



Annual Sustainability Report

2022

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**Message
from the CEO**

Message from the CEO



The telecommunication industry has been driving force behind the unprecedented advancements in global connectivity, with its widespread reach and continuous innovation. As an industry-leading provider in Azerbaijan, our core commitment is to play a positive and meaningful role in creating a more inclusive and sustainable world. Thanks to increasing number of our base stations and efforts to improve business processes, we can fully meet the requirements of corporate customers and become a reliable partner in the ICT technology market. As we guide the transition to this innovative technology and work hard to ensure the quality of our services, we are enabling a more connected and digitally equitable future. Due to the expectations of customers and public, maintaining the security and safety of our systems and networks is one of the utmost importance at Azerconnect.

We are proud to present the Azerconnect's first Annual Sustainability Report to our stakeholders as evidence of our commitment and dedication. This Report is a significant step in the direction of integrating sustainability into our operations and value chain. To establish a flourishing and healthy ecosystem, we uphold our obligations by collaborating with customers, workforce, community, and business partners. Our goal is to contribute solving the social and environmental challenges we face in today's world. In the coming stages, we more integrate environmental responsibility, energy conservation, and social impact promotion into the Company's culture and strategy.

We are aware of the importance of effective security management and the safety of our employees. Regarding this issue, one of the important highlight in 2022 was to obtain the **ISO 45001** certificate, which assisting provide a safe and healthy working atmosphere for our staff. Enabling an occupational health and safety management system help us identify hazards and risk and reduce injuries and accidents. We constantly work to enhance our health and safety performance, educate our employees, and keep up with the most recent H&S regulations. Thus, a safer workplace leads to improved employee morale.

We also continue to make investments in talent development and to focus on enhancing diversity and inclusion within our organization. If we are aware of shifting needs of telecommunication market, we can manage to innovate and provide superior service to customers day by day. By fostering an inclusive workplace culture, we can empower all our employees to reach their full potential without facing discrimination or barriers. We are very proud to acknowledge our efforts to

create a workplace culture where every employee is treated fairly and given the same opportunities for advancement. Additionally, the personal development of employees is fully assisted with trainings and events outside of work. We frequently arrange meetings, courses, and learning updates to make sure that employees have access to the required knowledge, as well as support our staff to pursue international qualifications by compensating successful candidates. Gender equality is one of the essential focus areas for our Company and we have implemented policies, programs, and engagement initiatives in place to help achieve this goal. For this purpose, CSR initiatives were organized by Azerconnect to support empowerment of women in our society in 2022.

When it comes to protecting our planet for next generations, our actions demonstrate how much we care about the environment. We have made significant progress towards reducing our environmental impact through implementation of several initiatives and pilot projects in terms of green solutions and climate change. Our efforts in energy efficiency have resulted in a reduction in our carbon footprint, and we successfully carry out sustainable practices across our operations, including waste management and water conservation. In 2020, we installed the first renewable energy powered base station in Sangachal, which operate with the energy generated by solar panels. For 2023, we have more effective and innovative projects and goals to tackle our environmental footprint such as "gas-powered cars" and "single RAN modernization" projects.

All our initiatives are implemented in accordance with the **ISO 14001 Environmental Management System certificate**.

While putting the needs of our communities and stakeholders first, we will keep making investments in opportunities to lessen our impact on the

environment. In fact, Azerconnect is dedicated to ensuring that its business operates in a responsible and sustainable manner. We know that there is always more work to be done, and we are committed to taking leadership role in driving sustainable development in the telecom industry. As we move into digital future, we will constantly advance and innovate our products, solutions, and services in order to adding more value to our society.

Emil Masimov,
Chief Executive Officer of Azerconnect



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About the Report

1.2 Report profile

1.3 Stakeholder Engagement

1.4 Materiality Analysis

About the report

Report profile

Sustainability is integral to the corporate philosophy and practices of Azerconnect. To showcase our commitment and devotion towards sustainable future in our inaugural Sustainability Report, we provide a summary of sustainability initiatives of Azerconnect. The target audience includes our customers, employees, business partners, investors, policymakers, academics, non-governmental organizations (NGOs), and public. This Sustainability Report conforms to the "Core" option of the Global Reporting Initiative (GRI) Standards, as noted on page 50 of the GRI Index, and was compiled using the United Nations Sustainable Development Goals as a framework. Our sustainability actions, hence, the Report content is established on the basis of materiality principle, taking into account the topics that are essential to our stakeholders, the impact of

our business activity, and corporate strategy decisions.

The financial year covered by this report is from 1 January to 31 December 2022. In addition, the Report offers information about key sustainability activities that extend beyond this financial year. The report's quantitative numbers mostly pertain to Azerconnect for the fiscal year 2022. This report was published in both English and Azerbaijani, the two versions of which can be found on our website.


A third-party assurance firm was hired to conduct an independent limited assurance of the selected sustainability indicators outlined on page 62 of this Report to ensure its accuracy, transparency, and dependability.





Stakeholder Engagement

We strive to build trustworthy relationships with all stakeholders who may be affected by the Company's ESG performance and whose actions may have an impact on our value, by operating in a transparent manner while being open and straightforward in our communication.

When defining and maintaining our strategy, goals, and plans, we frequently interact with our stakeholders through formal and informal channels to get their feedback on a variety of issues, including ESG-related ones. Figure 1 depicts our stakeholders, their expectations and communication channels employed.

Figure 1 Stakeholders, their expectations and communication channels of Azerconnect

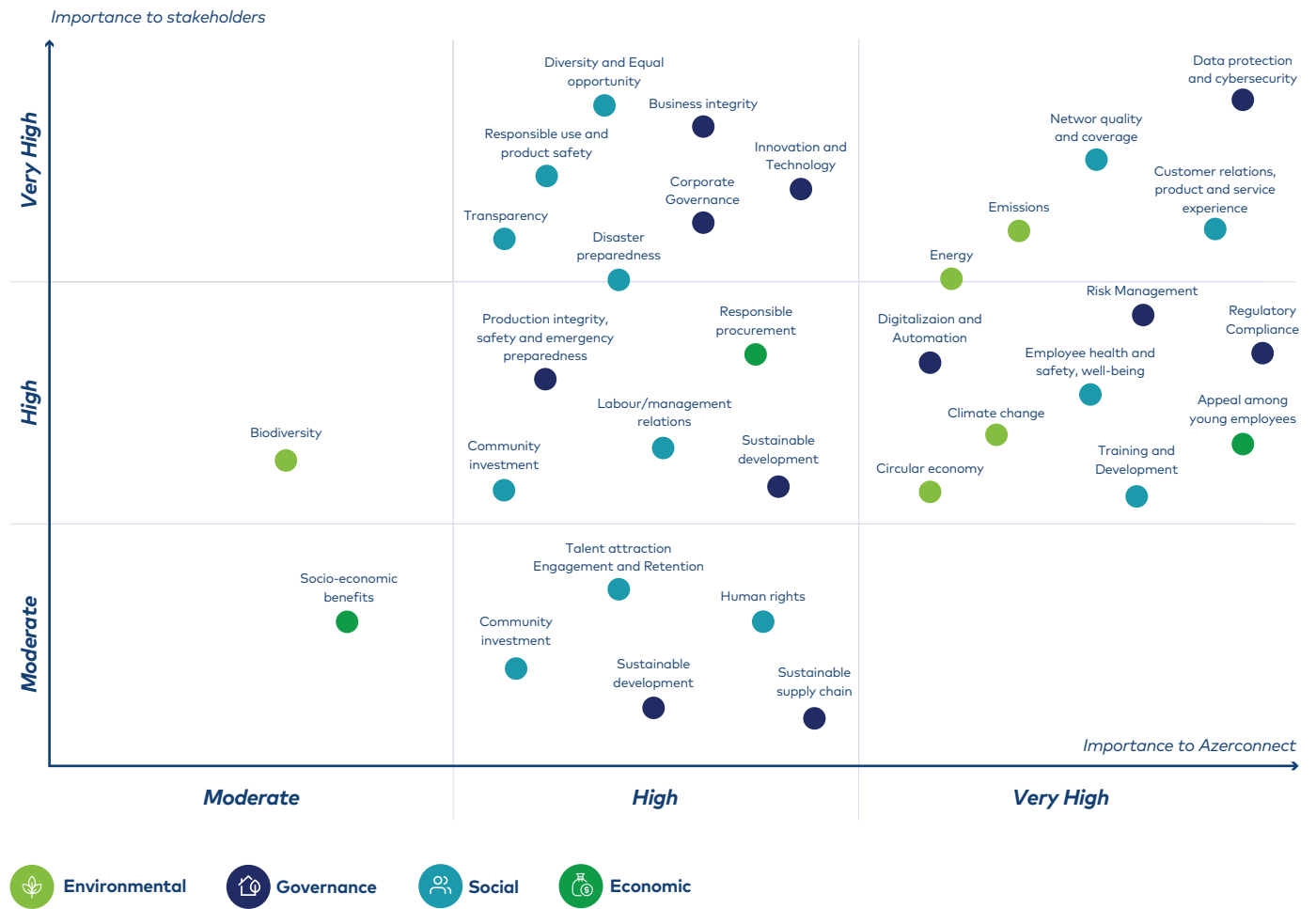
Stakeholder group	Stakeholder expectation	Communication channel
 <p>Customers</p>	<p>We closely engage with our customers to get familiar with their interests and maintain customer satisfaction.</p>	<p>Press releases, sustainability reports, direct feedback, website, social media, mobile application, participation in international and local events</p>

Stakeholder group	Stakeholder expectation	Communication channel
 <p>Employees</p>	<p>We perceive our employees' opinions and wellness with a great value therefore, we work to provide them with a good sense of belonging, fair treatment, and space for development.</p>	<p>Internal emails, performance reviews, regular coaching meetings, trainings</p>
 <p>Suppliers</p>	<p>We work with suppliers who are adequate and compatible with our corporate values, ethics, and sustainability approach.</p>	<p>Due diligence annual disclosures, face-to-face meetings, supplier assessment</p>
 <p>Government and Public Institutions</p>	<p>We work with government authorities and agencies to be in line with the regulations and requirements that will safeguard the social, economic, and environmental fabric the society we live in.</p>	<p>Press releases, reports, seminars, meetings</p>
 <p>Local communities</p>	<p>As we truly care about the community we live and work in, we are committed to stay engaged with local communities on a continues basis.</p>	<p>Sustainability reports, annual disclosures, conferences</p>

Materiality Analysis

To have a clear view of our strategic priorities, business opportunities as well as the social, economic, and environmental impact, we maintain continual interaction and communication with our customers, our people, and other stakeholders. We conducted a materiality assessment to identify and prioritize the most important ESG issues to our business and stakeholders, ensuring that we have our fingers on the pulse of the changing environmental, social, governance, and economic landscape. The materiality assessment is performed based on two dimensions: the importance of the topic to stakeholders and the importance of the topic to the Company. It was identified that data protection and cyber security, network quality and coverage, customer relations, product and services experience, and emissions are being considered as the most important topics for both the stakeholders and the Company. For the material topics as well as the materiality assessment, see Figure 2.

Figure 2 Materiality Matrix





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About Azerconnect

3.1 Who we are

3.1.1 The company at glance

3.2 Our core values, mission and vision

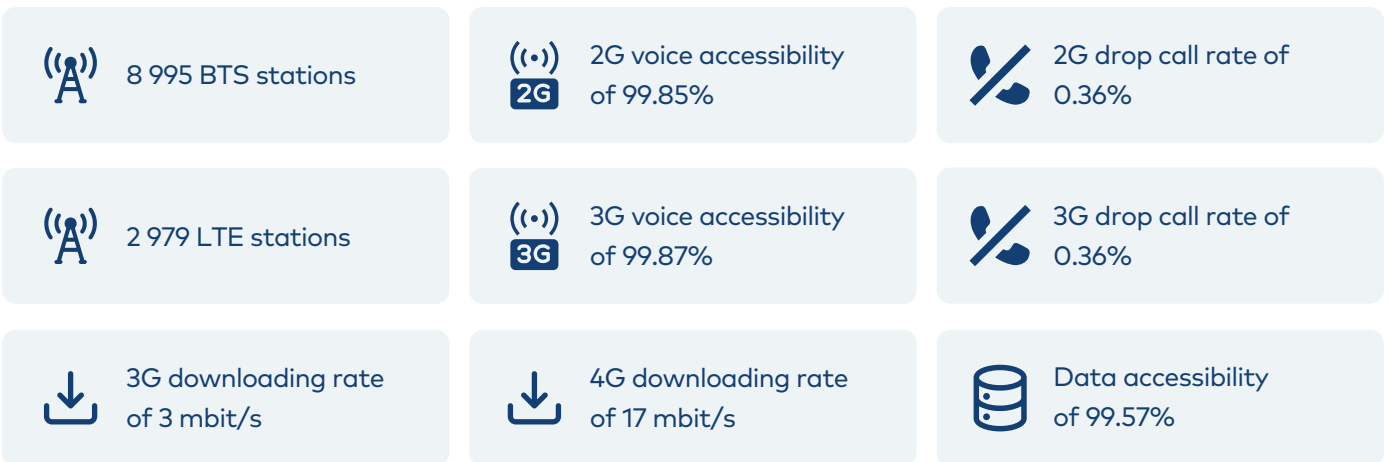
About Azerconnect

Who we are

The first Business to Business (B2B) service provider in the ICT industry in Azerbaijan, Azerconnect LLC provides a wide range of services and the best solutions in the technical, information technology, and other related areas, allowing ICT companies to reduce costs and improve quality metrics in accordance with international standards. Keeping pace with the global trends and to be at the forefront of the technology frontier, we continuously follow Industry 4.0 (The Fourth Industrial Revolution) and integrate its core activities which are the processes of digitalization, digital transformation, and generally digital globalization into our operations.



Figure 3 The value that we create



Mobile and fixed network providers, Internet service providers, as well as businesses engaged in a variety of industries outside the ICT sector, constitute our corporate clientele portfolio (Figure 3).

Figure 4 Customer portfolio of Azerconnect



Our core values, mission and vision

Vision

The Company envisions its future development and targets in the country's ICT sector as follows:

- Continue being extremely knowledgeable about the different desires and needs of customers and closer to customers
- Providing fully comprehensive telecommunications services
- Maintaining diversified customer portfolio
- Providing innovative services and solutions in the B2B sector
- Contributing to the sustainable development of the country's ICT sector and digital transformation processes

 **Mission**

Provide fully comprehensive, centralized services, continuously improve business processes, and be a reliable partner in the ICT and high-tech market by providing innovative and flexible solutions to meet the distinctive needs and requirements of corporate customers.

 **Values****Customer Orientation**

As a company, our main goal is customer satisfaction. This is possible only by properly understanding the needs of our customers, providing the required products and services in timely and quality manner.

Courage

Confidence, honesty, and transparency are our core principles in our actions, words, and deeds.

Innovativeness

We are innovative in the field of high technologies, as well as in our thinking and behavior, sustainable development and proactivity. We are distinguished by our dedication to our work, honesty, professionalism and innovative spirit.

Collaboration

As a company, we are aware that together we can achieve higher results and reach new horizons. We are creating better together!

Reliability

We are reliable with our network, services, solutions we provide and with all our employees. We provide quality and reliable services with our professional team of highly qualified specialists.

4

Business conduct & Economic Impact

4.1 Conducting business ethically and responsibly

4.1.1 Anti-corruption measures

4.2 Our corporate governance

4.3 Governance structure of Azerconnect

4.4 Sustainability performance

4.4.1 Our contribution to responsible business

4.4 Economic performance

4.5 Supply chain management

4.6 ESG and the supplier lifecycle

4.7 Supplier Code of Conduct

4.8 Encouraging local suppliers

Business conduct & Economic Impact

Conducting business ethically and responsibly

To be successful as a digital firm, we must adhere to the principles of good corporate governance, which we will be achieved by constant and systematic application to each area of our business. The business processes at Azerconnect are guided by our core principles, which provide a framework for ethical, goal-oriented conduct. The Code of Conduct is a company-wide guideline that explains our basic values and provides direction on how to implement them in the workplace. This standard must be followed by all parties, including vendors, partners, and personnel. It outlines the norms and regulations that all parties in governance must adhere to and serves as the basis for our Code of Ethics.

The fact that we are dedicated to maintaining the most ethical and transparent business practices possible is reflected in our **Code of Ethics**. Similarly, our **Code of Conduct** ensures that both internal employees and external parties will behave in accordance with the standards we have established. **The Supplier Code of Conduct** helps maintain transparency and honesty throughout the procurement process by conducting assessments of the business procedures followed by suppliers. Our **Human Rights Policy** is in place to prevent any violations of human rights and to guarantee that all our business processes correspond to the highest possible ethical and legal standards. In addition, we are committed to ensuring that all our employees are always treated fairly and with respect .

Anti-corruption measures

Our **Anti-Bribery Policy** outlines the framework of appropriate conduct for inhibiting instances of bribery. The Policy lays out our key anti-corruption measures used to promote transparent business practice. All newly hired employees participate in orientation training as a required component of our onboarding process so that they may become familiar with our mission, vision, and core values. The Company's policies and processes, including the **ABMS Policy, Code of Conduct, COI Policy, Employee Due Diligence Policy**, are in place to control and regulate anti-corruption measures in compliance with local legislation and international standards, such as ISO 37001. Additionally, all agreements with commercial associates include an anti-corruption clause.

Our corporate governance

At Azerconect, we have established a clear governance structure that is essential to ensure maximum efficiency, compliance with regulations, and the ethical functioning of the business. Our governance bodies foster collaborative working environments which yield overall improved corporate performance

0

confirmed cases of corruption during the reporting period.

100%

of our employees are made aware of the Company's anti-corruption policies

Governance structure of Azerconnect



**Emil
Masimov**

Chief Executive
Officer

Emil Masimov has more than 17 years of extensive professional experience in the Information and Communication Technologies industry. Mr. Masimov held various leadership positions in the areas of telecommunication regulation, information security, and general management, advancing up to position of Deputy CEO of Azerfon LLC (Nar). Since 2016, alongside with leading Azerconnect LLC, he is the member of the Supervisory Board of several large Information and Communication Technologies companies.

Emil Masimov graduated from Political Management faculty of the Academy of Public Administration under the President of Azerbaijan Republic in 2005 and continued his education at Baku State University to obtain a master's degree in 2007. In 2013, after successful completion of the Mini-MBA course at Cambridge, UK, he continued his education at Manchester University, UK, and obtained MBA degree.

In 2021, by order of the President of the Republic of Azerbaijan, Mr. Masimov was awarded the "Taraqqi" (Progress) medal for his efficient work in the communication and information technologies sphere.

Mr. Masimov is an alumnus of Harvard Business School, having successfully completed the Program for Leadership Development (PLD) in 2022.



**Dovlat
Dovlatov**

Deputy Chief
Executive Officer

Dovlat Dovlatov joined Azerconnect in 2017 as the Chief Audit Executive, and is currently working as the Deputy Chief Executive Officer responsible for Business Assurance and Risk Management Processes.

Prior to joining Azerconnect LLC, Mr. Dovlatov was engaged in senior and executive roles for more than 15 years of his professional career in the leading telecommunications, banking and finance, oil and gas companies of the Country. Dovlat Dovlatov is a professional financier and holds bachelor's and master's degrees in finance from the Azerbaijan State Economic University (UNEC). Mr. Dovlatov participated in various Leadership and Management programs both within the country and abroad. He is the member of the Central Eurasia Leadership Alliance (CELA).



**Matanat
Babayeva**

Chief Human
Resources Officer

Matanat Babayeva has been the Chief Human Resources Officer of Azerconnect since August, 2017. M.Babayeva has been working at Telecommunications industry for 20 years. She started her career in telecommunications industry in Human Resources Department taking over various roles in different organizations and countries since 1998. During 2012-2017, Ms. Babayeva led the HR Department in Azerfon LLC.

Matanat Babayeva has graduated from Azerbaijan University of Languages. She also holds Master's degree in Business Administration from "IE Instituto de Empresa".



Ozgur Genc

Chief Technology and
Information Officer

Ozgur Genc has been the Chief Technology and Information Officer of Azerconnect LLC since November 2019 and is responsible for setting and executing Technology Strategies.

He has over 20 years of extensive experience in Telecom Industry, taking roles in both ICT and Network Technologies areas. Before joining Azerconnect, Mr. Genc worked as the Network Director at Turkcell, Turkey and had 19 years of valuable experience in Turkcell Group in different Technology roles such as CIO of Lifecell LLC, Ukraine. Ozgur Genc successfully completed the course of Digital Transformation and Leading the Future at IMD Business School. He graduated from Yildiz Technical University in 1994.



**Nijat
Ismayilov**

Chief Legal and
Regulatory Officer

Nijat Ismayilov, has been working for Azerconnect LLC since 2017, and currently holds the position of Chief Legal and Regulatory Officer. Nijat Ismayilov has more than 15 years of professional experience, including 10 years of firsthand industry experience in telecommunications.

Prior to joining Azerconnect LLC, he held various positions in the function of government relations and legal regulation in the leading telecommunications companies of the country, Azerfon LLC (Nar Mobile) and AzerTelecom LLC. He has graduated from the Academy of Public Administration under the President and participated in a number of international programs in the field of law.



**Orkhan
Najafov**

Chief Financial
Officer

Orkhan Najafov has been the Chief Financial Officer of Azerconnect since April 2018. Prior to this, he served as Deputy CFO of Azerconnect LLC being responsible for financial management of subsidiaries and overall fixed business. Orkhan Najafov, who has gained experience at EY London focusing on Corporate Finance, worked in different senior financial positions in banking, FMCG and government projects.

In 2017, Orkhan Najafov got his MBA degree majoring in Finance from London Business School. Besides, he has studied Economics and Finance at Azerbaijan State University of Economics, DePauw University and Central European University and completed all 3 levels of Chartered Financial Analyst program.



**Mushfig
Aliyev**

Chief Marketing
Officer

Mushfig Aliyev joined Azerconnect in April of 2021 as Chief Marketing Officer. For over 15 years, he has held senior positions in commercial, marketing, sales, and strategic planning in telecommunication, information technologies, oil-gas, and the public sector, including seven years at Telia Company of Sweden.

Mushfig A. received a master's degree in Public Policy in Hungary in 2008. He studied management of information technologies and telecommunication at the Royal Institute of Technology (KTH) of Sweden in 2015 and international development at the Leopold-Franzens University of Austria in 2006. Mushfig A. is a Certified Pricing Manager of Professional Pricing Society, and has taught game theory at leading universities in Azerbaijan.



**Zaur
Bayramov**

Chief Sales
Officer

Zaur Bayramov has been the Chief Sales Officer of Azerconnect since the beginning of 2021. He has more than 20 years of professional sales experience in international and local companies and has spent over 15 years of that experience in telecommunications. Z. Bayramov has held senior positions in corporate sales, business to business product management, and customer services fields in telecommunications and was promoted to the Director of sales division position at Bakcell.

In 2001, Z. Bayramov graduated from the Azerbaijan State Economic University with a Bachelor's degree in Accounting and Audit, and in 2003 he received his Master's degree. Mr. Bayramov successfully completed various Mini-MBA trainings in the field of telecommunications in the years 2010-2012, as well as Leadership and Sales Management trainings at IESE and INSEAD Business Schools.



**Gaukhar
Kuzina**

Chief Procurement
Officer

Gaukhar Kuzina is the Chief Procurement Officer of Azerconnect LLC and she has led various positions in the company since 2017. Mrs. Kuzina has more than 15 years of professional experience with a demonstrated history of working in the telecommunications industry. Starting her career in ABB Automation Technologies, she then worked in Alcatel (Kazakhstan and Turkey) and Bakcell LLC.

Mrs. Kuzina's professional path in Azerconnect LLC started in Program Management Office in Network Technologies Department and continued in Central Project Management Office. Gaukhar Kuzina has graduated from the University of Economics in Kazakhstan and completed the Telecom Mini-MBA course in London, UK.

As a fundamental component of its culture, Azerconnect is dedicated to ensuring responsible and efficient corporate governance and management. The Board of Directors is aware of its responsibility to uphold strong corporate governance while also determining the Company's strategic direction, continuously monitoring the performance on important issues. To keep potential danger of noncompliance, fraud, or illegal behavior under control and prevent them, we integrate principles of responsibility and ethics into all aspects of our work.

Chief Executive Officer - CEO distributes responsibilities to managers and departments and assesses executive and management team's performance. CEO ensures that short and long-term strategies are fully and accurately implemented.

General Meeting of Shareholders - Azerconnect's General Meeting functions as its highest higher authority. The General Meeting is convened once a year, within six months of the conclusion of the fiscal year. Some decisions, such as those involving a significant change in the identity or character of the business or corporate matters, must be approved by the General Meeting of Shareholders.

The Board of Directors - The Board of Directors strives to create maximum shared value by establishing the strategy based on vision of the Company and assesses risks and opportunities. Members are elected by General Meeting of Shareholders according to their relevant education and industry-based experience. Members of the Board of Directors are not permitted to hold additional roles within Azerconnect in order to evade any potential conflicts of interest.

Committees - Committees of Azerconnect and their responsibilities are shown in the table below

Stakeholder group	Communication channel
Disciplinary Committee	Ensures the Company's employees adhere to the Code of Conduct and Code of Ethics , and conducts investigations in cases of non-compliance with the rules
Investment Committee	In charge of determining the investment strategy, supervising, and managing the investment portfolio and portfolio performance.
Audit Committee	Assists the Board in carrying out its monitoring functions for financial reporting, internal control systems, and internal and external audit duties.
Technology Committee	Responsible for strategy, technical operations performance, and substantial technology investments.
Technology Committee	In charge of attracting and motivating the Board and top management, in order to advance the long-term interests of shareholders.

The flow of corporate governance is depicted visually in the following organizational structure:



Sustainability performance


Our contribution to responsible business

As Azerbaijan's leading service provider company in the ICT sector, we also seek to be known for doing our business responsibly – for our customers, community, and people. Azerconnect recognizes a very real responsibility to play a positive and meaningful role in fostering a more sustainable and inclusive world; therefore, we strive to employ technological advancements, and digital solutions to address societal problems and support sustainable development while creating value for our customers, community, and people. We also monitor the effects that all our business actions have on people and the environment concurrently in the interest of governance for responsible corporate management that is along with the entire value chain.

Giving everyone the opportunity to engage in society and the economy is something we strive for in order to eventually build a world of digital inclusion. We contribute to sustainable development by supporting individuals in their efforts to work and run business efficiently, learn and further their education, raise awareness of significant issues, and participate in social activities.

At Azerconnect, we continuously embody the term sustainability into our culture and spread the sparkles of sustainability in all the pillars of our value chain. We strongly believe that technology is a crucial instrument for attaining the UN SDGs, so it is our responsibility to use our cutting-edge and innovative technology to advance the cause. Table 1 demonstrates our contributions and goals aimed to reach the UN SDGs.

Figure 5 SDG targets

Supported SDG	Goals	Description
	Contribute to preventing poverty	Provided services of Azerconnect are considered to be useful in contributing to achieve low poverty in the community such as utilizing basic e-services and shared Internet connection to transform public services and make them accessible to and responsive to the poor; modernizing education and health services through e-learning and mobile health, to ensure the wellbeing of the underprivileged and to hasten the development of human capital and etc.

Supported SDG	Goals	Description
 	Enhance equal opportunities and prevent discrimination, equal access to education	Equal and fair treatment of employees is crucial in terms of corporate policy and human rights due to this reason, we convey this principle within all levels of our Company.
	Protect labor rights and promote safe working environments	Azerconnect aims to ensure that all of its employees' rights are protected in accordance with its commitment to upholding human rights. The culture of our Company creates an environment where any actions that violate human rights, such as modern slavery, forced labor are not acceptable.
 	Promote digitalization and innovation; Support sustainable industrialization and create resilient infrastructure.	Innovation is one of our fundamental corporate values. We aim to provide our customers with connectivity in all regions and innovative services. Our solutions are intended to advance the safety and resilience of society.
	Support digital inclusion	We intend to provide access and ensure benefit from our services to society (especially those living in rural areas) is one of our main goals.
	Enhance understanding and capability to take action against climate change	By enhancing the energy efficiency of our infrastructure, and creating ways to facilitate the low-carbon transition, we are planning to address climate change issues.
	Encourage effective partnerships;	We intend to support regional social and economic growth and collaborate with organizations, NGOs, development agencies, and social entrepreneurs to achieve our goals on this matter.

Economic Performance

As we expand our activities on the market, our impact on Azerbaijan's overall economy is increasing. The impact is evidenced by the increasing number of new jobs created, as well as the benefits that we provide to our people. High service quality and strong customer and supplier relationships enabled the Company to finish the 2022 fiscal year with an outstanding performance. In 2022, Azerconnect contributed to the total GDP of Azerbaijan by generating **260 459 thsd AZN** through its operations and services provided.

Azerconnect's financial performance has been strong and is continues to rise sustainably. We credit our success to our hard work, dedication to innovation and customer satisfaction, which has enabled us to continue attracting and keeping current clients while still maintaining a competitive edge in the industry.

Azerconnect is committed to fulfilling our fiduciary obligations to the government, local and foreign shareholders and investors while maximizing profits through smart resource allocation and investment in the development of our employees. We adhere to local regulations and requirements and continue making regular payments to the government through taxes. These procedures are all governed by the Tax Unit of Financial Division of Azerconnect.

Table 1 Economic performance in numbers (in thousand AZN)

	2020	2021	2022
Revenue	208 298	207 338	260 261
Payments to the state budget and taxes	21 893	48 374 ¹	50 983

Supply chain management

As a major telecommunications and technology company, we consider a collaborative and diverse supply chain as a business necessity and a competitive advantage. Numerous vendors enable us to create complex supply chain management that meet the needs of our clients. To the greatest extent possible, we want to support the communities where we operate, thus we work to strengthen partnerships with ethical and sustainable suppliers. Azerconnect strives for the inclusion of sustainability principles in the assessment of its suppliers to cover all aspects of sustainability, such as the environment, health, and safety, as well as human rights, labor rights, and working conditions. We collaborate with our suppliers to determine whether they adhere to our requirements through our policies, audit programs, and training.

Thanks to the development of the eProcurement system on Oracle cloud, we aim to optimize performance, increase process efficiency, and achieve cost savings. Moreover, to reach more suppliers, we have implemented several communication channels through digital platforms in 2022. Our future project is investing in the modernization of the radio network, and one of our top priorities is to keep power energy at more efficient levels as well as ensure access to alternative energy sources. Furthermore, we will also keep working on diversified enterprise development, community economic prosperity, and social equality issues.

ESG and the supplier lifecycle

Creating sustainable and strong supplier relationships allows us to minimize the risk of any violations of the law. We contact potential suppliers through tender or competitive sourcing to maintain a transparent approach when choosing providers. Maximum transparency enables us to analyze our supply chain structures and identify industry-specific and product-specific risks. If we identify issues with a supplier's performance, we cooperate

¹The increase is due to tax turnover of the previous year.

with them to drive progress and produce the best outcomes for the community, the environment, and our employees. When providers refuse to improve their performance despite our efforts to engage them, we may withdraw from contracts or choose alternative suppliers.

Figure 6 Supplier lifecycle



In the area of conflict between product/performance, market, region, and process, quality, reliability, costs, innovation, integrity, and sustainability are essential factors in our selection of suppliers. Hence, we only work with suppliers that uphold high levels of ethics and professionalism in all aspects of their operations, share our beliefs regarding social responsibility and the environment, and adhere to our culture of quality and safety.

Supplier Code of Conduct

We ensure that all our suppliers abide by **the Supplier Code of Conduct (SCOC)** or an equivalent set of rules. Azerconnect considers the ability of suppliers to fulfill or surpass standards outlined in the SCOC when making procurement decisions. Many of our vendors are willing to collaborate with us to meet the SCOC and have established processes for managing their risks. By adhering to this code, suppliers confirm that they uphold and respect the protection of globally accepted human rights and conduct business by the principles of the United Nations Charter, such as by avoiding discrimination, child labor, and forced labor, and by acknowledging and protecting the environment.

Encouraging local suppliers

Being a significant component of our value chain, we consider the supply chain as a method through which we can expand the boundaries and ultimately enhance the impact of our contributions. We always choose the best option for our Company through regulated procurement procedures, and we prefer to work with and encourage local suppliers when they meet our requirements. Collaboration is vital to reaching our goals, and we're constantly searching for new, effective ways to attract as many people as to accompany us along our journey of sustainability.

Table 2 Share of local and foreign suppliers in total procurement budget (in thousand AZN)

	2020	2021	2022
Total number of suppliers	339	303	376
Total number of local suppliers	263	250	311
Total number of foreign suppliers	76	53	66
Total procurement budget	195 696	157 415	281 395
Procurement budget that is spent on local suppliers / contractors	129 944	107 212	190 193
Procurement budget that is spent on foreign suppliers / contractors	65 752	50 204	91 202

5

People as the priority – Putting people first

5.1 Our Principles & Priorities

5.1.1 Equality of opportunity

5.1.2 Employee motivation and engagement

5.1.3 Employee development

5.3 Safety management

5.3.1 Operational safety

5.3.2 Employee safety & wellbeing

People as the priority – Putting people first

Our Principles & Priorities

The people of Azerconnect are the catalysts for our rapid growth and success. We endeavor to retain our status as an employer of choice and to continue enhancing the working environment by placing a substantial emphasis on employee motivation and engagement, equality of opportunity, and talent development as our main principles in human resources management. We strive to create a welcoming environment at work, where everyone is valued for their contributions, inspired to provide fresh ideas, and given opportunities for professional growth.



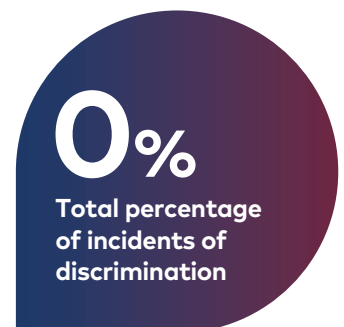
Azerconnect was awarded for "Best Flexible Working Strategy" during the "HR Awards 2022" nomination, which was conducted for the first time in Azerbaijan. The "FLEXcellence" program, a cutting-edge flexible work strategy that enables optimal management of the remote work environment for employees, was introduced by the Company in this nomination. The program allowed the Company to optimize its activities by applying innovative solutions in line with successful international practice. By implementing a hybrid business model, we provide safer working conditions.

Table 3 Azerconnect's percentage of senior management hired from the local community

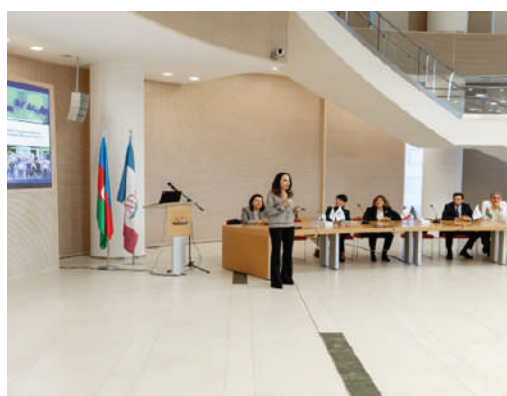
	2020	2021	2022
Proportion of senior management hired from the local community	100%	100%	100%

Equality of opportunity

As a firm with strong dedication to equality of opportunities and inclusion our ability to welcome those with different backgrounds, perspectives, and experiences has proven to be one of our greatest strengths. Our Company is made up of people from all walks of life, including those of various races, ages, physical abilities or any ethnic groups. Maintaining these principles is essential to realizing our vision of a future in which people of all backgrounds are granted the same opportunities.



Assisting women in their careers and avoiding glass ceiling effect in most possible and efficient way are one of major goals we strive to achieve in order to live in an egalitarian society. During the reported period, many coaching sessions and discussions were held with our female employees about how to be fully confident, comfortable and empowered in the corporate work environment. Moreover, Azerconnect has joined the women's empowerment platform and has started the women's empowerment project which is planned to further expand this program in the coming years. Along the way, Azerconnect also has arranged CSR projects for enhancing girls positioning in our society.



At ADA University "girls focus group" discussions were held with young female students in the field of ICT. The purpose of the event was to establish direct communication between the students and the management team of the Company, to inform the students about the opportunities offered by Azerconnect, to listen to their ideas and suggestions, and to discuss future career development. In order to increase the self-confidence and interaction of our female employees, we have established a cross-functional women's group to highlight their achievements.

Our **Diversity and Inclusion Policy** makes it clear that we will not stand for any form of discrimination, harassment, or bullying on our premises and outlines the steps we will take to eliminate these problems. The principles are also strictly applied during the recruitment processes: all applicants are given the same consideration in the hiring process, regardless of their gender, race, age or ethnicity.

Table 4 Azerconnect's number of employees, by gender

	2020	2021	2022
Total number of employees	1 406	1 384	1 596
Number of male employees	885	935	1097
Number of female employees	521	449	499

Table 5 Azerconnect's new employee hires and employee turnover, by gender

	Unit of measure	2020		2021		2022	
		Male	Female	Male	Female	Male	Female
Total number of new employee hires	Number	259	112	285	285	331	112
Total number of employee turnover	Number	206	127	128	128	169	62
Rate of employee turnover	Rate, %	23.7		14.5		14.5	

Table 6 Azerconnect's new employee hires and employee turnover, by age

	2020			2021			2022		
	Under 30	30-50	Over 50	Under 30	30-50	Over 50	Under 30	30-50	Over 50
Total number of new employee hires	153	211	7	189	174	19	279	156	8
Total number of employee turnover	109	214	10	92	98	11	127	100	4

Table 7 Azerconnect's number of employees, by position

	2020	2021	2022
Executive	246	226	236
<i>Male</i>	180	164	176
<i>Female</i>	66	62	60
Specialist	776	735	878
<i>Male</i>	463	463	558
<i>Female</i>	313	272	320
Other	315	423	482
<i>Male</i>	173	308	363
<i>Female</i>	142	115	119

Table 8 Azerconnect's number of parental leave

	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Total number of employees that were entitled to parental leave, by gender	885	521	935	449	1 097	499
Total number of employees that took parental leave, by gender	0	32	0	25	0	28
Total number of employees that returned to work after parental leave ended, by gender	0	8	0	20	0	29

Table 9 Azerconnect's diversity of employees, by gender

	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Percentage of employees	64.67%	35.33%	67.56%	32.44%	68.73%	31.27%
Including disabled	1.89%	0.62%	1.81%	0.51%	1.50%	0.45%
Internally displaced	2.22%	0.67%	2.17%	0.79%	2.32%	0.69%

Table 10 Ratio of work staff with disabilities based on gender

	2020			2021			2022		
	Under 30	30-50	Over 50	Under 30	30-50	Over 50	Under 30	30-50	Over 50
Percentage of employees	26.18%	68.33%	5.49%	24.86%	69.29%	5.85%	28.32%	65.60%	6.08%
including Disabled	0.25%	1.92%	0.19%	0.29%	1.88%	0.14%	0.13%	1.57%	0.25%
Internally displaced	0.81%	2.23%	0.10%	0.79%	2.10%	0.07%	0.88%	1.94%	0.19%

Employee motivation and engagement

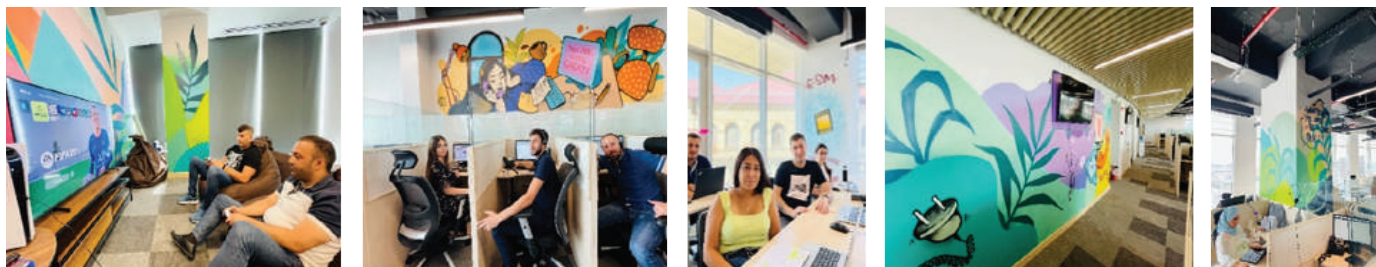
Azerconnect's success relies heavily on the dedication of its staff, and that dedication has the potential to extend beyond the Company's walls in the shape of a social movement advocating for the proper management of digital change. Hence, our goal is to establish a workplace in which all employees are encouraged to take pride in their successes, share their ideas, and participate in the community.

Engaged employees are crucial to our success and growth, therefore we put their priorities at the forefront of our objectives. Employees who are invested in their work and its success provide superior service to customers, generate significant new ideas, and foster a community in which everyone can take initiative.

To reinforce our view that feedback should be mutual, we have developed a survey system to increase participation among our staff. The entire survey process takes **2 weeks to complete** and ensures a swift process of communication between staff and leadership. The surveys are held **anonymously**, ensuring more honest feedback and discussion. The results of the survey are **published in an internal report**, providing transparency of the delivered information. Based on the results of the survey, **an action plan** is developed to facilitate the implementation of the proposed changes.

To act further on our commitment to enhancing employee engagement, we employ additional mechanisms to highlight our employees' inputs. Our employees can directly address their concerns, feedback and problems through buddy and coaches. We also hold regular **management meetings** used by staff at the management level to **discuss methods** to increase the engagement of employees. To get feedback from employees on what

makes working at Azerconnect meaningful, we apply our **'moments that matter'** communication approach, which is used by our employees to share their positive experiences.



To ensure the comfort of our employees, a new stress relief area has been set up, including a play zone and a relaxation zone. In addition, we use graffiti to decorate the open space and the training room to inspire our staff and create a pleasant working atmosphere.

Employee development

We recognize that our employees are our most valuable resource and strive to provide them with excellent working conditions. Azerconnect is committed to providing all its employees with opportunities to develop their skills and talents, because we recognize the importance of their individual contributions and want them to succeed.

Investing in our people's development and growth prospects is of utmost importance to us. Hence, we attribute great value to fostering a positive workplace where individuals may grow professionally. Talent development's role is crucial for company growth, and we have established many leadership programs for senior and middle management level. The primary objective for 2023 is to expand the number of such programs and prepare new leaders for the future of our Company.

Table 11 Azerconnect's total number of training hours.

Category	Male	Female	Total
Total number of training hours	43 400	27 587	70 987
Executive	9 800	6 287	16 087
Specialist	33 350	21 300	54 650
Other	250	0	250

Azerconnect invested in a training program for upper-level management in the reporting year to help boost morale and loyalty among staff. Our employees and executives alike continue to participate in anti-corruption and ethics trainings, as well as environmental, and health and safety education.

Understanding our aim of creating a culture of unconditional acceptance and equality, we aim to cultivate a setting in which all employees are equipped with the information and support they need to live up to our beliefs and ideals. We establish a training plan each year that includes a fixed number of required training hours for staff members, and we keep track of their progress of meeting their goal. We are devoted to the professional and personal growth of our employees, therefore we have developed a succession program to cultivate in-house

leaders. In addition, we have implemented training programs to help managers actively involve their teams, whether they are present in the office or working from home.

We believe that digitalization is an indispensable part of daily life, and our objective is implementing it in all areas of the Company. op learning and interaction environment with a wide range of content is provided to our staff by Neqsol Academy. Thanks to digital platforms, employees can save time and energy.

Table 12 Azerconnect’s total number of training hours through different digital learning platforms.

Platform name	Eligibility	Total users	Activation rate
Neqsol Academy	All office staff	1 650	93%
LinkedIn Learning	Junior and above staff with upper intermediate English	650	98%
Udemy Business	Information Technologies; Network Technologies; Data&Digitalization divisions	35	100%
Academy to Innovate HR	HR Professionals	5	100%

When an individual joins our team, we aim to provide them with a level playing field in terms of promotion prospects. The outcome will necessitate a financial and time commitment from each Azerconnect employee. We are now transferring our performance management system to Oracle Fusion, our data-based management system, to digitize it and expedite our career development process.

Safety management

Azerconnect operates with the highest responsibility towards the safety management, which is driven by importance of the employee security. The improvement of operational problems for Occupational Health & Safety is at the center of our safety management. Aligning with Azerconnect’s core principles, our OHS Management System undergoes constant review to identify improvement areas and eliminate any risks, guaranteeing that all of our operations are carried out in complete conformity with the highest safety requirements.

Operational Safety

In order to keep our workplace free of hazards and injuries, we are committed to improving our OHS system and keeping our work environment healthy and safe in compliance with global standards. Our **HSE policy** ensures that all staff members' health and safety procedures are in accordance with both global standards and national regulations.

We implement OHS in a manner that is aligned with the criteria of ISO 45001: Occupational Health and Safety Management Systems, which was carried out as part of the requirements for the certification process. During the reporting period, the Company's CEO issued a directive mandating compliance with the new standards. The CEO has also given the green light for the implementation of all internal processes and policies. Procedures and standards have been established to help us spot and assess potential dangers on the job. We've factored in time

for mitigating any risks, and that time has been strictly governed. The risks at our facilities have been made clear to our staff, and they have been given specific instructions on how to handle them. We protect our employees from the dangers that are already present by utilizing a **Risk Mitigation Action Plan**. The core elements of the Plan are as follows:

- Identification of potential risks
- Assessment of potential hazards
- Management dedication and accountability
- Training of staff to ensure that they are fully informed of their obligations to carry out their safety management duties

Because they are embedded in the Company's internal system, our policies and procedures are always accessible to our employees. Moreover, our HSE department shares information on various processes and uses staff assistance during their development.

Azerconnect's HSE department earned the **ISO 45001 certification** in 2022

0 fatalities

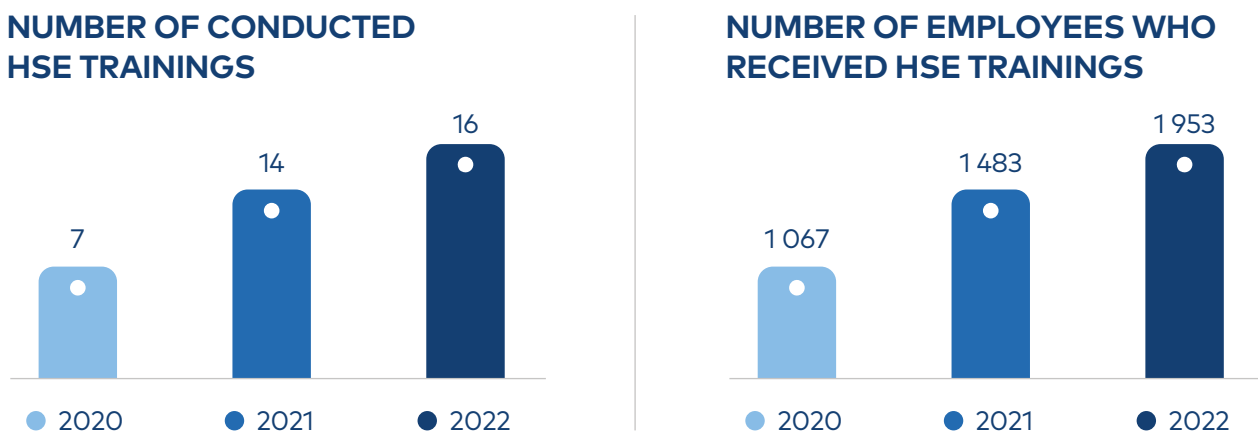
in 2022

Employee safety & wellbeing

We care greatly about our team members and do everything in our ability to create an environment where everyone can give their all without worrying about their personal health and happiness. We are aware that the Company's culture has a substantial impact on the intrinsic motivation of its personnel. In order to enhance morale in this demanding market, we place a high value on providing a safe environment.

We improve our health and safety performance and statistics, provide frequent training for our staff, and use learning materials that are regularly updated to match the most recent H&S standards. Our employees are provided with training on a variety of topics, including manual handling, electrical safety, working at height, rope access, and more. Each member of our staff is obligated to attend the trainings, and we employ an evaluation system to ensure that the sessions are of the highest quality.

Figure 7 The number of HSE trainings and the number of employees who received HSE trainings



We want Azerconnect to be a place where everyone can grow and flourish, and where effort is rewarded, hence, the strength of our Company is based on the dedication and hard work of our employees. We strive to be known as an organization that encourages and supports employees who show promise. Our focus is on talent development, but we will not overlook even the most crucial aspects. We work hard to foster a culture that prioritizes the health and happiness of our staff. Our remote staffing initiative helped us get closer to our target. All of our Company policies and procedures have been updated to reflect the hybrid work model, and we have no plans to revert back to in-office working at this time.

 **1 124 000 ₼**
invested into improving
working conditions

 **250 000 ₼**
invested into PPE

Our concern for our staff during the pandemic went beyond giving them days off. We helped pave the way for remote work in our country, providing all the amenities our employees need to do their jobs from the privacy of their own homes. Because of the remote work program, we were able to keep working normally even while disasters struck in different parts of the country and the world. Our Company provides both required and optional medical coverage to all employees. Our buildings are cleaned and disinfected at least twice a week, and medical masks and hand sanitizers are regularly provided to employees. Additionally, employees who contract the virus are also provided with financial assistance of up to 500 AZN.



6

Our social commitments

6.1 Connecting with the community

6.2 Our partnership activities

Our social commitments

Connecting with the community

Azerconnect implemented several initiatives over the course of 2022 with a focus on contributing to the sustainable development of society such as the advancement of science and education, as well as, encouraging young girls and women for active involvement in the ICT industry of Azerbaijan, developing our human resources, building partnerships and communication with our community.

We recognize that practical knowledge is as important as theoretical knowledge to ensure a brighter future for our youth. In this regard, we have an agreement with the Azerbaijan Technical University, which enables students to have internship programs in the relevant departments at Azerconnect.

Our partnership activities



State Agency on
**VOCATIONAL
EDUCATION**

A Memorandum of Understanding between the State Agency on Vocational Education and the Azerconnect aims to enhance workforce development in line with labor market expectations. The memorandum envisages collaboration in the analysis of staffing requirements, the planning of training in mutually agreed-upon subject areas, and the formulation of curricula. Throughout the year, a number of new trainings were conducted in light of the shifting demands of the labor market and the participants who successfully completed these trainings gained an opportunity to experience Azerconnect.



Azerconnect Corporation being one of the biggest employers in the ICT market signed a Memorandum of Agreement with The State Employment Agency. The memorandum was aimed to establish cooperation between the parties on the activities of the Agency and projects of mutual interest, provide professional orientation and vocational training for unemployed and jobseekers in accordance with the requirements of the labor market, and cooperate with Azerconnect in the direction of increasing knowledge and skills. This cooperation envisages the creation of proposals for the advancement of corporate social responsibility, Azerconnect's support for the employment of family members of martyrs and Patriotic War veterans within the "Employment Marathon," and the execution of pertinent activities, joint innovative projects, events, and forums.

2022 also marks with several built partnerships with local universities for Azerconnect one of them being ADA University. Within the framework of this cooperation, meetings were held with university students, and opinions and suggestions of students studying in the field of ICT were discussed. The purpose of the meetings also included to encourage idea sharing between the management team of Azerconnect with female students in the ICT field, discussing their future career development, establishing direct communication between the students and the Company leadership, as well as dissemination of practical opportunities among students, attracting young women to the field of information technologies.



Azerconnect has established a strong relationship with the Azerbaijan State Oil and Industrial University by participating in the career fair and organizing events as part of its collaboration with universities. At the end of last year, Azerconnect management team held a meeting for IT students of Azerbaijan State Oil and Industrial University on the topic "Your future is in your hands". The meeting between the students and the management staff of the companies had the following goals: to engage the students in a wide-ranging discussion of ideas; to introduce them to the future of the telecommunications industry in our nation and contemporary ICT trends; to highlight the work and internship opportunities for students at Azerconnect; and to create a direct line of communication between the management of the Company and the students.



Azerconnect signed an agreement with Azerbaijan Technical University which aims the involvement of students in industrial experience and internships at Azerconnect. According to the agreement, AZTU students will obtain an opportunity of gaining industry-related experience at Azerconnect in February-March 2023.

Azerconnect joined The Women's Empowerment Principles (WGP), the joint project of the UN Global Compact and the UN Women's Agency which advance gender equality and women's empowerment in the workplace, labor market, and society. Azerconnect hosted meetings with a group of young activist girls as part of the campaign held on October 11 - International Girl's Day.



In general, 22 people aged 13-17, including girls from vulnerable population groups (children of martyrs, people with disabilities, youth deprived of parental care, studying in boarding schools) participated in the event. The participants were given detailed information about the activities of Azerconnect and learned about our efforts to advance gender equality, the development of women's leadership skills, actions to increase the interest of young girls and women in the field of ICT, the different planned educational projects, and discussed with the Company's executives about the questions that interest them.



7

Environmental commitments

- 7.1 Impact on climate change
- 7.2 Azerconnect's energy initiatives
- 7.3 Ecosystems preservation

Environmental commitments

Impact on climate change

The telecommunications sector has undergone significant growth and has revolutionized the way people communicate and access information. However, as the sector maintains to expand, concerns about the impact of ICT companies on climate change are also growing. In the modern digitalized world, the increased use of ICT services has led to a rise in energy consumption and carbon emissions.

ICT plays an essential role in fighting climate change and mitigating its effects, by enabling us to manage the use of energy and the production of greenhouse gases. There are opportunities for the ICT sector to reduce its climate impact through energy-efficiency efforts and low-carbon energy generation and sourcing. Additionally, the sector can manage risks posed by climate change to companies and customers.

As an environmentally friendly company, we believe business success should not come at a cost to the environment and we are fully aware of our responsibility in this regard. We take steps to plunge our impact on the environment and our goal is to cut down our carbon footprint while making our services and products more eco-efficient.

In addition to all the efforts mentioned, the launch of a project on the use of renewable energy sources was one of the most important steps in our efforts to plummet our carbon impact and enhance our environmental management. We established our first solar-powered base station in **Sangachal village of Azerbaijan**. A budget of 650 thousand manats was allocated for the new station to be built in the Karabakh region. In our new pilot project, we installed eco-friendly engines in 5 of our cars in Baku. With these gas-powered cars, we aim to decline our dependence on oil and decrease our carbon footprint. This project is a crucial step for the Company, and we strive to expand renewable energy usage in the future.

In the coming years, a new **Single RAN modernization project** will be launched, which will allow 2G, 3G, 4G to be combined on a single network. Owing to this project, our energy consumption will fall by **30-40%**.

Azerconnect's energy initiatives

The importance of the implementation of the energy-saving initiatives is more critical than ever as the world continues to face the pressing issue of climate change. At Azerconnect, we recognize our immense responsibility to reduce the negative impact on the environment and operate in a more energy-efficient manner. To this end, we have implemented a range of energy-efficient initiatives that help us promote a sustainable future in a more extensive manner.

Table 13 Azerconnect's energy consumption


	2020	2021	2022
Electricity consumption in the office (kWh)	94 600	233 851	374 616
Electricity used for technical equipment (i.e. LTE, BTS etc.) (kWh)	72 273 721	67 232 089	67 564 842

	2020	2021	2022
Diesel (ton)	255.64	806.35	1 310.78
Petroleum (ton)	190.03	573.33	644.81


Table 14 Azerconnect's GHG emissions

	2020	2021	2022
Scope 1 GHG emissions (tCO2 e)	1 122.63	3 481.04	14 798.32
Scope 2 GHG emissions (tCO2 e)	15 365.97	14 325.04	14 425.59


Figure 8 Our energy-saving initiatives



Through continuous technological advancement at Azerconnect, we have increased energy efficiency by using built-in fans and windows for optimizing our energy use.



We have switched our lighting source to less energy-consuming LED lightbulbs to further reduce our carbon emissions and our dependence on petroleum products.



With the help of third-party companies, the damage caused by electric generators to nature has been reduced to a lesser extent.

Ecosystem preservation

Although technological advancements have been accelerating, it's worth noting that the amount of waste generated by ICT companies has also increased significantly. One of the major issues concerning the telecommunications industry today is e-waste. According to estimates from the United Nations University in Vienna², the volume of e-waste could exceed 120 million tons annually by 2050. To be a leader in the telecommunications and technology sector, we must implement resource efficiency and waste management programs to minimize our overall waste footprint. Our waste management emphasizes safe and responsible reuse and recycling, ensuring that resources are in use for a long time. We have conducted a strategy that is designed not only for focusing on the resources used and the waste generated in our operations, but also on the waste we set up from the manufacturing, distribution, and use of our products. Furthermore, by digitizing most

of our internal operations, we were able to reduce the amount of paper waste we produce. Recycling bins for non-hazardous waste have been equipped in all our buildings.

We strive to use water sources responsibly and sustainably, as well as seek new opportunities and smart solutions across our facilities in order to preserve this valuable natural resource. Due to consolidating or downsizing our building space, which results in less domestic water being used. Additionally, through instructing all our employees how to use water economically in the offices, we aim to minimize domestic water usage. For coming years, we plan to implement new initiatives and projects related to the pollution of the shores of the Caspian Sea in order to contribute to our ecosystem.

Table 15 Azerconnect's water consumption

	2020	2021	2022
Total water consumption, m³	134.8	134.8	124.4

We have created a strategy to construct new base transceiver stations using renewable energy as part of our commitment to environmentally friendly operations. We want to lower our carbon footprint and help create a more sustainable future by putting these sustainable BTS into practice. Using renewable energy will show our dedication to social and environmental responsibility while reducing the negative effects of Azerconnect's operations on the environment.

Table 16 Waste diverted to utilize

	2022	
Paper	Box	Ton
	28	0.33
Tires	Qty	Ton
	400	2

Azerconnect has made progress in the recent year; however, much more work need to be done to mitigate the impacts of climate change, preserve biodiversity and reduce pollution. We're still on track to meet our targets through a combination of energy efficiency and renewable energy investments.



8

Conclusions

Conclusions

In 2022, we publish our first Annual Sustainability Report that aims to inform our stakeholders regarding our sustainability performance. At Azerconnect, we believe that by leveraging corporate investments as drivers for sustainable growth and social impact, companies can significantly contribute to the achievement of UN SDGs. We have established ambitious targets enabling us monitor and report our progress in order to hold ourselves accountable for making a difference in crucial areas of sustainability.

Our company-wide responsible business strategy focuses on our longstanding commitment to corporate social responsibility, even though we are aware that we are still at the beginning of our sustainability journey. To measure the environmental impact of our products and services, as well as to increase awareness of this issue, we aim to create reliable and efficient methodologies.

As one of the leading communication service providers in Azerbaijan, we pledge to play an important role in the development of the community while we enhance our sustainability management and boost our performance.



9

Non-financial performance tables

Non-financial performance tables

Economic performance

	2020	2021	2022
Revenue, thsd AZN	208 298	207 338	260 459
Payments to the state budget and taxes, thsd AZN	21 893	48 374	50 983

Human Capital

Number of people, by gender	2020	2021	2022
Total number of employees	1 406	1 384	1 596
Number of male employees	885	935	1 097
Number of female employees	521	449	499

	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Total number of new employee hires	259	112	285	97	331	112
Total number of employee turnover	206	127	128	73	169	62
Rate of employee turnover	23.7%		14.5%		14.5%	

	2020			2021			2022		
	Under 30	30-50	Over 50	Under 30	30-50	Over 50	Under 30	30-50	Over 50
Total number of new employee hires	153	211	7	189	174	19	279	156	8
Total number of employee turnover	109	214	10	92	98	11	127	100	4

Number of employees, by position	2020	2021	2022
Executive	246	226	236
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Other	315	423	482
<i>Male</i>	173	308	363
<i>Female</i>	142	115	119

	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Total number of employees that were entitled to parental leave, by gender	885	521	935	449	1 097	499
Total number of employees that took parental leave, by gender	0	32	0	25	0	28
Total number of employees that returned to work after parental leave ended, by gender	0	8	0	20	0	29

	2020			2021			2022		
	Under 30	30-50	Over 50	Under 30	30-50	Over 50	Under 30	30-50	Over 50
Percentage of employees including	26.18%	68.33%	5.49%	24.86%	69.29%	5.85%	28.32%	65.60%	6.08%
Disabled	0.25%	1.92%	0.19%	0.29%	1.88%	0.14%	0.13%	1.57%	0.25%
Internally displaced	0.81%	2.23%	0.10%	0.79%	2.10%	0.07%	0.88%	1.94%	0.19%

	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Percentage of employees	64.67%	35.33%	67.56%	32.44%	68.73%	31.27%
including Disabled	1.89%	0.62%	1.81%	0.51%	1.50%	0.45%
Internally displaced	2.22%	0.67%	2.17%	0.79%	2.32%	0.69%

Training hours	Male	Female	Total
Total number of training hours	43 400	27 587	70 987
Executive	9 800	6 287	16 087
Specialist	33 350	21 300	54 650
Other	250	0	250

Platform name	Eligibility	Total users	Activation rate
Neqsol Academy	All office staff	1 650	93%
LinkedIn Learning	Junior and above staff with upper intermediate English	650	98%
Udemy Business	Information Technologies; Network Technologies; Data&Digitalization divisions	35	100%
Academy to Innovate HR	HR Professionals	5	100%

Health and Safety

	Units of measure	2020	2021	2022
Number of conducted HSE trainings	Number	7	14	16
Number of employees who received HSE training	Number	1 067	1 483	1 953

	2022
Total investments into improving working conditions, AZN	1 124 000
Total investments into personal protective equipment, AZN	250 000

Operational metrics

	2020	2021	2022
Number of Base Transceiver stations (BTS)	8 549	8 753	8 995
Number of LTE stations	2 713	2 849	2 979
Average 2G downloading rate, mbit/s	2	3	3
Average 3G downloading rate, mbit/s	14	16	17
2G voice accessibility, %	99.81	99.82	99.85
3G voice accessibility, %	99.52	99.86	99.87
2G drop call rate, %	0.36	0.38	0.36
3G drop call rate, %	0.16	0.13	0.13
Data accessibility, %	99.57	99.58	99.57

Supply Chain

	2020	2021	2022
Total number of suppliers	339	303	376
Total number of local suppliers	263	250	311
Total number of foreign suppliers	76	53	66
Total procurement budget, thsd AZN	195 696	157 415	281 395

	2020	2020	2021	2022
Procurement budget that is spent on local suppliers/contractors, thsd AZN	currency	129 944	107 212	190 193
Procurement budget that is spent on foreign suppliers/contractors, thsd AZN	currency	65 752	50 204	91 202

Environment

	2020	2021	2022
Electricity consumption in the office (kWh)	94 600	233 851	374 616
Electricity used for technical equipment (i.e. LTE, BTS etc.) (kWh)	72 273 721	67 232 089	67 564 842
Diesel (ton)	255.64	806.35	1 310.78
Petroleum (ton)	190.03	573.33	644.81

	2020	2021	2022
Total water consumption, (m ³)	134.8	134.8	124.4

	2020	2021	2022
Scope 1 GHG emissions (tCO ₂ e)	1 122.63	3 481.04	14 798.32
Scope 2 GHG emissions (tCO ₂ e)	15 365.97	14 325.04	14 425.59

	2022	
Paper	Box	Ton
	28	0.33
Tires	Qty	Ton
	400	2

10

**GRI Disclosures
Table**

GRI Disclosures Table

General disclosures	Disclosure	Status	Location
GRI 2: General Disclosures 2021	2-1 Organizational details	Disclosed	About Azerconnect
	2-2 Entities included in the organization's sustainability reporting	Disclosed	About the Report
	2-3 Reporting period, frequency and contact point	Disclosed	About the Report
	2-4 Restatements of information	Disclosed	About the Report
	2-5 External assurance	Disclosed	About the Report
	2-6 Activities, value chain and other business relationships	Disclosed	The value that we create
	2-7 Employees	Disclosed	People as the priority – Putting people first
	2-8 Workers who are not employees	Disclosed	People as the priority – Putting people first
	2-9 Governance structure and composition	Disclosed	Governance structure
	2-10 Nomination and selection of the highest governance body	Disclosed	Governance structure
	2-11 Chair of the highest governance body	Disclosed	Governance structure
	2-12 Role of the highest governance body in overseeing the management of impacts	Disclosed	Governance structure
	2-13 Delegation of responsibility for managing impacts	Disclosed	Governance structure
	2-14 Role of the highest governance body in sustainability reporting	Disclosed	Governance structure

General disclosures	Disclosure	Status	Location
GRI 2: General Disclosures 2021	2-15 Conflicts of interest	Disclosed	Governance structure
	2-16 Communication of critical concerns	Disclosed	Conducting business ethically and responsibly
	2-17 Collective knowledge of the highest governance body	Disclosed	Governance structure
	2-18 Evaluation of the performance of the highest governance body	Disclosed	Governance structure
	2-19 Remuneration policies	Disclosed	Employee motivation and engagement
	2-20 Process to determine remuneration	Disclosed	Employee motivation and engagement
	2-21 Annual total compensation ratio	Disclosed	People as the priority – Putting people first
	2-22 Statement on sustainable development strategy	Disclosed	Sustainability performance
	2-23 Policy commitments	Disclosed	Conducting business ethically and responsibly
	2-24 Embedding policy commitments	Disclosed	Conducting business ethically and responsibly
	2-25 Processes to remediate negative impacts	Disclosed	Sustainability performance
	2-26 Mechanisms for seeking advice and raising concerns	Disclosed	Conducting business ethically and responsibly
	2-27 Compliance with laws and regulations	Disclosed	Conducting business ethically and responsibly
2-28 Membership associations	Disclosed	About the Report	

General disclosures	Disclosure	Status	Location
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	Disclosed	Stakeholder engagement
	2-30 Collective bargaining agreements	Not disclosed	

Material topics	Disclosure	Status	Location
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Disclosed	Materiality analysis
	3-2 List of material topics	Disclosed	Materiality analysis
	3-3 Management of material topics	Disclosed	Materiality analysis

Economic performance	Disclosure	Status	Location
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Disclosed	Business conduct & Economic Impact
	201-2 Financial implications and other risks and opportunities due to climate change	Not disclosed	
	201-3 Defined benefit plan obligations and other retirement plans	Not disclosed	
	201-4 Financial assistance received from government	Not disclosed	

Market presence	Disclosure	Status	Location
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Disclosed	People as the priority – Putting people first
	202-2 Proportion of senior management hired from the local community	Disclosed	People as the priority – Putting people first

Indirect economic impacts	Disclosure	Status	Location
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Disclosed	Our contribution to responsible business
	203-2 Significant indirect economic impacts	Disclosed	Our contribution to responsible business

Procurement practices	Disclosure	Status	Location
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Disclosed	Supply chain management

Anti-corruption	Disclosure	Status	Location
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Disclosed	Operational safety
	205-2 Communication and training about anti-corruption policies and procedures	Disclosed	Anti-corruption measures
	205-3 Confirmed incidents of corruption and actions taken	Disclosed	Anti-corruption measures

Anti-competitive behavior	Disclosure	Status	Location
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Disclosed	Conducting business ethically and responsibly

Tax	Disclosure	Status	Location
GRI 207: Tax 2019	207-1 Approach to tax	Disclosed	Conducting business ethically and responsibly
	207-2 Tax governance, control, and risk management	Not disclosed	
	207-3 Stakeholder engagement and management of concerns related to tax	Not disclosed	
	207-4 Country-by-country reporting	Not disclosed	

Materials	Disclosure	Status	Location
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Not disclosed	
	301-2 Recycled input materials used	Not disclosed	
	301-3 Reclaimed products and their packaging materials	Not disclosed	

Energy	Disclosure	Status	Location
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Disclosed	Environmental commitments
	302-2 Energy consumption outside of the organization	Not disclosed	
	302-3 Energy intensity	Disclosed	Environmental commitments
	302-4 Reduction of energy consumption	Disclosed	Environmental commitments
	302-5 Reductions in energy requirements of products and services	Not disclosed	

Water and effluents	Disclosure	Status	Location
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Disclosed	Ecosystem's preservation
	303-2 Management of water discharge-related impacts	Disclosed	Ecosystem's preservation
	303-3 Water withdrawal	Not disclosed	
	303-4 Water discharge	Not disclosed	
	303-5 Water consumption	Disclosed	Ecosystem's preservation

Biodiversity	Disclosure	Status	Location
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not disclosed	
	304-2 Significant impacts of activities, products and services on biodiversity	Not disclosed	
	304-3 Habitats protected or restored	Not disclosed	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not disclosed	

Emissions	Disclosure	Status	Location
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Disclosed	Environmental commitments
	305-2 Energy indirect (Scope 2) GHG emissions	Disclosed	Environmental commitments
	305-3 Other indirect (Scope 3) GHG emissions	Not disclosed	
	305-4 GHG emissions intensity	Disclosed	Environmental commitments
	305-5 Reduction of GHG emissions	Disclosed	Environmental commitments
	305-6 Emissions of ozone - depleting substances (ODS)	Not applicable	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not applicable	

Waste	Disclosure	Status	Location
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Disclosed	Ecosystem's preservation

Waste	Disclosure	Status	Location
GRI 306: Waste 2020	306 -2 Management of significant waste-related impacts	Disclosed	Ecosystem's preservation
	306-3 Waste generated	Disclosed	Ecosystem's preservation
	306-4 Waste diverted from disposal	Disclosed	Ecosystem's preservation
	306-5 Waste directed to disposal	Disclosed	Ecosystem's preservation
Supplier environmental assessment	Disclosure	Status	Location
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Disclosed	Supply chain management
	308-2 Negative environmental impacts in the supply chain and actions taken	Disclosed	Supply chain management
Employment	Disclosure	Status	Location
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Disclosed	Peoples as the priority – Putting people first
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not disclosed	
	401-3 Parental leave	Not disclosed	
Labor/management relations	Disclosure	Status	Location
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Not disclosed	

Occupational health and safety	Disclosure	Status	Location
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Disclosed	Safety management
	403-2 Hazard identification, risk assessment, and incident investigation	Disclosed	Safety management
	403-3 Occupational health services	Disclosed	Safety management
	403-4 Worker participation, consultation, and communication on occupational health and safety	Disclosed	Safety management
	403-5 Worker training on occupational health and safety	Disclosed	Operational safety
	403-6 Promotion of worker health	Disclosed	Employee safety & wellbeing
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Disclosed	Safety management
	403-8 Workers covered by an occupational health and safety management system	Disclosed	Safety management
	403-9 Work-related injuries	Disclosed	Safety management
	403-10 Work-related ill health	Disclosed	Safety management

Training and education	Disclosure	Status	Location
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Disclosed	Employee development
	404-2 Programs for upgrading employee skills and transition assistance programs	Disclosed	Employee development
	404-3 Percentage of employees receiving regular performance and career development reviews	Disclosed	Employee development

Diversity and equal opportunity	Disclosure	Status	Location
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Disclosed	Equality of opportunity
	405-2 Ratio of basic salary and remuneration of women to men	Disclosed	Equality of opportunity
Non-discrimination	Disclosure	Status	Location
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Disclosed	Equality of opportunity
Freedom of association and collective bargaining	Disclosure	Status	Location
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not disclosed	
Child labor	Disclosure	Status	Location
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Not disclosed	
Forced or compulsory labor	Disclosure	Status	Location
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not disclosed	
Security practices	Disclosure	Status	Location
GRI 410: Security Practices 2016	410-1 Security employees trained in human rights policies or procedures	Disclosed	Responsible and ethical business management
Rights of indigenous peoples	Disclosure	Status	Location
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Not disclosed	

Local communities	Disclosure	Status	Location
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Disclosed	Our social commitments
	413-2 Operations with significant actual and potential negative impacts on local communities	Disclosed	Our social commitments
Supplier social assessment	Disclosure	Status	Location
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Disclosed	Supply chain management
	414-2 Negative social impacts in the supply chain and actions taken	Disclosed	Supply chain management
Public policy	Disclosure	Status	Location
GRI 415: Public Policy 2016	415-1 Political contributions	Not disclosed	
Customer health and safety	Disclosure	Status	Location
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Not disclosed	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Not disclosed	
Marketing and labeling	Disclosure	Status	Location
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Not disclosed	
	417-2 Incidents of non-compliance concerning product and service information and labeling	Not disclosed	

Marketing and labeling	Disclosure	Status	Location
GRI 417: Marketing and Labeling 2016	417-3 Incidents of non-compliance concerning marketing communications	Not disclosed	

Customer privacy	Disclosure	Status	Location
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not disclosed	



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