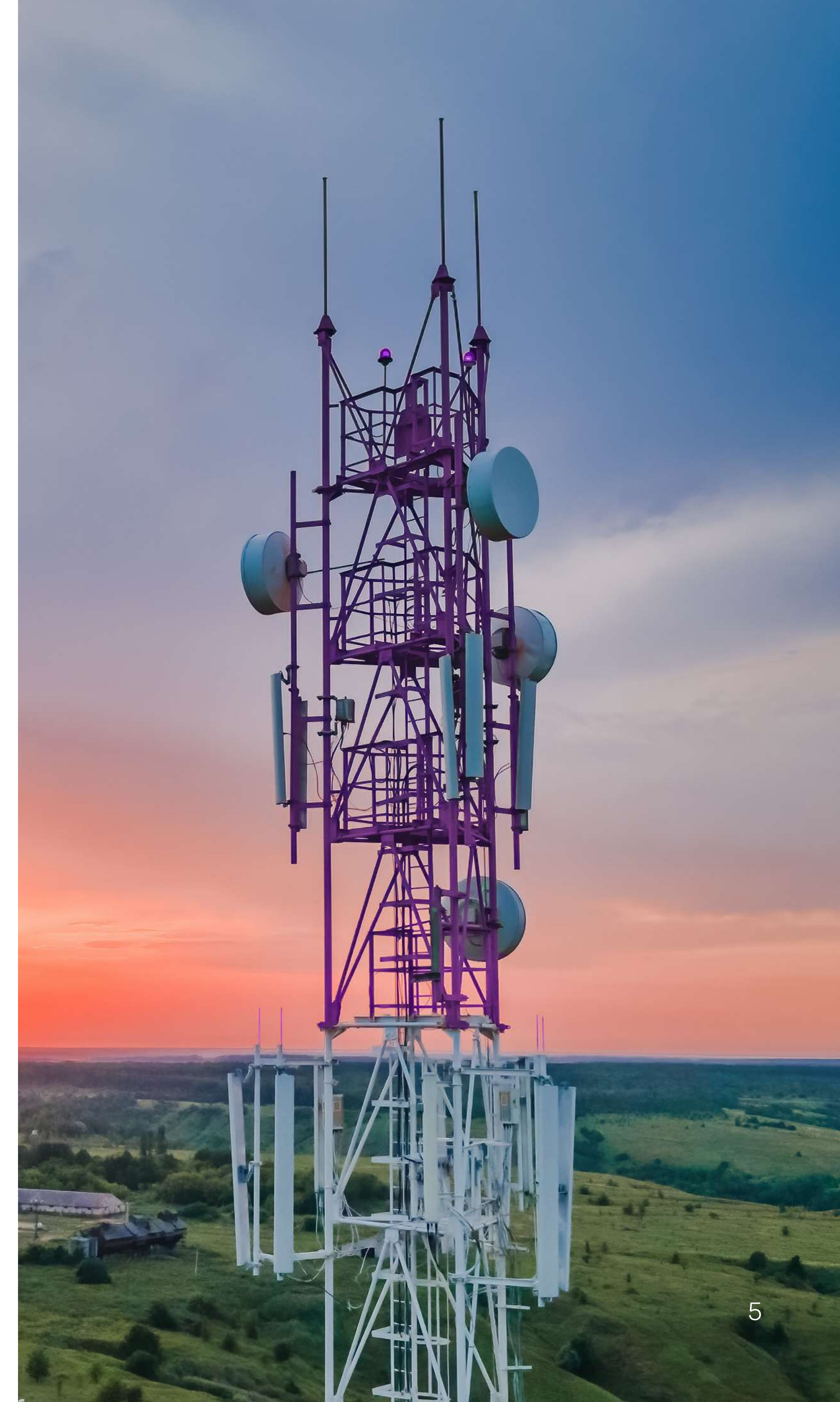
In our pursuit of becoming a trusted leader in telecommunications, we contribute to SDG 9 (Industry, Innovation and Infrastructure) by investing in research and development. This investment fosters innovation encourages the development of new products and services, and ensures the application of sustainable business practices, creating enduring value for our stakeholders. Additionally, our commitment to SDG 7 (Affordable and Clean Energy) is evident in our efforts to promote energy-efficient technologies, optimize network performance, and invest in renewable energy sources.

Telecommunications Development

Underpinning SDG 11 (Sustainable Cities and Communities), this direction propels Azercell into the forefront of smart city development. Our focus on providing seamless experiences to customers and contributing to smart city infrastructure through services like 5G coverage, smart finance, and e-health showcases our dedication to building sustainable and technologically advanced communities.

Empowerment and Inclusion

Aligned with SDG 5 (Gender Equality), this approach embodies our commitment to a digitally inclusive society. We work tirelessly to ensure that all segments of society benefit from Azercell's offerings. By undertaking projects that provide greater access to communication for underserved communities and promoting digital literacy, particularly among females, we strive to contribute to a more inclusive and equitable world.



Our People and Our Talent

In the pursuit of SDG 3 (Good Health and Well-being), our people take center stage. Recognizing our employees as the core of our business, we are committed to fostering a healthy and just work environment with high job satisfaction levels. Our focus areas include Recruitment, development & retention of talents, equity, diversity & inclusion of employees, Occupational health & safety across the company, each with defined goals and targets, reinforcing our dedication to the well-being and professional development of our valuable team.

As we forge ahead, we remain steadfast in our commitment to sustainability, leveraging our power as the leading telecom operator in the country to create positive, lasting impacts on society, the environment, and our stakeholders.

Thank you for being a part of Azercell's sustainability journey. Together, we will continue to innovate, inspire, and create a positive impact that resonates far beyond our organization.

Who we are & what we do

About Azercell

Fast Facts

1996

Date of establishment



94.6%

Geographical coverage



98.4%

Population coverage



48.2%

Market share



5< mln

Customers



#1

By geographical population coverage & market share



Baku

Headquartered in Baku, Azerbaijan



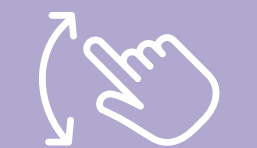
First 5G

Launched the first 5G network in the country



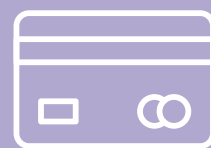
İstəSən

Launched the first customizable digital tariff plan



akart

Introduced Azercell Fintech



60

Regions across Azerbaijan



915

Employees



~570 mln

AZN revenue in 2023



About us

Founded in 1996, Azercell has always been at the forefront of telecommunication innovation in Azerbaijan. Since our establishment, it has been our goal to create one of the most advanced communication networks within our region. Through our work we strive to provide easy access to information, entertainment, and education to the population of the country.

While we have always sought to make decisions that would ultimately benefit society, as a company we are just stepping onto the path of formal integration of sustainability into all of our operations. As a testament to this commitment, we have prepared our first Sustainability Strategy that systematizes our goals and targets for the social, environmental and economic impact we create.

As we begin implementing new sustainability initiatives, we will continue to aspire to enable our subscribers to embrace a technological future that offers endless possibilities.



Our purpose

Embedded into our corporate strategy, our purpose is to ease connectivity and empower the lives of all people across Azerbaijan. We want to build trust and take ownership of our actions. We strive to live up to our word and adhere to the highest ethical standards.



Azercell's Values

We Build Trust

In public and private, we take ownership for our actions; we act on our commitments, while adhering to the highest ethical standards.



We Look to the Future

We are up for the challenge, and we always look for bold new ways to improve how people connect with each other and the world.



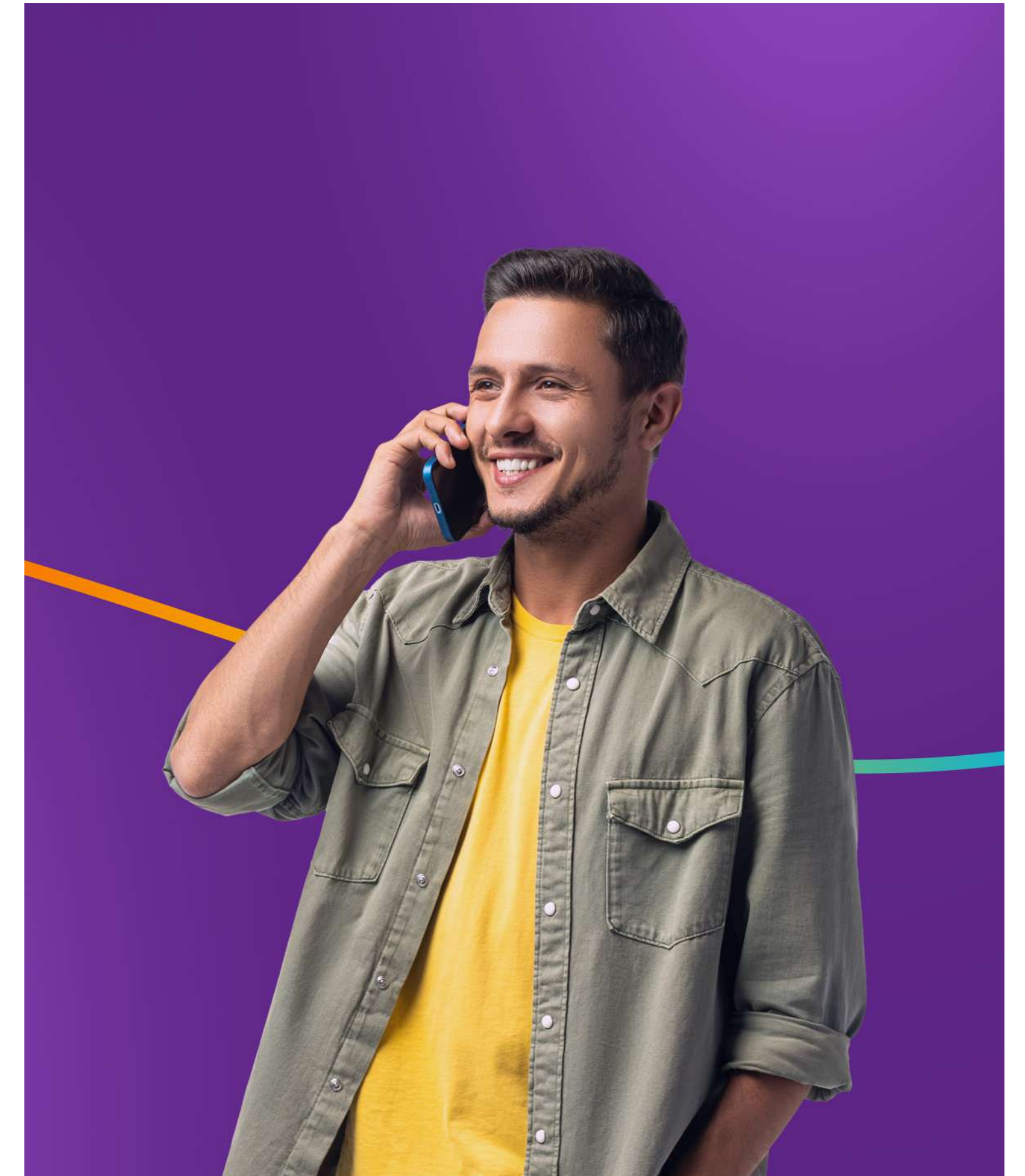
We Work Best Together

We are one Azercell community, working together to deliver seamless and superior experiences for internal and external customers.



We Stand Up for Our Customers

We deliver products, services, and processes that are designed around our customers and are easy to use.



Four pillars of Azercell's corporate strategy

As a company, we hold our values at the core of our identity, guiding our high-level decision-making and day-to-day operations alike. These values and our purpose are embedded into our corporate strategy, that enables us to ensure alignment of our activities with our vision. Prepared and approved in 2022, this strategy outlines four foundational pillars, which are depicted in Figure 3.



Continue to be the leading telco in Azerbaijan

Keeping the customer at the heart of our operations we gain trust and ensure sustainable improvement. We aim to offer even more advanced customer services and an extensive range of innovative products.



Be one of Azerbaijan's most desired places to work

Creating an environment that allows to deliver operational efficiency and innovativeness. We attract and develop talented and committed human capital who strives for excellence and continuous improvement.



Foster innovation to empower lives

Becoming a preferred provider for full range of smart services by pushing further digital inclusion.



Accelerate further development of industry while generating value

Providing our customers with simple solutions and smooth connectivity. We aspire to enable subscribers to embrace technological future that offers endless opportunities.

Azercell's awards and certificates

Since the beginning of our operations, we have always strived to be at the forefront of the local market not only in terms of our economic performance, but in the overall quality of all that we do. We believe that it is of paramount importance to first ensure that our internal operations are seamless, in order to enable our employees to provide the highest standard of services to our end-users. As evidence of this commitment, over the years we have received a number of awards and certificates proving our dedication to continuous improvement and development.



Awarded the Gold Certification by Investors in People, a standard by Human Capital



Azercell won Telcommunications company of the Year at the Stevie International Business Awards. And the People's Choice Award for the Best Mobile Operator of the Year



Azercell won Telcommunications company of the Year at the Stevie International Business Awards. And the People's Choice Award for the Best Mobile Operator of the Year



Awarded the Platinum Certification for the Investors in People Human Capital Standard. It is the first time in the Commonwealth of Independent States for this to be achieved

Azercell's awards and certificates



2021

Received certification for array of International Organization for Standardization (ISO)

- ISO 27001:2013: Information Security Management
- ISO 14001:2015: Environmental Management
- ISO 37001:2016: Anti-Bribery Management System
- ISO 18295-1:2017: Customer Contact Centers
- ISO 9001:2018: Quality Management System
- ISO 45001:2018: Occupational Health and Safety
- ISO 10002:2018: Quality Management - Customer Satisfaction - Handling of Complaints
- ISO 10004:2018: Quality Management - Monitoring and Measuring Customer Satisfaction

2022

- ISO/IEC 27001 Certification: Information Security Management System.
- Highly acclaimed by Felis Azerbaijan for its effective and creative work in the field of advertising and marketing.
- Azercell's ISO 37001:2016 Anti-Corruption Management System Certification Successfully Renewed
- ISO 10002:2018 standard in the Customer Service Field
- Acknowledgment as supporters of the National Paralympic Team and honored with the 'Star Partner' award by NPC.

2023

Grand Prix Award at the Ad Black Sea festival for The White Suits Girls Best campaign carried out in collaboration with Azerbaijan Judo Federation.

The project also received a gold prize in the sustainable PR Campaigns category

The "White Suits Girls Best" campaign was selected as the winner in the following nominations from among 509 applications received from 6 countries in Red Jolbors - the largest communication festival in Central Asia:

- Grand Prix Award of the Festival for 2023
- "PR campaign" nomination – Golden prize
- "Campaign strategy" nomination – Golden prize
- "PR strategy" nomination – Golden prize
- "Integrated advertising campaign" nomination - Silver prize
- "Social video" nomination – Bronze prize
- "Sponsorship" nomination – Bronze prize

About this Report

As we begin our journey towards complete integration of sustainability into all our operations, this inaugural sustainability report is a pivotal step in this new direction for our Company. Based on our newly adopted ESG strategy, we seek to reflect the full-scale incorporation of sustainability across all our internal and external functions, as well as the efforts being taken to synergize our corporate and CSR strategies with the ESG targets. Although our CSR strategy has allowed us to create positive impact on society, we are proud to share with our stakeholders the journey on which we are embarking.

This report was prepared with the goal of introducing our company to the stakeholders from a new perspective, showcasing the ins and outs of our operations to the public.

We aim to demonstrate the significance of sustainability to us as a company and the strides we are taking to improve our ESG performance.

While the descriptions of our systems and structures encompass the details of the past five years, the quantitative data presented covers the first three quarters of 2022 and 2023, unless otherwise stated. As we continue building the sustainability reporting practice within Azercell, we will expand the coverage of data in the coming years.

To validate the earnestness with which we have approached the integration of sustainability, we conducted a materiality assessment during the reporting year. This assessment allowed us to highlight the topics of the highest importance for us and our stakeholders, making them the basis of our ESG strategy. For more details on this process, please refer to section Sustainability Materiality Assessment on pg.20. References to the material topics (MT) are marked throughout the report with the following icon:



For any queries relating to the report and our ESG strategy office@azercell.com is available to provide further information.

Our Sustainability Aspirations

Governance and Sustainability

For us, good governance is the very foundation upon which we seek to build our sustainability practice. As such, moving towards the full integration of ESG into our overall business strategy, we have developed a new governance structure that will ensure the effective realization of our long-term vision.

The overall responsibility for the success of our ESG strategy rests with Azercell's CEO. A steering committee of senior management representatives was developed to provide cross-functional strategic direction and oversight for the sustainability strategy. Day-to-day responsibility for implementation rests with department leads and their teams according to the subject matter, or aspect of the strategy. Sustainability is therefore embedded into a range of employee's roles across the organization, for example, the HR and HSE leads are all responsible for measuring, monitoring and implementing sustainability activities within the business as they relate to those aspects.

Like CSR, this new structure will help engrain ESG into our DNA and encourage all employees to embrace ESG and sustainability into their roles.



MT Innovation and Sustainability

As one of the leading organizations in Azerbaijan, we are at the forefront of innovation across a range of criteria. We have identified technological innovation to be one of our key materiality topics, as we believe that innovation is one of the primary tools to accelerate further development of the industry while also generating value.

For Azercell technical innovation means that we will continue to develop new services that provide superior customer experience and empower lives through digital transformation. We aspire to enable subscribers to embrace a technological future that offers endless possibilities by providing customers with simple solutions and uninterrupted connectivity. Our continued investments in the telecommunication infrastructure will not only benefit our subscribers but also support the economic growth and development of the country. We have used our innovative techniques to become the leader on the market, setting standards of customer service, project management and IT application for other local companies.

We have woven innovation into our CSR strategy as we use innovative technology to ensure a healthy and safe society, digital connectivity, and education for the future. We have created an innovative vision of a digitally inclusive society where there is uninterrupted connection no matter what region you live in.

Azercell's latest innovation

Our innovative solutions to issues faced by society and corporations allow us to respond in a sustainable manner. We believe that innovation drives progress and is essential in our sustainability endeavor. Through the integration of the latest technological trends, we have been able to contribute to the financial inclusivity of underserved communities, enable greater digital inclusivity, support local businesses, and facilitate economic and social participation of women, youth, and people with disabilities while accounting for the safety of children online.

Our commitment to innovation is a direct reflection of our commitment to sustainability, and as we move forward, we will continue to explore new creative ways to provide better services to our customers.



Strategy and Focus Areas

Continuing our dedication to corporate responsibility, we have embarked on this transformative journey by developing a robust ESG strategy during the reporting year. With a commitment to fostering positive change and contributing to a sustainable future, this report unveils the core pillars that will from now guide our corporate initiatives. By aligning our business practices with environmental, social, and economic considerations, we aim to not only meet the demands of the present but to safeguard the well-being of future generations.

Our ESG Strategy was prepared in alignment with the United Nations Sustainable Development Goals (SDGs), mapping out our goals and commitments for the coming years. Each pillar of the strategy relates to appropriate goals where we believe that we can have a meaningful impact and add value to society and the people affected by our business.

As further proof of our dedication to sustainability, we have joined the UN Global Compact during the reporting year, hence solidifying our commitment to human rights, labor rights, environment, and anti-corruption. By joining this community of businesses working towards a shared purpose, we look forward to publishing our first Communication of Progress Report in 2024.

ESG Strategy pillars

Pillar I. Leading Telecommunications in Azerbaijan



Our efforts in promoting energy-efficient technologies, optimizing network performance, and investing in renewable energy sources allow us to contribute to the achievement of this goal.



Our contribution to this goal lies in our Research & Development investment through which we seek to foster innovation, encourage the development of new products and services, and continuously apply sustainable business practices, ultimately creating long-term value for our stakeholders.

Pillar II. Telecommunications Development



For Azercell, this pillar means developing new services that provide seamless experience to our customers and contributing to the development of smart city infrastructure, using digital technologies. We plan to provide 5G coverage and utilize communication technologies for smart cities such as smart finance or e-health.

Pillar IV. Our People and Our Talent



Our people are the core of our business, which drives us to create a healthy and just work environment with high job satisfaction levels. We have identified three areas that can be prioritized to create value for our people. Under each focus area, we have set specific goals and targets to work towards.

Pillar III. Empowerment and Inclusion



We want all groups in society to benefit from what Azercell has to offer. We are strong believers in a digitally inclusive society and are working on projects that provide greater access to communication for underserved communities and supporting projects that improve digital inclusion by working with governmental organizations. As the leading telecommunications company in Azerbaijan, we can promote gender diversity and inclusion by providing digital resources to promote training and digital literacy among females.

Our Sustainability Approach

Stakeholder Engagement

Recognizing that the work that we do has either direct or indirect impacts on our stakeholders, we take stakeholder engagement with utmost importance. Receiving feedback and insights of all stakeholder groups on our activities allows us to maximize the value of our operations, ensure that all concerns are timely addressed, and suggestions are given the due consideration.












To engage with our stakeholders, we have established effective communication channels that allow us to provide necessary information to them and receive their direct feedback. To ensure that the information is accurately addressed, we have categorized our stakeholders by groups, assigning each of them several communication tools.

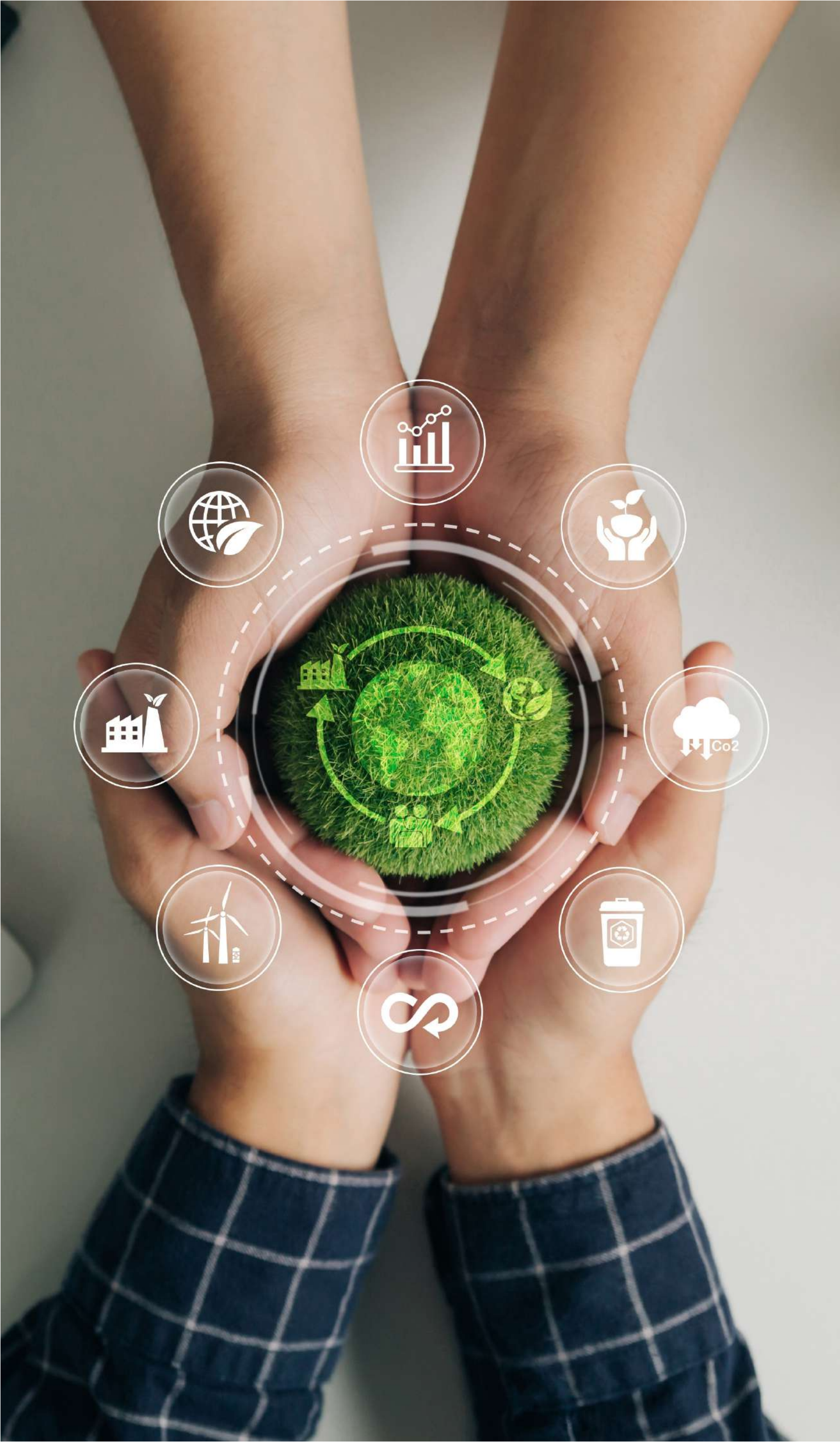
Azercell's stakeholder groups



Depending on the stakeholder group, the communication channels we utilize may vary.

Communication channels by stakeholder groups

 Website	All stakeholder groups
 Press releases	All stakeholder groups
 Social media	<ul style="list-style-type: none"> • B2C • NGOs • Public • Media
 Meetings	All stakeholder groups upon demand
 Press conferences	• Media
 Employee engagement tools	• Employees
 Surveys	<ul style="list-style-type: none"> • B2C • B2B • Employees
 Career fairs	• Educational establishments
 Charity events	<ul style="list-style-type: none"> • Public • Media
 Phone application	All stakeholder groups
 Customer service platforms	<ul style="list-style-type: none"> • B2C • B2B • Public



Sustainability Materiality Assessment

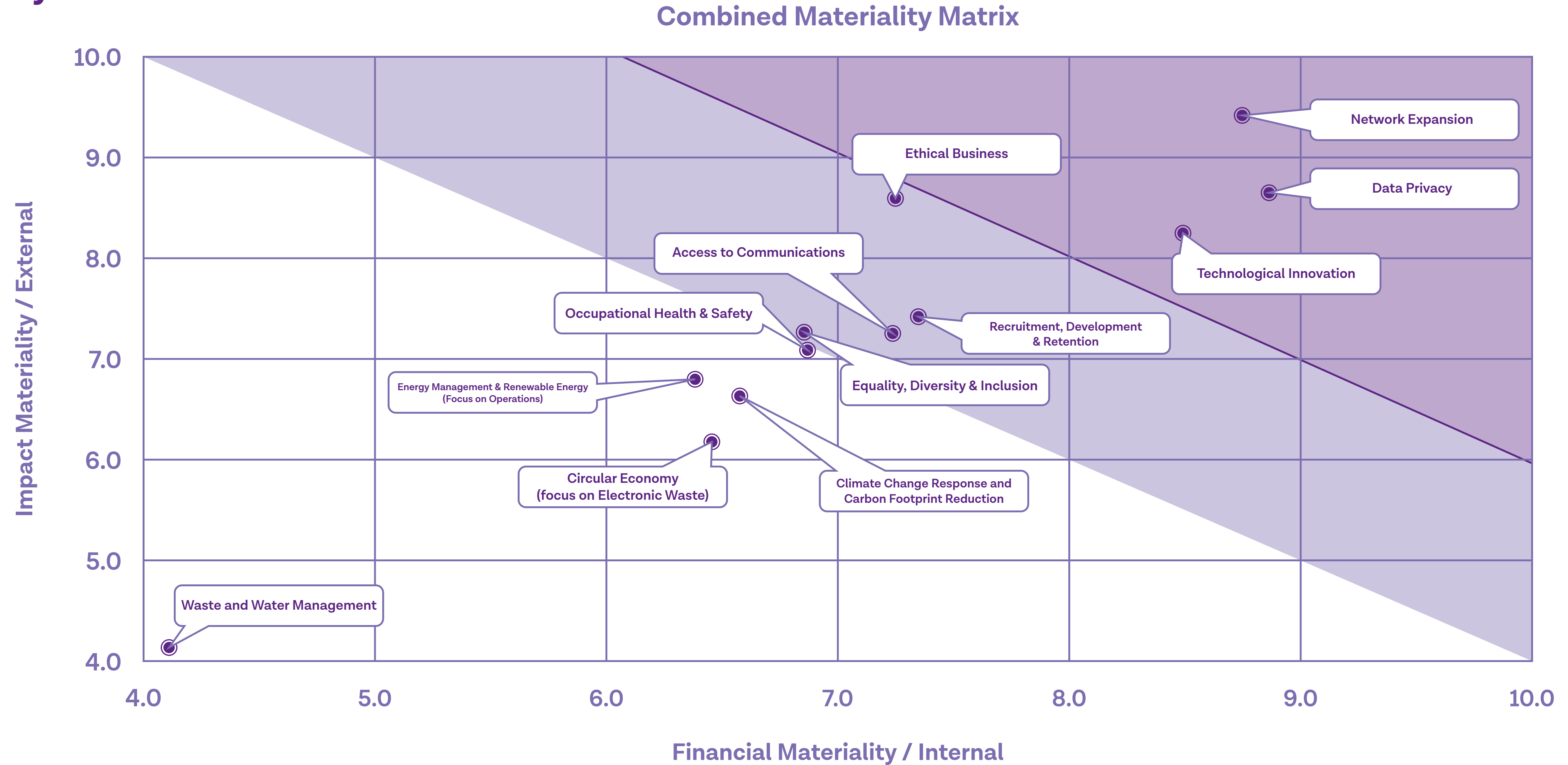
To ensure the relevance of the targets and goals outlined in our ESG strategy and to ascertain the transparency and accuracy of the information reflected in our sustainability report, we have conducted a thorough materiality assessment during the reporting year. To showcase our dedication to this matter, we have engaged third-party service providers to conduct a limited assurance of our materiality assessment.

The process was two-pillared, consisting of a thorough assessment of both impact and financial materiality. To assess the former, we reviewed the influence Azercell has on the external economy, environment, and society, whereas the latter involved an evaluation of the opportunities and risks to Azercell stemming from external issues in the environment and society.

In the process, we reached out to all relevant internal and external stakeholders to gain their feedback into our operations and their sustainability priorities. We engaged with the identified groups through surveys, interviews, or focus groups and explored their topics of the highest concern and relevance. The collected data was categorized and mapped, providing a visual aid of the issues of high importance on our sustainability journey.

As the result of the assessment, we have derived 12 material topics, which are discussed in greater detail throughout the report.

Materiality Matrix



The 12 priority areas were then divided into three quadrants which specified their level of prioritization by top-, mid-, and lower-quadrant.

Material topics

Top-Quadrant Issues Identified

Network Expansion

Data Privacy

Technological Innovation

Mid-Quadrant Issues Identified

Ethical Business

Recruitment, Development & Retention

Access to Communications

Equality, Diversity and Inclusion

Occupational Health & Safety

Lower-Quadrant Issues Identified

Energy Management & Renewable Energy

Climate Change Response & Carbon Footprint Reduction

Circular Economy

Waste & Water Management

Environmental

Environmental

In our company, we believe that technological advancement is not only a means for economic development, but a catalyzer for enhanced environmental management as well. We approach the management of our environmental impacts through the lens of innovation, as we seek creative solutions to the issues we face. To ensure that we tackle these challenges head-on and to systematize our response to the urgency of climate change, we have developed a robust environmental policy. Through this policy, we are implementing a sustainable and structured management approach that includes risk and impact assessments, emergency response, and utilization of innovation to minimize the damage to the environment.

As the leader in the telecom industry, we assume the responsibility to explore solutions that promote accountability, transparency, as well as cooperation with the private and public sectors. We pave the way for the local market players by introducing the latest technology to our business. While there are many examples of our innovation leadership, throughout this

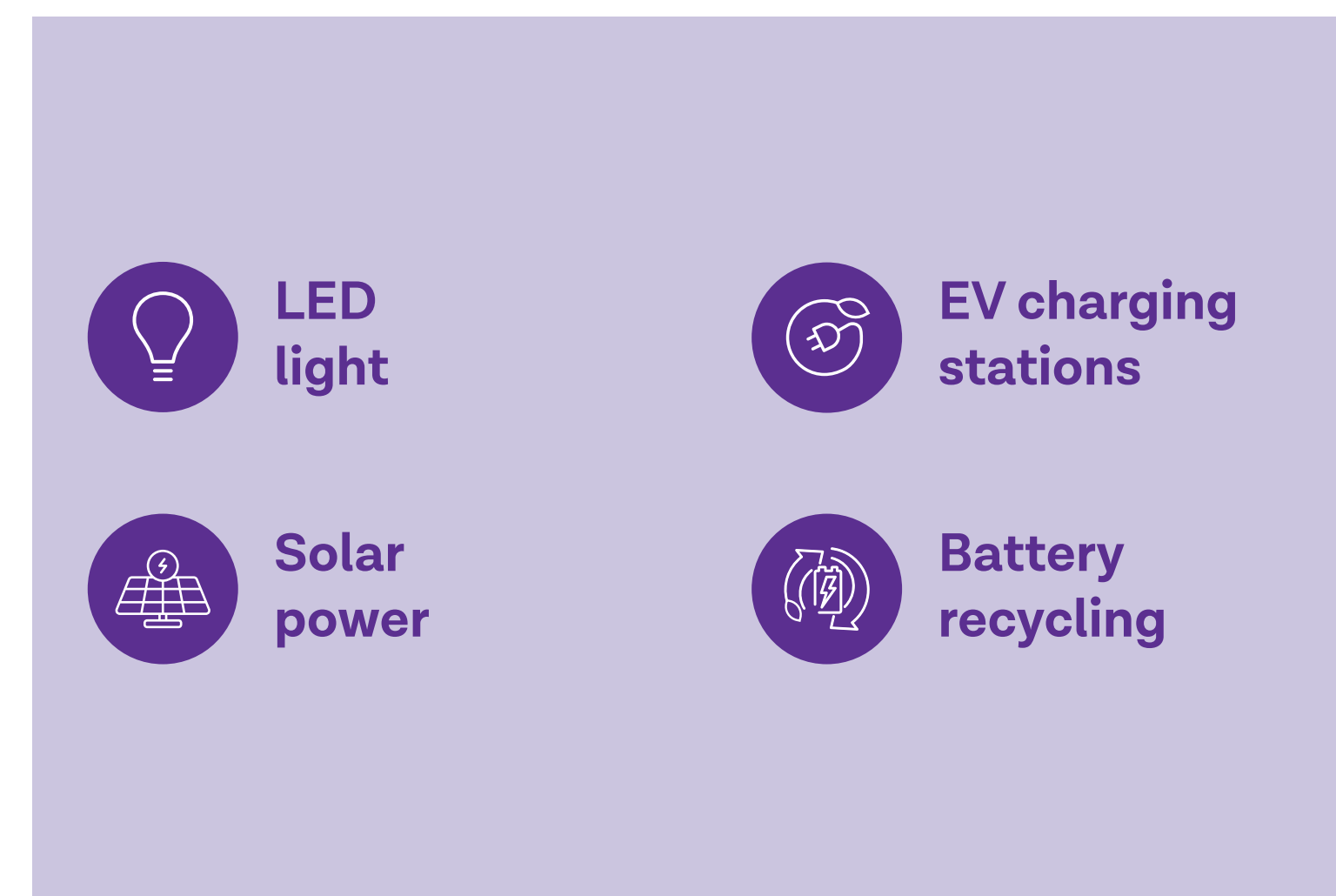
section we will focus on the highlights of the reporting year, such as aKart, which is Azerbaijan's first fintech, solar-powered base stations, and elements of circular economy. As the result of these initiatives, we are already able to observe progress in our environmental impact management.

In 2020, we reached another major achievement which we are proud to highlight in our first Sustainability Report. As a testament to our commitment to enhancing environmental performance, we received the ISO 14001:2015 standard for our environmental management system.

Through this commitment to environmental stewardship, we aspire not only to meet regulatory requirements but to exceed them, fostering a corporate culture that prioritizes sustainability and harmonious coexistence with the planet.



Azercell's environmental initiatives



Strategy and Approach

Governance

Our environmental management system is governed by a comprehensive Environmental Protection Policy that was developed on the basis of the Environment Protection Act of the Republic of Azerbaijan and the ISO 14001 International Standard of Environmental Management.

The policy comprises a series of procedures and management systems, helping us to effectively execute our vision for environmental management. In line with this policy, we have established a set of instructions that are designed to provide the basic principles and details of environmental management and ensure that the policy is understood and implemented accurately and

effectively. The instructions offer guidance to the directors of each department who oversee the implementation of this policy. Having this policy application guidelines in place helps us to embed our values into our daily operations and lead our employees towards more environmentally conscious choices.

To ensure the effectiveness of our management approach, we have adopted a process-based work method within our environmental policy with the aim to achieve sustainable growth with minimal environmental impact. The elements of this model are well documented, and we endeavor to implement them across all our business operations.



Five elements of Azercell's environmental management approach

01 Politics on the Environment

This involves establishing policies related to environmental issues. It includes an outline of our commitment to sustainability, compliance with environmental regulations, and the specific goals and targets related to reducing our environmental impact.

02 Planning

In the planning phase, we develop strategies and plans to implement the environmental policies effectively. This involves identifying potential environmental risks, setting objectives for sustainable practices, and creating action plans to achieve those objectives.

03 Execute and Proceed

This stage involves putting the plans into action. We carry out the outlined strategies and initiatives to incorporate environmentally friendly practices into our day-to-day operations. This includes implementing energy-efficient technologies, waste reduction measures, and other sustainable practices.

04 Audit and Correction

Regular audits are conducted to assess our adherence to the established environmental policies and the effectiveness of the implemented strategies. If any deviations or issues are identified, corrective actions are taken to address them promptly. This iterative process helps ensure continuous improvement in our environmental performance.

05 Summary of the Management Systems

This element involves creating a summary or documentation of the overall management systems in place. It includes an overview of the entire process-based work method, detailing how each phase is interconnected and contributes to our overarching goal of achieving sustainable growth with minimal environmental impact.

To ensure the transparency and accuracy of our approach, we have set monitoring procedures in place which allow us to effectively record our policy implementation and progress. This offers a reliable measurement, tracking, and reporting of our activities that have an impact on the environment. Experts routinely monitor areas such as the generation of waste across a multitude of areas and correctional measures are applied when the requirements are not met, with the general oversight of the monitoring procedure resting with the environmental management expert. Such division of responsibility encourages the implementation of our environmental policy across all levels of business. Further to that, we conduct periodic audits and evaluations to evaluate the effectiveness of our processes, while the overall policy is subject to an annual review by the relevant parties.



Environmental Risk Management

Recognizing the urgency of climate change and the consequential environmental impacts of our operations, we have implemented a comprehensive environmental risk assessment process. This systematic approach involves a meticulous examination of the detrimental ecological impacts inherent in our activities, aiming to identify and understand potential risks and vulnerabilities.

This proactive strategy enables us to formulate and implement measures to effectively mitigate and manage our environmental impact. Going beyond mere identification, our process includes a robust framework for continuous monitoring and periodic reassessment, ensuring our environmental initiatives remain dynamic and responsive to emerging challenges and evolving best practices.

Within the assessment there are several responsibilities given to the expert conducting

it. These include monitoring and implementing the environmental aspect process by company partners and contractors, conducting environmental protection training, and promoting the use of safety equipment to promote health and safety in the workplace.

A risk assessment form is used to report on the environmental aspects such as the use of natural resources and raw materials, pollution factors affecting the environment, and fuel storage, among others. Representatives are responsible for updating this assessment each year. The assessment form provides a clearly defined method for the representatives to identify areas that are good or harmful to the environment. The aspects are rated and placed on a scale ranging from normal to dangerous.



MT Our Pathway to Carbon Reduction

Being the leading company in the ICT industry in Azerbaijan, we aspire to actively contribute to the establishment of a more sustainable society while delivering high-quality services to our customers with a minimal environmental footprint. Our commitment to sustainability is observable through our full-scale integration of environmentally conscious practices within our operations, with the overarching goal of attaining higher production productivity at reduced costs.

Through our risk and impact assessment procedures, we were able to determine that our primary detrimental impact on the environment lies within our energy consumption, as well as the production of emissions and waste. Since the assessment, we have begun taking measures to reduce the damaging effects of our operations and explore the opportunity to scale up the implementation of renewable and hybrid models of energy use.

As the results of the assessment implied that our energy consumption is one of the highest contributors to our environmental footprint, we have begun making efforts to optimize our consumption patterns through our offices and base stations.

As such, two of our base stations in Karabakh, as well as one station in Gobustan and one in Tovuz are now powered by solar energy. At the moment, a hybrid station is under construction in Karabakh, while 33 more are planned to be constructed in the coming years, which will bring the total number of base stations across Azerbaijan running on renewables to 37. Our vision is to transition more of our sites to renewable energy over the coming years, which will enable us to reach our goal of a reduced carbon footprint by consuming energy in a responsible and efficient way.

To cultivate a culture of environmental consciousness and encourage efficient energy usage among our employees, we implemented a comprehensive training program. This program is specifically tailored to emphasize the reduction

of electricity consumption and educates the participants on the appropriate measurement and replacement of mercury lamps. Our Azercell offices are actively investing in initiatives to implement geared towards solar power utilization, and a growing concentrated effort is underway to transition to the usage of LED lighting technologies.

Furthermore, as a large segment of our Scope 3 emissions account for the time spent in traffic by our employees, we have transitioned to a 50% hybrid work regime since July of the reporting year, which will further encourage a decreased reliance on fuel consumption.

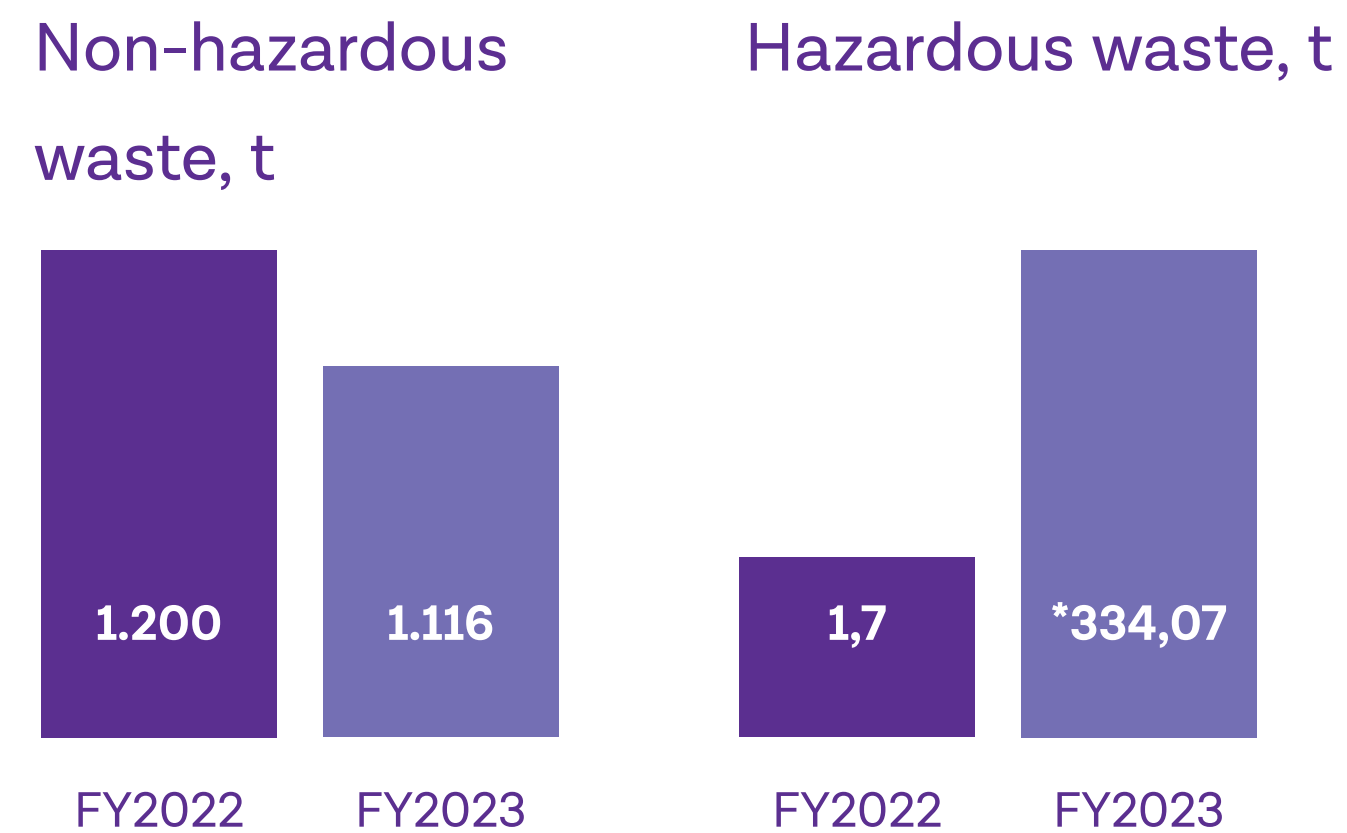


MT Waste Management

At Azercell, we adhere to a ‘Green Office’ policy, in which all generated paper waste is systematically collected and forwarded to a recycling facility. Initiated in 2012, this program has proven instrumental in our conservation efforts.

As we move forward on our sustainability journey, we are actively seeking out new ways to expand our recycling initiative to extend its coverage to other types of waste materials. Our vision for the future involves fostering collaboration with our supply chain and business partners to amplify the impact of these efforts.

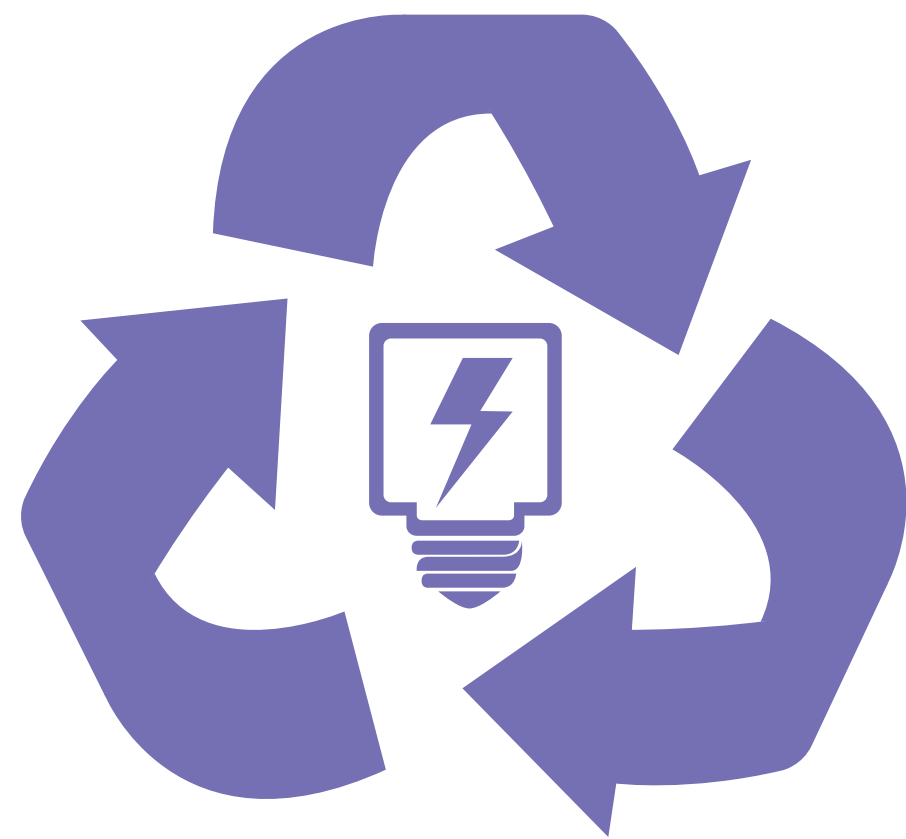
Waste generation, 2022 and 2023



* The reported waste increased in 2023 due to the inclusion of base station waste.

Recycled Batteries

As a company, we are increasingly embracing circularity within our processes as we recognize that our operations result in e-waste toxic for the environment. As such, we are partnering with third-party service providers to retrieve batteries from our base stations seeking to expand their lifecycle and repurpose this material. We have also installed designated collection boxes throughout our offices for the purpose of gathering used batteries and accumulators. Other than minimization of our environmental impact, this initiative also aims to enhance environmental awareness among our employees and underscores our commitment to environment protection.



MT Water Management

Water conservation is an essential facet of our environmental management system which enables us to restrict our reliance on and depletion of natural resources. In the context of our administrative activities such as washing company-owned vehicles, we are strategically planning to deploy a water filtration system in the coming years. This system is designed to reclaim 95% of the water utilized during the washing process.

So far, we have recorded a decrease in our water consumption by 27% from 23.663 m3 in 2022 to 17.181 m3 in 2023.



MT Innovative Technologies and Data Storage

Within our comprehensive environmental strategy, Azercell is steadfast in the commitment to fostering sustainable practices. We actively engage in the development, application, and promotion of cutting-edge technologies and services that exemplify environmental stewardship and reflect our core values.

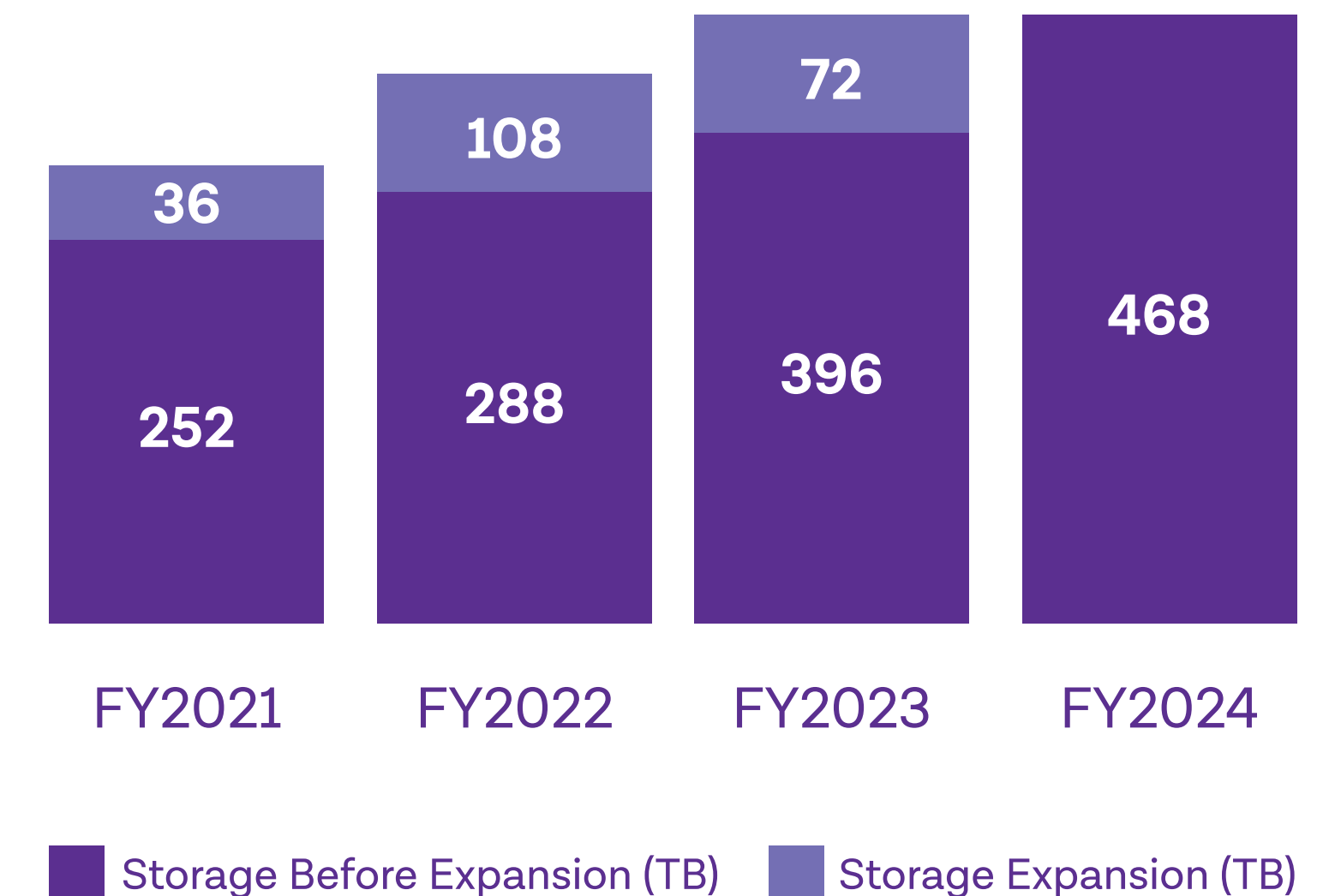
One of Azercell’s accomplishments over the last year has been the development of Azerbaijan’s first Fintech, aKart. As roughly 70% of Azerbaijan’s population is unbanked, our fintech solution provides an easy and accessible way for this segment of the population to use online banking facilities via their personal mobile devices. Not only does it expedite the development of an inclusive economy, but also allows us to leave a positive impact on the environment as it decreases the reliance on cash and physical cards. It is also compatible with popular payment methods such as Apple Pay and Google Pay, further curbing consumers carbon footprint.

We recognize that the issue of data storage presents another source of negative environmental impact as it requires large amounts of energy in the cooling process of servers. Being the leading telecommunications company in the country, we manage extensive data volumes, and it is our responsibility to store this information in a way that mitigates its environmental impact.

In alignment with our commitment to sustainability, we have opted to reduce the duration of data storage from three to two years. This strategic decision deters the necessity to invest in additional servers, hence mitigating increasing energy consumption and simultaneously allowing us to maintain our data lake. Further to that, we have been implementing a protocol for archiving data that is no longer in active use. The figure to the right highlights our storage plan for 2024 and demonstrates the trend over the past four years.



Azercell’s planned storage



Social

Social

At the heart of our commitment to sustainability lies a profound understanding that success goes beyond mere financial metrics. As the largest telecom company in the country, we recognize our responsibility to contribute positively to society and foster meaningful connections not only through our services but also through our impact on the communities we serve.

We seek to amplify our efforts in sustainability through our initiatives in the social aspect of ESG by emphasizing two fundamental pillars: our dedication to our employees and our community-focused projects. Our approach extends beyond conventional business practices, seeking to create a holistic and enduring impact.

As a company, we recognize that our people and the society in which we operate are the primary drivers of our success, and we continuously explore new ways to nurture a culture in which all people have the opportunity to thrive and reach their full potential. Time and time again, our efforts have been recognized by the numerous awards and recognitions we have



received, including becoming the first company in the CIS to receive the Platinum Certification for the Investors in People Human Capital Standard in 2021.

As part of our corporate strategy, we aspire to “be one of Azerbaijan’s most desired places to work”, and we will continue to take decisive measures in order to underscore the importance of this pillar to our business.

Five core principles of Azercell’s people strategy



We are **ACTIVELY LISTENING**

We prioritize the needs of our people, through consistent engagement and active listening, ensuring their voices shape both our everyday and strategic decisions.



We are **ONE COMMUNITY**

We are one Azercell community, and we are passionate about maintaining a positive, inclusive culture for our people to deliver exceptional service to our customers.



We are **SAFEGUARDING WELL-BEING**

The safety, health and overall well-being of our people are non-negotiable priorities, and we are committed to their utmost welfare.



We are **CHAMPIONING DIVERSITY, EQUITY & INCLUSION**

We advocate for diversity, and particularly for the equal rights and empowerment of women, recognizing that true inclusion is built on a foundation of equity.



We are **INVESTING IN PEOPLE**

We invest in people and their careers, knowing that they are our most invaluable assets.

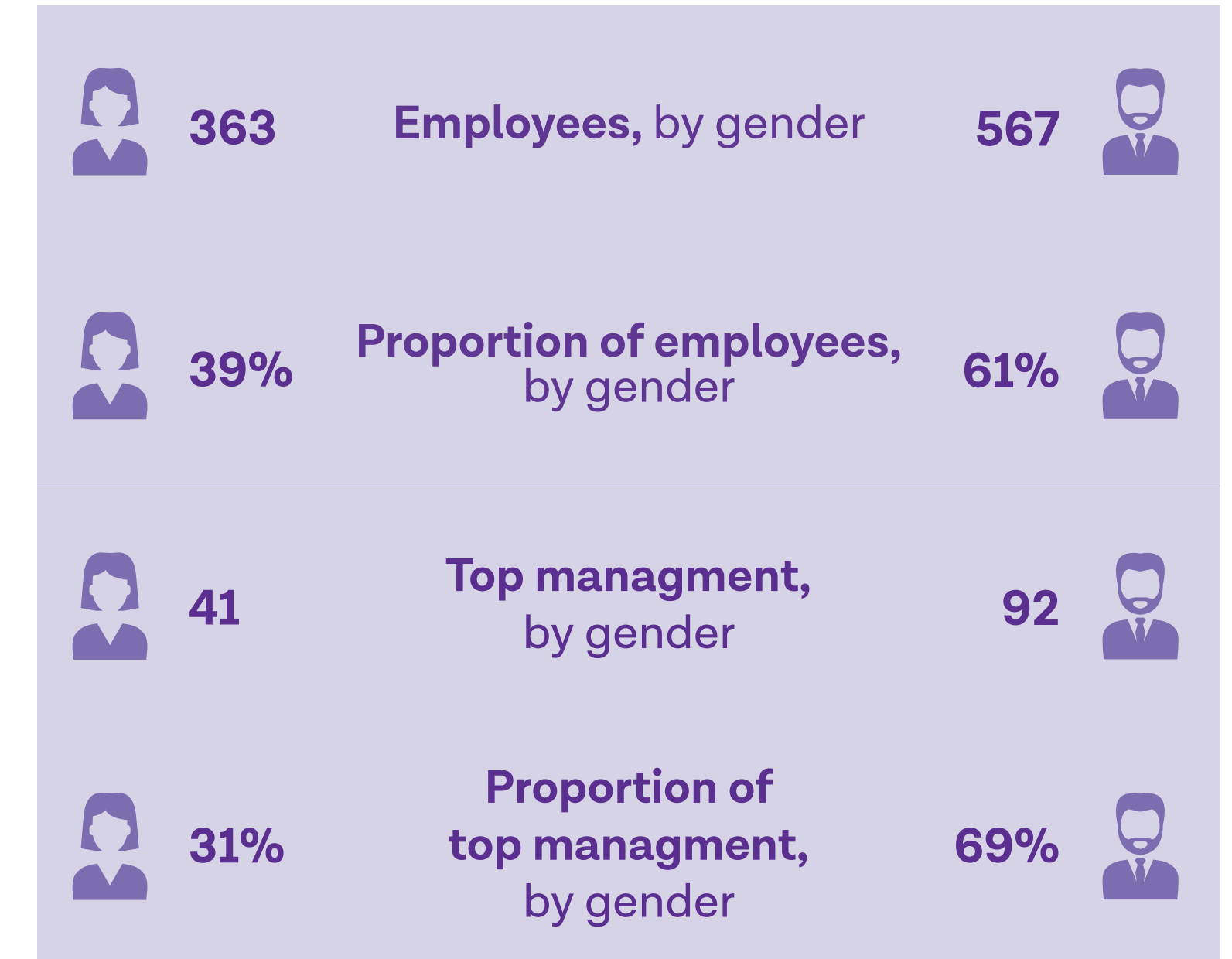
Our People

As the bedrock of Azercell's success, our people are central to our purpose as a company. We recognize that without the daily efforts of our employees, the quality of our products and services would not live up to our standards. Therefore, it is of utmost importance to us to ensure that we offer the recognition and opportunities that our employees deserve.

The Azercell employee community, comprising over 900 directly employed individuals, is inherently aligned with the core purpose and values of our company. As a people-centric employer, we hold the steadfast belief that the only successful human resources management style involves the application of a tailored approach to each employee. The culture we have cultivated at Azercell is designed to foster loyalty, addressing

the needs of our workforce through a personalized framework. We continually engage in the collection of feedback and listen to the concerns of our employees with both kindness and respect. As a company, we strive to uphold an environment that reflects our commitment to individualized and considerate employee care.

Employee statistics



Active Listening: Employee Engagement

For us, employee engagement holds paramount importance in our pursuit of a thriving workplace. Our engagement is driven by agility, our focus on the people of Azercell, and our engaging leadership. To monitor the engagement level in the company, we conduct annual surveys with the aid of third-party service providers, to ensure the transparency of the process.

Components of the “Active Listening” strategy pillar



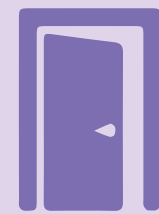
Employee Engagement surveys



Speak Up program



One-on-one meetings

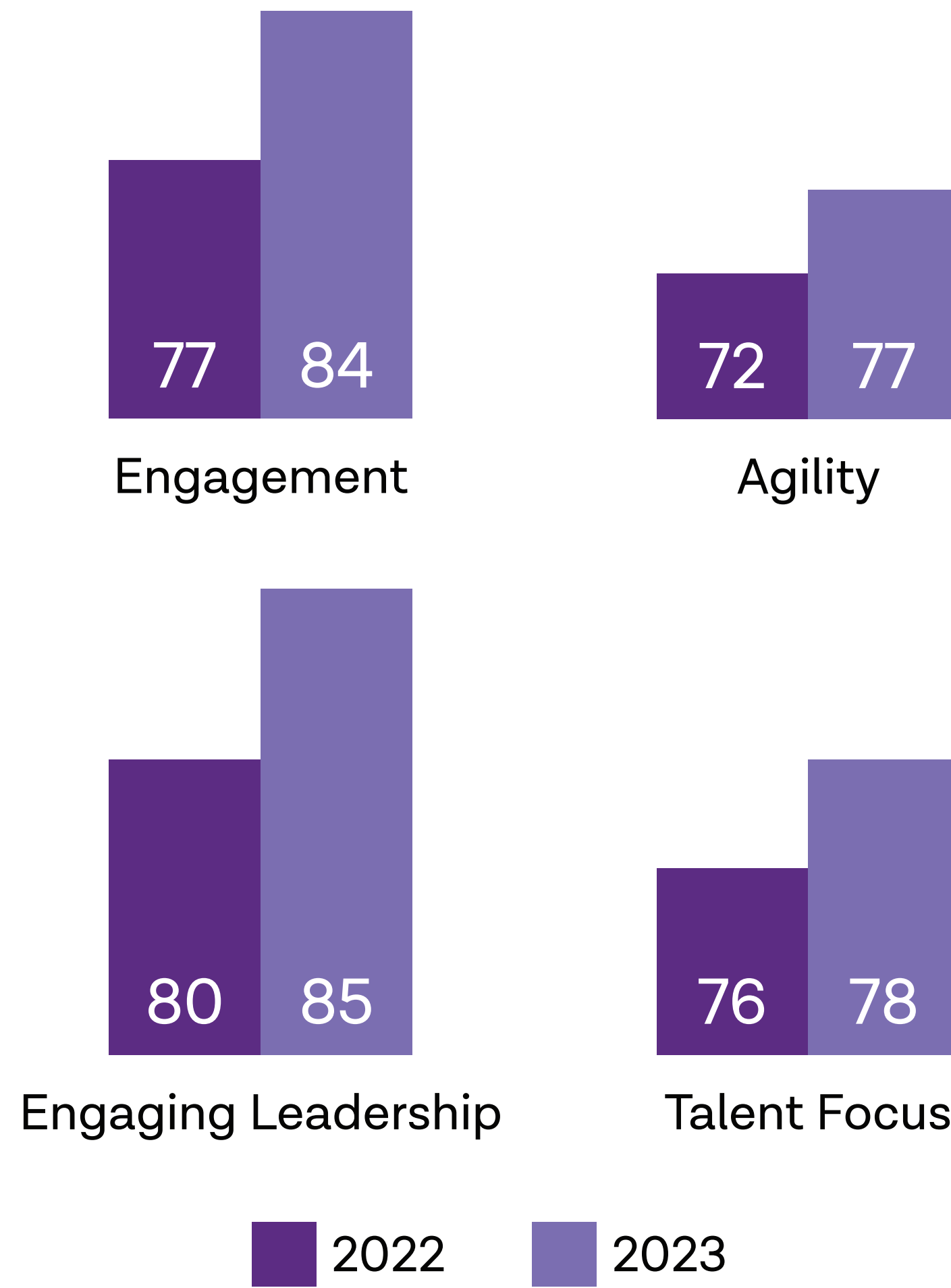


Open Door policy

Our Employee Engagement & Experience Survey is our main vehicle for actively seeking feedback and measuring the job satisfaction of our workforce. In 2023, our response rate reached 80%, with 679 survey participants. Apart from assessing the engagement rate among our employees, these surveys are critical in determining the core strengths and improvement areas in our human resource management system. By receiving direct feedback from our people, we are able to set appropriate targets and establish action plans for the coming years.



Employee engagement survey results



The results revealed that our employees consider Azercell’s core strengths to be the ethical standards we exhibit in all that we do, the respect we show for each other, and the transparency and clarity of our top-down communication. We have also identified our improvement areas, which, according to the survey results, are cooperation between departments, processes, and systems enabling productivity and efficiency, as well as performance management. The insights derived from these surveys are pivotal in our commitment to continual improvement of our management systems.

To further support our Active Listening pillar, we have integrated an open-door policy in our company, allowing all employees to speak directly to the management of any existing concerns. We

believe in transparency and openness and strive to hold ourselves to the highest standards of conduct in all situations. Therefore, it is of paramount importance to us that our employees have access to decision-makers who are able to support them through challenging circumstances.

However, not only do we advocate for a culture of open communication among our employees when they are confronted with challenges, but we also constantly encourage our management to hold one-on-one meetings with their subordinates and proactively seek feedback on their leadership and the team environment.

Investing in People: Our Talent Strategy

As our team of employees is dedicated to Azercell, Azercell is dedicated to creating a thriving workplace where everyone has the opportunity to grow and succeed. Our commitment to our people is underscored by our low turnover rates and a high average tenure of ten years, as well as a high return rate after a long leave.

As we strive to achieve our goal of being one of the most attractive employers in the country, we recognize that it is important to continuously foster an environment that enables employee motivation and high levels of job satisfaction. To give back to the very people that drive our company forward, we strive to continuously invest in them and their career development. Taking a personalized approach, we aim to close gaps in skills and knowledge by crafting professional development plans, which may include experience training or formal education. Through the Azercell Academy and with third-party training providers, we offer a wide range of courses covering personal and professional skills – ranging between

English language skills, project management, coding, and Sustainable Development, among others.

We are deeply committed to fostering the success and advancement of individuals across all areas of our business. Cultivating excellence and progression in our industry is ingrained in our corporate culture and approach to HR management, underlining our dedication to endorsing internal promotions to fill vacant positions. Our corporate culture places significant emphasis on facilitating the professional growth of our workforce, particularly through initiatives such as upskilling programs for employees aspiring to transition internally, meticulous succession planning, and tailored training programs covering leadership development and development of soft skills. This multifaceted approach reiterates our steadfast investment in the professional and personal development of our employees.

Internal Internships

We conduct internal programs for Azercell employees seeking new challenges to shift their career or their capabilities in a different role or department. Within the framework of this program, the employees receive hands-on training and contribute as interns in the designated department. In 2023, 15 employees signed up for the program for the duration of four months, interning two days per week. This structured approach offers a secure environment for individuals lacking relevant experience or background to explore diverse opportunities and acquire new skills within their regular working hours.

The initiative not only supports individual professional growth but also proves advantageous to our business. By enabling employees to comprehend various facets of the organization, it fosters synergies and efficiencies. This, in turn, contributes to a cross-functional knowledge base, enhancing collaboration and effectiveness within the company.



As part of our strategic pillar of investing in people, we are committed to maintaining a culture of continuous improvement and fostering growth opportunities, where every member of our workforce undergoes regular performance appraisals. This systematic evaluation process was developed to empower and support our team members in their professional development, providing them with consistent feedback and well-defined targets.

Over the past three years, we have successfully conducted career development reviews for 100% of our employees. This structured approach ensures that our teams' objectives are in alignment with our company's overarching strategy, facilitating a collective effort towards a shared mission. It also allows employees to clearly comprehend their role in contributing to the company's success and be duly recognized and rewarded for their contributions.

To further incentivize performance excellence, we employ the Azercell reward system, which includes performance-related bonuses. This not only acknowledges individual achievements but also reinforces our organizational commitment to recognizing and valuing the efforts of our dedicated employees.

Acknowledging the pivotal role of an efficient and structured HR management system, we always seek to integrate systems that will enable us to provide the highest quality of experience for our employees. By implementing

and maintaining a sophisticated system, we aim to create an environment that not only meets but exceeds the needs and expectations of our workforce. As part of this commitment, we have recently initiated the implementation of SAP "SuccessFactors" HR software. This strategic move aims to streamline and enhance the management of the complete employee lifecycle within our organization. The software encompasses a comprehensive array of functionalities, including but not limited to employee data access, self-services, payroll management, time tracking, benefits administration, ticketing and issue resolution, health and well-being initiatives, global data protection and privacy compliance, as well as diversity and inclusion measures.

The intended outcome of this initiative is a fully integrated system, scheduled for completion by the year 2025. This investment in cutting-edge technology underscores our commitment to addressing the evolving needs of our workforce and creating an environment where employees can carry out their responsibilities with utmost effectiveness.

This endeavor exemplifies our proactive approach in responding to and acting upon the valuable feedback we receive, ensuring that our technological infrastructure aligns seamlessly with the evolving requirements of our dynamic workplace.

MT Championing Diversity, Equity & Inclusion

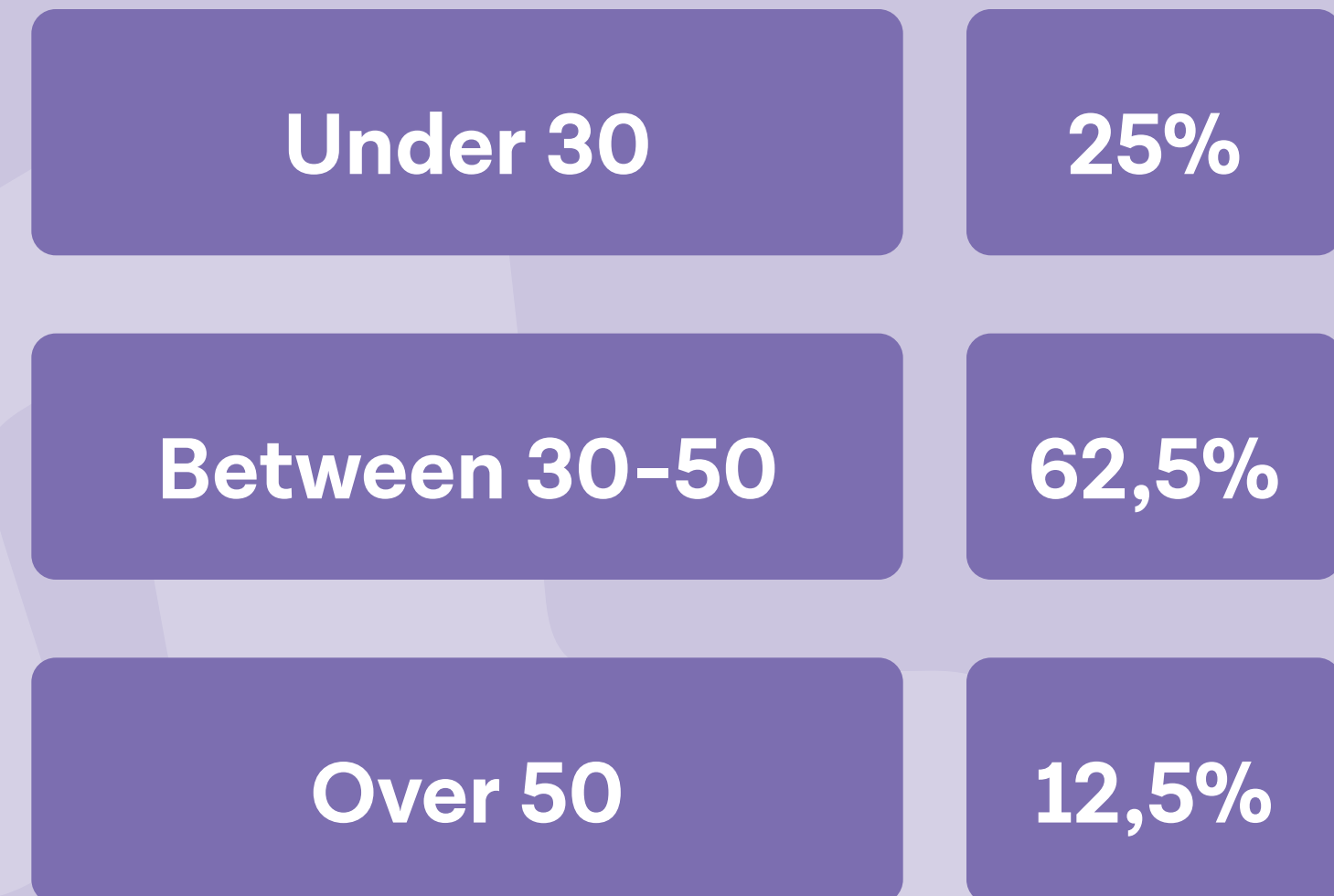
As a company operating in a historically male-dominated sector, we take pride in our steadfast commitment to promoting diversity and gender empowerment, particularly within our senior leadership team. Notably, 31% of our senior leadership team, led by our female CEO, comprises accomplished women. This deliberate composition ensures that Azercell's policy and strategic decision-making processes are driven by a diverse outlook, reflecting our dedication to fostering inclusivity.

Beyond representation at the senior level, our management structure is designed to provide essential visibility and representation for our female employees, offering a clear trajectory for their career paths within Azercell. Our commitment to diversity and inclusion is woven into every stage of the employee experience, from recruitment and training to ongoing

development and performance appraisal throughout their time with us.

Our dedication extends beyond our workplace, encompassing a commitment to investing in the education and development of young women across the country. Through supporting educational initiatives and facilitating continuous learning opportunities, we aspire to empower them to excel and thrive in their chosen fields. These investments not only contribute to a more diverse talent pool but also play a vital role in nurturing the leaders of tomorrow, hence fostering a more inclusive and equitable society.

Percentage of employees in 2023 who have disability, by age group



MT Recruitment

In our commitment to fostering diversity and inclusion, we employ a multifaceted approach to attract a broad spectrum of candidates. We actively promote our job opportunities through wide-reaching advertising and engagement in career fairs, aiming to enhance our outreach to diverse talent pools. Specifically addressing the underrepresentation of women in IT roles, we have implemented targeted measures to encourage their application, thereby contributing to greater gender diversity in the technology sector.

Our Student Bursary program serves as a cornerstone in supporting female career paths in STEM. This initiative involves providing financial bursaries and internship experiences for students specializing in Information Technologies, Cyber Security, Business Analytics, Data Science, and Marketing.

Emphasizing our commitment to inclusivity, we actively recruit and hire individuals with disabilities, ensuring they enjoy equal opportunities to work, grow, and make meaningful contributions within our organization. Our recruitment process is designed with mechanisms to assess applicants objectively, fostering a fair and unbiased evaluation of candidates.

We uphold a fundamental principle of respect for every individual throughout our recruitment process, irrespective of age, gender, marital status, religion, race, ethnic origin, nationality, physical disability, or sexual orientation. This dedication to fairness and inclusivity is integral to our corporate values and ensures that our workforce is reflective of the diverse world we operate in.

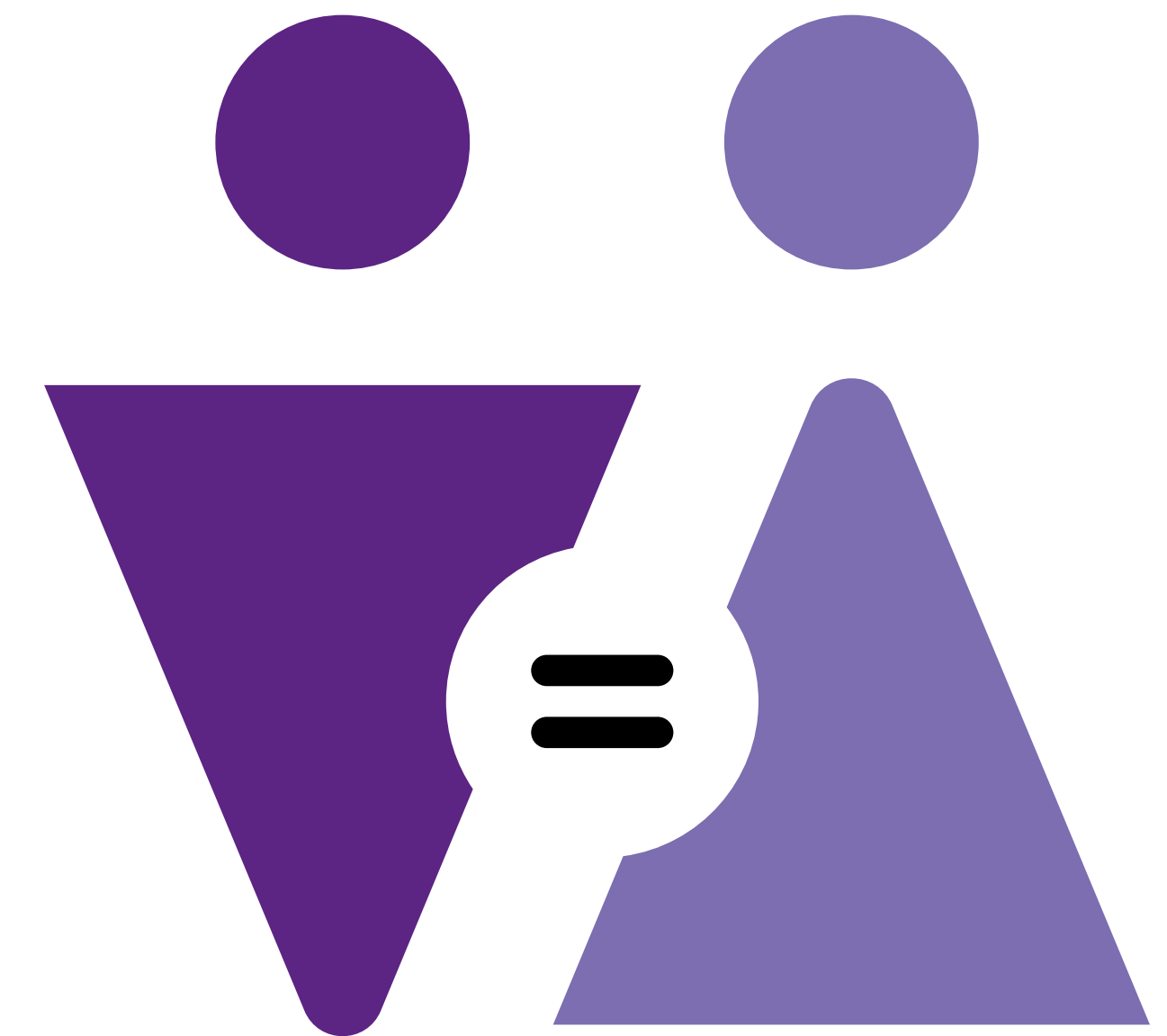
MT Equal Pay & Flexible Working

To uphold the principles of gender equality, Azercell has implemented policies to ensure that women receive equal compensation for work of equal value that requires similar skills, experience, and qualifications. Our commitment to this principle is further reinforced by regular review of our pay structures, aimed at eliminating any gender pay gaps that may arise.

Recognizing the diverse needs of our workforce, especially women with caregiving responsibilities, we are dedicated to providing flexible working arrangements. This includes the provision of parental leave, flexible working hours, and remote working options for all employees. By offering such flexibility, we aim to create an environment where employees, including women, can effectively balance their professional and personal responsibilities, fostering a workplace culture that supports overall well-being and work-

life balance. This commitment aligns with our vision for an inclusive and accommodating work environment.

In our pursuit of Diversity, Equity, and Inclusion (DEI), we prioritize the establishment of structured frameworks and organizational initiatives to create a more inclusive environment. By strategically designing and implementing programs, we aim to build a strong foundation that actively promotes diversity and equality. It is especially important to note that the ongoing progress is systematically tracked and measured, enabling us to adapt and refine our initiatives to better align with our goals. Regular evaluation ensures that our actions effectively contribute to fostering an inclusive workplace where each individual feels valued and empowered to contribute their unique perspectives and talents.



1:1 ratio of basic salary of women to men

Safeguarding Well-Being

The well-being of every Azercell employee is our top priority, and our unwavering commitment is reflected in the establishment of comprehensive health and safety policies and protocols. These measures are aligned with Azerbaijan law and international best practices, supported by ISO45001:2018 certification, ensuring continuous review and improvement of our health and safety management practices.

Beyond legal compliance, we extend our commitment to employee well-being by offering voluntary health insurance for all employees and their families. In our ongoing efforts to enhance support, we plan to extend discounted health insurance rates to include employees' parents and adult children in the near future. To keep health and safety at the forefront,

we conduct various campaigns and webinars throughout the year, covering areas such as blood donation, blood sugar testing, eyesight testing, and safe driving. Our YAMMER program serves as a platform for visual reminders and employee engagement on these crucial health and safety topics.

Our series of ongoing Health and Safety training programs empower employees with the skills and knowledge necessary to prioritize their own safety and that of their colleagues. Our standard training courses include a variety of topics, some of which are outlined in outlined in the figure to the right.

Standard HSE training courses



Labor Protection and Technical Safety



Working at Heights



Safety Techniques in the Operation of Electrical and Heating Facilities



Lifting Platform Operator Training



First Aid and CPR



Basic Fire Fighting



Defensive driving

Demonstrating our commitment to supporting women's health, we consistently offer expert doctor consultations from various medical companies, focusing on issues that specifically impact women. Leveraging the Azercell Academy platform, we have conducted an array of webinars addressing women's health-related topics. These sessions, facilitated by expert psychologists, contribute to the dissemination of valuable information and promote awareness about women's health issues within our community.

Recognizing the potential pressures faced by our employees, especially those in front-office roles who interact directly with customers, we prioritize their well-being. To support our colleagues, we provide access to specialized training on stress management and emotional intelligence. Conducted by experts and psychologists, these sessions aim to equip our team with valuable tools and strategies to navigate and cope with the challenges inherent in their roles, fostering a healthier and more resilient work environment.

MT One Azercell Community: Corporate Social Responsibility

One Community has been defined as one of the foundational pillars of Azercell's people strategy, as we believe we are well-positioned to make a difference in people's lives through access to communication and digital inclusion. We strive to promote education through innovation, increase gender equality and leadership in our sector, and provide opportunities for improving people's lives, no matter where they are or how remote they may be.

We understand the importance and significance of our role in connecting people across Azerbaijan, and we have a unique ability to deliver services that can be a true force for good. Our purpose – to ease connectivity and empower lives – underscores our activities and strategy for this topic.

Our community involvement has been guided by our



Corporate Social Responsibility (CSR) strategy. The aim of our CSR strategy is to leverage our business and maximize the value we create within society. CSR has always been engrained in DNA, helping us achieve our vision of creating a thriving and digitally inclusive society. Our CSR strategy defines three focus areas, allowing us to approach our community involvement in a systemic and organized way by selecting initiatives that align with our strategic directions.

A Healthy and Safe Society

This strategic pillar serves as a foundation for our commitment to fostering a healthier society by leveraging Information and Communication Technology (ICT) in healthcare and implementing a comprehensive safety and security solution. Specifically, our focus includes advancing online safety for children.

Another crucial element of this pillar is our participation in addressing societal challenges related to drug and alcohol addiction, as well as the early marriage of young girls. As part of this strategic direction, we have collaborated with the National Judo Federation in Azerbaijan to raise awareness on these matters. These efforts not only contribute to societal well-being but also strengthen the trust between Azercell and the communities where we operate.



Connecting the Unconnected

Our CSR strategy aims to provide connectivity to the communities living in remote locations around the country, as well as in disaster areas. It ensures that our network expansion is inclusive and that Azercell actively supports social development through society-enhancing services.

We understand the importance and significance of our role in connecting people across Azerbaijan, and we have a unique ability to deliver services that can be a true force for good. Our activities in this regard underscore our purpose to ease connectivity and empower lives. To progress towards a digitally inclusive world we want to ensure that Azercell brings the most vulnerable groups in society along as our society undergoes digital transformation. Doing so enables us to provide all groups within society with access to education, promoting a more inclusive and healthier life. Providing a connection to all groups in society also helps us facilitate more opportunities for people to live and work anywhere.

Education for Future

Our final pillar of our CSR strategy strives to promote and provide education through ICT. Many of our projects incorporate educational aspects, such as our contribution to the Autism Portal and our Digital Library. Through education, we want to empower vulnerable groups, with a particular focus on women empowerment and supporting women with ICT.

We strive to promote education through innovation, increase gender equality and leadership in our sector, and provide opportunities for improving people's lives, no matter where they are or how remote they may be.

Achieving our CSR objectives

Our CSR strategy is designed to leave a positive mark on society, and we firmly believe that aligning our initiatives with our core business will create a lasting impact. To achieve this, we strategically incorporate CSR into our operations and establish initiatives that not only benefit society but also align with our business objectives for long-term sustainability. Our partnerships, cultivated through these initiatives, significantly extend Azercell's reach and capabilities. These collaborations are particularly valuable, enabling us to accomplish objectives that may be more challenging to attain independently.

We recognize the immense potential of our products and services to impact a broader audience. By leveraging our offerings, we aim to enhance the quality of life for all groups of people. This transformative power underscores our commitment to utilizing our reach for the betterment of society. Ultimately, we view the integration of CSR into our business model as a powerful tool for creating positive change and fostering a more sustainable and socially responsible future.



The Audio Project – Azercell's Digital Library

Over the past several years, we have dedicated efforts to a cultural sustainability initiative aimed at curating a digital library showcasing significant works of Azerbaijani literature. The primary objective is to elevate these literary treasures onto the international stage through the process of digitalization. Our Audiobook Project, a pivotal component of this initiative, involved the placement of over 50 works authored by prominent writers and poets from Azerbaijan onto the Bookmate platform. These literary works are now accessible in both audiobook and audio player formats.

By embracing the multilingual aspect of this initiative, we have captured the essence of Azerbaijani literature in four languages, including Turkish, Russian, and English. We firmly believe that this project serves as a means to pass down masterpieces of Azerbaijani literature to future generations and expand the international readership. The digital library not only preserves the cultural heritage of Azerbaijan but also facilitates a broader appreciation of its literary contributions on a global scale. Through this endeavor, Azercell strives to contribute to the cultural legacy of Azerbaijan and foster cross-cultural understanding by making these literary works accessible to audiences worldwide.

Women and Children Hotlines

Since 2010, we have been partnering with the “Reliable Future” (“Umidli Gelecek”) Social Initiatives Public Union on the development of hotlines for vulnerable groups in Azerbaijan. Our Children Hotline, established in 2010, with the support of UNICEF Azerbaijan and Reliable Future, offers 24/7 support for children under the age of 18, covering everyday topics to more serious issues of child abuse and bullying. Thousands of parents with issues relating to their children have been contacting the hotline since 2010. In 2022, 10% of more than 5,000 referrals to the “Children Hotline” were related to child abuse. As in recent years, psychological and physical violence were the main reasons to contact, but unlike previous years, applications related to cyberbullying were also registered. The reason is the ever-increasing trend of internet usage among children and adolescents. Considering these indicators,

Dəstəyimiz qaranlığa işıqdır

Uşaq Qaynar Xətti:

☎ 116111



Sən tək deyilsən!



Azercell decided to organize a series of events, paying special attention to educating the public about safe and responsible online behavior as well as protecting children from cyber threats.

Whilst we have seen strides towards equality for women in the last century, the unfortunate reality is that gender-based violence remains a pervasive global epidemic. In August 2022, supported by the State Committee for Family, Women and Child Affairs and “Reliable Future” (“Umidli Gelecek”) Social Initiatives Public Union, we launched a “Women’s Hotline” service. The Women’s Hotline is operated by a team of licensed psychologists, social workers and lawyers and provides 24-hour counseling and emotional support to girls and women facing difficult living situations. To date, our service has been used by more than 4100 women, mostly because of psychological and physical abuse, family or divorce problems.

Online Portal on Autism

Azercell has made an impact through Birgə və Sağlam's Online Autism Portal. Through investment, we have helped the NGO modernize and improve its online offering. This funding allowed the portal to be developed further providing educational resources and enriching its content. The aim of the portal is to provide parents of children with autism with reliable, educational information and content, including regular posts and videos from medical specialists. Azercell's support of the project enabled the digitization and publication of a collection of scientifically recognized information on various aspects of autism, including a 10-volume book by Türkiye's Tohum Autism Foundation translated into Azerbaijani. The modernization also included the addition of the "live chat" function, which allows users to engage in real time, receiving information about autism, rehabilitation processes, and other social assistance available. Azercell is extremely proud to be part of this initiative, driving greater awareness and understanding of autism in Azerbaijan.

Promoting athleticism

Sport is an important element of any community, and it is a valuable way that we believe will help us progress our CSR objectives and increase Azercell's reach and impact.

Azercell actively works with the National Judo Federation in Azerbaijan (AJF) to promote sports and culture among young people, particularly young women. This cooperation fosters women empowerment and addresses issues such as early marriages, drug addiction and bullying. Through this collaboration with the AJF, we established the 'I Promise' campaign. This campaign is aimed at increasing interest in sports and promoting a healthy lifestyle while addressing issues such as bullying, prevalent among youths today. The goal of this project is to teach both children and adults about the harmful effects of bullying. Educational activities are integrated into judo training sessions. Children who complete these sessions will receive certificates and wristbands aimed at uniting children around the anti-bullying movement.



Azercell also sponsored the Baku Marathon in 2023. The marathon has the slogan of 'Conquer the Wind' and attracted 19500 participants worldwide. The race was 21 km long and Azercell provided a digital chronometer. Special microchips were linked to participant badges with their numbers which ensured maximum accuracy of the results and provided immediate data. Azercell has sponsored this event since 2017 to promote a healthy lifestyle. We also sponsored prizes for the race winners and runners-up, which consisted of mobile phones, network plans and other special gifts. Special consideration was given to young students who participated in the race with two of them winning prizes.

Gələcəyin İnformasiya
Texnologiyaları
mütəxəssislərinə
dəstək oluruq!



International Olympiad in Informatics

Since 2017, the preparation process of our schoolchildren for the international Olympiads in informatics has been carried out within the framework of the partnership of “Azercell Telecom” LLC with the Ministry of Science and Education. During this period, our schoolchildren successfully represented our country in international Olympiads of various scales and received a total of 54 medals, including 3 gold, 14 silver and 37 bronze.

Advocacy and Sponsorship

We actively engage with the broader business community by sponsoring and participating in various events that focus on female empowerment. Notably, our involvement includes support for the “SHE Conference,” a significant event attended by over 500 businesswomen nationwide. The conference, held under the theme “OWN YOUR LIFE,” featured speakers from Azercell’s senior leadership team. Its primary objectives were to enhance women’s leadership and business skills, foster networking opportunities, and facilitate the sharing of experiences among attendees.

As part of our longstanding commitment to social responsibility, Azercell has allocated over 30 million AZN to socially oriented projects during the reporting year alone. Women’s rights and development remain in the spotlight, with numerous projects designed to empower women through education and enhance their career opportunities.

This multifaceted approach underscores Azercell’s dedication to not only supporting women within its own ranks but also contributing to the broader societal advancement of women. By actively participating in events and implementing impactful projects, we strive to create a positive and inclusive impact on women’s lives, both within and beyond the company.





FemTech Platforması

“Her Improvement”



Her Improvement

Our commitment to supporting women in STEM is exemplified through the “Her Improvement” project, a development program launched in 2022 in collaboration with “FemTech” LLC. This initiative, designed to foster the growth of female professionals in technology and business, has successfully completed its first stage in January 2023.

During the program, participants had the opportunity to receive comprehensive training, facilitated in part by Azercell employees. The training covered a range of topics, including Digital products, Blockchain, NFT, Smart city/village, Modern technologies Web 3, and the role of startups in the contemporary world. The participants actively engaged in programming

workshops, benefiting from the expertise of professional mentors, IT experts, and startup founders who shared their firsthand experiences from both local and international markets.

The “Her Improvement” project stands as a testament to our genuine passion for empowering women in STEM fields. By providing valuable education, hands-on experience, and exposure to relevant technologies, we aim to contribute to the professional advancement and entrepreneurial success of women in these critical domains. This initiative aligns with our broader commitment to promoting diversity and excellence in the fields of science, technology, engineering, and mathematics.

Governance

Governance



At Azercell, we are deeply committed to conducting business with the utmost integrity, fully upholding core principles of ethics and maintaining robust governance mechanisms. We firmly believe that without effective governance, it is impossible to achieve the levels of sustainability that we strive for as a company. During the reporting year, we unveiled our company Purpose, Values and Behaviors, fully reflecting our commitment to good governance.

At the heart of our corporate governance lies the principle of building mutual trust with our internal and external stakeholders. The topics of trust and integrity were frequently mentioned by our stakeholders during the materiality assessment process and are embedded in Azercell’s values. To do so, we take full ownership of our commitments and actions, we cultivate honesty and consistency, and always make the choice to adhere to the highest ethical standards across all function of our business, both in the public domain and in private.

Corporate Governance

Board of Directors

The Board of Directors holds the responsibility of advocating for Azercell’s long-term success by setting its strategic directions, formulating corporate policies and maintaining independent oversight over the Company Management. The work of the Board is further aided by company charters and policies, the Code of Conduct and Business Ethics, strengthening our corporate governance. We determined nine principles of corporate governance, which are outlined in Figure 21. Through the diligent application of these principles, the Board of Directors ensures the alignment of Azercell’s actions with the highest standards of integrity, fostering a corporate environment that is characterized by responsible and ethical business practices.

Azercell’s principles of corporate governance



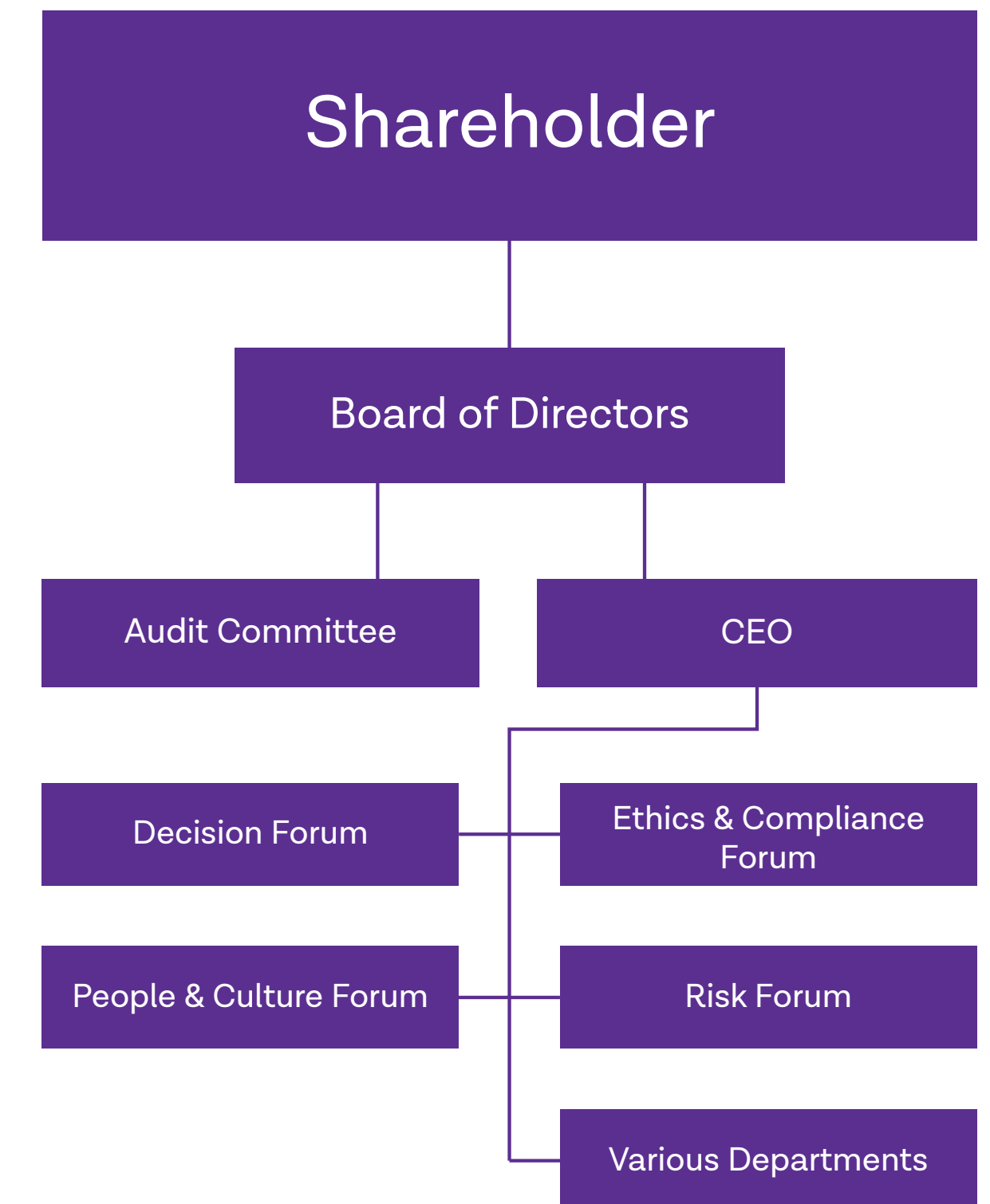
Company Management

Our Company Management is a cohesive management structure led by our Chief Executive Officer, Zarina Zeynalova. Alongside her, key executives play pivotal roles in steering various facets of the organization. The team of executive management at Azercell consists of a Chief Financial Officer, Chief Legal, Ethics, and Compliance Officer, Chief Data Officer, and Chief Sales Officer.

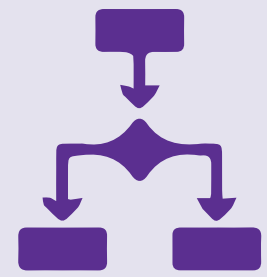
The C-suite team is supported further by consultative Forums that oversee a wide array of issues and assist the executive team in high-level decision-making. These bodies include the Ethics and Compliance, People and Culture, Risk, and Decision Forums.

Responsibility, duties, and operational scope of these forums are clearly outlined within and governed by their individual Charters and associated policies. These guiding documents serve as the regulatory framework, establishing the parameters within which each Forum operates. By adhering to these charters and policies, Azercell ensures a structured and transparent governance model, fostering effective decision-making and accountability throughout the organization.

Azercell's Organizational structure



Forums' responsibilities and duties



Decision Forum

Responsibility: Facilitates strategic decision-making on key investment and other matters of the Company.

Duties: Reviews and approves major initiatives, investments, and policy changes.



Ethics & Compliance Forum

Responsibility: Ensures adherence to ethical standards and compliance with legal and regulatory requirements.

Duties: Develops and oversees policies to promote ethical behavior, manages compliance initiatives, and addresses potential ethical dilemmas.



People & Culture Forum

Responsibility: Nurtures a positive organizational culture, addresses human resource matters, and enhances employee engagement.

Duties: Develops HR policies, oversees talent management, and promotes diversity and inclusion initiatives.



Risk Forum

Responsibility: Identifies, assesses, and manages potential risks that may impact the organization's objectives.

Duties: Formulates risk management policies, conducts risk assessments, and develops strategies to mitigate identified risks.

Sustainability Governance

During the reporting period, we took a significant step towards our commitment to corporate responsibility by introducing a comprehensive ESG Strategy. This strategic initiative was set forth to align with our purpose of “Easing Connectivity, Empowering Lives.” Recognizing the utmost importance of ESG considerations, we have envisioned the seamless integration of sustainability principles into all aspects of our operations and long-term corporate strategy.

Under the direct oversight of the CEO, the ESG Strategy found structured support through the Company’s steering committee. This committee, composed of senior-level permanent members representing key business functions was entrusted with the pivotal role of driving the implementation of the newly adopted ESG Strategy. At the same time, the steering committee is supported by business unit leads who are tasked with the responsibility of championing ESG initiatives within their respective units, collaborating closely with the steering committee and colleagues.

MT Ethics and Compliance

At Azercell, we are unequivocally committed to upholding the highest standard of ethical business conduct, having zero tolerance for any form of bribery or corruption. In fulfillment of this commitment, our Ethics and Compliance Forum assumes a pivotal role in the meticulous oversight and management of ethical and compliance considerations throughout the organization.



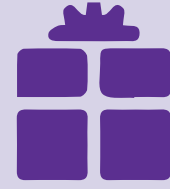






The Ethics and Compliance Forum operates as a dedicated body, tasked with the development and implementation of a highly effective ethics and compliance program. This program is intricately designed to anticipate, address, and mitigate potential ethical challenges, fostering a corporate environment where legal and ethical boundaries are not merely observed but stringently upheld.

Our goal is not only to comply with local regulations and meet international standards, but to exceed them, instilling a culture of responsibility and accountability at all levels of operations.

This dedication is strengthened by our numerous company policies and instructions, guiding our executives and employees in their day-to-day activities and at every stage of the decision-making processes.

Our approach to ethics and compliance is founded upon our Code of Conduct and Business Ethics policy, serving as a guiding framework for our employees. This policy was carefully crafted to outline our core values and our stance on a wide range of ethical business matters such as fraud, conflict of interest, bribery and corruption, workplace standards, and protection of intellectual property. We have put considerable efforts to ensure the accessibility, significance, and practicality of this policy for our employees. In addition to outlining our principles, it includes supplementary information in the form of “Do’s & Don’ts” and addresses frequently asked questions, hence making it easier to comprehend and apply into action.

Azercell's documents guiding ethical behavior

 Code of Conduct and Business Ethics	 Conflict of Interest Policy	 Gift, Entertainment and Hospitality Policy
 Corporate Anti Bribery and Anti-Corruption Policy	 Financial and Non-Financial Controls	 Instruction Policy on “Speak Up and Whistleblowing”
 Instruction on Internal Investigations	 Instruction on Non-Retaliation	 Terms of Reference on Ethics and Compliance Forum

Ethics Ambassadors

To support our Ethics and Compliance Forum in building the culture that our business strives for, we have developed a unique corporate concept on “Ethics Ambassadors.” Comprising colleagues from a variety of teams across our business, these ambassadors assume a critical role alongside their primary responsibilities.



The Ethics Ambassadors are tasked with fulfilling the following responsibilities:

- Encouraging a discussion on ethical matters within the company, integrating ethical considerations into both formal and informal business interactions;
- Maintaining ethical matters on the agenda of both formal and informal meetings, whenever feasible;
- Serving as the Ethics Ambassador company-wide and within their respective teams, leveraging their advisory, facilitative, and influential capacities to foster ethical awareness and adherence;
- Consistently articulating and communicating the business case for ethical conduct, emphasizing the positive impact of ethical behavior on long-term corporate success;
- Acting as a connecting link between the Ethics and Compliance function and their respective functional areas, establishing a seamless link to facilitate effective communication and collaboration.

“Speak-up” – Azercell’s Whistleblower system

Azercell is committed to identifying and facilitating a safe method for reporting misconduct among our employees and other stakeholders. Our dedicated “Speak-Up” system was established with the goal to provide internal and external stakeholders with confidential and secure means to report suspected issues. To enhance accessibility to this system, both email and telephone contact specifically designated for this purpose are publicly available on our website and clearly communicated to our employees and business partners through our Code of Conduct and Business Ethics.

Officers responsible for monitoring the whistleblowing system undergo rigorous training and adhere to principles of confidentiality. This ensures that the reporting process is conducted with the utmost discretion and integrity, fostering a culture of trust and accountability within the organization.

Risk Management

Functioning within an ever-changing global context characterized by accelerating climate change, political unrest, and an advancing regulatory environment, our operations face the constant risk of unforeseen challenges and disruptions that pose substantial threats to long-term viability. Recognizing the critical importance of proactive risk mitigation strategies, we are committed to fostering resilience, ensuring ethical operations, and maintaining the delicate equilibrium between corporate success and environmental stewardship. By embracing these principles, we aim to navigate the complexities of the contemporary business environment while upholding our commitment to sustainable and responsible practices.

To ensure the sustainability of our business, Azercell has undergone a thorough risk

governance assessment implemented by specialized service providers to evaluate our risk management system. As per the results of the assessment, we have identified the most feasible risk governance framework, and are currently working towards its full integration into our corporate structure.

The first step of the integration was the establishment of a dedicated Risk Forum, which has been tasked with systematically evaluating the Company's activities. To ensure that we always stay on top of global trends and international best practices, we are currently redeveloping our risk management in full alignment with international standards and local regulatory documents.



MT Cybersecurity & Data Privacy

Operating within a dynamic global arena of rapid technological innovation and advancement, we acknowledge the escalating threat of cyber-attacks and data protection breaches. In our commitment to safeguarding our customers' data and ensuring the resilience of our networks, Azercell maintains a diligent Security Department.

This dedicated department works diligently to ensure that our approach to information security management remains at the forefront of best practices. We recognize the imperative of continuous evolution and investment in our security measures to effectively counteract emerging threats. By staying proactive and adaptive, we aim to fortify our defenses and uphold the trust placed in us by our customers and the communities we operate in.

Information Security Management System

In 2019, we received the ISO/IEC 27001:2013 certification for our information security management system, marking a significant milestone in our commitment to robust security practices. This certification, recognized as the de facto international standard for information security, undergoes a thorough review and re-certification every three years.

To further reiterate our dedication to a systematic and proactive approach, all information security-related policies and procedures undergo an annual review and update. In the years of 2022 and 2023, we made substantial investments in several updates to our program:

- Reestablished our Information Security Risk Methodology and implemented IT and Information Security-related risks to the Jira platform;
- Implemented a new Data Classification tool, allowing us to qualify the sensitivity or the importance of data held in the organization and apply appropriate controls;

- Established a digital Asset Catalogue to capture information technology, network technology and security department assets;
- Conducted a review of the access rights of all employees and established an Access Role Matrix in our Jira software platform. The matrix was designed to manage application access groups and roles and optimize the access granting process;
- Integrated Web Application Firewall to protect Azercell's web applications from cyber-attacks.

These enhancements were implemented to ensure the continuous evolution and maintenance of our best-in-class approach to information security, aligning with the ever-evolving landscape of potential threats and industry standards. This ongoing commitment reflects our steadfast dedication to the protection and integrity of our information assets.

To monitor our incident response methodology, our team carries out regular simulation testing, including phishing, business continuity, and social engineering testing, allowing us to identify potential areas of weakness, as well as continuously test and improve our approach.

Communication and Internal Engagement

A pivotal component of our information security management system involves effective communication with all employees and partners, emphasizing our shared responsibility to safeguard customer data and uphold cybersecurity standards. In pursuit of this objective, we organized Azercell's first "Security Week" from November 21-25, 2022. This initiative aimed to enhance employee awareness and build capacity through a series of webinar sessions covering various aspects of information security, cybersecurity, and business continuity. Building on the success of the first project, our Second "Security Week" took place from November 27 to December 1, 2023.

In line with these efforts, we launched an e-learning platform featuring a comprehensive series of information security modules, providing employees with accessible and ongoing educational resources.

Notably, in November 2023, our Security Department participated in the "Critical Infrastructure Defense

Challenge 2023" (CIDC-2023) event. Co-organized by the State Service of Special Communication and Information Security and the State Security Service, this unique competition simulated virtual warfare through replicated cyber-attacks. The "Cybercell" team of Azercell, showcasing a high level of professionalism and dedication, successfully completed all assigned tasks and emerged as one of the distinguished winners of this challenging competition, as well as receiving a first-place position by one of our key team members in the individual category. These achievements underscore our commitment to excellence and competence in the realm of cybersecurity and information security.



Third Party Engagement

In order to uphold consistent and stringent security standards throughout our entire value chain, we insist that our suppliers adhere to rigorous security practices. These expectations are clearly articulated and communicated through our Supplier Security Directives. By ensuring that our suppliers comply with these directives, we aim to establish and sustain elevated levels of protection across our value chain. This approach underscores our dedication to maintaining robust security measures and emphasizes the collective responsibility to safeguard sensitive information and uphold the integrity of our operations.

Supply Chain Responsibility

Azercell recognizes the integral role that suppliers play in our value chain, enabling us to deliver high-quality services to our customers. The selection of potential suppliers aligns with the norms outlined in the Supplier Selection and Ethical Principles of Procurement. Upholding the highest values for our business, we not only apply these principles internally but also expect our supplier partners to adhere to the same standards.

We have established clear expectations for our suppliers and contractors to endorse widely accepted standards concerning human rights, working conditions, environmental sustainability, and anti-corruption efforts. Compliance with the principles outlined in the Azercell Third Parties

Code of Conduct is an essential requirement, forming an integral part of our terms and conditions for contracting.

Emphasizing our commitment to responsible sourcing, we maintain a predominantly local supply base, with over 81% of our suppliers located in Azerbaijan. This local focus not only promotes efficiencies in relationship management, assessment, and engagement on ESG topics but also contributes to the support of our local economy. This approach aligns with our broader commitment to sustainable and ethical business practices across our entire value chain.





Supplier ABC Commitment and Audit

To ensure adherence to our standards, Azercell maintains an in-house supplier audit program focused on strategic suppliers identified based on potential risks. Our comprehensive audit protocol is tailored to assess various areas of risk aligned with our business priorities.

Priority areas of Supplier Code of Conduct



Labour Rights focusing on areas such as Working Hours, Wages, Benefits and Compensation, Training



Anti-Corruption focusing on areas such as Anti-Corruption Management, Illegal Payments, Gifts



Human Rights focusing on areas such as Child Labour, Forced Labour, Discrimination, Freedom of Association, Grievance Mechanisms



Environment focusing on areas such as Environmental Management, Pollution, Ecological Risks, Energy, Water, Waste, Transport

Violations of Azercell’s Third-Party Code of Conduct are categorized as “incompatibilities” and are recorded during the audit, classified by severity. The audit results are jointly reviewed by the Ethics and Compliance Forum, along with relevant business structural units such as Supply Chain Management (SCM), Human Capital Management (HCM), Network Technology, Health, Safety and Environment (HSE), and Legal, Ethics and Compliance Department.

While fostering a collaborative relationship with suppliers is a priority, in instances of severe risks identified as “critical incompatibilities” that are not adequately addressed within the required timeframe and persist during a follow-up audit, the contract is referred to the Ethics and Compliance Forum for a petition decision. This approach underscores our commitment to upholding ethical standards and ensures that suppliers align with our values and principles.

Closing remarks

Looking forward

This report provides an overview of Azercell's sustainability initiatives with a focus on the year 2023, demonstrating our ongoing commitment to the full-scale integration of ESG principles into our operations. Recognizing our potential to emerge as a sustainability leader in the industry, we aim to embed our sustainability strategy into our 2024 agenda.

In our pursuit of sustainability endeavors, we are exploring the incorporation of circular economy practices to reduce the dependence on depleting natural resources. This includes efforts to extend the lifespan of batteries through improved usage and recycling. Additionally, negotiations with service providers are underway to establish a more robust waste management framework.

Azercell aspires to lead in providing charging points for parked electric vehicles, to install terminals to enhance availability and encouraging employees to transition to greener transportation. Renewable

energy is a focal point for future development, with plans to expand its use across more areas of Azercell in the coming years. At the same time, water conservation is another priority, and we plan to implement a water filtration system for vehicle washing, reclaiming up to 95% of the water used.

In our commitment to the well-being of our people, we aim to fully integrate digitalization initiatives, such as the SAP Success Factors platform, by 2025. This move is designed to offer more comfortable environment for hybrid work and provide digital access to all HR services for our employees.

With these plans in place, Azercell is poised to create a positive impact on the environment, our employees, and the communities we operate in. We look forward to the future with optimism and a steadfast commitment to leading sustainability on the market.

Data tables

Appendix

The data below has been collected to provide an insight into our operational performance. The data collection process was guided by a number of reporting frameworks, including GRI standards, SASB standards and the Stakeholder Capitalism Metrics. However, these tables are not to be considered as relevant disclosures. Disclosures in accordance with relevant reporting standards are intended for the upcoming reporting cycles.

Environmental

	Standard	2021	2022	2023
Energy				
Total electricity consumption in the offices, GJ	GRI 302-1	25.387,65	25.070,89	25.741,26
Total fuel consumption, including:	GRI 302-1	336.426	349.004	331.850
Diesel, litres	GRI 302-1	27.732	26.222	15.422
Petroleum, litres	GRI 302-1	308.694	322.782	316.428
Total natural gas consumption in the offices, m3	GRI 302-1	81.799	82.750	87.960
Water				
Total water withdrawal, m3	GRI 303-4	19.870	23.663	17.181
Water intensity (per employee**), m3	GRI 303-4	25,74	27,94	18,47

Environmental

	Standard	2021	2022	2023
Waste				
Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste, t	GRI 306-3	1.107,58	1.201,32	1.450,47
Hazardous, t	GRI 306-3	0	1,68	*334,07
Non-hazardous, t	GRI 306-3	1.107,47	1.199,64	1.116,40
GHG emissions				
Total direct GHG emissions (Scope 1) in metric tons, tons	GRI 305-1	738	766	733
Scope 2 GHG emissions per employee, tons	GRI 305-1	4,13	3,72	3,38

Data on environmental KPIs includes administrative sites only

* The reported waste increased in 2023 due to the inclusion of base station waste.

Social

Employment, Training and Development, Diversity and Inclusion

	Standard	2021		2022		2023	
		Male	Female	Male	Female	Male	Female
General Employee Statistics							
Total number of permanent employees, by gender and by category*	GRI 2-7	469	303	526	321	567	363
<i>Executive-management</i>	GRI 2-7	75	37	86	37	92	41
<i>Professional</i>	GRI 2-7	291	135	342	158	378	184
<i>Operational</i>	GRI 2-7	103	131	98	126	97	123
Total number of full-time employees, by gender	GRI 2-7	462	297	520	315	564	354
Total number of part-time employees, by gender	GRI 2-7	7	6	6	6	3	9
Ratio of standard entry-level wage compared to local minimum wage, by gender	GRI 2-7	3.5:1	3.5:1	3.2:1	3.2:1	3.3:1	3.3:1
Ratio of the basic salary of women to men, including	GRI 202-1	1:1		1:1		1:1	
<i>Executive</i>	GRI 202-1	1:1		1:1		1:1	
<i>Specialist</i>	GRI 202-1	1:1		1:1		1:1	
<i>Other</i>	GRI 202-1	1:1		1:1		1:1	

*The employee categorization includes only active employees.

Employment, Training and Development, Diversity and Inclusion

	Standard	2021		2022		2023	
		Male	Female	Male	Female	Male	Female
Parental Leave							
Total number of employees that were entitled to parental leave, by gender	GRI 401-3	all	all	all	all	all	all
Total number of employees that took parental leave, number, by gender	GRI 401-3	10	12	23	16	39	21
Total number of employees that returned to work after parental leave ended, number, by gender	GRI 401-3	10	14	23	12	39	13
Total number of employees due to return to work after taking parental leave, number, by gender	GRI 401-3	10	14	23	12	39	13

Employment, Training and Development, Diversity and Inclusion

	Standard	2021		2022		2023	
		Male	Female	Male	Female	Male	Female
New Hires, Turnover and Diversity by Gender							
Total number of new employee hires	GRI 401-1	64	26	100	37	97	44
Total number of employee turnover	GRI 401-1	50	11	42	20	48	32
Rate of employee turnover	GRI 401-1	N/A		N/A		8,6%	
Total number of training hours provided to employees, by category	GRI 401-1	44,1		37		82,4	
<i>Executive</i>	GRI 401-1	13,1	11,2	8,5	14,6	24,1	23,06
<i>Specialist</i>	GRI 401-1	11,1	8,7	7,4	6,5	17,5	17,7

Occupational Health & Safety

	Standard	2021	2022	2023
HSE Statistics				
Fatalities, directly employed, #	GRI 403-9	0	0	0
Recordable injuries, #	GRI 403-9	0	0	0
HSE Training				
Employees who received HSE training, #	GRI 403-5	149	152	121
Employees who received HSE training, %	GRI 403-5	19%	17%	13%
HSE training hours, #	GRI 403-5	45	46,25	30,25
HSE Investment				
Total investments into personal protective equipment, AZN	GRI 401-1	21.000	21.000	30.000

Community

	Standard	2021	2022	2023
Community Engagement				
Total amount of community investments, AZN		868.703	13.610.443	*30.746.478
Product and service donations, AZN		2.508.540	1.420.000	1.031.000
Corporate impact assessments, #		1	1	1
Development programs, #		3	4	7
Operations with significant actual and potential negative impacts on local communities, #	GRI 413-2	N/A	N/A	N/A

* The notable difference stems from Azercell's strategic investments in four major social projects during 2023.

Governance

Data and Business Ethics

	Standard	2021	2022	2023
Data Breaches				
Total number of substantiated complaints received concerning breaches of customer privacy, including:	GRI -418-1	0	0	0
Total number of identified leaks, thefts, or losses of customer data	GRI -418-1	0	0	0
Number of customers whose information is used for secondary purposes	GRI -418-1	0	0	0
Total amount of monetary losses as a result of legal proceedings associated with customer privacy, AZN	SASB TC-TL-220a TC - TL - 230a	0	0	0
Total number of data breaches		0	0	0

Data and Business Ethics

	Standard	2021	2022	2023
Data Governance Training				
Number of training sessions on data privacy		22	40	32
Number of hours spent on the training sessions		36,67	66,67	53,3
Number of attendees		99	202	182
Anti-Corruption				
Total number of employees that the organization's anti-corruption policies and procedures have been communicated to, by category	GRI 205-2	763	848	900
<i>Executive</i>	GRI 205-2	120	123	131
<i>Specialist</i>	GRI 205-2	643	725	769
<i>Other</i>	GRI 205-2	N/A	N/A	N/A

Data and Business Ethics

	Standard	2021	2022	2023
Anti-Corruption				
Total number of employees that have received training on anti-corruption, by category		285	875	997
<i>Executive</i>			123	131
<i>Specialist</i>		271	466	769
<i>Other</i>		14	286	97

Procurement

	Standard	2021	2022	2023
Procurement				
Total procurement budget, AZN	GRI 204-1	117.105.502	306.695.923	263.669.057
Procurement budget spent on local suppliers, %	GRI 204-1	73,4%	43,6%	60,0%
Proportion of suppliers by location, %	GRI 204-1	100%	100%	100%
<i>Local suppliers, %</i>	GRI 204-1	83%	85%	81%
<i>Foreign suppliers, %</i>	GRI 204-1	17%	15%	19%

Procurement

	Standard	2021	2022	2023
Procurement				
Total number of suppliers, #	GRI 204-1	355	343	392
<i>Local suppliers, #</i>	GRI 204-1	296	291	316
<i>Foreign suppliers, #</i>	GRI 204-1	59	52	76
Percentage of new suppliers that were screened using environmental criteria, %	GRI 308	20%	25%	26%
Number of suppliers assessed for environmental impacts, #	GR 308	n/a	2(strategic vendors)	2(strategic vendors)
Number of operations and/or suppliers identified with significant risk for incidents of child labor, #	GR 408	not detected	not detected	not detected
Percentage of new suppliers that were screened using social criteria, %	GR 408	20%	25%	26%

Operational

	Standard	2021	2022	2023
Operational				
Roaming coverage, number of operators		396	399	409
International outbound roaming network traffic, petabytes		0,10	0,13	0,22
International inbound roaming network traffic, petabytes		0,06	0,21	0,44
Total number of active customers		5.095.780	5.277.049	5.497.981



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INDEPENDENT ASSURANCE REPORT

Independent practitioner's limited assurance report by Deloitte & Touche LLC ("Deloitte") to the Board of Directors of Azercell LLC ("the Company") on the 2023 Annual Sustainability Report ("the Report") for the period from 1 January 2023 to 31 December 2023:

Scope of assurance

We have been engaged by the Company to perform an assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) ("the Standard") to provide independent limited assurance on accuracy of selected data presented in the Report prepared in accordance with the requirements of Global Reporting Initiative ("GRI") Sustainability Reporting Standards for the period from 1 January 2023 to 31 December 2023.

Assurance procedures and roles

We carried out limited assurance on the accuracy of the following data related to 2023 years and included in the Report:

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

Our key assurance procedures

To achieve limited assurance, the Standard requires that we review the processes, systems, and competencies used to compile the areas on which we provide our assurance. Considering the risk of material error, we planned and performed our work to obtain all of the information and explanations we considered necessary to provide sufficient evidence to support our assurance conclusion.

To form our conclusion, we undertook the following procedures:

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

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

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Inherent limitations

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

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

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

Roles and responsibilities

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

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

Independence and quality control

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

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

Selected non-financial performance data for limited assurance

We have been engaged by the Company to perform limited assurance procedures on the accuracy of the following key performance data of the 2023 reporting year included in the Report:

Operational	<ul style="list-style-type: none"> • International outbound roaming network traffic, petabytes • International inbound roaming network traffic, petabytes • Roaming coverage, number of operators • Total number of active customers
Supply chain	<ul style="list-style-type: none"> • Number of local suppliers
Employees	<ul style="list-style-type: none"> • Total number of employees • Number of employees by gender, male • Number of employees by gender, female • Number of hired employees • Number of employee turnover • Employee turnover rate
Health & Safety	<ul style="list-style-type: none"> • Total number of recordable injuries (direct employees) • Total number of fatalities (direct employees)

Environment	<ul style="list-style-type: none"> • Total generated waste, tons • Total generated non-hazardous waste, tons • Total generated hazardous waste, tons • Total electricity consumption in the offices, GJ* • Total natural gas consumption in the offices, m3*
Social	<ul style="list-style-type: none"> • Total amount of community investments

*These KPIs cover only major offices, which are Sumgayit, Shirvan, Nizami, Shaki, Masalli, Plaza B, M. Mushvig, T. Taghiyev, and the Head Office.

Limited assurance conclusion

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



29 July 2024

