



CONNECTING  
WITH  
A SUSTAINABLE  
FUTURE





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# 1. SUSTAINABILITY AT PPF TELECOM GROUP





## 1.1

# A MESSAGE FROM THE CEO



**I am delighted to present PPF Telecom Group's sustainability report and its assessment of the progress of the company's ESG strategy.**

**The backbone of the Group's business and its work towards achieving global sustainability targets is reliable, secure and affordable connectivity. This factor is a key in driving digital transformation and expansion of smart solutions, that have the potential to accelerate sustainable development by improving resource use and transforming how we live.**

2022 was another challenging year in the industry, for customers and people around the world. We faced it with confidence, and our results demonstrate our success. The Group created new job opportunities, its investment in infrastructure was the highest ever, and the business grew across its entire footprint, delivering profit to shareholders.

We could not have done any of this without our people, whose professional growth, safety and satisfaction are our priorities. The Group has further extended its diversity and people development programmes to keep creating a work environment where everyone feels welcome and empowered to express their talent and ideas.

To accommodate ever-increasing network traffic, PPF Telecom Group collaborates with the best in the industry to produce innovative solutions. In Czechia, CETIN has reached the midpoint of a five-year contract with Ericsson to modernize its network and install advanced 5G infrastructure. In turn, O2 Czech Republic can deliver customers the fastest 5G internet connections in the country.

As a major energy consumer, the Group is steadily increasing the share of renewables in its energy mix and introducing energy efficiency measures. Our network in Serbia is already entirely powered by green energy, and our Bulgarian operations are next.

At PPF Telecom Group, we advocate the utmost respect for human rights, fundamental freedoms and democracy and strongly condemn the aggression of Russia against Ukraine. To do its part, the Group has supported the people of

Ukraine with financial aid, distributed thousands of free SIM cards and provided free internet data and special tariff plans. Our colleagues have also volunteered at refugee centres.

Online disinformation and cyberattacks have intensified since the war in Ukraine started. PPF Telecom Group has responded by launching several network security products in its markets. Customers have taken a keen interest in these products and are benefitting from the Group's education campaigns in digital skills and literacy.

The following pages provide an open window into our sustainability actions, and I hope you will find the insights welcoming and informative.



**Balesh Sharma**

CEO  
PPF Telecom Group





1.1

# A MESSAGE FROM THE CHIEF SUSTAINABILITY OFFICER



**Looking back at 2022, what I am most proud of is seeing all PPF Telecom Group teams coming together to bring our sustainability strategy to life.**

At the heart of our strategy is connectivity. As a European telecommunications operator, we have a role in delivering the EU Commission's 'Path to Digital Decade policy programme 2030', which is aiming to advance digital and internet user skills and build connectivity through fixed broadband and mobile coverage. The Group is deploying highly efficient technologies from reliable partners who help us deliver on the Group's objectives in providing fast and secure connectivity and reducing emissions and e-waste.

In 2022, we invested a record EUR 751 million, mainly in infrastructure and spectrum licences, more than 21% of our revenues. Our major projects were rolling out 5G and modernizing our networks in anticipation of the future data traffic growth. In Czechia, Slovakia, Hungary, and Bulgaria, our 5G coverage reached 34% of the combined population. Our target is to provide 5G connectivity across our footprint to at least 50% of the population by 2024 and 80% by 2027, and we are well on track to deliver it.

2022 also saw advancements in PPF Telecom Group's non-financial data collection capabilities and its work towards setting targets with genuine impact. The Group's preliminary target is to reduce Scope 1 and 2 emissions by 2030 by at least 40% compared to 2021. The Group has also prioritized the sale, reuse and recycling of its old network equipment and pledged that by 2025, no e-waste produced by our infrastructure providers will be disposed of in landfill.

To strengthen our commitments, we have prepared a sustainable financing framework, verified by Sustainalytics. This is essential for communicating the Group's sustainability contributions to the

investors, and for potentially participating in sustainable financial markets.

We also took part in the Carbon Disclosure Project's (CDP) programme for corporate environmental reporting for the first time, earning a score of B-. Although this result shows room for improvement, the Group's inaugural score is encouraging.

Sustainability is a global effort and requires a collective, coordinated action. We actively seek out expert advice and experience and have joined the ranks of several initiatives such as UN Global Compact to help the Group progress and achieve its objectives.

Telecommunications are tightly intertwined with the livelihood of businesses, households and communities. At PPF Telecom Group, we are fully aware of our responsibilities towards society, each other, and the environment, and we are proud to present the progress we made in 2022.

**Marek Sláčík**

Executive Director CEE  
and Chief Sustainability Officer  
PPF Telecom Group

1.2

# 2022 PERFORMANCE HIGHLIGHTS

## Strong and stable position in five markets



### Network assets and services

► CETIN

O<sub>2</sub> Networks

► CETIN

	Czechia	Slovakia	Hungary	Bulgaria	Serbia	Total
Own mobile sites (in thousands)	4.5	1.0	2.8	2.8	1.7	12.8
Fixed lines leased to operators <sup>1</sup> (in thousands)	1,230	n/a	n/a	n/a	n/a	1,230
Employees (in thousands)	2.3	0.1	0.2	0.3	0.3	3.2

### Telecommunications services

O<sub>2</sub>

O<sub>2</sub>

Yettel.

	Czechia	Slovakia	Hungary	Bulgaria	Serbia	Total
Mobile subscribers <sup>2</sup> (in thousands)	5,670	2,264	3,632	3,446	3,016	18,028
Mobile revenue market share <sup>3</sup>	34%	25%	29%	37%	37%	n/a
Population covered by 4G service	98%	98%	100%	100%	97%	99%
Population covered by 5G service	57%	37%	16%	59%	n/a	34%
Fixed broadband subscribers <sup>4</sup> (in thousands)	900	66.7	14.5	41.8	41.4	1,064
Employees (in thousands)	3.8	0.7	1.6	1.8	1.7	9.6

Source: Company data, Analysys Mason

[1] Comprising DSL and FTTH, provided on a wholesale basis

[2] Including M2M subscribers; pre-paid subscribers reported using 3 months active criterion

[3] Market shares for 2022, published by Analysys Mason, May 2023

[4] Comprising DSL, FTTH, and FWA

[5] #1 position in mobile and fixed markets combined; #1 position in fixed market, #2 position in mobile market





## 1.3

## ABOUT PPF TELECOM GROUP

**P**PF Telecom Group B.V. (the “Company”) is a holding company of leading providers of retail, wholesale and infrastructure telecommunication and other services in the CEE region. The Group’s services include mobile telecommunication, fixed-line telecommunication, infrastructure-related services, data services and internet television. The Company and its subsidiaries (the “Group”) provide services in Czechia, Slovakia, Hungary, Bulgaria and Serbia and operate under different operating models primarily according to region and the service types.

### 1. Convergent commercial telecommunications operator

**O2 Czech Republic** is a leading operator of fixed and mobile convergent telecommunications in Czechia. The company provides services to end users in retail, corporate and government institutions market segments. The company markets

its services to retail users through a network of its own shops and to corporate and government institutions customers through its own sales representatives. The company owns mobile spectrum licences for its services and owns and operates core radio access networks. Most of the physical infrastructure required to provide its services is not owned by the company; infrastructure services are leased mainly from CETIN Czechia.

### Main products and services

- Mobile services – internet and data, voice services, multimedia message services and short message services on a contract or prepaid basis through a spectrum of tariffs targeting different market segments.
- Fixed services – internet connectivity, data and TV and fixed voice services, offered standalone or bundled with other fixed and mobile services.
- Device sales – handsets, modems, TV set-top boxes and other devices complementary to the company’s telecommunications services and products.
- Other mobile services – mainly provision of wholesale mobile network services to virtual operators. Information and communications technology services – complex customer solutions and managed services, mainly system integration, outsourcing services, project solutions and software development.







## 1.3 About PPF Telecom Group

## 2. Wholesale infrastructure provider

Wholesale providers of fixed and mobile telecommunications infrastructure to all telecommunications operators on an equal and transparent footing. Wholesale providers do not provide direct services to end users.

**CETIN Czechia** owns and operates the largest telecommunications infrastructure portfolio in Czechia. The infrastructure consists of the country's largest fixed access network of both copper and fibre lines, radio access networks for mobile services operated in a network sharing agreement with T-Mobile Czechia for the eastern part of the country, transport network and data centres connecting fixed and radio access networks, points of presence, and transport network and switching equipment for international voice calls transits. CETIN Czechia uses a radio access network for mobile services operated by T-Mobile Czechia in network sharing arrangement for the western part of the country. CETIN Czechia manages an extensive portfolio of real estate across the country as either an owner or lessee to house its telecommunications equipment.



### Main products and services

- Mobile network services – CETIN Czechia is the main mobile network services provider for O2 Czech Republic. It also operates the mobile network for T-Mobile Czechia throughout half of the country through a shared network. The lease transmission station capacity is a secondary source of income.
- Mass fixed-line network services – CETIN Czechia primarily offers access to all operators on the Czech market to the fixed-line network covering the vast majority of housing units in the country, along with related voice services, xDSL or fibre broadband Internet access (broadband, FBB), IPTV paid television, local-loop unbundling and technology collocation.
- Data services – CETIN Czechia also provides operators with data services on leased lines for their corporate customers.
- International transit services – CETIN Czechia provides international operators from all over the world with primarily international voice traffic transmission.
- Other services – This category includes dark fibre leasing, housing for data centres, national interconnection services, support services for roaming, forced network transfers, duct leasing and other associated services.

### CETIN Hungary, CETIN Bulgaria and CETIN Serbia

own mobile telecommunications infrastructures in their respective countries, formerly owned and operated by Yettel Hungary, Yettel Bulgaria and Yettel Serbia.

### Main products and services

- Mobile network services – provided wholesale, predominantly to Yettel Hungary, Yettel Bulgaria and Yettel Serbia.

**O2 Networks** owns mobile telecommunications infrastructure in Slovakia, formerly owned by O2 Slovakia.

### Main products and services

- Mobile network services – provided wholesale, predominantly to O2 Slovakia.



1.3 About PPF Telecom Group

### 3. Mobile operator

Mobile telecommunications providers to end users in retail, corporate and government market segments.

**O2 Slovakia, Yettel Hungary,**

**Yettel Bulgaria** and **Yettel Serbia**

provide mobile telecommunications in their respective national markets. They market their services to retail users through a network of their own shops and to corporate and government customers through their own sales representatives. These companies own mobile spectrum licences for their services. Most of the physical infrastructure required to provide their services is not owned by these companies; in Slovakia, infrastructure services are leased from O2 Networks, and in other countries, from CETIN Hungary, CETIN Bulgaria and CETIN Serbia.

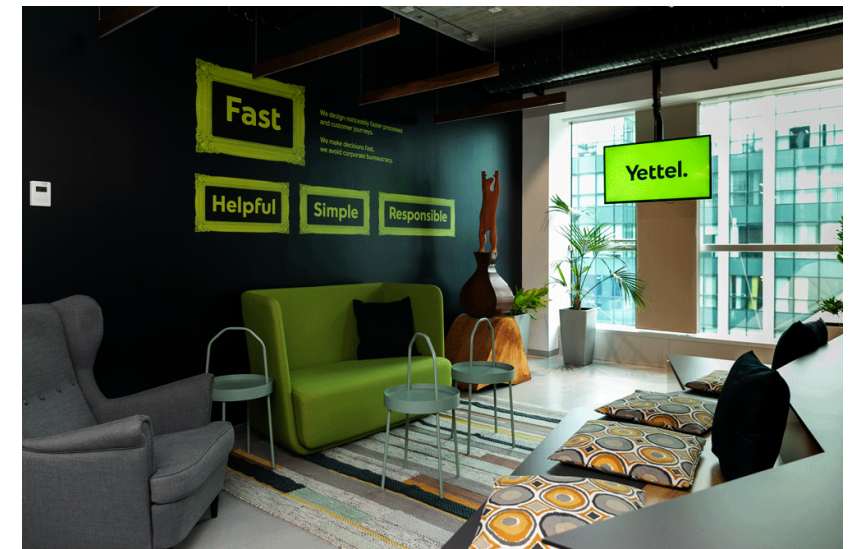
#### Main products and services

- Mobile services – prepaid or contract internet and data, voice services, multimedia message services and short message services with a range of tariffs targeting different market segments.
- Fixed services – internet connectivity, data and TV and fixed voice services, offered through a combination of FWA (Fixed Wireless Access) services through the own mobile networks or networks operated by CETIN or

O2 Networks, or through wholesale access to other operators' networks.

- Device sales – handsets, accessories and other devices complementary to the company's telecommunications services and products.
- Other mobile services – mainly provision of wholesale mobile network services.
- Information and communications technology services – complex customer solutions and managed services, mainly system integration, outsourcing services, project solutions and software development.

**At the end of 2022, 18 million customers were using PPF Telecom Group's mobile services, and over 1 million customers were using its fixed broadband services. Pay TV subscribers increased by 19% y-o-y to 720 thousand. At the end of 2022, PPF Telecom Group was operating state-of-the-art 5G mobile networks in most of its markets.**





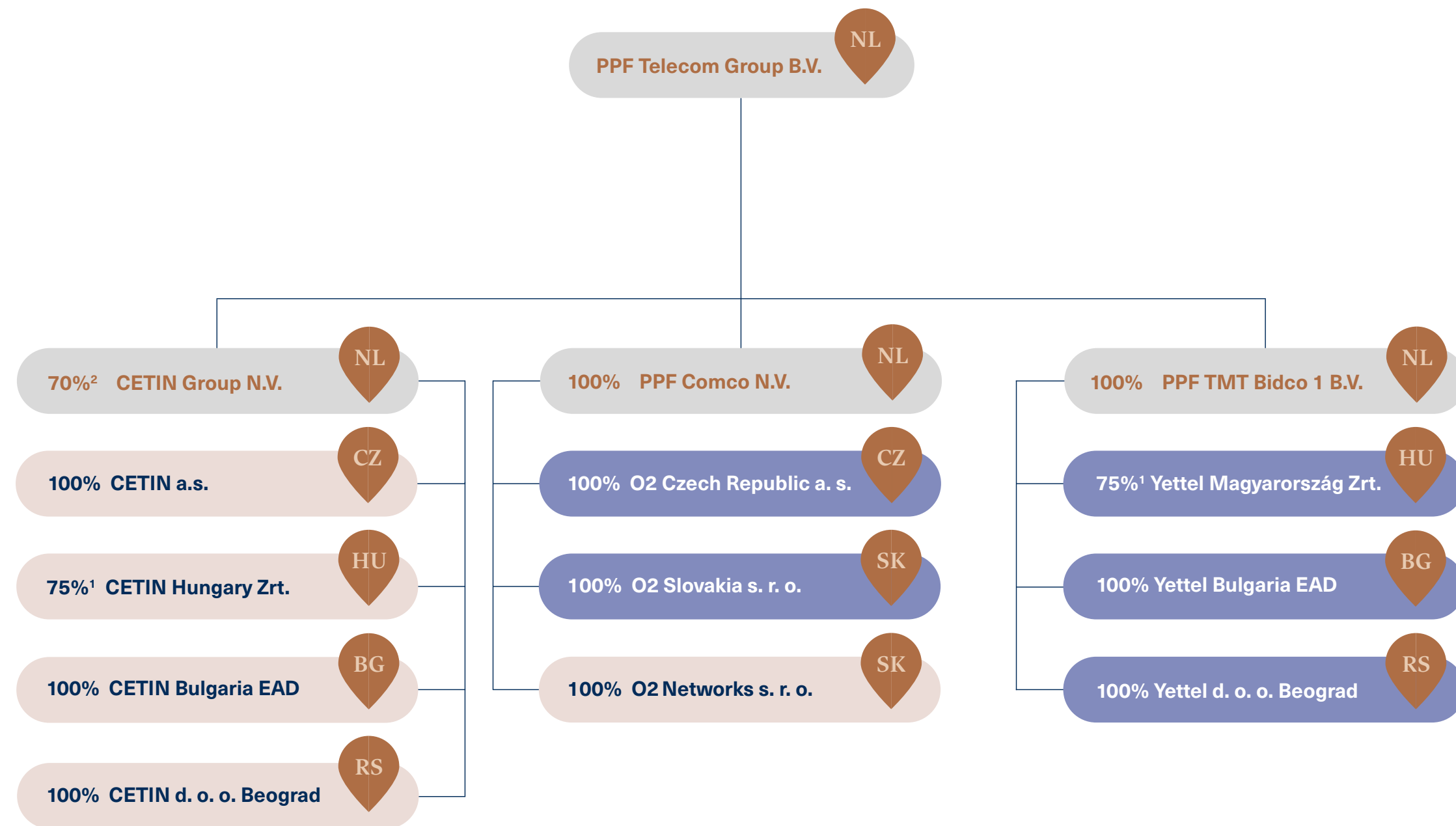
1.3 About PPF Telecom Group

**PPF Telecom Group B.V.**

PPF Telecom Group B.V., the holding company, does not have its own operations. **The Group's senior management** team are composed of executives from PPF Telecom Group with extensive telecommunications sector experience in the CEE region, and the **top management** from the Group's **operating subsidiaries**, also with relevant local knowledge and expertise. Management teams in the Group's subsidiaries are required to deliver on the operational and financial objectives set by the Group and oversee the commercial, financial and regulatory aspects of subsidiary operations. The Group's senior management lays down the Group's strategy, sets objectives for subsidiaries, oversees the human resources responsible for delivering on these objectives, and manages knowledge transfer between subsidiaries to spread best practices in the commercial, operational, purchasing, organisational, technological, procurement, financial and other aspects of operations.

PPF Telecom Group's business model and the financial results of its subsidiaries are published in the Group's 2022 Annual Report: [www.datocms-assets.com/56100/1679567146-telecom-group-annual-accounts-2022-public.pdf](http://www.datocms-assets.com/56100/1679567146-telecom-group-annual-accounts-2022-public.pdf). The ESG report for the calendar year 2022 covers the non-financial data of the companies described below, referred to as 'PPF Telecom Group' for the sole purpose of this report.

**PPF TELECOM GROUP STRUCTURE**



<sup>1</sup> 25% of the holding company TMT Hungary B.V. owned by Corvinus International Investment Ltd.  
<sup>2</sup> 30% owned by Roanoke Investment Pte Ltd, a company incorporated in Singapore and an affiliate of GIC Private Limited

- Holding or financing company
  - Operating company – wholesale infrastructure services
  - Operating company – services to end-users
- NL – Netherlands
  - CZ – Czechia
  - SK – Slovakia
  - HU – Hungary
  - BG – Bulgaria
  - RS – Serbia



1.4

# OUR SUSTAINABILITY APPROACH

We drive impact by integrating sustainability into our business



## OUR MISSION

PPF Telecom Group's mission is to provide as many people as possible with access to high-quality, affordable connectivity and digital solutions for increasingly productive, healthier and safer lives. Through sustainable business practices, including the deployment of the best available technology, we are also minimizing our impact on the environment.

**Objective:**  
Providing as many people as possible with access to high-quality, affordable connectivity and digital solutions.

## OUR AMBITION

### The Best Network

**Objective:**  
Building sustainable and efficient networks

### The Best Customer Experience

**Objective:**  
Securing customer-centric excellence

### The Best Performance

**Objective:**  
Creating long-term value for all stakeholders

## OUR SUSTAINABILITY STRATEGY

### ENVIRONMENT

**Objective:**  
Reducing the Group's Impact on the Environment

### PEOPLE

**Objective:**  
Putting People at the Centre of our Business

### TECHNOLOGY

**Objective:**  
Accelerating Technology for a Sustainable Future

### TRANSPARENCY

**Objective:**  
Acting with Transparency and Integrity



1.4 Our Sustainability Approach



# OUR MISSION

**Objective:**

Providing as many people as possible with access to high-quality, affordable connectivity and digital solutions.

**High-quality and highly reliable telecommunication networks are a vital prerequisite and a critical component for the proper functioning and development of modern society in the digital age.**

**PPF Telecom Group's mission is to provide as many people as possible with access to high-quality, affordable connectivity and digital solutions for increasingly productive, healthier and safer lives. Through sustainable business practices, including the deployment of the best available technology, we are also minimizing our impact on the environment.**



# OUR AMBITION

In its ongoing mission and pursuit of success, the Group's decisions are governed by three strategic objectives:

## The Best Network

**Objective:**

Building sustainable and efficient networks

To build the best and the most secure converged network in Central and Southeastern Europe, the Group invests in 5G and fibre optic infrastructure, digitalisation and cybersecurity and provides training and upskilling opportunities for its employees. To fully benefit from the potential of emerging technologies, the Group shares best practices throughout its countries of operation.

## The Best Customer Experience

**Objective:**

Securing customer-centric excellence

To make full use of the quality of its infrastructure, the Group aims to deliver the best possible customer experience. Access to and the use of the Group's services and products should be a simple process, and pricing policies, based on cost and value, should be transparent. Customers are therefore able to make informed decisions and choose the services best suited to them. The Group's customer experience includes superior customer data security and privacy and a continuous process of review to identify areas for improvement.

## The Best Performance

**Objective:**

Creating long-term value for all stakeholders

To be the industry-leading company in Central and Southeastern Europe, the Group consistently drives innovation and investment in its product portfolio. The Group understands its responsibilities of care towards employees and the environment and does the utmost to protect them. The Group acts as a responsible company that is transparent about its operations and undertakings. The Group actively pursues its objectives to achieve long-term success and competitiveness of its business and create value for all its stakeholders.



1.4 Our Sustainability Approach

# OUR SUSTAINABILITY STRATEGY

The Group's three objectives for business success are mirrored by its sustainability strategy, which stands on four pillars:

- ENVIRONMENT
- PEOPLE
- TECHNOLOGY
- TRANSPARENCY

## ENVIRONMENT

### Objective:

Reducing the Group's Impact on the Environment

It is the responsibility of the Group to address climate change, facilitate environmental protection and respond to environmental challenges, all which are of the most serious importance to the people of today and tomorrow. The Group is committed to reducing the environmental footprint of its operations throughout its entire value chain by increasing energy efficiency, achieving fuel savings, sourcing renewable energy, and effectively managing input materials and waste.

### Targets:

- ☉ Achieve carbon neutrality by 2050
- ☉ Set SBTi target by 2024
- ☉ In the interim, reduce emissions by 40% in Scopes 1 and 2 by 2030
- ☉ Reuse, resell or recycle 100% of decommissioned equipment by 2025 (CETIN, O2 Networks)
- ☉ Repair, reuse or recycle e-waste, in order to prevent at least 250 tonnes from going to landfill by 2025 (Yettel, O2)
- ☉ Implement a circular economy plan by 2024.

7 AFFORDABLE AND CLEAN ENERGY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



## PEOPLE

### Objective:

Putting People at the Centre of our Business

Investing in people and creating an equitable, diverse, and inclusive working environment is the Group's long-term commitment. The Group is dedicated to supporting inclusion and diversity through recruitment and career advancement opportunities, protecting the health, safety and wellbeing of employees, and providing learning and development opportunities to ensure that employees feel inspired and secure. Listening to customers' needs and engaging with the communities where we do business are critical in our commitment to benefit society.

### Targets:

- ☉ Achieve greater than 60% participation in company surveys and improve that % annually
- ☉ Maintain a benchmark of no fatal or life-changing injuries.
- ☉ Establish a PPF Telecom Group talent development programme to oversee the various initiatives at our business units to improve diversity in the Group's talent pool and eliminate unconscious bias cultures
- ☉ Support local communities with donations and active engagement

4 QUALITY EDUCATION



5 GENDER EQUALITY



11 SUSTAINABLE CITIES AND COMMUNITIES





# OUR SUSTAINABILITY STRATEGY

The Group's three objectives for business success are mirrored by its sustainability strategy, which stands on four pillars:

- ENVIRONMENT
- PEOPLE
- TECHNOLOGY
- TRANSPARENCY

## TECHNOLOGY

### Objective:

Accelerating Technology for a Sustainable Future

The Group is committed to digital inclusion for all its customers and communities and providing safe access to digital technologies. The Group's core purpose is to build a connected future that benefits businesses, people and the environment through innovative solutions, investment into network infrastructure and security solutions, and a consistent focus on raising the digital capabilities of the Company's staff and customers and the wider public.

### Targets:

- Make 5G connectivity available in the countries where we operate to at least 50% of the population by 2024 and 80% by 2027
- By 2025, train 500,000 people (including teachers, children and adults) in digital skills
- Deliver security solutions for data protection to at least 20% of the Group's applicable post-paid customers in the consumer segment by 2025

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



## TRANSPARENCY

### Objective:

Acting with Transparency and Integrity

The Group's business stands behind transparent governance, integrity and ethical foundations. Responsible corporate governance is a fundamental component of the Group's sustainability activities. The Group strives to add value for stakeholders by operating as a trusted company that sources responsibly, fully complies with anti-corruption and anti-bribery policies, and has zero-tolerance towards violation of the law.

### Targets:

- Establish a sustainable supply chain programme which addresses legal and environmental responsibilities and human rights. Implement the programme with key suppliers by 2024.
- Introduce sustainability-related training across the entire Group with the aim of achieving 100% participation by senior management and at least 50% employee participation by 2023.





1.5

# 2022 HIGHLIGHTS: HOW WE CREATE VALUE WITH IMPACT

## Our inputs

## Our objectives

## Our impacts

ENVIRONMENT

- Energy used 580,643 MWh
- Waste produced 2,110 tonnes
- E-waste produced in our operation 163 tonnes

- Achieve carbon neutrality by 2050.
- Prepare decarbonization plan in line with SBTi requirements by 2024 and reduce Scope 1 and 2 emissions by 40% by 2030.
- Implement waste management action plan with objectives to reuse, resell or recycle 100% of decommissioned equipment by 2025 (CETIN and O2 Networks) and repair, reuse or recycle e-waste to prevent at least 250 tonnes from disposal into landfill (Yettel and O2).

- Scope 1 and Scope 2 emissions at 195,379 tCO2e down by 18% y-o-y.
- 100% renewable electricity used by CETIN Serbia network.
- Group's electricity from renewable sources up by 102%.
- 1,033 t of waste recycled, 153 t of e-waste collected and recycled, 163 t of reused, recycled or decommissioned network equipment.

PEOPLE

- Employees 12.8 thousand
- Employee wages and benefits EUR 366 million

- Maintain a benchmark of no fatal or life-changing injuries to employees
- Establish a PPF Telecom Group talent development programme to oversee initiatives at our business units to improve diversity in the Group's talent pool and eliminate unconscious bias cultures.
- Achieve at least 60% participation in annual employee engagement surveys to improve interaction with employees and understand their influences and motivations.
- Continuously improve customer engagement processes to help us collect and incorporate feedback and continually improve our services and range of products.
- Support our communities through employee volunteering, charities and sponsorships.

- Zero work-related employee fatalities.
- 2.7% employee increase over 2021.
- 60% of employees (FTE) participated in employee engagement surveys.
- 473,604 hours of employee training (37.2 hours / employee average).
- 15% of technical positions held by women.
- 20% of leadership positions held by women.
- EUR 4.4 million donated for charitable causes. Assistance given to Ukrainian citizens, including the donation of 140,000 SIM cards.

TECHNOLOGY

See Technology, Transparency and Economic on the following page





1.5 2022 Highlights



Our inputs

Our objectives

Our impacts

TECHNOLOGY

- CAPEX spent EUR 751 million mainly on telecommunications infrastructure and spectrum licences
- 12.8 thousand of its own mobile sites
- Approx. 97,900 km optical cables

- Prioritize availability of 5G connectivity in the countries where we operate to at least 50% of the population by 2024 and 80% by 2027.
- Deliver security solutions for data protection to at least 20% of the Group's applicable post-paid customers in the consumer segment by 2025.
- Reach as many people as possible with educational campaigns, advice, information and training to develop digital skills and digital literacy, raise awareness to any potential threats in new technologies. Train at least 500,000 people in digital skills and digital literacy by 2025.

- 18 million subscribers, 1.1 million FBB subscribers, 6,667,143 terabytes of data traffic.
- 34% of population covered by 5G, 99% of population covered by 4G.
- O2 network in Czechia the fastest in 5G download speed, Umlaut Best in Test in Bulgaria and Serbia, and fastest network in Hungary according to Ookla
- Security solutions for data protection delivered to 16% of the Group's applicable post-paid customers in the consumer segment. O2 Security prevented 387 million cyberattacks.
- 73,321 people trained in digital skills and internet safety.
- PPF Telecom Group's Innovation Hub set up to bring together the best experience, talent and resources to help accelerate the deployment of innovative technologies (e.g. 5G and the IoT).

TRANSPARENCY

- Dedicated resources and investments

- Operate our business ethically, lawfully, transparently and with integrity.
- Fully integrate our sustainability strategy into the organization, introduce training in sustainability across the entire Group and achieve 100% participation by senior management and at least 50% employee participation in that training by 2023.
- By 2024, establish a sustainable supply chain programme with key suppliers to enhance environmental stewardship and social responsibility.

ECONOMIC

- Group equity EUR 1.0 billion
- Financial debt EUR 4.1 billion
- Debt-to-assets ratio 0.87
- Debt-to-equity ratio 6.92

- Be the leading telecommunications services provider in Central and Southeastern Europe and deliver value to all stakeholders.

- Revenue EUR 3,506 million
- Revenue growth 5.1%
- EBITDA growth 3.1%
- Free cash flow EUR 555 million
- Dividend EUR 1.14 million
- Total income tax expense EUR 142 million
- Corporate income tax rate 25.8%





1.6

## MATERIALITY ASSESSMENT

**T**he materiality principle directs the Group's actions in issues of sustainability that concern stakeholders and have or could have an impact on the environment, people, communities and our business.

In its review of material topics, the requirements in the GRI Sustainability Reporting Standards 2021 (GRI Standards) and a 2022/23 materiality analysis, the Group identified a list of significant topics which have a high impact on the environment, communities and the Group's value and business.

To obtain input for its materiality analysis, the Group explored the trends in the industry, reviewed applicable regulations, mandatory requirements and industry best practices, conducted a peer analysis and media searches, and discussed a range of topics with key stakeholders (e.g., customers, suppliers, investors and employees). The Group's impacts and their significance along the value chain were then estimated.

Priority topics were discussed extensively with a diverse set of internal and external experts, including the Group's management personnel. The Group believes that

sustainability must be an integral part of its strategic business planning. Materiality assessment enables the Group to prioritize and focus on the most material topics, set meaningful targets, and establish programmes and policies that will let us deliver on our goals.

**The topics listed below were approved by the Group's management and Sustainability Executive Committee.**

These topics, impacts, risks and opportunities will be regularly reviewed as new topics emerge and gain significance over time. For the purpose of this year's reporting, we have merged technology for a sustainable future and network deployment into a single topic since they are closely related.

### Energy efficiency and climate change

– reducing greenhouse gas emissions and the release of other harmful substances into the atmosphere

### Waste management and circular economy

– managing input materials and reducing waste generated by our operations, supporting a circular economy

### Communities and social action

– supporting local communities with donations and active participation

### Employment and employee development

– creating an equitable, diverse and inclusive working environment, safeguarding the health, safety and wellbeing of our employees

### Customer relationship management

– understanding our customers, their needs and desires to deliver the experience they expect

### Technology for a sustainable future

– network deployment, including network coverage, digital inclusion, digital skills and services and products addressing social and environmental challenges

### Cybersecurity, digital and personal data protection

– safeguarding the privacy of customer data and resilience of our networks against cyberattack and internet fraud

### Supply chain management

– responsible and sustainable sourcing, including environmental and social matters such as protection of the environment and human rights

### Business conduct and ethics

– acting with integrity and transparency



## 1.7

## IMPACTS ALONG THE VALUE CHAIN AND OUR MANAGEMENT APPROACH

Value chain mapping is a process through which PPF Telecom Group attempts to identify the main activities linked to its services or product lines for the purpose of finding performance opportunities and assessing the company's impact caused by sourcing, transport, development, consumption and disposal. The value chain of a telecommunications operator is long and complex and involves hundreds of businesses along the line.

The environmental impact of the telecommunications sector is derived from activities throughout the value chain - raw material extraction and extraction and processing, production and assembly of electronic devices and equipment, packaging and transportation. Energy consumed by operating networks and using devices is also a factor. Besides its environmental impacts, the value chain is also linked to social matters concerning individuals and communities, for example the protection of human rights or access to connectivity and digital services. Conducting operations responsibly, transparently and in accordance with applicable laws and regulations chiefly falls under governance affecting both environmental and social outcomes.

The Group has a footprint through its own activities or as a consequence of its business relationships with other companies or individuals.

**The summary below attempts to capture the areas where a material topic might have an impact, and the organization's involvement in this process. It illustrates the Group's direct impact through its activities, products and services and where it contributes indirectly through a business relationship.**

The Group's simplified value chain consists of three key stages: sourcing, operations and usage and disposal. The Group follows the applicable laws and regulations through every stage of its value chain and acts in accordance with its Code of conduct.

**The Group follows the applicable laws and regulations through every stage of its value chain and acts in accordance with its Code of conduct.**

### Stage 1 Sourcing

The Group purchases products, services and solutions, including electronic devices and network equipment, which it then provides to customers or uses in its network and business operations. Most of the Group's electronics and network components are purchased from large multinational companies which supply finished products. The Group does not manufacture its own products. The Group's largest expenditures are in information and communications technology then sold to customers or used in constructing and maintaining physical network infrastructure.

The key manufacturing stages of these products are mineral extraction and refinement, parts and component manufacturing and product assembly, testing, packing and distribution. Each stage has its own risks and impacts on the environment or people. For example, electronic products contain large quantities of metals, including precious metals such as tin, tantalum and gold, which can only be separated using complicated processes. These processes often have significant environmental impacts for example water pollution, high energy consumption, and damage to

nature. Extraction of metals is often performed in countries with poor human rights records.

The Group assesses the risks of this link in its value chain. Key areas include consumption of non-renewable resources, high energy consumption in technological processes, health and safety of workers and their rights, corruption and bribery. The Group therefore implements specific sustainable supply chain initiatives to mitigate these impacts.

#### Material topics:

- ⊙ Supply chain management
- ⊙ Business conduct and ethics





1.7 Impacts Along The Value Chain And Our Management Approach

**Stage 2**  
**Operations**

Network infrastructure is the foundation of the Group's operations, services and customer experience. Investing in the latest technologies and upgrades to its services and network infrastructure, the Group installs a range of equipment, such as base stations, nodes, exchanges and network cables, and ensures uninterrupted network functionality, reliability and connectivity. These efforts facilitate the way for digital transformation. The rapid evolution of technology requires the Group to continuously upgrade its network and systems, which generates e-waste. However, new technologies also allow us to improve energy efficiency, especially with the roll out of 5G, as data transfer volumes and energy consumption increase.

The Group offers a wide range of products and services and has a diverse range of customers – individual consumers, small businesses and large corporations. The Group's products are sold through retail networks and online platforms, and customers are supported via a range of communication channels. Third-party and in-house logistics companies transport the Group's products from its suppliers to retail stores or directly to customers.

Protection of data and privacy is a top priority and prerequisite in the both

the retail and infrastructure arms of the Group's business.

The Group's employees are critical to the success of its operations – employee health, safety and wellbeing, equality and inclusion in the working environments, and opportunities for learning and skills development are therefore top priorities.

The Group is also striving to improve energy efficiency in its operations, stores and offices, use renewable energy to limit emissions, and minimizing waste generation.

**Material topics:**

- ⊙ Energy efficiency and climate change
- ⊙ Waste management and circular economy
- ⊙ Employment and employee development
- ⊙ Customer relationship management
- ⊙ Technology for a sustainable future
- ⊙ Cybersecurity, digital and personal data protection
- ⊙ Business conduct and ethics

**Stage 3**  
**Usage and disposal**

The Group helps people and businesses connect, provides easy and safe access to information, products and services, and assists customers and communities, including vulnerable groups, to acquire the digital skills.

Consumers purchase and use the Group's devices. With rapid technological progress, consumers naturally upgrade to the latest phones and other electronic devices and in doing so create quantities of e-waste. Responsible e-waste management and increasing the recovery, reuse and recycling of end-of-life mobile phones and other electronic devices sold by the Group has become a top priority.

The Group is also exploring options to help customers improve their daily lives with digital technologies, for example using the IoT and other smart applications and protecting their data and privacy.

**Material topics:**

- ⊙ Energy efficiency and climate change
- ⊙ Waste management and circular economy

- ⊙ Customer relationship management
- ⊙ Communities and social action
- ⊙ Technology for a sustainable future
- ⊙ Cybersecurity, digital and personal data protection
- ⊙ Business conduct and ethics



1.8

## STAKEHOLDER ENGAGEMENT

**A**t PPF Telecom Group, we acknowledge our responsibilities towards customers, employees, business partners and

investors. Engaging closely with our stakeholders gives us a better understanding of their evolving expectations, informs our strategy and lets us share our plans and progress. Open and transparent dialogue is an important part of the Group's operations. Active engagement with our stakeholders locally and globally gives us insight into their interests and needs and lets us address any potential issues effectively and promptly. To meet the growing interest in the Group's sustainability credentials, we are improving our reporting capabilities and strengthening our sustainability governance.

Management will be meeting regularly with investors and analysts to discuss the Group's sustainability strategy and results and engaging more closely with suppliers.







1.8 Stakeholder engagement

To identify priority issues, we assess stakeholders' expectations through the Group's various engagement channels.

### Stakeholder Groups and Dialogue

	CUSTOMERS	EMPLOYEES	INVESTORS, SHARE-HOLDERS AND LENDERS	SUPPLIERS	COMMUNITIES	GOVERNMENT AND REGULATORS
<b>Stakeholder expectations:</b>	Product quality (e.g., design, function, convenience). Service quality (e.g., responsiveness, reliability, consistency). Value for money. Data protection and privacy.	Career security and development. Competitive compensation and benefits. Work-life balance. Respect and fair treatment. Health, safety and wellbeing in the workplace.	Transparent business information. Prompt and accurate disclosures. Good risk and crisis management. Disclosure of ESG policy in business strategy, operations and financial instruments (e.g., response to climate change, sustainable supply chains, monitoring of human rights).	Equal and fair treatment to every supplier, transparent procurement process, long-term relationships, and productive cooperation, shared sustainability values.	Job creation. Partnerships in community development for economic, social and environmental progress. Reduction in adverse social and environmental impacts. Regular communication with local communities.	Continuity of services. Regulatory compliance. Involvement in new public policies, government initiatives, and sharing best practices. Participation in local or national government initiatives.
<b>Engagement approach:</b>	Engagement surveys. Face-to-face contact, social media, telephone interactions, mobile applications, emails to customer contact points.	Engagement surveys, performance appraisals and individual development plans. Internal channels for employee complaints and whistle-blowing. Employee focus groups to promote topics and activities such as health and wellbeing, work-life balance, protection of the environment or creating a team atmosphere.	Regular investor relations events. Meetings and dialogues with financial institutions and bondholders. Regular publications and press releases on PPF Telecom Group website.	Regular meetings, site visits and audits, supplier surveys and other engagement activities.	Regular site visits and meetings with community leaders. Engagement with community members through employment, sourcing and other community development activities.	Meetings with appropriate regulatory bodies and representatives. Participation in industry-wide initiatives.
<b>The Group's initiatives and responses:</b>	Customer service training. Develop new products, services and delivery channels. Perform feedback surveys. Improve cybersecurity and data privacy protection policies, procedures and customer offers.	Uphold code of conduct. Establish human resources policies and procedures in accordance with applicable laws and enforce through regular training. Promote good workplace behaviours, diversity, equality, and inclusion among team members through policies and internal communication. Provide career path development and competitive salary and benefits. Develop and implement talent management programmes. Perform annual employee engagement surveys and performance assessments. Provide channels for employees to safely voice their concerns. Organize corporate social responsibility (CSR) activities to foster social responsibility and build relationships between employees.	Publish annual reports and sustainability reports. Provide transparent and prompt company updates.	Establish a sustainable supply chain. Review and improve procurement processes and communication to meet mutual needs.	Act as a responsible community member. Provide employment and business support locally. Encourage and support local community-related projects, partnerships, CSR programmes and campaigns, including donations and advocacy.	Share best practices and research. Participate in government initiatives as applicable.

## 1.8 Stakeholder engagement



## Ethical and transparent operations day hosted by Yettel Hungary

### Case Study



Ethical and Transparent Operations Day hosted by Yettel Hungary in 2022, event participants

Yettel Hungary and BCSDH (Business Council for Sustainable Development in Hungary) have been successfully working together on diverse sustainable development topics for the past several years.

A pillar of this cooperation is Ethical and Transparent Operations Day held as a part of the Future Leaders talent development programme hosted by Yettel Hungary in 2022. The event focused on the important role of ethical and transparent operation in a company's success. It explored business relevance, benefits, challenges and obstacles, and

presented personal examples and best practices from business leaders.

The day was hosted by Márk Erdélyi, Yettel's Chief Legal and Reputation Officer, who opened the event with a speech about the importance of ethics and transparency in the business environment. In several workshops, participants could try out a simulated decision-making process with Szabolcs Mosonyi, Yettel's Integrity and Investigation Officer, to identify and evaluate transparency issues and test their ethical sensitivity in an ethical case study. In an interview with Yettel's CEO, Peter Gazik

shared his firsthand experience of leading the company with the programme's participants. To close the day, Yettel employees delivered a guided tour around the award-winning Yettel headquarters.

This year's programme saw 38 people from diverse professional backgrounds and industries participate. With an average of 5–12 years of professional experience, each person was identified as a future leader and specially selected by their company management boards.

The Future Leaders talent development

programme involves potential business leaders in already running businesses to develop their skills in the complex process of corporate sustainability and decision-making. The programme presents and builds on the UN Sustainable Development Goals and its framework in a Hungarian adaptation of the World Business Council for Sustainable Development (WBCSD) Future Leaders Programme. More information at <https://bcsdh.hu/projects/future-leaders/>.

### About BCSDH

Business Council for Sustainable Development in Hungary (BCSDH) is the national partner organization of WBCSD, which is a founder-led business organization established in Switzerland, 1992. WBCSD works with more than 200 corporations in over 70 countries and exclusively targets sustainable development in business. The mission of BCSDH is to promote sustainable development among its members and other actors in the Hungarian economy and stimulate innovative thinking to improve competitiveness. Eventually, this should contribute to the sustainable development of Hungary's economy and quality of life and the preservation of its environmental and natural resources. More information at <https://bcsdh.hu/en/projects/future-leaders/>.





## 1.8.1

## ASSOCIATIONS

Collaboration is essential to achieving meaningful and lasting progress towards a more sustainable future. Many sustainability challenges are highly complex, involving multiple dimensions and requiring a comprehensive understanding of these issues.

Working together with partners allows us to better understand the challenges ahead and solutions which lead to improved and more agile decision-making. Working together also leads to more significant and impactful initiatives that we could not otherwise achieve alone.

### United Nations Global Compact

PPF Telecom Group, together with 15,000 other companies, is a member of the United Nations Global Compact, the world's largest corporate sustainability initiative. By committing to the Ten Principles of the UN Global Compact, we are pledging to operate in a manner that, at a minimum, meets fundamental responsibilities in human rights, labour, the environment and anti-corruption, and to report on ongoing efforts annually.

By participating in the initiative, we hope to make an even greater difference than we could make alone by harnessing partnerships with

a range of stakeholders that include NGOs, industry experts, companies from different sectors, other countries and the extensive resources offered by the initiative.

### Telefónica Partners Program

PPF Telecom Group joined Telefónica Partners Programme in 2022. The initiative was launched by Telefónica in 2011 to foster collaboration and innovation between the leading telecommunications companies worldwide, scale up successful partnerships and promote sharing of industry experience and best-practices, including those related to sustainability. The programme currently includes nine leading telcos (China Unicom, Bouygues Telecom, KPN, PPF Telecom Group (O2, CETIN and Yettel), MTN Group, Singtel Group, Síminn, Wind3, and most recently STC Group) covering 38 markets in Europe, Africa, Asia and the Middle East.

### GSM Association (GSMA)

PPF Telecom Group is a member of GSMA, which represents over 1,000 mobile operators and businesses. The organization offers data, resources and tools to help businesses to work together more effectively and facilitate digital innovation to reduce inequality and tackle the

major societal challenges of digital inclusion, climate change and sustainability.

PPF Telecom Group's business units are also active members of sustainability-focused collaborative networks and local sectoral and economic associations:

- Responsible Business Forum (Yettel Serbia)
- Business Council for Sustainable Development in Hungary (Yettel Hungary)
- Partnerships for Prosperity (O2 Slovakia)

### Benefits of joining sustainability associations

Joining sustainability associations offers many advantages for companies trying to integrate sustainability into their business strategies and operations. These associations are typically organizations that bring together businesses, NGOs, government bodies and other stakeholders under a shared commitment to advancing sustainability practices.



**For me the main benefit is learning from industry leaders and gaining insight into successful sustainability strategies and applying similar approaches to our own operations.**

**Many sustainability associations provide access to valuable resources such as research reports, toolkits and guidelines. They often host workshops, conferences and webinars that discuss the latest sustainability trends. These resources help us establish and achieve sustainability goals more effectively and keep us up to date on the latest developments in the field and ahead.**

**Klára Zavadilová**

ESG Manager at PPF Telecom Group





1.9

## CONTRIBUTING TO THE UN'S SUSTAINABLE DEVELOPMENT GOALS

**T**he United Nations' 17 Sustainable Development Goals (SDGs) provide a roadmap for creating a more sustainable

world. These goals cover a range of areas, including improving health and wellbeing, sustainable energy, and climate action.

The telecommunication industry impacts particularly SDG 9: Industry, Innovation and Infrastructure, driven by the reach of mobile and fixed networks and take-up of mobile internet services. Other significant contribution include SDG 1: No Poverty, SDG 2: Zero Hunger and SDG 4: Quality Education, reflecting the increasing proportion of people using mobile phones to access services, education or finance. Contribution to reaching SDG 13: Climate Action could also be substantial, either by reducing emissions directly associated with the industry or by enabling other industries to lower their carbon footprint by deployment of mobile and digital technology.







1.9 Contributing to the UN's Sustainable Development Goals

The Group contributes through its actions to the following sustainable development goals:



**„ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL”**

**Our contribution:**

The Group supports universal and digital literacy and numeracy through telecommunications and information technology. It is committed to helping raise the number of youth and adults with relevant digital and information and communication (ICT) skills. The Group also helps employees learn about sustainability issues through targeted campaigns and training workshops.



**„ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS”**

**Our contribution:**

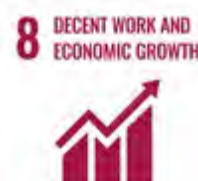
In its everyday operations, the Group promotes gender equality and non-discrimination and encourages equal opportunities for leadership for women. The Group also encourages the use of information and communication technology to promote the empowerment of women.



**„ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL”**

**Our contribution:**

The Group actively deploys and extends energy efficient telecommunications technologies and increases its use of renewable energy to cover its operations. Improvements in this area help drive the transition to sustainable and more affordable renewable energy.



**„PROMOTE SUSTAINED, INCLUSIVE, AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT, AND DECENT WORK FOR ALL”**

**Our contribution:**

The Group's technologies, products and solutions support the goal of achieving higher levels of economic productivity, protecting labour rights and promoting safe and secure working environments.



**„INNOVATION AND TECHNOLOGICAL PROGRESS AS KEY TO FINDING LASTING SOLUTIONS TO BOTH ECONOMIC AND ENVIRONMENTAL CHALLENGES”**

**Our contribution:**

The Group builds and develops quality, reliable and sustainable telecommunications infrastructure to support economic development and human wellbeing. The Group is constantly upgrading the technological capabilities of its infrastructure to help improve access to information and provide affordable internet connectivity.



**„SUSTAINABLE CITIES AND COMMUNITIES - MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE”**

**Our contribution:**

The Group's solutions support positive economic and social links between urban, peri-urban and rural areas, helping to bridge digital divides between communities.



**„ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS”**

**Our contribution:**

The Group encourages sustainable management and efficient use of natural resources through its business' programmes and systems for waste management, refurbishment and recycling of network and mobile technologies. Where possible, the Group supports and introduces eco-designed products, and uses non-hazardous chemicals in its infrastructure and services to reduce its overall impact on human health and the environment.



**„TAKE URGENT ACTIONS TO COMBAT CLIMATE CHANGE AND ITS IMPACTS”**

**Our contribution:**

The Group supports sustainable management of natural resources and helps improve human health and environmental sustainability through environmental management, recycling and waste reduction strategies in all its business units.



2.

# ENVIRONMENT

Reducing our environmental footprint





# OUR AMBITION

**M**aintaining a healthy environment and reducing damage to nature is important to current and future generations. The Group is adopting a robust policy of reducing the environmental impact of its operations throughout the value chain while employing the benefits of new technologies to facilitate environmental protection. The Group is primarily targeting energy efficiency, fuel savings and sourcing renewable energy to minimize its greenhouse gas emissions and release of other harmful substances into the atmosphere. Managing input materials and waste is another important area where the Group will be improving its practices for less harm to the environment.







2.1

## INDUSTRY MATERIAL ISSUES

**T**he currently most material environmental issue for stakeholders and businesses in the telecommunications sector is climate change. Data transmission, device connection to networks and server data storage require significant consumption of energy. Greenhouse gas emissions are also produced by other telco industry operations, for example transportation, or indirectly through the value chain. An ever-growing demand for data and data transmission is placing greater pressure on improving energy efficiency through the use of state-of-the-art technologies, including energy management software, and through renewable energy sources, supplier and customer engagement and industry-wide cooperation.

Telecommunications operators supply critical infrastructure, and any service interruptions resulting from damage to this equipment can have a major impact on people and the economy. As the scale and frequency of extreme weather events increases, so does the threat to physical infrastructure. Identifying the risks of climate change and commissioning robust mitigation plans is therefore the best practice.

Rapid technological changes and accompanying customer behaviours shorten network equipment life cycles, resulting in higher production and increased waste. Electronic waste (e-waste) is one of the fastest growing waste streams in the world. Companies should apply a combination of techniques to reduce e-waste, for example recycling according to applicable laws, refurbishing to prolong electronic equipment service life, and using eco-design solutions.

**The Group is working with partners such as Ericsson to implement energy efficiency measures for increased data traffic volumes as it continues to roll out 5G, replace copper with fibre in fixed networks, and increase its proportion of renewable energy.**

2.2

## CLIMATE CHANGE, ENERGY AND EMISSIONS

### OUR FOCUS

Reducing our carbon footprint and switching to sustainable energy sources.

### HOW WE MANAGE

The Group is striving to minimize the impact of its business on the environment and follows all relevant environmental laws and other regulations. In addition to reducing its environmental footprint, the Group engages with employees and customers to be more environmentally conscious, and engagement with suppliers will be part of the Group's sustainable supply chain management programme.

Despite most of the emissions generated by the Group's business being classed as indirect, our assets also consume significant amounts of energy. The Group's network infrastructure arm is responsible for 88% of its energy consumption, and the remaining 12% is from commercial operations. As the traffic in our network grows, the more energy efficient we must become, especially with the deployment of 5G.

The Group is working with partners such as Ericsson to implement energy efficiency measures for increased data traffic volumes as it continues to roll out 5G, replace copper with fibre in fixed networks, and increase its proportion of renewable energy.

### OUR TARGETS

- 🎯 Achieve the Group's goal of carbon neutrality by 2050 in accordance with the Paris Agreement to limit global warming to 1.5 °C above pre-industrial levels.
- 🎯 For 2024, progress on our commitment to the Science-Based Targets initiative and officially set an SBTi-aligned target for all Scopes.
- 🎯 In the interim, reduce Scope 1 and Scope 2 emissions by at least 40% by 2030 compared to 2021.



2.2.1

# ENERGY, GREENHOUSE GASES AND OTHER AIR POLLUTING EMISSIONS

The Group's services require significant amounts of energy. As we transmit and store more data through our networks (mobile or fixed), the energy needs of our operations increase. Most of the electricity we use is produced by power generation companies in the national distribution network and is still mostly generated from non-renewable energy sources which produce higher greenhouse gas emissions. Emerging geopolitical risks and wider adoption of legislation such as carbon pricing are among the current causes of high volatility in commodity prices and cost inflation. Consequently, the Group has strong social, financial and political imperatives to optimize its energy consumption.

In 2022, the Group consumed 580,643 MWh of energy (representing **Scope 1+2** as defined by GRI 302 standard), mainly electricity used to power its networks, data centres and shops. In the process of balancing business demands with increased efficiency, energy consumption has remained mostly stable, slightly increasing by 2% since 2021.

**Energy intensity per data traffic** is an important metric that we follow, given the increasing demand for data transmission through our networks,

especially in the context of 5G rollout. Transmitted data increased by 33% in 2022 compared to 2021, while energy consumption increased only by 2%, equalling to data traffic intensity decline of 23% to 87,1 (kWh/TB data traffic).

The proportion of renewable energy in the Group's electricity mix has doubled due to purchases of green certificates in Serbia.

We estimate that the electricity consumed by products sold to customers (mainly mobile phones, tablets, laptops, routers etc.) reached 43.6 GWh (representing **Scope 3** as defined by GRI 302 standard) in 2022, almost 2 GWh lower than 2021 due to lower sales.

**Energy intensity per unit of revenue** declined slightly by 3% to 166 MWh/EUR million in 2022, reflecting slower growth of energy consumption and lower sales.

For detailed data see a separate data annex available at [www.ppftelcom.eu/sustainability/sustainability-report](http://www.ppftelcom.eu/sustainability/sustainability-report).

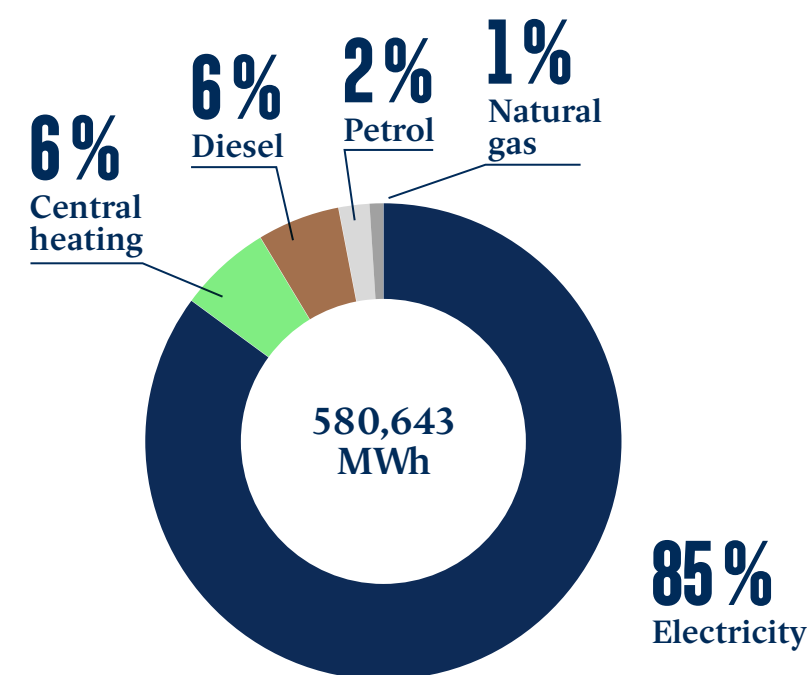
**Energy intensity improvements vs 2021:**



## ENERGY CONSUMPTION BY FUEL SOURCE (in MWh)

Fuel sources	2022
Electricity	492,585
Central heating	37,269
Diesel	32,391
Petrol	11,148
Natural gas	7,249
<b>Total</b>	<b>580,643</b>

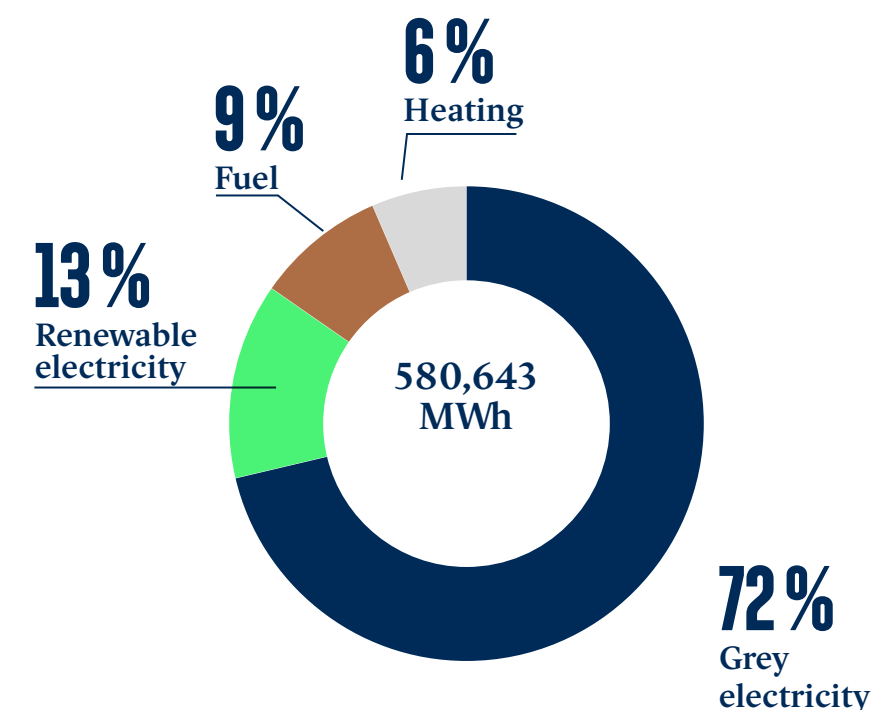
Source: Company data



## ENERGY CONSUMPTION BY TYPE (in MWh)

Energy consumption	2022
Grey electricity	414,892
Renewable electricity	77,693
Fuel	50,789
Heating	37,269
<b>Total</b>	<b>580,643</b>

Source: Company data





2.2.1 Energy, greenhouse gases and other air polluting emissions

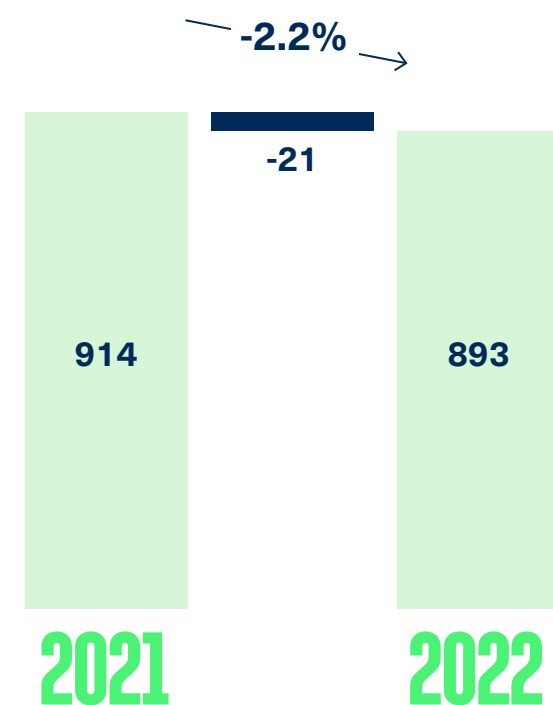
In 2022, the Group's Scope 1 and Scope 2 emissions totalled 195,380 tCO<sub>2</sub>e, a decrease of 18% compared to 2021, primarily owing to the greater use of renewable energy by CETIN Serbia, improvement in residual mix emission factor for Czechia and ongoing optimization of technological spaces and efficiency measures at CETIN Czechia.

Compared to 2021, Scope 3 emissions increased by 3% in 2022.

Emissions per unit of revenue decreased by 7% compared to 2021, while emissions per data traffic decreased by 26%, despite increased traffic volumes. Increased use of renewable energy and energy efficiency contributed to the result.

## tCO<sub>2</sub>e CHANGE (IN THOUSAND TONNES)

2022 vs 2021



## KEY DRIVERS (IN THOUSAND TONNES OF tCO<sub>2</sub>e)



Source: Company data

### Scope 1+2

Renewable energy – primarily use of renewable energy by CETIN Serbia  
 Grid and operational improvements – primarily improvement in residual mix emission factor for Czechia and energy savings in Czechia and Bulgaria

### Scope 3

CAPEX changes – driven by purchases of electronic equipment for 5G networks, slightly lower in 2022 compared to 2021

OPEX changes – mainly increased volume of electronic devices sold to customers compared to 2021, and from more emission-intense manufacturers





2.2.1 Energy, greenhouse gases and other air polluting emissions

## PPF Telecom Group GHG emissions inventory 2022

### GHG Emissions (in thousand tonnes CO2e)

<b>Scope 1</b>	<b>13</b>	<b>1%</b>
<b>Scope 2 (market-based)</b>	<b>183</b>	<b>21%</b>
<b>Scope 3</b>	<b>698</b>	<b>78%</b>
<b>– Purchased goods and services</b>		
GHG Protocol categories:		
3.1 Purchased goods and services		
3.2 Capital goods		
3.4 Upstream transport		
	<b>650</b>	<b>73%</b>
<b>– Rented network</b>		
Upstream leased assets		
	<b>20</b>	<b>2%</b>
<b>– Data centre services</b>		
Downstream leased assets		
	<b>3</b>	<b>0%</b>
<b>– Use of sold products</b>		
Downstream charging of devices by customers		
	<b>15</b>	<b>2%</b>
<b>– Fuel and energy-related activities</b>		
Calculated from Scope 1 and 2		
	<b>9</b>	<b>1%</b>
<b>– Other</b>		
Downstream transport, travel, franchises, end-of-life treatment of sold products, waste, investments		
	<b>1</b>	<b>0%</b>

**Total 893**

Source: Company data

## Scope 1 – Direct

These are emissions within our direct control and include those from:

- fuel used by cars owned or leased by our company
- heating fuels used for space heating and hot water in our premises
- fuels used for generators in off-grid areas or where back-up capacity is required
- fugitive releases of refrigerants or fire suppressants used for air-conditioning or fire control systems in network buildings and offices

When calculating GHG emissions from fuel sources, emissions factors from the GHG Protocol Mobile Sources and Cross-Sectoral tools have been used

## Scope 2 – Purchased

These are emissions from electricity and heat purchased to power the Group’s networks, technology centres, offices and retail stores, including CETIN infrastructure that is operated on 3rd party premises (“passive sharing”).

It excludes the opposite – space rented by CETIN to other operators, where they operate their own equipment and get re-invoiced for their electricity use. We have calculated these emissions using the two approaches of the GHG Protocol:

- **Location-based:** representing the market-average grid mix and thus average emissions in a country. We use kWh to CO2e conversion factors from the International Energy Agency (IEA).
- **Market-based:** representing emissions where green energy is also used by the Group. We use conversion factors from the Association of Issuing Bodies (AIB).

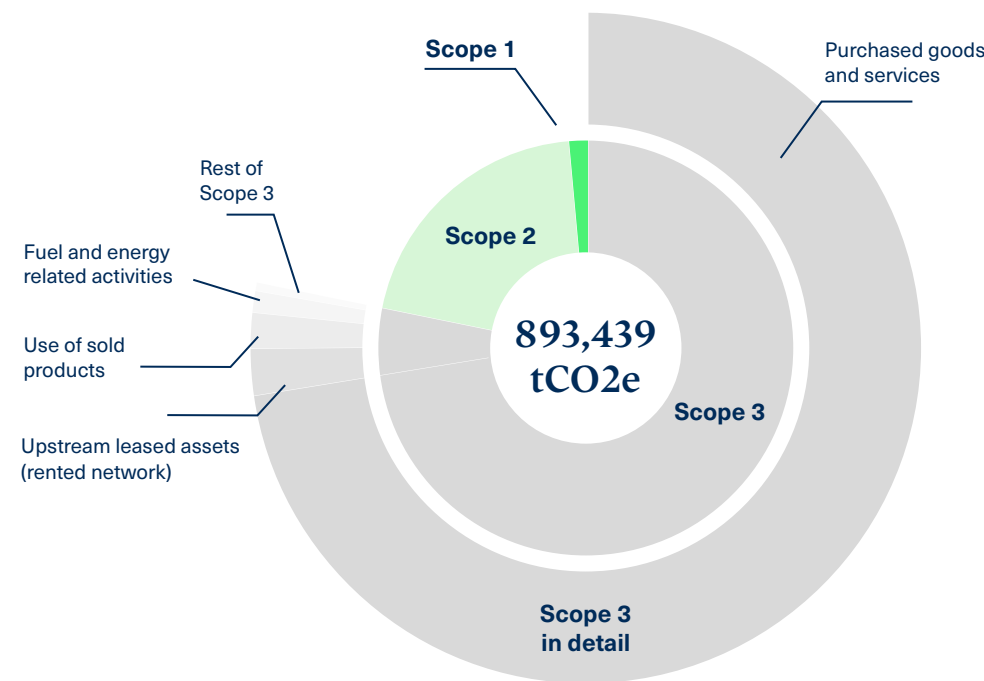
Emissions factors are for the year 2020 – latest available at the time of writing.

## Scope 3 – Indirect

These are indirect emissions that we do not control but may be able to influence, including:

- emissions from our suppliers in producing the goods and services that we procure
- emissions from network leasing (“active sharing”)
- emissions linked to the use of our products and services
- emissions from our data centre business (technology housing), where electricity use is part of the service for customers and is not re-invoiced.

We use a spend-based calculation approach on an inflation-adjusted basis, attributing sector-average emissions to the country of procurement. In 2022, we conducted preliminary research to identify the country of manufacturing for the Group’s key spending categories (devices, network infrastructure), including refining the assessment for device resellers.



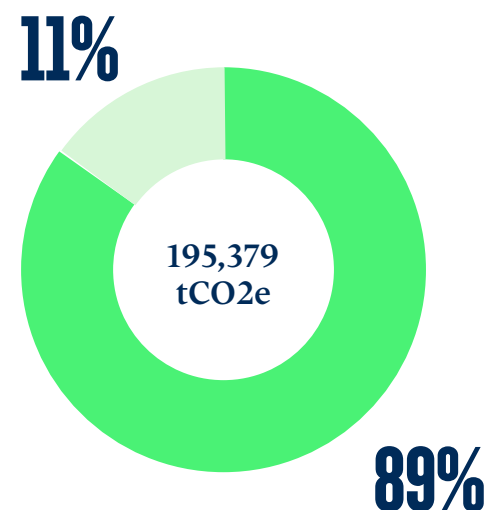


2.2.1 Energy, greenhouse gases and other air polluting emissions

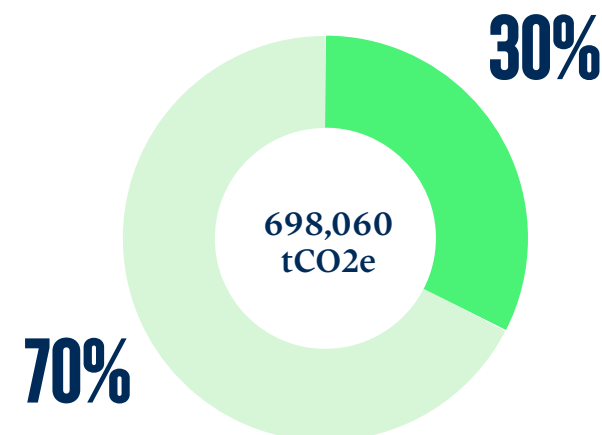
Our retail business units (O2 and Yettel) and infrastructure providers (CETIN and O2 Networks) contribute relatively evenly to the Group's emissions (Scope 1, 2 and 3) but with different origins – retail emissions are primarily generated by purchased mobile devices, while infrastructure providers' emissions arise from electricity usage and indirect emissions result from the purchase of network equipment required for the network modernization and 5G rollout.

For detailed data see a separate data annex available at [www.ppftelcom.eu/sustainability/sustainability-report](http://www.ppftelcom.eu/sustainability/sustainability-report).

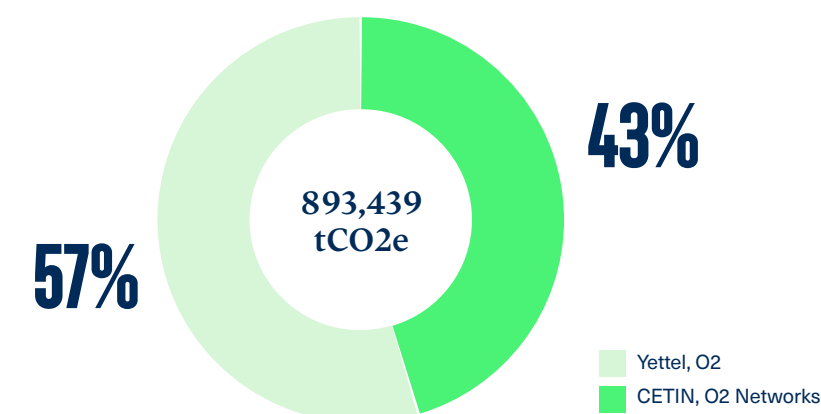
Direct Emissions 2022 (Scope 1+2)



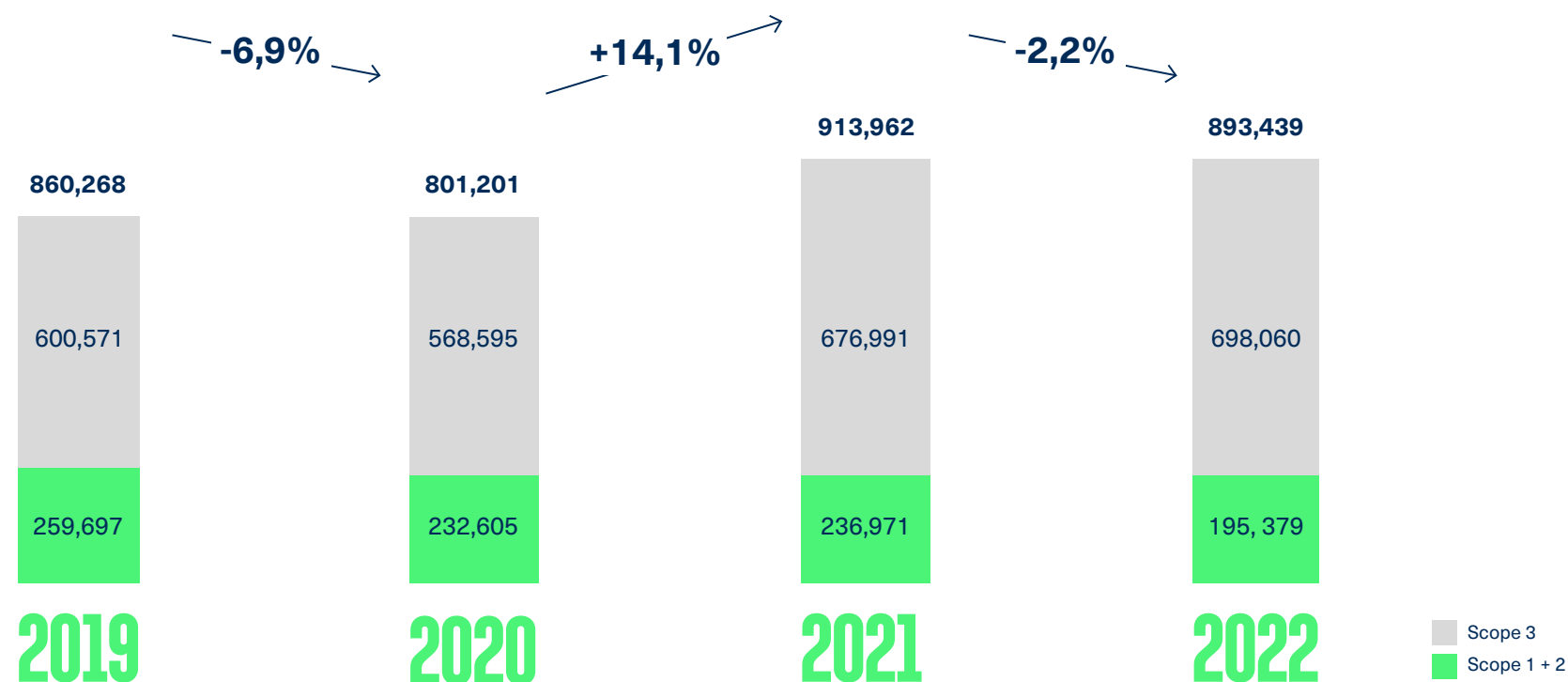
Indirect Emissions 2022 (Scope 3)



Total emissions 2022 (Scope 1+2+3)



GHG Emissions Trend (tCO2e)



Increasing share of renewable energy had positive impact on our carbon footprint in 2022. Data traffic volumes transmitted via our networks grew by a third, yet our Scope 1 and Scope 2 emissions decreased by 18% compared to 2021. Data volumes will continue growing in the future and the consumption of electricity to power our networks will follow. The cornerstones of our decarbonization strategy will thus be further increasing the share of renewable energy in our mix and developing our energy efficiency measures.

For detailed data see a separate data annex available at [www.ppftelcom.eu/sustainability/sustainability-report](http://www.ppftelcom.eu/sustainability/sustainability-report).





GHG protocol category	What does this mean for PPF TG?	Emissions (tonnes CO <sub>2</sub> e)				Methodology	Ability to influence
		2019	2020	2021	2022		
<b>Purchased goods &amp; services</b> <b>Capital Goods</b> <b>Upstream transport and distribution</b>	Emissions related to manufacturing devices and network equipment, plus services purchased from 3rd party suppliers.  Transport emissions from purchased goods and services from suppliers to PPF TG subsidiaries.	555,080	519,258	623,495	650,088	Calculated using spend-based emissions factors, covering the full purchase volume for each PPF Telecom Group business unit, differentiating by sector of supplier. Calculations include both operational expenditure (purchase of goods and services) and capital expenditure (capital goods), accounted for in the year when purchases are made. Spend-based EFs used are also inclusive of Upstream transport and distribution. Reviewing the spend-based EFs used, we have determined that the influence of upstream transport is minor. EFs are with a 2019 base year, thus inflation adjustment is applied, using data from the World Bank. We are in the process of refining the sourcing assumptions in our calculations.	<b>Medium,</b> depending on the supplier.
<b>Fuel and energy-related activities</b>	Upstream emissions from the extraction, production, and transportation of fuels purchased by PPF TG subsidiaries not otherwise included in Scope 1, plus upstream emissions for refrigerants. Transport and distribution losses for electricity purchases in Scope 2.	12,822	11,833	12,398	9,019	Upstream emissions for fuels and refrigerants – LCA-based emissions factors are used.  Electricity T&D losses - IEA emissions factors for 2020 are used.	<b>High,</b> directly proportional to level of control for Scopes 1 and 2
<b>Waste generated in operations</b>	Disposal and treatment of waste generated by activities of PPF TG subsidiaries.	58	50	70	115	Calculated via DEFRA/BEIS emissions factors for waste, applied to known physical volumes of waste reported to authorities.	<b>High</b>
<b>Business travel and Employee commute</b>	Removed from scope. Our 2021 GHG inventory showed that these categories account for less than 0.01% of our total emissions. In 2022, we tested the sensitivity of this result – even a 3x increase in emissions post-COVID does not result in an increase of emissions above 5%, which is our threshold for GHG materiality and restatement.						
<b>Upstream leased assets</b>	Emissions from networks operated by 3rd parties and leased by PPF Telecom Group business units. Covers active network sharing. Passive sharing is included in Scope 2.	17,132	19,696	20,671	19,864	IEA emissions factors applied to known or estimated electricity use by leased networks. Emissions from fuel use of leased vehicles are already accounted for in Scope 1.	<b>Medium</b>
<b>Downstream transport and distribution</b>	Emissions from transport of sold goods to PPF TG subsidiaries' customers, plus for services such as paper invoices.	516	778	610	807	Spend-based emissions factors are used, applied to the total volume of purchases of courier services for each PPF TG subsidiary.	<b>Medium</b>
<b>Processing of sold products</b>	Not relevant, PPF TG products do not undergo further processing.						
<b>Use of sold products</b>	Emissions from devices used by PPF Telecom Group business units' customers.	12,398	13,667	16,164	15,405	Energy used for charging or operating sold devices (phones, tablets, laptops, desktop computers) or use of sold services (such as internet routers, IPTV, SatTV terminals) estimated based on average product and use assumptions, multiplied by total sales volumes and applying IEA emissions factors for electricity.  Use of PPF TG's network by customers is already accounted for in Scopes 1+2.	<b>Low</b>
<b>End-of-life treatment of sold products</b>	Emissions from treatment of the devices sold by PPF TG subsidiaries, including decommissioning of devices used for providing services.	12	13	26	26	DEFRA/BEIS emissions factors applied to the same quantities of sold products (and services, for routers, IPTV and SatTV terminals) as in the Use of sold products category, with assumptions on average product weights. All are assumed to be recycled as PPF TG subsidiaries pay relevant taxes for their disposal following national legislation.	<b>Low</b>
<b>Downstream leased assets</b>	Covers commercial data centre housing where electricity use is part of the offered service.	2,262	2,504	2,780	2,537	Known electricity use from invoices is multiplied by applicable IEA emissions factors, same as in Scope 2. Excludes electricity that is invoiced to customers - in this case, only space is rented, maintenance of which is accounted for in Purchased goods and services. Applicable to O2 Czech Republic.	<b>High,</b> proportional to level of control in Scope 2
<b>Franchises</b>	Emissions from energy use in franchise stores.	290	796	776	200	Scope 1 EFs for fuels (GHG Protocol Cross-Sectoral tools) and Scope 2 electricity (IEA) applied to known energy used by franchise stores. For Hungary, energy use has been estimated according to floor space (for 2019-2021; as of 2022, Yettel Hungary no longer operates franchise stores).	<b>High</b>

Source: Company data



## 2.2.1 Energy, greenhouse gases and other air polluting emissions

**Calculation of GHG inventory**

In 2022, the Group completed detailed exercise to calculate its greenhouse gas (GHG) emissions for the period 2019–2021. The Group's O2 Slovakia business was also split into O2 Slovakia and O2 Networks, which triggered a change in the operational boundaries of its inventory. A restatement is therefore required under the GHG Protocol. In addition, a number of improvements have been applied to the Group's methodology, reflecting learnings from the past year. The Group's threshold for restatement is a change of more than 5% in its total GHG emissions.

- **Consistent time series are now reported separately for O2 Slovakia and O2 Networks.**
- **Employee transport and business travel emissions have been removed from the inventory.** The 2019–2021 analysis revealed that these contribute less than 0.01% of emissions. In 2022, we reviewed the argument whether emissions may have changed post-COVID, but even with a threefold increase in travel, emissions in this category would still fall below the Group's 5% restatement threshold.
- The Group has adopted a **more consistent treatment of emissions from passive sharing** (CETIN Bulgaria, CETIN Serbia and O2 Networks), commercial housing (O2 Czech Republic) and **active network sharing** (CETIN Czechia and CETIN Hungary).
  - Passive sharing – emissions where CETIN leases the network from other operators (leasing space but operating its own infrastructure) are classed under Scope 2 (previously Scope 3 Upstream leased assets). The infrastructure is owned and operated by CETIN, hence this more closely aligns with the “control approach” of the GHG Protocol, which the company has adopted for its inventory. Following the same approach, emissions from space leased by CETIN to other operators are excluded from the scope; the infrastructure is owned and operated by other operators, and electricity used is reinvoiced to these operators. The emissions attributed to CETIN are for maintaining spaces, which are classed under Scope 3 as Purchased goods and services.
  - Commercial housing – emissions where electricity is reinvoiced (i.e., the provided service is leased space) are excluded. Emissions where electricity is a part of the housing service (not reinvoiced) are classed under Scope 3 as Downstream leased assets (new category).
  - Active sharing – where CETIN leases network infrastructure from other operators, no change in the scope. Emissions are classed under Scope 3 as Upstream leased assets.
- We have identified and **removed double-counting** of electricity for the O2 Czech Republic data centre business. This was previously also accounted for in CETIN Czechia emissions.
- We have identified and **removed incorrectly reported upstream electricity consumption** for O2 Slovakia, that inaccurately increased Scope 3 emissions.
- **The Scope 3 emissions category of Investments has been removed.** This was reported only for O2 Czech Republic and accounted for emissions from subsidiaries. It was discovered that these emissions were being double-counted, and the category has therefore been removed. The relevant emissions are accounted for under the main O2 Czech Republic business entity.
- **For Scope 3 category Purchased goods and services, the spend-based method is applied** with emissions factors with a 2019 base year. Following best practices, these factors have been **adjusted for inflation for the entire reporting period.** We have also conducted preliminary research into the countries of manufacturing of key spending categories (devices, network infrastructure) and **refined the Group's assessment procedures for local device resellers.** This is an ongoing process and part of our long-term approach in managing Scope 3 emissions.



## 2.3

## OUR DECARBONIZATION STRATEGY

**O**ne of the Group's key commitments is decarbonization, and we are working on setting SBTi targets within the next 12 months. To ensure that these targets are met, we have identified areas that will become the Group's main priorities in reducing emissions to the required levels.

Most of the electricity used by the Group is generated from conventional energy sources. Consequently, the first and most important area is sourcing a significant increase of renewable energy to run the Group's business. Initiatives are already in place in Bulgaria and Serbia, and plans to source green electricity in Czechia, Slovakia and Hungary are underway.

Since 1 January 2022, all electricity consumed by the Group's mobile networks and 29 shops in Serbia has been sourced exclusively from renewable energy. Yettel is the first Serbian mobile network to operate solely on green certified renewable energy, with power supplied entirely from the hydroelectric power plant Derdap I.

**In Bulgaria, the Group has signed a ten-year power purchase agreement (PPA) with Electrohold Bulgaria, which will take effect in**

**the second half of 2023 and source electricity from a newly built solar plant. This deal will allow the Group to cover consumption almost fully for both Yettel and CETIN Bulgaria and increase its renewable energy share to approximately 25% of its total energy consumption by 2024.**

Another important area responsible for the vast majority of the PPF Telecom Group's emissions is its supply chain. Our objective here is to improve through initiatives which engage our suppliers to reduce their own emissions and provide the motivation to set decarbonization commitments. The Group also aims at eco-designing its own products, refurbishing fixed services hardware to extend usable lifespans, and introducing circularity criteria into procurement.



Bulgaria's biggest solar power plant Verila supplying electricity to CETIN and Yettel





### 2.3 Our decarbonization strategy

All our operations will be covered by a decarbonization plan that will aid and guide the Group in understanding the challenges ahead and navigating the route towards lower emissions.

A robust programme is underway to target maximum energy savings in the CETIN Group infrastructure arm. Initiatives such as network transformation will improve energy efficiency, introduce power saving features in the radio access network, and apply smart cooling solutions and replace A/C (air conditioning) units to improve operating temperatures where possible.

## THE MAIN PILLARS OF THE CETIN ENERGY SAVINGS PROGRAMME:

- Replacement or upgrade of network equipment and technologies such as antennas, radio access networks (RAN), active and passive equipment, repeaters, small cell solutions, microwave towers, fibre optic network equipment, batteries, IP transport equipment, power supply units, cooling systems, tubes and core network equipment and hardware. Modernization is expected to increase efficiency across our network sites.
- Fibre network transformation, including fibre-to-the-home (FTTH), fibre-to-the-building-or-basement (FTTB) and fibre-to-the-cabinet (FTTC) upgrades, with the aim of replacing energy-heavy copper-based networks.
- Software and automation aimed at minimizing power consumption through server virtualization, remote and data management applications, power-saving features, machine learning and AI applications.
- Efficient cooling of RAN sites and data centres, change of site layouts from indoor to outdoor. CETIN Group may also invest in server virtualization solutions to minimize power consumption in existing and future data centres.
- Network infrastructure which supports and extends 5G wireless connectivity, upgrade of old infrastructure and radio access networks (RAN), access transmission, transport backbone, passive infrastructure, core network and intellectual property. Although expansion of 5G technologies may increase network energy demands, expenditure in this area is expected to harness energy efficiency gains in data transmission and operational efficiency across a range of industries and operations downstream from the network provider.

The CETIN Group's subsidiaries are also operating and sharing common mobile network infrastructure through network sharing agreements in Czechia and Hungary, resulting in an estimated 6,178 MWh of electricity savings in Czechia every year.

**All our operations will be covered by a robust decarbonisation plan, that is being currently developed.**

**The plan will guide the Group in understanding the challenges ahead and navigating the route towards lower emissions.**





## 2.3 Our decarbonization strategy

## OTHER INITIATIVES AIMED AT REDUCING EMISSIONS ALREADY IN PROGRESS:

**CETIN Bulgaria** is already deploying solar to reduce its carbon footprint. It is installing solar panels on the rooftops of data centres, where the impact is significant, as data centres' energy demand is relatively high and consistent. At data centre Serdika, 301 solar panels with a total capacity of 164 kWp and inverters have been successfully installed. This setup is projected to yield approximately 180 MWh of solar energy annually. Further enhancing our sustainable energy infrastructure, 72 solar panels with a total capacity of 39 kWp and inverters are currently being deployed at the Trakia data centre. This installation is expected to generate approximately 48 MWh of clean energy each year and is anticipated for completion by the end of July 2023. Another initiative that took place in 2022 was the replacement of air-conditioners in Trakia data centre with more efficient ones, equipped with a „free-cooling“ function, which resulted in a 5% reduction in consumption.

**CETIN Serbia** works continuously on reduction of electricity consumption. New initiatives seek either to replace old, inefficient equipment with new, more efficient devices, or to find technical solutions for more efficient use

of the existing active and passive equipment. Implementation of free air systems for cooling in addition to the existing split systems is expected to save 120 MWh per year. Swapping of air conditioning units in data centre Niš for new, more efficient ones, completed in Q3 2022, should save 10 MWh per year. Replacing old microwave equipment at 40 sites with new, more efficient devices, could bring savings of 3.5 MWh per year. And disabling inactive SDH multiplexers at 10 sites will potentially save 4.8 MWh per year.

**Yettel Bulgaria** has installed an energy efficient cooling and heating system and a building management system at its headquarters. In 2022, Yettel initiated a pilot project to detect open windows in the building. The system is able to detect when a window is open and automatically transmits a signal to the air conditioning and heating units to shut down. The system's mechanism has been retrofitted (modern technologies and functions installed into older systems) to prevent energy loss during heating and cooling cycles. From this project, the company expects to save on average 7% of electricity consumed

at Yettel's headquarters annually. The installation of a photovoltaic system on the rooftop of the HQ building was also finished in 2022. This system can potentially generate up to 46 MWh of green electricity every year. The company also installed a 45 kWp solar system in November 2022 for heating domestic water at its headquarters.

Yettel Bulgaria has also swapped the chillers and refrigerants at its headquarters with R-32, which is the most balanced refrigerant for environmental impact, energy efficiency, safety and cost-effectiveness. Although several refrigerant types are available, R-32 is currently receiving much attention because of its ability to efficiently exchange heat and reduce electricity consumption by approximately 10% compared to air conditioners using refrigerant R-22. In addition, compared to the widely used R-22 and R-410A refrigerants, the global warming potential (GWP) of R-32 is one-third lower and beneficial for its low environmental impact.







2.3.1

# PREPARATION FOR ANALYSIS OF CLIMATE-RELATED RISK SCENARIOS

In 2023, PPF Telecom Group will perform its first scenario analysis in accordance with the Task Force for Climate Related Financial Disclosures. Preliminary risks identified by our internal analysis are summarized below. This list will be updated and prioritized during our 2023 financial materiality analysis.

## PRELIMINARY CLIMATE CHANGE-RELATED RISK DRIVERS AND THEIR MITIGATION

	Physical risks	Transition risks
Identified risks	<p><b>Effects of changing climate parameters</b></p> <ul style="list-style-type: none"> <li>• Increased demand for cooling due to higher temperatures</li> <li>• Risk of power outages due to increased stress on the grid from users and sagging power lines during heatwaves</li> <li>• Infrastructure damage and service outages due to extreme weather events such as storms and flooding</li> </ul>	<p><b>Effects of regulations and market shifts</b></p> <ul style="list-style-type: none"> <li>• Energy price volatility</li> <li>• Changes in customer preferences</li> <li>• Market and technology shifts</li> <li>• Regulatory changes</li> <li>• Supply chain disruptions</li> </ul>
Mitigatory measures	<ul style="list-style-type: none"> <li>• Adaptation to climate change by improving the efficiency of our assets, services and products and addressing the main environmental challenges</li> <li>• Increased emergency preparedness and use of real-time monitoring</li> <li>• Targeted engagement with relevant stakeholders (power companies, local and national government) with the aim of shared understanding and mitigation of risks</li> </ul>	<ul style="list-style-type: none"> <li>• Sourcing of long-term PPAs to reduce energy price volatility</li> <li>• Regular analysis of evolving climate-related policies, regulations and reporting requirements and proactive adaptation of operations towards compliance</li> <li>• Regular risk assessments to identify and address potential supply chain disruptions</li> </ul>
	<ul style="list-style-type: none"> <li>• Collaboration with industry peers, organizations, and research institutions to share best practices and collectively address climate-related risks</li> </ul>	





2.3.2

# SCIENCE-BASED TARGETS INITIATIVE

In 2022, PPF Telecom Group has publicly committed to set an emissions reduction target in line with climate science with the Science Based Targets initiative (SBTi).

This initiative encourages businesses to align their greenhouse gas emissions reduction targets with scientifically supported climate impact scenarios. By striving for setting a science-based emissions reduction target, we are undertaking proactive measures to combat climate change and contribute to the global effort of limiting global warming.

Setting a science-based target is a five-step formal process:

- **Commit:** we have submitted a letter establishing our intent to set a science-based target
- **Develop:** we are currently developing our emissions reduction target and finalizing the underlying decarbonisation strategy
- **Submit:** we will present our target to the SBTi for official validation in 2024
- **Communicate:** we will subsequently publicly disclose our target
- **Disclose:** we will report on company-wide emissions and track target progress annually

## WE MAKE PROGRESS IN PREPARING OUR PLANNED SUBMISSION TO SBTi IN 2024





## 2.4

## WASTE AND THE CIRCULAR ECONOMY

### OUR FOCUS

Reducing generated waste progressively by improving methods of collecting and recycling waste, such as paper, plastic and cardboard waste produced at all our subsidiaries. Supporting the circular economy through eco-design, repair and the refurbishment, reuse and recycling of electronic equipment used by us and by our customers.

Engaging with our customers, key suppliers and employees to encourage responsible behaviour and support the Group's efforts in reducing its environmental footprint.

### OUR TARGETS

- ⦿ Prioritise reusing and reselling of our decommissioned network equipment, and by doing so prolong its useful life, before recycling the rest of it, thus not allow any equipment to end up in a landfill by 2025 (applicable to CETIN and O2 Networks).
- ⦿ Repair, reuse, or recycle e-waste generated by us and collected from our customers in order to prevent at least 250 tonnes from going to landfill by 2025 (Yettel and O2).

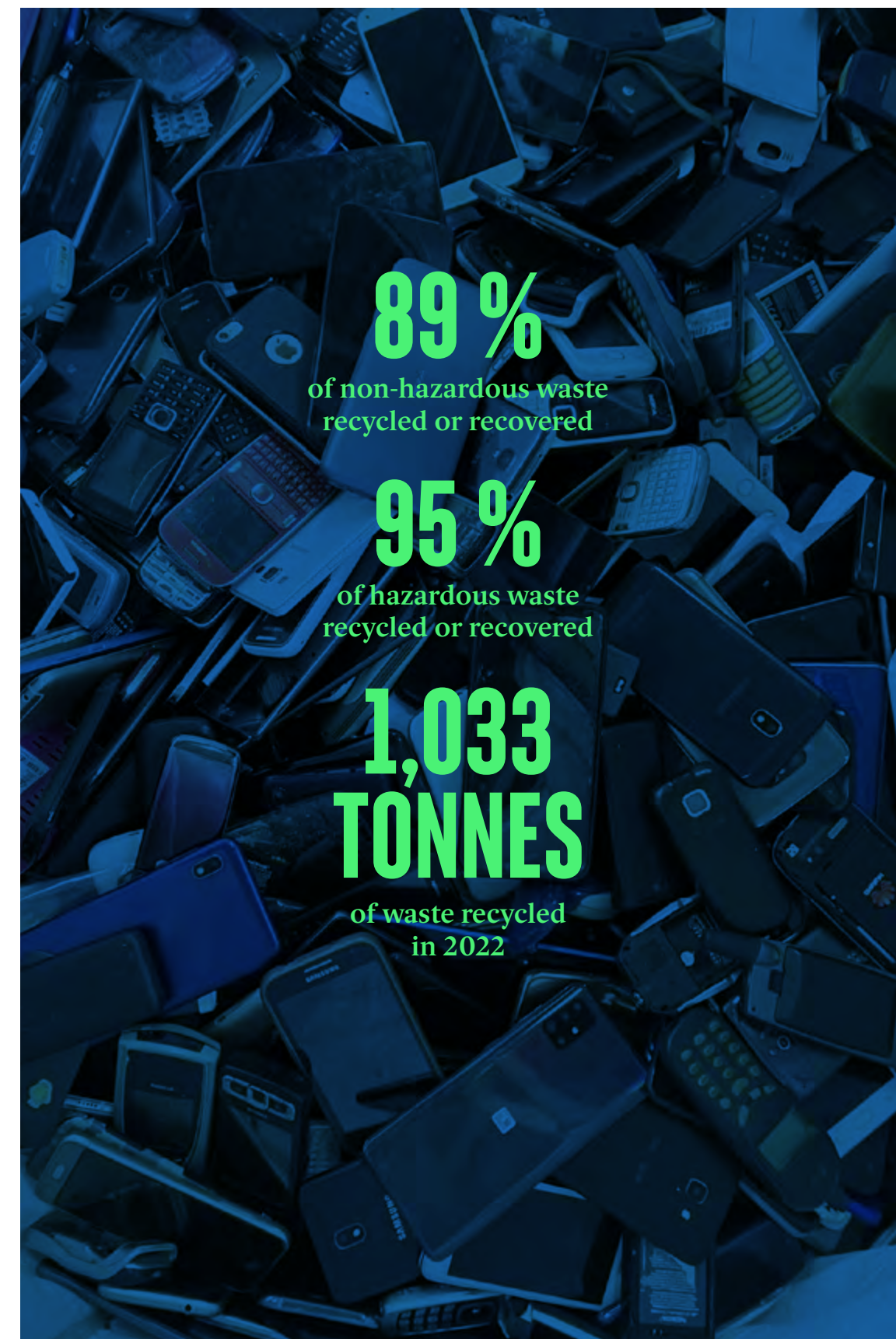
### HOW WE MANAGE

The majority of waste generated from the Group's retail operations and offices consists of paper, cardboard, residual waste, plastic packaging and e-waste (working with specialized contractors to reuse or recycle packaging and e-waste). Most of the waste generated by the Group's infrastructure operators consists of decommissioned network equipment and packaging materials. The hazardous waste generated by the Group consists primarily of electronic devices and lead acid batteries used as emergency backup power supplies for our radio base stations. Hazardous waste and e-waste is disposed of in compliance with applicable laws.

Total waste produced by PPF Telecom Group in 2022 reached approximately 2,110 tonnes, the majority of waste being non-hazardous. In this category, paper and cardboard accounted for the main part, but we managed to recycle 89% of it. Batteries, accumulators, electrical and electronic waste accounted for most of the hazardous waste – totaling 505 tonnes, and we have managed to recycle or sent to recovery 61%. Overall, as the Group we managed to recycle 1,033 tonnes of waste materials in 2022. We are

implementing resource efficiency and waste management programmes across the Group's operations to minimise negative impacts. This includes proper handling and disposal of hazardous waste and electronic waste (e-waste).

It is important to note that the Group strictly follows all applicable laws and regulations in disposing of its waste.

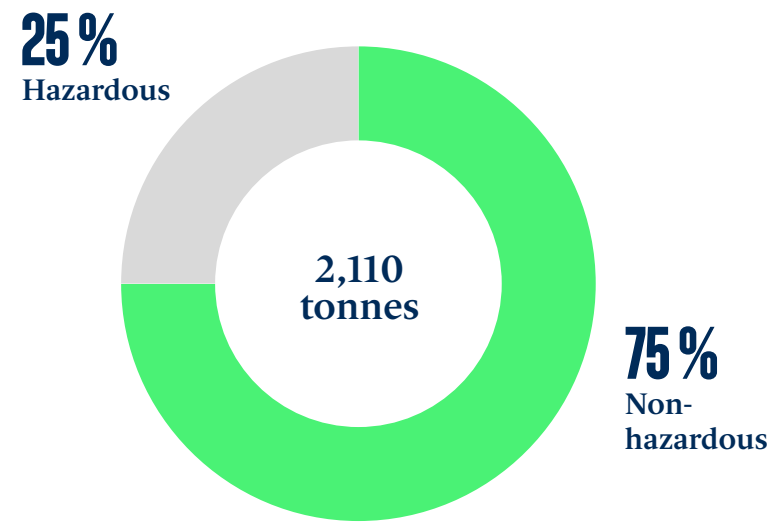




2.4 Waste and the circular economy

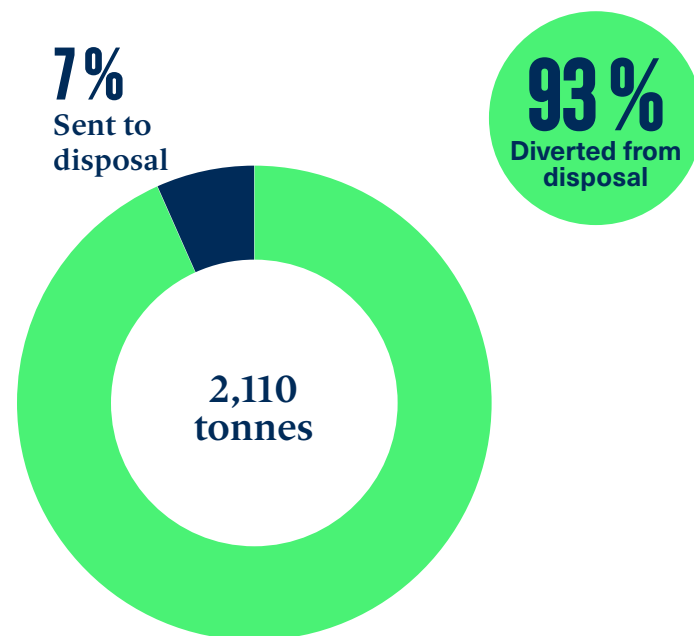
### Total waste in 2022

The share of the hazardous waste as well as its absolute volume is declining each year.

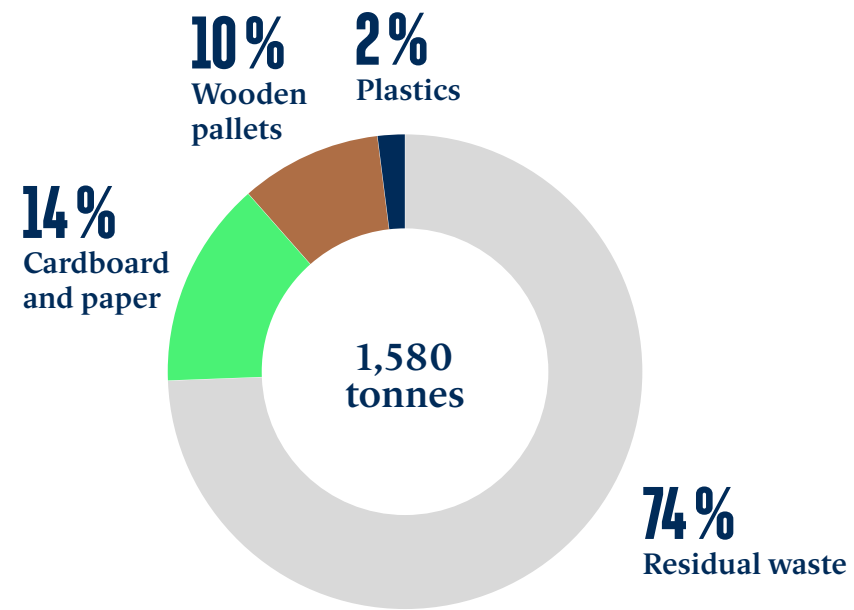


### By type of disposal

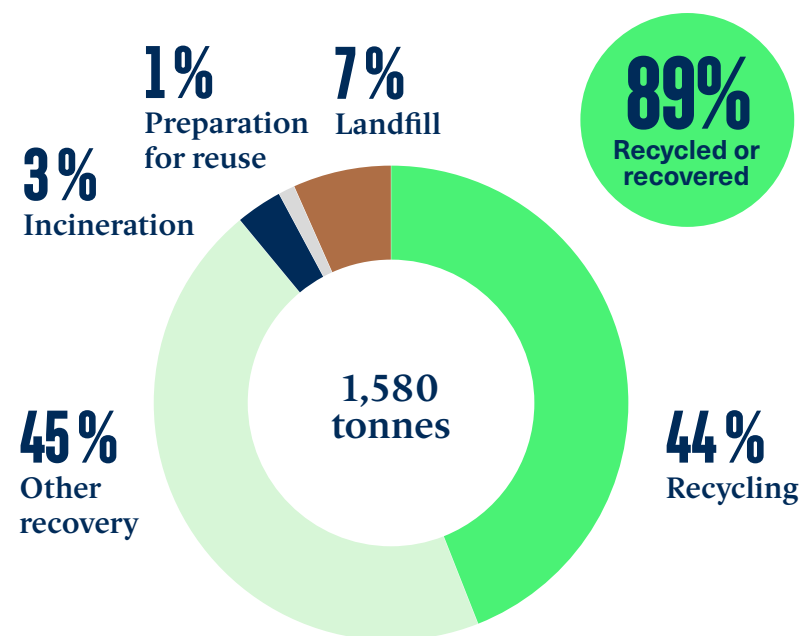
Most of waste is diverted from disposal.



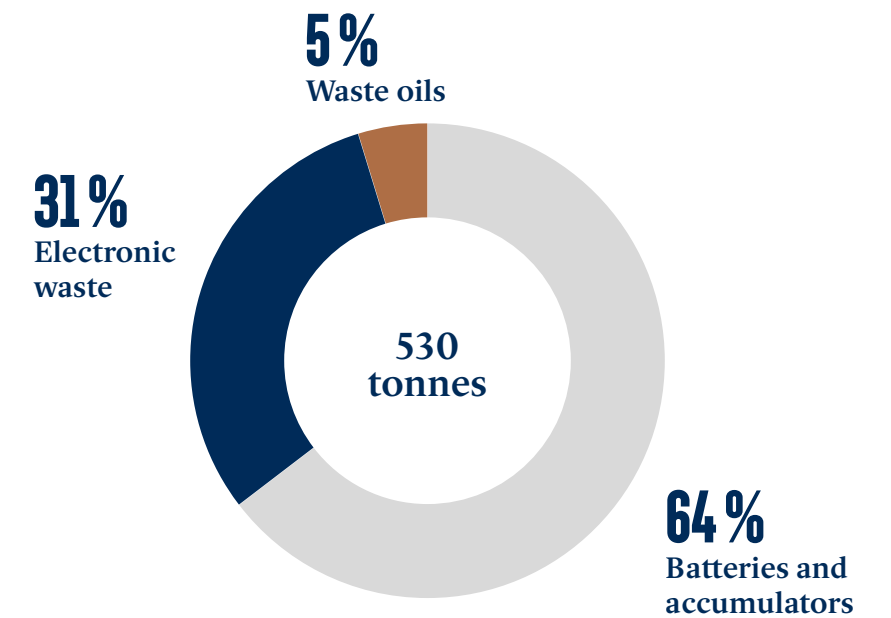
### Non-hazardous waste



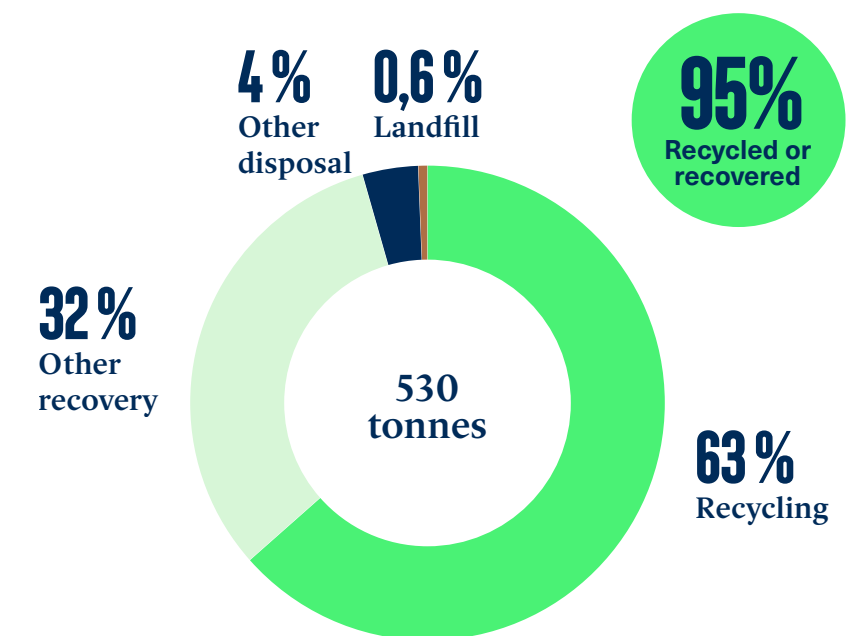
### By type of disposal



### Hazardous waste



### By type of disposal



Source: Company data

For detailed data see a separate data annex available at [www.ppftelecom.eu/sustainability/sustainability-report](http://www.ppftelecom.eu/sustainability/sustainability-report).

2.4.1

# E-WASTE MANAGEMENT AND ACTION PLAN

**A** primary source of waste in the telecommunications industry is electronics from obsolete devices and network equipment (e-waste). The Group's retail stores run e-waste recycling programmes accessible to clients to recycle or refurbish their own e-waste through certified vendors. E-waste from our network operations is also separated for collection through certified vendors or our partners (providers of new equipment).

In 2022, the Group conducted a comprehensive analysis of its material management processes.

As a Group, we generated 163 tonnes of e-waste, with 91 tonnes contributed by CETIN and 72 tonnes by retail operations (Yettel and O2). CETIN managed to recover or recycle 92%, while retail reached nearly 98% rate.

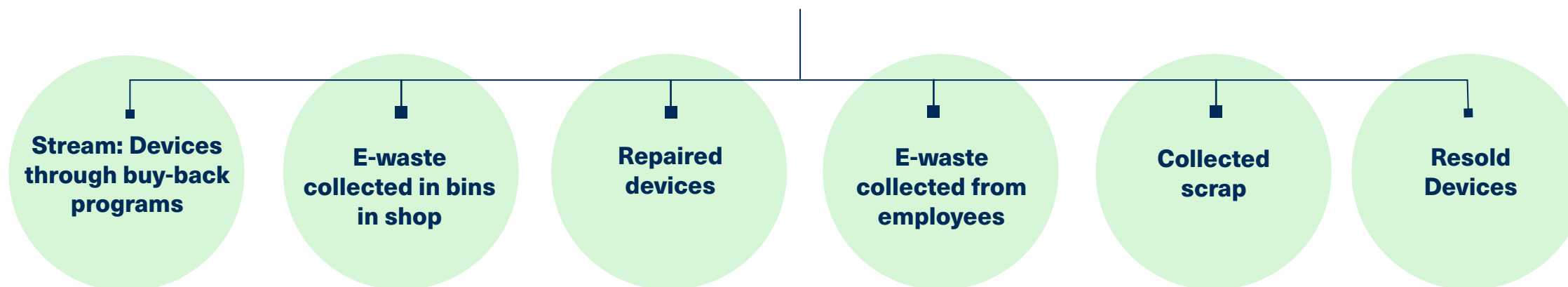
In our retail operations we recognised that the main e-waste impact is from unused devices that our customers do not dispose of properly or leave forgotten in their homes. We calculated that our retailers (Yettel and O2) sold 1,171 tonnes of electronic products. Despite our best efforts we are able to recover only 92 tonnes each year or 7.4%

of all products sold through our current operations. Although a lot of initiatives are already underway at the level of our business units, we are aware that as a Group we need to have a unified strategy and a common goal. We have therefore set an initial target to recover at least 250 tonnes of electronic products by 2025. However, the quantity of recovered mobile devices is just one part of the story. We are also planning engagement campaigns through various communication channels about the importance of responsible consumption and disposal to protect the environment. To encourage customer participation we will further develop and raise awareness of our incentives such as buy-back programmes.

**Yettel Bulgaria** already collects electronic devices from its customers. A certified third party inspects, if needed repairs and makes the devices ready to be reused again, or for complete or partial recycling. In June 2022, Yettel upgraded its efforts by launching the Recycle and Save campaign. Under the campaign, the company offers discounts and promotions every month to further motivate consumers to recycle and apply sustainability principles in their daily lives and look after the environment. The campaign is now one of the most recognizable and successful in the country for reducing electronic waste. It was supported by a television advertisement which initially reached 2.4 million people from 7 June 2022 to 30 June 2022,

followed by another 3 million from 3 October 2022 to 13 November 2022. Through the campaign, the company collected three times more devices than in 2021. We have therefore **set a goal to prevent at least 127 tonnes of electronic waste from going to landfill through repair, reuse and recycling by 2028 for Yettel Bulgaria alone.**

## TOTAL E-WASTE PREVENTED FROM GOING TO LANDFILL





### 2.4.1 E-waste management and action plan

**Yettel Serbia** is also running a successful electronic device recycling programme which provides a sustainable disposal system for devices no longer in use. Through this initiative, people have disposed of 23.7 tonnes of electronic devices (mobile phones, laptops, tablets, routers, MiFi, smartwatches) for recycling, an increase of 121% on the previous year. Recycling more than 206,000 devices, the company has obtained 3.3 tonnes of copper, 74 kg of silver, 5 kg of gold, and 3 kg of palladium for reuse. The company's target is to recycle 1 million devices by 2025 and to collect and recycle 50% more e-waste by 2028. E-Waste Day is an internal event run by Yettel Serbia for employees to deposit their waste electrical and electronic equipment (old household devices such as televisions etc.) for recycling. To date, the event has collected 178 kg of e-waste and 6 kg of waste batteries.

In 2022, **O2 Czech Republic** also ran a campaign to encourage customers and employees to recycle their old phones to not only benefit the environment but also help the "Linka bezpečí" (Safety Helpline) by donating CZK 25 through the O2 Foundation for every phone handed in. REMA Systém, a.s., the company which operates a take-back service for O2, recovers important raw materials such as plastic and iron, which are the main materials in the production of phones, and copper, tin and other precious metals for reuse in



production. Old devices also usually contain harmful and toxic substances, and the Group therefore advises the public not to store them at home but dispose of them in an environmentally friendly, professional manner.

**Yettel Bulgaria** introduced the option of e-signature on tablets in their retail network, providing customers with the opportunity to sign Yettel documents such as purchase agreement. The e-signature carries the same legal value as a manual signature, and in addition it provides better security and freedom of action when signing documents with it. Completely digital, the electronic signature eliminates the need to print, collect, transport, store, and ultimately destroy paper copies of important documents. Thanks to this new program, Yettel Bulgaria managed to save 35 tonnes of paper in 2022.



### E-billing at Yettel Serbia Case Study

In the Group's ongoing efforts to decrease waste and promote sustainability, it progressed significantly towards reducing paper waste and print consumption through the e-billing project. In 2022, Yettel Serbia, with an impressive addition of 100,090 new e-bill users, made substantial savings, equating to approximately 1,001,913 sheets of paper and about 871,664 envelopes. To highlight the positive environmental impact of Yettel Serbia's achievements, it is estimated that this initiative has potentially saved close to 500 trees from destruction. Yettel Serbia has set a target of 1 million users benefiting from e-billing by 2025 to further decrease paper waste and advance its digital transformation. The company knows that embracing digital solutions not only enhances convenience in the customer experience, it also helps preserve our planet's resources.

**100,090**  
participants  
enrolled in 2022

**1,001,913**  
sheets of paper replaced



2.5

# ENVIRONMENTAL MANAGEMENT SYSTEM

**B**ecause PPF Telecom Group B.V. is a holding company, the operating entities CETIN and Yettel have their own environmental policies (except those which have been operating as standalone entities for less than 12 months). The environmental policies contain commitments to protect the environment, prevent pollution, improve practices, comply with mandatory environmental obligations, and train employees and engage with partners on environmental matters. Our business units also have internal guidelines for managing water, waste and chemical substances, protecting air quality and preventing serious accidents.

Environmental goals are also set, monitored and assessed. The roles and responsibilities for environmental management are clearly defined at the Group's different levels. Accountability and corrective mechanisms are in place to ensure that competent personnel fulfil their responsibilities and actively pursue the Group's common environmental goals. Environmental policies are also regularly overseen by senior executives who receive progress reports in this area and approve further procedures and targets.

The Group investigates opportunities to be energy efficient and energy responsible. The Group has undergone a standardization process in acknowledgement of its significant role in identifying and controlling the environmental impact of its operations, products and services. All of the Group's business units which

have been operating for more than 12 months hold ISO 14001 externally audited certifications. CETIN Czechia, CETIN Hungary and O2 Czech Republic also hold ISO 50001 externally audited certificates.

Business unit	ISO 14001	ISO 50001
CETIN Bulgaria	Yes	–
CETIN Czechia	Yes	Yes
CETIN Hungary	Yes	Yes
CETIN Serbia	Yes	–
O2 Czech Republic	Yes	Yes
O2 Slovakia*	–	–
O2 Networks*	–	–
Yettel Bulgaria	Yes	–
Yettel Hungary	Yes	–
Yettel Serbia	Yes	–
<b>Implementation rate in 2022</b>	<b>80%</b>	<b>30%</b>

\*Created in 2022. In future years, we are planning to add relevant certifications along the lines of our other business units.

## RESPONSIBLE APPROACH BY THE GROUP



### Energy and water use

Control and reduction of energy consumption, improvement in energy efficiency



### Carbon emissions

Measurement and reduction of the Group's GHG footprint



### Resource use

Management of resources and efficiency



### Waste generation

Reduction of waste disposal, increased reusability, prevention of waste and e-waste



## 2.5.1

## TRAINING AND RAISING AWARENESS

**E**nsuring that Group employees are well-informed and engaged in environmental matters, we are planning training programmes and campaigns to raise awareness about environmental issues, promote sustainable practices, and equip employees with the knowledge and tools to contribute to our environmental objectives. In 2022, some business units have already been holding courses on environmental protection,



Earth Day,  
O2 Czech Republic



Community garden,  
Yettel Hungary

environmental management systems, and energy management. These courses are mandatory for employees who are directly involved in managing the Group's environmental impact. We have also implemented internal communication channels to facilitate sharing of environmental information, updates and best practices throughout the organization. Targeted training and communication fosters a culture of environmental responsibility and encourages employees to actively participate in the Group's environmental management efforts.

For example, in 2022, O2 Czech Republic oversaw a programme of internal campaigns to motivate employees to behave in an environmentally friendly manner, both at work and home. Initiatives such as Earth Day and Let's Clean Up Czechia were continually announced on the intranet to draw attention to the adverse impacts of human behaviour on the environment. So-called Re:boxes and Re:cups are available at the company headquarters' canteen, and unused clothes for store consultants are offered to non-profit organizations. The company organized a clothing swap meet, a seminar on sustainable fashion and how to save energy, and a workshop on making jewellery from e-waste and planning sustainable Christmas celebrations. Employees can sell unused items at the O2 Bazárek, deposit books at O2 libraries, and use the O2 ridesharing app. O2 Czech Republic has also paid the entry fees for employees to attend ecological projects such as Bike to Work and 10,000 Steps.



Bike to Work,  
O2 Czech Republic

2.6

# ENVIRONMENTAL PUBLIC DISCLOSURE

2.6.1

## CARBON DISCLOSURE PROJECT

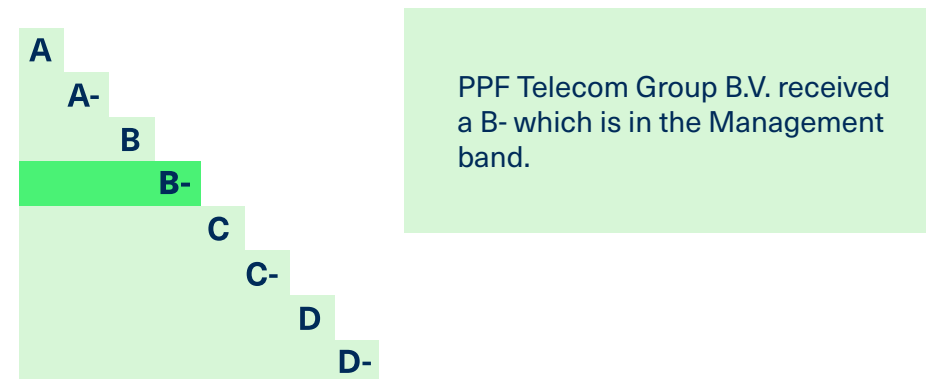
In its commitment to transparency and sustainability, PPF Telecom Group submitted the CDP (Carbon Disclosure Project) questionnaire for the first time in 2022. The Group received a score of B-, confirming that it has made important steps to manage its carbon emissions and environmental impact. We understand this as an important opportunity to continue exploring ways of transparently improving our efforts.

By disclosing environmental data and participating in initiatives such as the CDP, the Group supports the collective effort of building a more sustainable future and aligning its business with global climate goals.

## OUR CDP SCORE



## UNDERSTANDING THE SCORE



- Leadership (A/A-):** Implementing current best practices
- Management (B/B-):** Taking coordinated action on climate issues
- Awareness (C/C-):** Knowledge of impacts on, and of, climate issues
- Disclosure (D/D-):** Transparent about climate issues

### Average scores:



2.6.2

## TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

When the Group published its inaugural GHG Inventory in 2022, it started assessing climate-related risks and opportunities in its business and feeding the results of this process into its existing risk management activities. In 2023, the Group commenced a process for formal alignment with the Task Force for Climate-Related Financial Disclosures (TCFD).



# 3. PEOPLE

Putting People at the Centre of Our Business





# OUR AMBITION

**C**reating the best possible experience for employees, customers and communities. Specifically, empowering colleagues by creating an equitable, diverse and inclusive working environment and safeguarding the health, safety and wellbeing of our employees, customers, partners, suppliers and communities where we operate.







## 3.1

## INDUSTRY MATERIAL ISSUES

**T**he experience of the coronavirus pandemic has reshaped employee priorities and significantly highlighted the importance of health and safety, wellbeing and work-life balance. Companies must prioritize looking after their employees and co-workers, establish robust policies and procedures to prevent accident or injury, and support and promote wellbeing in the workplace.

Employees are increasingly seeking out companies which promote a healthy work culture, invest in employee growth, provide opportunities for upskilling and reskilling, and offer clear paths of advancement. Organizations should strive to create an inclusive environment where everyone feels welcome, discrimination of any form is prevented, and ensure that promotional opportunities, hiring, training and compensation practices are based on the individual's work skills. Many people also refuse to work for companies which do not embrace their own values and prefer to engage with meaningful and purpose-driven work that contributes to the greater good of society.

Operators can derive several benefits from doing business responsibly, such as improved talent and customer acquisition. Identifying and fulfilling customer needs is a key goal in any organization, and for telecommunications companies, this includes customer satisfaction with network quality, reliability and incorporating customer feedback into company innovations and practices.

## 3.2

## OUR CULTURE

**A**t PPF Telecom Group, we are fully aware that people are the keys to our success. We seek out the best talent, look after employee health and wellbeing, and create working conditions to empower employees to achieve their best. We aim to reflect the diversity of the communities we serve through an ethical, inclusive work culture which supports a range of talent. With a content and motivated workforce, customers and company growth follow. The Group is therefore continuously striving towards its goal of recognition as an employer of choice.

PPF Telecom Group operates as a holding structure, and therefore certain policies and procedures are decentralised to reflect the inherent differences between our various operations and legal frameworks and to better respond to employee needs. Despite this, all the Group's divisions are committed to safeguarding the health, safety and wellbeing of employees, customers, partners, suppliers and communities where they operate.



O2 Czech Republic training centre



3.3

# EMPLOYMENT AND EMPLOYEE DEVELOPMENT

## OUR FOCUS

Being a responsible employer by supporting current and future employees in their personal and professional development, safeguarding employee health, safety and wellbeing, fostering an inclusive and equitable workplace culture which engages employees and creates rewarding career paths.

## OUR TARGETS

- Conduct regular employee engagement surveys and achieve greater than 60% participation. Improve that percentage annually.
- Maintain a safety benchmark. The Group's records show that none of its employees have experienced fatal or life-changing injuries.
- Establish a PPF Telecom Group talent development programme to oversee initiatives in our business units to improve diversity in the Group's talent pool and eliminate unconscious bias cultures.

## HOW WE MANAGE

Looking after the Group's employees and their ongoing professional development and training is a top priority. We regularly assess and adapt our strategies to meet the evolving needs and expectations of our workforce. We strive to create more agile structures and foster new ways of working to attract top talent, build a skilled workforce, and create a positive work culture and environment. The Group is committed to giving employees opportunities for growth and recognizing their contributions. In turn, the Group can enjoy higher productivity, employee satisfaction and long-term organizational success.

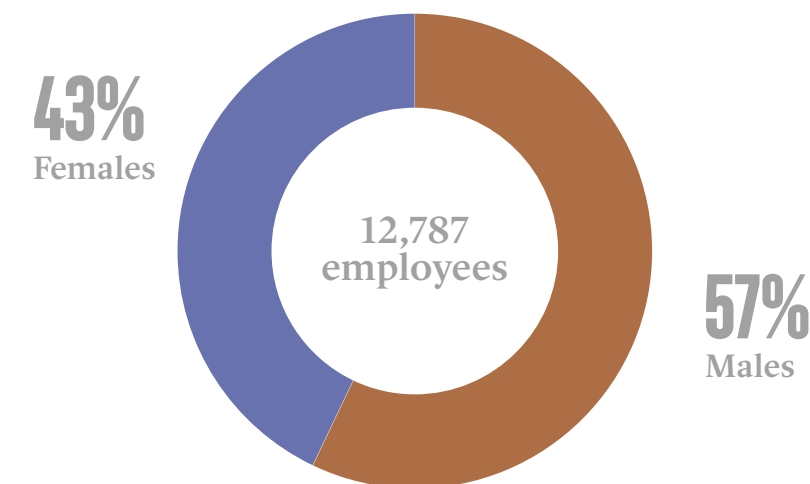
3.3.1

# EMPLOYMENT AND WORKING CONDITIONS

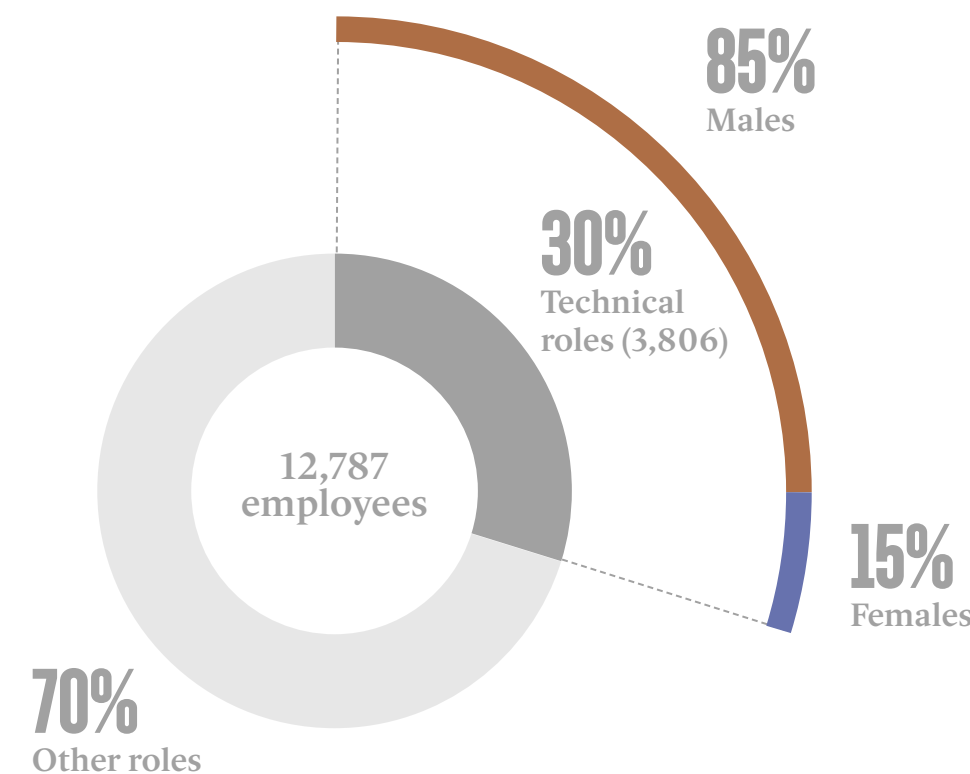
**A**s of December 31, 2022, the Group employed 12,745 personnel, nearly evenly split between males (57%) and females (43%). The Group also contracted 1,105 external workers. Most of these contractual workers (751) worked for O2 Czech Republic in sales. Contractual relationships are governed by well-defined terms and conditions and initiated either through agencies or third parties or directly with individual entities.

A total of 3,806 employees worked in technical roles (Network and IT department positions or reporting to the CTO, including administrative positions), corresponding to 30% of employees. Female employees accounted for 15% of technical positions. Because we operate throughout Central Europe, Southeastern Europe and the European Union, the Group's entire workforce is located in mature and stable geographies with well-developed labour and regulatory frameworks.

## Employee gender distribution



## Gender split in technical roles



Source: Company data





3.3.1 Employment & working conditions

**Labour unions play an important role** in protecting employees and their rights. We respect our employees' rights to be members of unions and do not tolerate any retribution or hostility towards anyone who chooses this option. We respect the core standards of the International Labour Organization (ILO), especially regarding freedom of association and the right to collective bargaining. Labour unions negotiate additional collective terms and conditions for employees regarding remuneration, benefits and working conditions. In the countries where our employees are unionized (Czechia, Serbia), remuneration is subject to collective agreements and specified in internal directives. In addition to a basic salary, employees are eligible (according to certain rules and conditions) for incentive remuneration as bonuses or commissions.

The Group's **remuneration mechanism** differs according to the country of operations. The Group offers a range of additional benefits, ranging from extra holiday days, access to healthcare, educational and sports facilities, and meal vouchers to employees on employment contracts (full-time, part-time). Only some of the benefits are available to employees working under external employment contract agreements.

We are committed to **ensuring equal pay for equal work**. We are currently in the process of collecting data and reviewing pay equity to obtain a company-wide view.

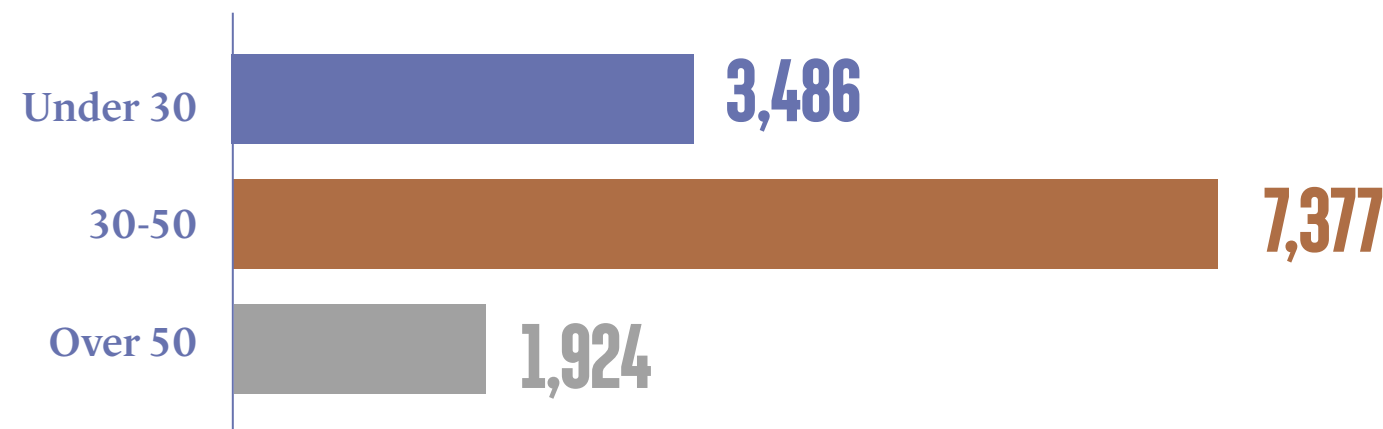
The Group understands that it is essential to **foster a diverse and inclusive environment** where employees of all ages are valued and ageism and stereotypes are discouraged. Drawing on the strengths of a multigenerational workforce channels a range of perspectives, experience and skills into innovation and productivity and improves overall success throughout the organization.

Longer life expectancy, delayed retirement and demographic shifts in the population means we are seeing the general trend of an increasing proportion of older people in our workforce. The majority, however, is still below 50 years of age, reflecting our focus on technology and retail-oriented sectors, where age structures tend to be skewed towards younger people. We ensure that our older colleagues feel valued in their roles and receive the necessary assistance for training and upskilling or support in health and wellbeing issues. **Our commitment is to ensure that skills and knowledge are retained or transferred within the organization and that multigenerational collaboration is encouraged to maximize productivity and innovation.**

## EMPLOYMENT TYPE STRUCTURE



## EMPLOYEE AGE STRUCTURE



Source: Company data



## 3.3.2

## ATTRACTING AND RETAINING TALENT

**C**reating and maintaining an attractive work environment where every employee can develop their skills and strive in a suitable role is highly valued. By investing in refining and advancing its training initiatives, the Group delivers robust training and development opportunities for all employees.

To the maximum extent possible, our employees enjoy flexible working hours and part-time schedules for a better work-life balance. Working from home is available on a flexible schedule, provided that the employee's work performance is not adversely affected.

Improving interaction with employees and taking the time to understand their influences and motivations helps improve our corporate culture, employee engagement and overall productivity throughout the organization. Our individual business units regularly organize employee satisfaction surveys.

The Group as a whole is working on unifying its approach, conducting regular employee engagement surveys with at least 60% participation and improving that score annually. In 2022, 7,521 employees responded to our surveys, corresponding to a 60% participation rate by full-time employees.

**The Group as a whole is working on unifying its approach, conducting regular employee engagement surveys with at least 60% participation and improving that score annually. In 2022, 7,521 employees responded to our surveys, corresponding to a 60% participation rate by full-time employees.**



### Employee engagement at CETIN Case Study

An employee engagement survey was conducted in November 2022 at all CETIN companies, with a participation rate of more than 70%. The results of the survey provided good insight into key motivational and engagement drivers and how colleagues assess our company culture. For example, to interpret the quantitative data and obtain qualitative feedback, the HR department at CETIN Serbia identified areas from the survey results which scored below average and above average and presented these for discussion in employee focus groups. Further discussion was then held with management, and action points were defined for salary and benefits, level of innovation, system and processes, and work-life balance. An action plan for each of these aligned points will be created, scheduled for communication to the organization by the end of October 2023.

In 2022, employee turnover reached 19%, the majority of employees who left work doing so voluntarily. External benchmarks indicate that the CETIN Group's voluntary employee turnover is in line with similar-sized companies in the telecommunications industry, and that the Group is reasonably successful in retaining employees. Significant differences, however, exist between divisions.

CETIN Hungary has made

significant strides in improving employer branding activities. The company's LinkedIn page showcases its workplace and initiatives. Engaging content, employee testimonials, CSR and wellbeing initiatives, and behind-the-scenes glimpses of CETIN Hungary day-to-day operations are regularly posted. CETIN's ultimate goal is to position itself as an employer of choice and highlight the many benefits of working with the company. In 2022, CETIN also conducted a salary benchmark survey organized by Korn Ferry to evaluate and compare its remuneration package to the market and direct competitors. Insights from the survey have led to significant business decisions concerning pay, and in addition to benchmarking, an evaluation of internal equity across job functions.



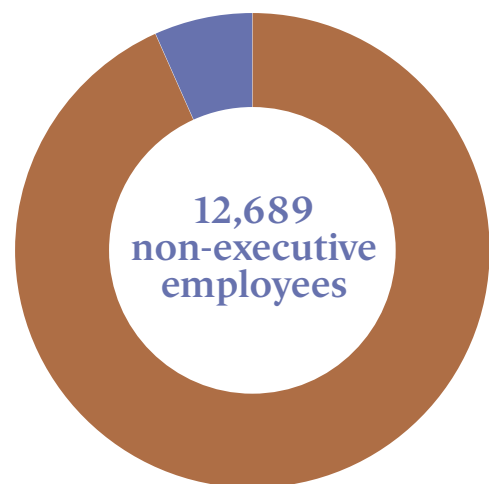


3.3.2 Attracting and retaining talent

Training needs are defined according to the PPF Telecom Group’s strategic objectives for business development. Learning and development needs are identified through annual talent reviews during the performance management cycle and interviews with leaders, covering areas such as performance improvement, talent retention, existing capabilities, upskilling, and building future knowledge and skills for employees.

To better understand our employees’ strengths, we issue regular work assessments and evaluations and offer opportunities for improvement. Training is organised around the Group’s needs, regulatory requirements and employee development objectives. In 2022, 96% of non-executive employees participated in regular performance and career development reviews.

## REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS



**96%**  
of non-executive employees participated in regular performance and career development reviews

Source: Company data

When PPF Telecom Group looks for new talent, it actively works with universities to access diverse pools of expertise. The Group is also establishing collaboration with educational institutions to harness female talent in technological fields.

Choosing where to start your career is an important decision.

**Yettel Serbia** acknowledges this with opportunities for students or graduates to become a part of its team and explore the chance to master new skills and competencies while being mentored by our colleagues and working on creative and innovative projects. Yettel is proud of its “Kickstart” youth programme, where enthusiastic graduates can obtain their first work experience and learn about working for the company. In 2022, Kickstart hosted 86 young people, 43% of whom found permanent employment at the company after completing the programme.

“Hub By Yettel” is a similar internship programme run by **Yettel Bulgaria**. In 2022, the seventh edition of Yettel’s internship programme launched the careers of ten students. Candidates for internship positions underwent a careful selection process, and from 435 applications, only 30 reached the final stage. Candidates were then challenged through various games and activities to demonstrate their best to win the chance to occupy a

position in our Marketing, Finance, Human Resources, Information Technology, and other departments.

Similarly, “Women’s Day” is an important initiative by **Yettel Hungary** and **CETIN Hungary** in providing a platform for young women to explore different career paths and promoting gender equality and diversity in the workplace. In 2022, CETIN involved 13 participants in a programme to gain insight into the various roles and opportunities available at their company. By encouraging more young women to pursue careers in traditionally male-dominated fields, we are pursuing the greater goal of achieving gender balance and creating a more inclusive society.

The Czech market is a challenging location to attract and retain talent in technical fields. **CETIN Czechia** is therefore switching its focus to closer cooperation with secondary schools to build its reputation as a key telecommunications employer. The company offers scholarships to talented students and promote technological fields as viable vocations to girls. In 2022, for the first time, students in Czechia ranked the company among the top 15 employers in technological fields.



## 3.3.3

## DIVERSITY, EQUALITY AND INCLUSION

**A**t the Group, we recognise that individuals with diverse backgrounds bring valuable differences in perspective, culture, work ethics and ways of working to the company. One of the benefits of diversity in the workplace is that it helps reflect the world around us and our customer's needs, which in turn is leading to better business solutions. We also believe that strong and diverse leaders are the foundation for a successful business.

Across five countries, the Group employs a diverse team of individuals with differing backgrounds, perspectives and experiences, and we fully value and harness these differences to allow creativity and innovation to flourish. Our commitment towards inclusion and diversity is reflected in the Group's Code of Ethics and other internal documents.

The Group is continuing to establish measures which attract a range of talent at all levels within the organization and to ensure that senior management reflects the diversity of its stakeholders. Grievance mechanisms, which vary according to country and business unit, are



Source: Company data

Photo by LinkedIn Sales Solutions, Unsplash

in place to provide employees with a formal complaint process to deal with discrimination.

Although the company is doing its best to employ talent equally, we still see disproportionate numbers of men and women, especially in senior management and technical roles. Our business units reflect significant differences in diversity, and we are therefore aiming to apply best practices to deliver a more equitable environment across the entire Group.

For example, at Yettel Serbia in 2022, female employees accounted for 59% of the total workforce, 48% working in technological roles and 29% serving in senior management.

In our ongoing efforts to increase transparency and accountability, we share our data on women's representation in our businesses and markets. Various initiatives are in place to raise awareness of unconscious biases and to promote health and wellbeing, inclusion and development of underrepresented talent. The Group is also in the process of establishing collaborations with educational institutions to reach out to female talent in technological fields. Our objective is to establish balanced recruitment processes across the Group.

O2 Czech Republic is a founding signatory of the European Charter for Diversity in Czechia. By signing the Diversity Charter, the company has committed to providing working conditions open to persons regardless of gender, race, nationality, ethnicity, religion, worldview, disability, age or sexual orientation.

**PPF Telecom Group is committed to respecting and protecting the human rights declared in the International Bill of Human Rights. The Group's policies in this area are detailed in its Code of Ethics and other relevant documents. The Group became a signatory to the UN Global Compact in the first half of 2023. It is also developing a due diligence strategy according to the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and UN Convention on Persons with disabilities.**





3.3.3 Diversity, Equality and Inclusion

**Our approach to improving DEI within PPF Telecom Group**

The Group is engaged in a range of initiatives on diversity, equality and inclusion (DEI), but we are aware that more work is essential and are planning long-term, holistic DEI training (including underrepresented groups) and prioritization based on urgency and impact. The current priority is gender, more specifically female representation in higher management positions.

Our strategy is based on a combination of group-wide and local initiatives and programmes. The four common building blocks are:

**1) DEI POLICY**

Establishment of a group-wide Diversity, Equality, and Inclusion (DEI) policy to unite common principles into a single policy and align all other people-oriented policies with those principles.

**2) COMBATING BIAS**

Unconscious bias can adversely affect equal opportunity, even when all policies are in place. We must therefore work together, group-wide, on combating bias. Specifically, we will run training sessions on unconscious biases in all business units, starting at the end of 2023 with top management and then extending the programme to other employee levels.

**3) PPF TELECOM GROUP TALENT DEVELOPMENT PROGRAMME**

Finding talent for the most senior positions in the telecommunications industry is not straightforward, although we have gained a diverse, wider talent pool of employees at other levels across the Group. The Group as a whole will identify and develop key talent and prepare people for business unit leadership roles. The process will be fully integrated with annual personnel reviews at each business unit to identify the best talent and develop proposals, followed by discussion with the Group's management. In 2023 and 2024, Yettel, CETIN and O2 Czech Republic will run individual leadership development programmes for C-level executives. Where required, leaders undergoing the programme will be coached or mentored. Best practices will be shared, and the best talent will be discovered through common activities to promote peer networking and exposure and experience with PPF Telecom Group leadership. DEI topics will be an integral part of these leadership development programmes, which will typically run for key talent from each business unit annually and potentially be complemented with business school and keynote speakers, external coaches and others.

**4) MINORITY GROUPS**

Finally, some areas contain statistically more significant issues for some demographic groups than others. The Group will identify and address these areas with special training modules. Invitation will be open to all, not only minority groups.

Over time, we hope we will develop an internal pipeline of high caliber individuals with diverse backgrounds and skills and confidence needed for leadership roles.

**Over time, we hope we will develop an internal pipeline of high caliber individuals with diverse backgrounds and skills and confidence needed for leadership roles.**

3.3.3 Diversity, Equality and Inclusion



## Women in Leadership Positions Case Study

Currently, women account for 21% of PPF Telecom Group’s management, leading local business units. Please allow us to introduce some of these people in this year’s report.



### Jana Sekerová

**People Director,  
O2 Slovakia**

Jana has been O2 Slovakia’s HR Director since 2019. Before her role at O2, she spent 15 years in senior finance, including as Head of Controlling at O2 and CFO at Tesco Mobile Slovakia. Jana commenced her career in consulting at PwC Slovakia and is active in volunteering, currently acting as Chairman of the Supervisory Board at O2 Fair Foundation.



### Yettel.

### Vanja Stanković

**Chief Financial Officer,  
Yettel Serbia**

Vanja commenced her career with Yettel Serbia, then known as Telenor, more than ten years ago and has held several leading finance positions for financial control and risk management, accounting and tax. Since 2022, she has served as the company’s Chief Financial Officer.



### Michaela Kalajieva

**Chief Corporate Affairs Officer,  
Yettel Bulgaria**

Michaela has been Chief Corporate Affairs Officer at Yettel Bulgaria (previously Telenor Bulgaria) since 2019, managing teams in the Legal, Regulatory, Data Privacy and ESG Departments. Michaela has extensive professional experience in several telecommunications management roles. She has also been member of Board of professional organizations such as Alliance of Technology Industry and American Chamber of Commerce in Bulgaria.



### ► CETIN

### Lucia Regecová

**Chief Legal Counsel,  
CETIN Group**

Lucia Regecová is Chief Legal Counsel at CETIN Group. She is mainly responsible for strategic projects, development and execution of legal and regulatory strategies, and coordination of individual legal and regulatory departments in Czechia, Hungary, Bulgaria and Serbia. Lucia has more than 15 years of professional experience as a lawyer in several leading Slovak and Czech law firms and in-house counsel positions. She has extensive experience in M&A and procurement and post-merger restructuring.



### Yoanna Ilchovska

**Legal and Regulatory Director,  
CETIN Bulgaria**

Yoanna has been Legal and Regulatory Director of CETIN Bulgaria since its establishment in 2020. Before joining the new infrastructure company, she occupied a range of leadership and expert positions for almost 20 years in the telecommunications sector. Yoanna has an EMBA degree and proven knowledge in M&A, contracts and legal writing, and is skilled in negotiation and managing complex projects.





### 3.3.3 Diversity, Equality and Inclusion

CETIN Hungary CEO

# Interview with Judit Kübler-Andrási

On 1 September 2022, Judit Kübler-Andrási stepped into the role of CEO of CETIN Hungary. She has more than 20 years of international experience in telecommunications and management consulting leadership positions. In her career, she has worked at Magyar Telekom, Arthur D. Little, and most recently, Deutsche Telekom, where she held executive positions for strategy, digitalization and B2B services.



**Judit, your resume highlights an impressive career in the telecommunications industry, which often has a reputation of not being very female oriented. What attracted you to the sector?**

I have always been particularly drawn to the intersection of technology, products and customers. This aspect of connecting technology with the customer experience intrigued me so much that I joined Magyar Telekom's strategy department in 2003. Working in corporate strategy, you get a comprehensive understanding of what drives your company's success, and conversely, where you may be facing challenges. After several years in Hungary, I took on positions in Germany, including CEO of a software development start-up in Berlin, which was also a technology-driven company with a focus on IT. This experience showed me that I could lead a technology company even without having an engineering degree (I have a degree in economics). Any company needs to be managed holistically, and even good technology is worthless when it doesn't connect to customers.

**What attracted you to join CETIN?**

When I was working for Deutsche Telekom, we scrutinized CETIN and their approach to infrastructure separation. Since then, this practice has become more prevalent with many telecommunications



### 3.3.3 Diversity, Equality and Inclusion

companies, indicating a growing trend in the industry. What sets CETIN apart is the separation of not only passive infrastructure but also active elements, allowing for greater capabilities and a broader business model.

What I also find fascinating about my role at CETIN is the transformational aspect – shifting the company from a technological focus to a commercial orientation. This involves learning how to serve customers, expanding beyond our primary client, and attracting talent, particularly among younger professionals. It's also essential to create an environment where colleagues can perform at their best while maintaining a balanced work and personal life. All these motivations drive me in my position as the company's CEO.

#### How do you approach diversity at CETIN?

Our company is very open-minded, likely due to its Nordic roots. We embrace women in leadership roles, and I currently have three women on my leadership team, holding positions in finance and HR. Having women in these senior positions and featuring them as role models is noticed and appreciated throughout the company. I receive feedback from our employees suggesting that they appreciate the openness and empathy in the female leadership style that I've brought to the organization.

“

**Female leaders can frequently offer different perspectives and tools in the daily job. This includes strong communication skills, fostering collaboration, and involving everyone in the process.**

”

Female leaders can frequently offer different perspectives and tools in the daily job. This includes strong communication skills, fostering collaboration, and involving everyone in the process. Recently, we created a new role centred around digitalization and transformation, with the aim of improving the company's performance both externally and internally. This type of exercise is often unconsciously resisted by employees, as they may feel like they are losing their power. However, we already have 80 bottom-up ideas for improvement and are conducting workshops that involve our team members across the organization. This demonstrates that our openness and collaborative approach to change benefits the company. I'm very proud of our colleagues!

#### What are your ambitions?

I would be thrilled if CETIN could become the infrastructure company of choice not just for Yettel, but multiple operators, partners, B2B companies and solution providers. I see it being recognized as a partner that supplies technology which contributes to the success of both individuals and businesses. This is my ultimate goal.

#### What would be your tips for women to succeed in the sector?

It's not an easy task, but I believe that persistence, self-confidence

and the willingness to speak up are crucial. When I was aspiring to become a VP at Deutsche Telekom, I realised that if I didn't speak up, my manager wouldn't naturally consider me for the role. Women often believe that delivering results is sufficient; however, if you don't promote yourself, you could miss out on opportunities. It's also essential to be organized, not be afraid to seek help with domestic chores, and be able to prioritize.





3.3.4

# HEALTH, SAFETY AND WELLBEING

**T**he Group's most important health and safety target is preventing accidents. The Group invests in the best safety equipment and ongoing training for employees, especially technical experts, who are the most exposed to the risk of severe or life changing injuries in our operations. Suitable initiatives are in place to promote a culture of wellbeing at all levels of the organisation, offering benefits and support.

The processes of identifying hazards, assessing risks and preventing accidents and occupational diseases are defined in the Health and Safety Policies, which are set up individually at business units to reflect the local and business-specific requirements in each country.

Employees are given the most suitable training for working with health and safety management systems. All new employees must undergo mandatory health and safety training upon joining the company and at regular intervals thereafter. Employees in technical roles are subject to additional training, for example work at height and competence in electrical engineering.

We also run numerous awareness campaigns.

All our businesses have established health and safety polices. Some of the Group's companies, for example O2 Czech Republic, Yettel Bulgaria, CETIN Czechia and CETIN Bulgaria, have ISO 45001 externally audited certification for occupational health and safety. To determine compliance with safety standards, the Group maintains up-to-date information about identified hazards, performs risk assessments and executes necessary measures. To monitor compliance with safety standards, the Group's business units perform regular audits and on-site health and safety inspections, provide supervision, and maintain robust sitemaintenance programmes.

We also recognize the importance of psychological, social and physical wellbeing in our employees and address these areas through initiatives designed to increase employee awareness of the importance of following a healthy lifestyle and maintaining a work-life balance. Our programmes include other benefits, for example education on physical and mental health, covering topics such as burnout and cardiovascular disease. We also encourage employees to join running clubs or cycle to the office.

Health and safety indicators	
Number of employees covered by the health and safety management system based on legal requirements or recognised standards or guidelines.	12,787
Percentage of employees covered by the health and safety management system based on legal requirements or recognised standards or guidelines.	100%
Number of recorded work-related injuries	45
Number of work-related fatalities	0
Number of critical incidents of noncompliance with health and safety regulations	1
Number of critical incidents of health and safety non-compliance resulting in a fine, penalty or official warning	0

Source: Company data

**The Group's records show that none of its employees have experienced fatal or lifechanging injuries. Our goal is to maintain this safety benchmark.**



3.4

## NETWORK DEPLOYMENT: Telecommunications technology and public health

5G site, CETIN Czechia

**L**ooking after the health and safety of all our employees and the public is one of the Group's top priorities. Our compliance with applicable EU and national health and safety regulations is a pre-condition for safe and efficient operations.

Technologies such as mobile phones transmit and receive a radiofrequency electromagnetic field (RF-EMF) to enable communications. Our base stations and mobile devices operate in accordance with the guidelines set by the International Commission on Non-Ionizing Radiation Protection (ICNIRP), an independent advisory body working in collaboration with the World Health Organization (WHO).

Research has shown that the levels specified by the International Commission on Non-Ionizing Radiation Protection (ICNIRP) pose no hazard to human health from the electromagnetic fields generated by mobile technologies. All of the above-mentioned guidelines incorporate significant safety margins to ensure protection of employees working in the field and the public. The Group fully complies with the stipulated limits for new 5G devices, radio masts





### 3.4 Network Deployment – telecommunications technology and public health

and small cells, and the EU toolbox for 5G security (the toolbox incorporates a range of security measures designed to mitigate risk effectively and ensure that secure 5G networks are deployed across Europe).

Naturally, some people are still concerned about the effects of mobile devices on health, and we are actively engaged in industry-wide initiatives to foster open dialogue. We also communicate with the owners and residents of houses in areas where we want to build base stations (BTS) about any potential risks and how we mitigate these.

As an infrastructure provider, CETIN ensures that its active site infrastructure is designed and built to comply with the applicable electromagnetic field (EMF) emissions standards and regulations, including the internationally recognised standards of the ICNIRP. The applicable local legislation requires active telecommunications infrastructure to comply with certain operating requirements.

As the owners of spectrum licences, mobile network operators are ultimately accountable for compliance with radio frequency emissions standards and international and local regulations. The network deployment process includes an evaluation of relevant safety requirements and radiation limits in its standard project documentation. All network-related processes are

subject to regular audits (internal and external ISO 14001 and ISO 50001 compliance).

The mobile devices sold through the Group's retail portfolio must also comply with strict health and safety standards and regulations at the national and local levels. Before launching a mobile phone onto the market, manufacturers and importers must ensure that all relevant tests have been performed and demonstrate the device's compliance with all limits and other requirements specified in EU directives.

## OUR MOBILE COMMUNICATIONS AND HEALTH BEST PRACTICES INVOLVE:

- Operation of mobile networks within national guidelines in compliance with or exceeding the international guidelines specified by scientific bodies such as the International Commission for Non-Ionizing Radiation Protection (ICNIRP).
- Programmes which guarantee compliance with electromagnetic field (EMF) regulations under all possible operating conditions.
- Regular monitoring of the findings of relevant independent local and international expert bodies.
- Addressing any concerns related to EMF and 5G by established teams, addressing topics related to mobile communications and health and safety and informing stakeholders of findings.
- Active engagement with municipalities, local industry associations and advocacy groups regarding network deployment.



### 5G safety measured by CETIN Czechia Case Study

A safety evaluation of 5G requires separating the principle of 5G network operation and the frequency on which the network is broadcast. Signal transmission between mobile phones and transmitters in the 5G network is not very different from 4G. Its main difference though is in the use of allocated spectrum (i.e., frequency). Naturally, transmitter safety is very important to us, and we have therefore deployed a special device to monitor electric field intensity at these infrastructure points. Dozens of control measurements are performed on our existing base stations for compliance with 2G, 3G, 4G and 5G. During the measurement process, all systems are set to maximum output, which practically never occurs during normal operation. In no case have any limits been exceeded in areas where people might be exposed to EMR. Limits have only sometimes been exceeded in the immediate vicinity of an antenna at a maximum distance of a few decimetres from the antenna's centre in the direction of its EMR field. These antennas, however, are usually physically inaccessible without the aid of tall ladders, for example.

3.5

# CUSTOMER RELATIONSHIP MANAGEMENT

## OUR FOCUS

Continuously improving customer engagement processes to help us collect and incorporate feedback and continually improve our services and range of products.

## HOW WE MANAGE

The Group works hard to understand its customers' needs and provide the best service experience. Customer satisfaction is one of the pillars on which the Group's business success stands. We strive to provide high-quality connectivity that is also affordable. To ensure inclusive connectivity and access, the Group offers special prices to vulnerable and disadvantaged customers.

We believe that good customer service is all about meeting our customers' needs and exceeding their expectations. Employees are trained to keep up-to-date and be better informed about new services and developments. They understand the importance of customer service and being helpful so that the customer always remains at the centre of our business. Because we place a high value on providing the best possible service, our customers



can access clear and accessible communication channels. We actively reach out to our existing and any potential customers through targeted media communications, including social media.

The Group is continuing to invest in improvement to its understanding of customers, their experiences, needs

and wants to deliver the experience they expect. Regular customer satisfaction surveys are conducted to collect and incorporate feedback so that the Group continually improves its services and product portfolio.

### Customer satisfaction survey results (by country)

<b>Yettel Bulgaria</b>	TRI*M index 83 <sup>1</sup>
<b>Yettel Hungary</b>	TRI*M index 81 <sup>1</sup>
<b>Yettel Serbia</b>	TRI*M index 92 <sup>1</sup>
<b>O2 Czech Republic</b>	96% customer satisfaction <sup>2</sup>
<b>O2 Slovakia</b>	89% of promoters and neutrals from NPS <sup>3</sup>

Note: these results were obtained from three different methods which are not directly comparable.

<sup>1</sup> TRI\*M method, see <https://www.kantatns-see.com/what-we-do/key-research-tools/relationshiptrim/>

<sup>2</sup> O2 Czech Republic's proprietary method

<sup>3</sup> Net Promoter Score method, see [www.satmetrix.com/nps-score-model/](http://www.satmetrix.com/nps-score-model/)

Source: Company data





## 3.5 Customer relationship management

**Yettel – A digital brand created with the future in mind for customers****Case Study**

When the Telenor licence expired in Bulgaria, Hungary and Serbia, we snatched an opportunity to design a new brand which reflects the new strategy and philosophy of the company. Telecom companies have an integral role in the daily lives, and more recently, digital lives of people. Telecoms are a necessary utility in a world of digitalization. Fast and reliable connectivity is a must, and the ability to access information and services anytime, anywhere, is expected. However, our customers expect more, not just from our services, but what we stand for as a brand. They look for a brand which adds value to their lives, a brand which reflects their views and helps them achieve their goals. Digital technologies are suitable aids for all of this, but customers also look for brands which tackle sustainable development in society seriously. At Yettel, we are doing exactly that. Sustainability is an integral part of the company's strategy, and we would like our customers to form that association themselves.

Yettel helps customers use digital technology to improve sustainability in our lives, for example by saving energy through our smart apps, protecting data with security solutions, or recycling electronic devices. We are constantly looking for ways to improve our range of services and solutions and striving to better communicate Yettel's efforts in protecting the environment, using renewable sources of energy to power its stores, recycling e-waste, and being an integral partner to local communities through volunteering channels and charities for recirculating digital devices, providing information and delivering educational courses on digital technology.





3.6

# COMMUNITIES AND SOCIAL ACTION

## OUR FOCUS

Improving the lives of those who are less fortunate or in need of aid, supporting the communities that we impact through employee volunteerism, charitable contributions, sponsorships.

Because the Group is an integral part of the community, it concentrates on making a difference locally. Companies (business units) under PPF Telecom Group's umbrella therefore pursue individual projects and targets.

## HOW WE MANAGE

PPF Telecom Group has supported educational, cultural, sporting, environmental and other philanthropic activities for many years to stimulate economic growth and improve quality of life in the countries where it operates. In addition to providing financial donations and material support, the Group also uses its technologies and expertise to improve people's lives locally through partnerships with charities and volunteering organizations. The Group works together with organizations to help improve people's digital skills and literacy, areas where we believe we can deliver the greatest change.

In 2022, PPF Telecom Group companies and employees collected and donated over EUR 4.4 million to charitable causes in sports, education and healthcare through local organizations.



Open air broadcast of the opening concert of the Prague Spring Festival, CETIN Czechia



Art in passing, Yettel Serbia



Planting for the future, CETIN Czechia

Over  
**EUR 4.4 MILLION**  
donated to charitable causes



Full speed to the stars, Yettel Serbia



Run for Memory of Nations, O2 Slovakia





## 3.6 Communities and social action



## Solidarity with Ukraine Case Study

**R**ussia's aggression against Ukraine, initiated on 24 February 2022, was unprecedented in our times and is perhaps the reason for such quick mobilization of all our energy, time and determination to quickly assist Ukrainian refugees fleeing the war.

At the borders with Ukraine, our colleagues in Slovakia and Hungary quickly provided free topped-up SIMs to Ukrainian refugees for services which included access to mobile internet and international calls to base-rate Ukrainian phone numbers. In total, 140,000 SIMs (10,000 by Yettel Hungary, 30,000 by O2 Slovakia and 10,000 by O2 Czech Republic) were donated to this cause.

Our business units in Slovakia, Czechia and Hungary opened several Wi-Fi hotspots at main train stations, foreigner's police offices, information centres and other facilities, free to war refugees. We have extended our customer care services with Ukrainian or Russian language support on a special new customer hotline. Many of our colleagues have worked as volunteers in refuge centres and assisted local NGOs. Others have helped with material collections for clothes, food, hygiene products and toys for distribution to adults and

children fleeing the war. O2 Czech Republic and O2 TV jointly organized a football match fundraising event and raised CZK 4 million in support for Ukraine. Donations were received through DMS and QR codes, and the collection event received a Hero award. The overall support for Ukraine donated by O2 Czech Republic totalled CZK 12 million.

Yettel Hungary opened a bank account and doubled every employee's donation, raising HUF 2,072,000. The amount was donated to the Hungarian Red Cross and the Terre des Hommes in Hungary to help Ukrainian refugee children.

In another action taken to support war refugees from Ukraine, Yettel Bulgaria donated prepaid cards with included mobile internet to the Ukrainian embassy in Sofia, which distributed them free to those in need. During the first week of conflict, Yettel supported affected Ukrainian citizens and families with free international calls between Ukraine and Bulgaria, plus free roaming, SMS, mobile internet and calls within Ukraine for subscribers.

In cooperation with PPF Foundation and The Kellner Family Foundation, CETIN Czechia donated CZK 50 million towards schooling and language lessons for Ukrainian

# 140,000 SIM CARDS

were donated (100,000 by O2 Czech Republic, 30,000 by O2 Slovakia and 10,000 by Yettel Hungary)

# CZK 12 MILLION

The overall support for Ukraine donated by O2 Czech Republic

O2 SK raised more than

# EUR 261,000

# HUF 2.1 MILLION

The amount was donated to the Hungarian Red Cross and the Terre des Hommes in Hungary to help Ukrainian refugee children

CETIN Czechia donated

# CZK 50 MILLION

towards schooling and language lessons for Ukrainian refugees.



### 3.6 Communities and social action

refugees. The Textbooks for Ukraine programme distributed around 340,000 Czech textbooks, Czech-Ukrainian dictionaries and teachers' manuals. Intended for all ages, these resources were supplied free to schools, other educational institutions and individuals.

Together with its customers and employees, O2 Slovakia raised more than EUR 261,000. The company also extended its customer care services with Ukrainian or Russian language support on a special new customer hotline. O2 Slovakia also started recruiting Ukrainian-speaking consultants into its sales network, providing free three-month intensive Slovak language courses and introducing a comprehensive onboarding and orientation programme. O2 Slovakia was one of the first telecommunications companies in Slovakia which started providing customer service jobs to Ukrainian-speaking citizens.

Slovak society reacted to the outbreak of the war almost immediately and became involved in humanitarian collections and volunteer work directly at the border with Ukraine and later at high-capacity refugee centres. However, after several months, fatigue set in and the willingness to aid declined, as if society was becoming numb to the war ravaging its neighbour country. Although many Ukrainian families slowly started returning home, many Ukrainian men and women remained in Slovakia and

needed help. The initiative "**Prosime. Bud' laska.**" ("**Please be kind**") was set up to contradict a growing dislike of refugees, demonstrate that the company never stopped offering help and also motivate the public not to forget Ukrainian refugees who still needed help. We wanted to promote understanding and solidarity and also opened up the topic in the media. Under this initiative, we clearly outlined the support offered by O2 and its employees.





# 4. TECHNOLOGY

Accelerating Technology for a Sustainable Future





# OUR AMBITION

**P**PF Telecom Group wants to accelerate the roll-out of innovative technologies which address societal and environmental challenges. Specifically, we aim to provide inclusive and safe connectivity supported by innovative technological solutions that benefit businesses, people and the environment. The Group wants to deliver reliable, safe, and quality connectivity to as many people as possible in the regions where it does business by investing into networks, security solutions and new technologies and raising the digital literacy of its employees and the broader public.





## 4.1

## INDUSTRY MATERIAL ISSUES

Connectivity is a key area where the telecommunications industry has significant influence on sustainable development and in achieving the UN SDGs. Telecommunications operators have a critical role in building inclusive digital ecosystems, primarily by deploying high quality and reliable networks that enable people, businesses, and governments to connect and by facilitating access to digital services.

However, infrastructure is only the first step for digital inclusion. It is also about people being able to access and afford products and services and possessing the necessary literacy and skills to obtain the full benefits from digital technology, for example obtaining vital information and life-enhancing tools which have the potential to transform their lives. But as more activities move online, people who avoid connectivity or are less equipped to benefit from digital technology will be at greater risk of exclusion.

Many young people especially spend a significant amount of time online and use mobile technologies to communicate, learn and relax. Children though are more vulnerable and exposed to greater risks than adults. Mobile operators have a major

role in eliminating these risks by supporting parents and children with online safety educational tools, deploying parental control tools and backing wider initiatives such as child helplines.

In an increasingly digitalised environment, the telecommunications industry is vital to keeping businesses and people connected 24/7 and processing and storing valuable customer information safely. It is important that customers can trust companies to handle their data securely. Security incidents can also have major reputational and financial impacts on operators, therefore it is paramount to build robust and effective defences and combat rising hacking threats.

Investing and using new technology and developing services that address pressing social and environmental needs, for example smart meters or mobile big data, can assist other sectors in delivering on their sustainability objectives.







## 4.2

## TECHNOLOGY FOR A SUSTAINABLE FUTURE: Digital inclusion and network deployment

### OUR FOCUS

Tackling the digital divide by providing as many people as possible with reliable connections. PPF Telecom Group also supports the EU in building secure, high-performance, sustainable digital infrastructures.

### OUR TARGET

- To deploy 5G connectivity in the regions where we operate to at least 50% of the population by 2024 and 80% by 2027. In urban areas, we are aiming for 5G connectivity speeds of more than 250 Mbps.

### HOW WE MANAGE

Providing connectivity is the foundation of a telecom operator's business model, strategy and revenue stream and requires continuous investment to satisfy the growing demand for services from businesses and consumers.

At PPF Telecom Group we focus on improving the quality of connectivity in populated areas, as in the CEE most urban and peri-urban areas are now covered by mobile networks,

and on reaching the final remaining rural locations where no coverage is available.

**CETIN Group** is the owner and operator of mobile and fixed network infrastructure and offers wholesale services to telecommunications companies in Czechia, Hungary, Bulgaria, and Serbia. It is investing in further development of the Group's telecommunications infrastructure and driving the transition to optical fibre and 5G networks. In 2022, the CETIN Group acquired EUR 369 million in fixed assets, mainly in projects related to 5G mobile network roll-out and network infrastructure modernization.

**CETIN Czechia** continued roll out 5G mobile technology in 2022, while increasing the overall network capacity and thus the quality of service by implementing comprehensive upgrade of technologies used in the mobile access network. The fixed network modernization programme has also progressed and by the end of 2022 the company offered Next Generation Access (NGA) lines (50 Mbps or more) at 89% of its 4.2 million connection points (households passed). NGA includes technologies such as fibre connections and other superfast broadband. The average speed of its fixed network increased to 202 Mbps from 177 Mbps, with almost 1.8 million

connection points reaching a speed of 250 Mbps and 237 thousand speed of 1Gs, benefiting from the expanding the availability of fibre-to-the-home (FTTH) connections.

**CETIN Hungary** continued rolling out 5G technology, upgrading its radio access network and increasing the capacity and fibreoptic cable coverage.

**CETIN Bulgaria** also continued to upgrade its mobile network for 5G requirements and increasing penetration of fixed wireless access (FWA) as an alternative fixed connection.

**CETIN Serbia** has made progress in improving its mobile network's availability and capacity in line with growing demand for mobile data services and in preparation for 5G services roll out.

**O2 Networks** is a spin-off of the active and passive mobile infrastructure assets from O2 Slovakia and provides mobile network services wholesale to O2 Slovakia as its principal customer. The company is improving its infrastructure and rolling out 5G.

**Our target  
is to deploy  
5G connectivity  
in the regions  
where we  
operate to 80%  
by 2027.**



4.2 Technology for a sustainable future: Digital inclusion and network deployment

**CETIN Czechia Rural Coverage Case Study**

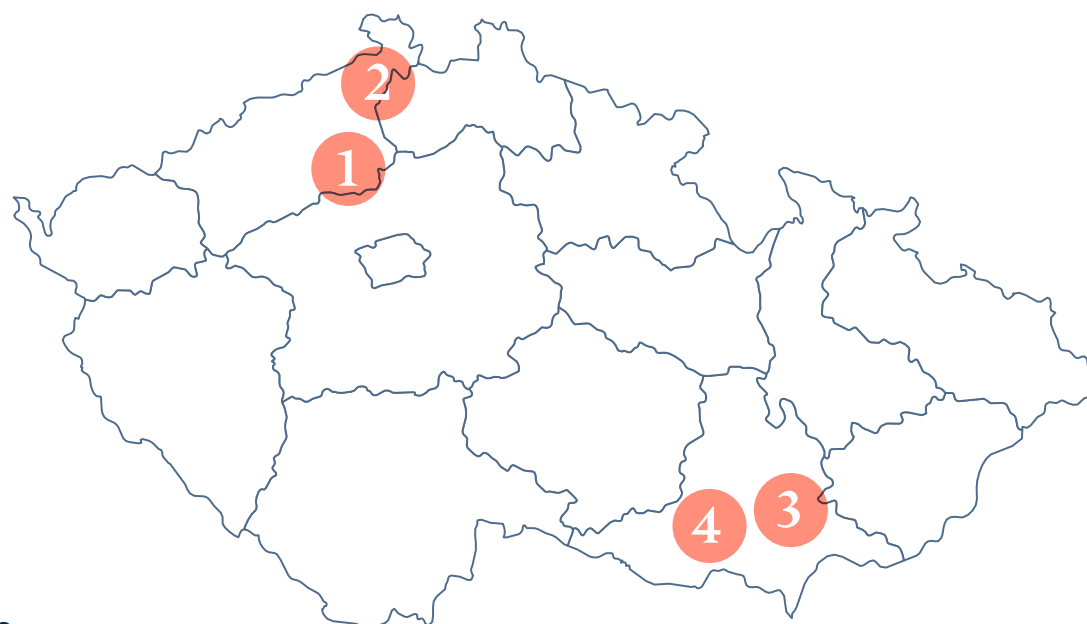
Connectivity in rural areas is also vital in the push to attract working age populations to smaller towns and villages, enable remote work, ease the need to commute, and provide easier access to public services. In Czechia, most rural coverage is achieved using a fibre-to-the-cabinet (FTTC) network. In an ongoing project, CETIN is concentrating on deploying state-of-the-art fibre-to-the-home (FTTH) networks, including in rural areas. Some of the latest deployments include:

**1) Brozany nad Ohří (Litoměřice district)**

The municipality has a population of about 1,300, mainly housed in single family dwellings. Apart from a few very remote objects, CETIN is connecting all the houses, businesses and public institutions in this village. To simplify communication with local representatives and residents, we organized a public information meeting and Q&A session. The network is due for completion in 2023.

**2) Benešov nad Ploučnicí (Děčín district)**

With population of 3,600, this small town is in the historical core of northern Czechia. CETIN has already connected about half of its residents in single family houses and small apartment blocks and buildings in the historical town centre through projects coordinated with the town's own civil works. Březina (Brno-venkov district) This municipality of about 1,100 people lies at the edge of the Moravský kras national park. CETIN has built the first part of a FTTH network in conjunction with pavement refurbishments in 2022 and is continuing in 2023 with the second part to connect around 250 family houses.



**4) Olbramovice (Znojmo district)**

CETIN has started constructing an FTTH network in the town of Olbramovice, which has a population of about 1,100. The project is again being conducted in coordination with the town's own civil works. FTTH connections to about 250 single family houses will be deployed and commercially launched in 2024.

**3) Dambořice (Hodonín district)**

Dambořice is in southern Moravia and has a population of about 1,500. Over 2022 and 2023, CETIN is connecting around 570 family houses in two stages in close coordination with the local municipality.





#### 4.2 Technology for a sustainable future: Digital inclusion and network deployment

**PPF Telecom Group's commercial services operate under O2 and Yettel brands** (Yettel as of March 2022) and provide telecommunication services to end users in the consumer, corporate and public segments.

**O2 Czech Republic** continued to improve the quality and availability of its network services for retail customers and corporate and government market segments. The company's objective is to cover more than 90% of the country and at least 99.5% of the population in Czechia with 5G by 2030. By the end of 2022, 5G was running on 2,566 base stations at 817 locations, bringing the total coverage to 58% of the population and 49% of the country.

Measurements performed by the Czech Technical University (ČVUT) on the NetMetr server confirm O2's 5G internet as the fastest in Czechia, with download speeds up to twice as high as the competition. And according to consumer surveys by Ipsos, a multinational market research and consulting company, more than 45% of people surveyed confirm O2 as having the fastest 5G network.

Other mobile operators within the Group are also progressing with the modernization and availability of their networks:

**O2 Slovakia** continued to extend the availability of its 5G mobile services in 2022, reaching 37% of the country population.

**Yettel Bulgaria** continued to roll out 5G in 2022, having further increased the coverage to 59% of the population.

**Yettel Hungary** increased its fixed broadband access penetration by deploying FWA technology on the radio access network owned and operated by CETIN Hungary. Its 5G coverage tripled in 2022, covering 16% of the population.

**Yettel Serbia** is still preparing for 5G roll-out pending a 5G auction in Serbia. However, the company is hard at work improving the quality of its coverage, winning the Best in Test award for several years in a row from comparative network quality measurements performed by international company UMLAUT. Yettel's network has the highest mobile broadband coverage and the lowest data transmission latency.



To summarize, across Czechia, Slovakia, Hungary and Bulgaria, where 5G mobile spectrum is available, 5G coverage has reached 34% of the combined population in 2022.

**The Group's 5G connectivity target is to provide at least 50% of the population by 2024 and 80% by 2027. In urban areas, the Group is aiming for 5G connectivity speeds of 250 Mbps or more, and we have delivered on this latter goal.**





## 4.2 Technology for a sustainable future: Digital inclusion and network deployment

## MOBILE SERVICES

Mobile subscribers (in thousands)	
O2 Czech Republic	5,670
O2 Slovakia	2,264
Yettel Hungary	3,632
Yettel Bulgaria	3,446
Yettel Serbia	3,016
<b>Group</b>	<b>18,028</b>

## FIXED SERVICES

Fixed broadband subscribers (in thousands)	
O2 Czech Republic	900
O2 Slovakia	66.7
Yettel Hungary	14.5
Yettel Bulgaria	41.8
Yettel Serbia	41.4
<b>Group</b>	<b>1,064</b>

Source: Company data

## 4G

Total PPF Telecom Group 4G network coverage	2020	2021	2022
% of population covered	98%	99%	99%
4G network coverage by country (% of population covered)	2020	2021	2022
Czechia	99%	99%	98%
Slovakia	97%	97%	98%
Hungary	100%	100%	100%
Bulgaria	97%	99%	100%
Serbia	97%	97%	97%

## 5G

Total PPF Telecom Group 5G network coverage	2020	2021	2022
% of population covered	3%	19%	34%
5G network coverage by country (% of population covered)	2020	2021	2022
Czechia	13%	33%	57%
Slovakia	n/a	3%	37%
Hungary	n/a	5%	16%
Bulgaria	n/a	49%	59%
Serbia	n/a	n/a	n/a

Source: Company data



## 4.2 Technology for a sustainable future: Digital inclusion and network deployment



## O2 Czech Republic launched the LTE-M network

### Case Study

As a part of upgrading its radio technology to 5G, O2 Czech Republic launched the **LTE-M network** in the first quarter of 2022. LTE-M is a low-power wide-area network radio communication technology standard designed for low-power machine-to-machine (M2M) communications. It is similar to NB-IoT, which has better indoor penetration (Deep Indoor Coverage). The technology is a standardized specification under the 3GPP mobile communications project and a part of the 5G standard. Compared to NB-IoT, LTE-M uses more bandwidth in the LTE spectrum (1.4 MHz), allowing higher data rates and providing similar latency to broadband LTE. LTE-M is a suitable solution for applications requiring constant connectivity, for example to control simpler machines. LTE-M is becoming a key component in accomplishing Industry 4.0, which anticipates production based on automated data acquisition by machines. The use of this technology delivers significant savings in time and machine maintenance costs, increases production efficiency and enables early detection and resolution of faults. It is also becoming an increasingly popular solution for the Internet of Things (IoT), providing reliable and efficient connections between devices and networks. Characterized by low power consumption, high reliability and indoor availability, LTE-M is suitable for wide application in Smart Cities, healthcare, industry, transport and many other areas.



## O2 Czech Republic installed its first private 5G network

### Case Study

Speed, capacity, high security and absolute reliability – these are the many advantages of **5G private networks**. These are closed mobile networks dedicated and tailored to individual customers in precisely defined areas. Private networks are designed to replace existing Wi-Fi solutions not suitable for massive use or to be applied in completely new scenarios, for example in robotics, typically with devices or equipment that do not need connections or are unsuitable for connection with cable.

In July 2022, O2 Czech Republic installed its first private 5G network for BD Sensors, a world leading producer of sensors and pressure gauges for measuring gas and liquid pressure. The company uses a fully electronic production facility controlled via tablet computers, and a well-functioning Wi-Fi network is therefore essential. This private network gives its owner full control over all network settings, for example setting priorities, allocating capacity to selected services and

modifying security policies. Users enjoy full flexibility to operate their own infrastructure. Cybersecurity for large numbers of connected devices, which represent multiple points of entry for potential hackers, is also improved. A dedicated private network can eliminate this risk. Although private 5G networks are only just starting to appear in Czechia, interest from progressive companies requiring solutions to address insufficient production capacity or security is growing.



**Karel Mareček**,  
owner and managing director  
of BD Sensors, sums up the  
benefits

“ For me, the negatives that we keep experiencing with Wi-Fi networks are finally redressed by 5G – especially speed and the maximum connections per transmitter, which in practice is proving inexhaustible. Our IT techs also benefit – they just set up security on the SIM, and once the device is activated, the mobile operator looks after everything else remotely. ”



#### 4.2 Technology for a sustainable future: Digital inclusion and network deployment

### **5G partnership with Ericsson** Case Study

CETIN Czechia's investment into the construction of a new generation 5G mobile network and extensive modernization of its radio access network (RAN) is well underway. It is upgrading legacy 2G, 3G and 4G technologies and constructing a 5G nationwide network to improve the user experience with mobile services, establish fast, ultra-high capacity 5G coverage, further strengthen network security and reduce energy demands on installed devices. To achieve its objectives, CETIN partnered with Ericsson in 2020 to modernize more than 4,000 cellular sites across the full operational area of CETIN's mobile network, corresponding to two thirds of Czechia.

The five-year contract includes complete modernization of CETIN's mobile network with Ericsson Radio System products and solutions for both 5G Standalone (SA) and 5G Non-Standalone (NSA). The solutions include advanced massive MIMO technology, Ericsson Spectrum Sharing, 5G New Radio (NR) Carrier Aggregation and remote upgrades to 5G SA. It also includes the Ericsson Antenna System, which will boost coverage and capacity and deliver more energy-efficient network operation. In 2022, 579 Ericsson sites were deployed, 401

of them with FDD NR (5G) coverage, bringing the population coverage to approximately 40%.

One of the benefits of 5G is its superior handling of thousands of devices when large numbers of people in the same area simultaneously access online mobile services. The combination of increased network capacity and high speed on 5G networks allows the transmission of huge volumes of data. With 5G connectivity and big data analytics, businesses can process large volumes of data to drive automation, remote collaboration, productivity increases and digitalization of the economy. According to an Analysys Mason report on 5G applications, 5G will deliver EUR 3,718 million in net benefits to Czech GDP.

Energy efficient modernization of networks is the telecom industry's key driver in delivering on its climate commitments and supporting other sectors to meet theirs. The biggest reductions in network energy consumption to date have resulted from introducing new hardware and removing old systems.

Pilot tests indicate that 5G technology is up to 90% more efficient than 4G in energy consumption per unit of traffic (W/Mbps). However, because



data traffic is expected to rise dramatically, additional energy optimizations will be required, such as energy-saving software to prevent energy consumption rising at the same rate and to minimize CO2 emissions.

Ericsson, CETIN's key infrastructure partner, has concrete climate action commitments for its own operations and value chain. By 2030, Ericsson aims to halve the greenhouse gas emissions

from its value chain, and by 2040, decarbonize its entire value chain to 10% of 2020 levels. By 2030, the company aims to halve emissions from its portfolio by providing leading energy performance solutions, supporting customers in the transition to renewable energy, reducing energy consumption at customer data centres with more efficient software solutions, and supporting sustainable and efficient network management.





## 4.3

## TECHNOLOGY FOR A SUSTAINABLE FUTURE: Promoting digital education, awareness, access and affordability

### OUR FOCUS

In the markets where the Group operates, we aim to reach as many people as possible with educational campaigns, advice, information and training to help develop the population's digital skills and digital literacy and raise awareness to the potential dangers related to the use of new technologies.

### OUR TARGET

- Train 500,000 people (including teachers, children and adults) in digital skills by 2025.

Because the Group operates in several countries, it uses local resources (e.g. educational programmes, websites, social media) and tailors initiatives according to each country's needs.

### HOW WE MANAGE

Lack of digital literacy and skills and affordability of devices and data remain key barriers to mobile internet adoption. In line with its sustainable development strategy, the Group is helping customers and their families use technology productively while staying safe online. We have partnered with leading organizations to provide people with the best advice on digital skilling and freely accessible support and training to get the most from the online world. Primarily, Yettel and O2 are the closest to digital technology users in the Group's areas of business and therefore have a greater impact.



O2 Smart School project  
at primary school Pivoňka,  
Chřtč





#### 4.3 Technology for a sustainable future: Promoting digital education, awareness, access and affordability

**O2 Czech Republic** has been running its **Smart School** programme through its charity foundation since 2018. The project's main aim is to promote awareness and education in the healthy use of digital technology, internet safety, digital and media literacy. The **O2 Smart School** ([www.o2chytraskola.cz](http://www.o2chytraskola.cz)) is a comprehensive and free portal of information and methodological materials for teachers, parents and club leaders who work with children. In 2022, the portal added content for community-wide events, mainly texts and teaching aids about digital wellbeing and mental health, plus interactive materials such as quizzes and videos. As part of this programme, in summer 2022, O2 presented the results from a research project conducted with Palacký University, titled **"Children and the Cult of Beauty in the Online World"**. The project involved 10,000 young people between 10 and 17 years of age and investigated how social networks influence children's understanding of personal beauty, specifically in what motivates them to modify their appearances, whether they have ever encountered any form of online ridicule about their appearance, and the impact of these factors on their wellbeing. **We then followed up with the "Body Shaming" awareness campaign, which reached 900,000 people.** In 2022, 70,000 people visited the O2 Smart School portal, and almost **500 schools** from around the country use the portal regularly. An important part of the project is the grant programme for primary schools. In 2022, we received

21 applications for grants to support digital literacy at children's homes in Czechia. Sixteen of these were selected for support, receiving a total CZK 428,750. In November 2022, we announced the fourth annual call to primary schools offering grant support, and subsequently received 213 applications. The evaluation committee selected 67 of these applications and distributed **CZK 4,909,974** between them. The grant programme directly involved **9,839 pupils, 1,262 teachers and 1,484 parents** in supported activities.

**O2 Slovakia** is working to improve digital literacy, awareness and internet safety through its regular online Sódka magazine and **Férová Nadácia** O2 campaign. In 2022, the company launched "Nájdime spoločnú reč" (English: Let's find a common language), a campaign designed to issue grants for projects that connect people, teach discussion skills and inform people how to recognize disinformation and online scamming.

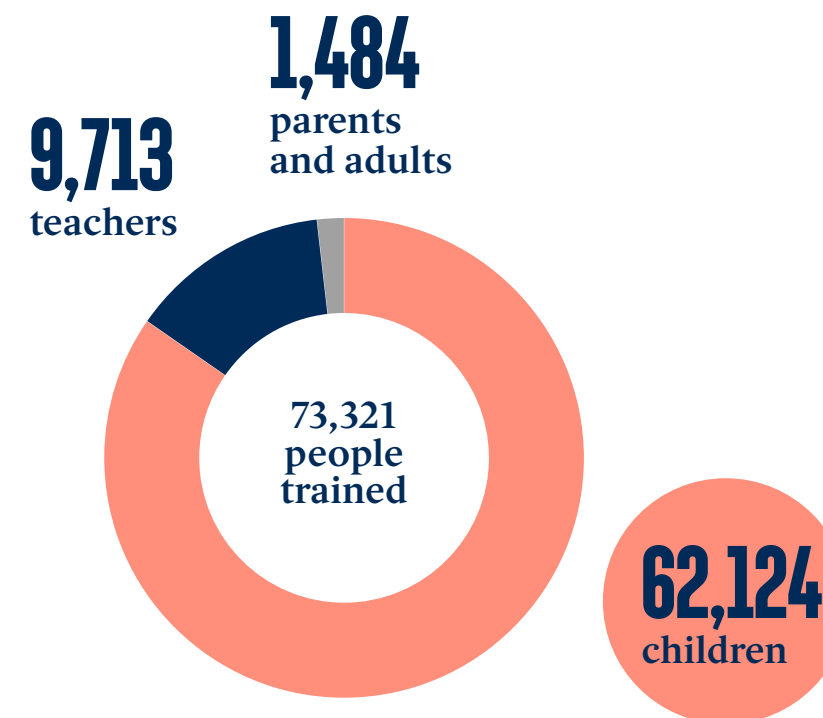
**Yettel Bulgaria** has been running the **"Digital Scouts"** programme since 2020, with great success. The programme's mission is to create a community of young people in Bulgaria who demonstrate responsible and safe behaviour on the internet. Through a dedicated game application available for free in the App Store and Google Play, Yettel organises an annual competition with many interesting prizes for participants. In 2022, the campaign reached **4,614 children**

with informative materials about online safety.

**Yettel Hungary's "ProSuli"** <https://prosuli.hu/> digital education programme has been operating since 2015 and is designed to inform about digital technologies and **introduce schools to digital tools.** The project supports teachers open to digital innovation by providing 30 hours of free accredited teaching materials, building teacher communities, organising professional programmes, and supporting digitalization at schools through mobile internet access. The programme is open and welcomes any teacher or school to join. **By the end of 2022, 127 schools** around the country were participating in this digital education programme. ProSuli focuses strongly on information about digital technologies and builds on the insights of the teachers involved in the programme. The programme recognizes that not only children, but teachers and parents need useful help with responsible internet use. Yettel's **TudatosNet programme** is also designed to **provide educational content to help teachers, parents and children** in this area. In 2022, TudatosNet featured 25 videos available for download alongside a special TudatosNet quiz. Yettel Hungary recognizes and highlights the importance of responsible internet use on online platforms.

**According to our group-wide data, we have trained 73,321 people in digital skills and internet safety. The Group's target is to reach at least 500,000 people by 2025.**

## PARTICIPATION IN DIGITAL SKILLS PROGRAMMES



Source: Company data





## 4.3 Technology for a sustainable future: Promoting digital education, awareness, access and affordability



## Yettel Serbia Stop the hate on the net campaign Case Study



It is almost impossible to imagine life without the Internet, especially for younger generations. Although it may be an excellent tool for learning, development and fun, the digital world also has a dark side. **UNICEF studies indicate that most school-age children are exposed to cyberbullying but often do not recognize or report it.** Many adults also fail to acknowledge the seriousness and commonness of cyberbullying, and many lack the

appropriate knowledge to help young people who confide in them about things happening to them online.

In cooperation with the Blic Žena portal, UNICEF launched “Stop the hate on the net”, a campaign for raising awareness on cyberbullying and improving digital literacy in children and adults. The campaign ran from September 19 to October 24, 2022, supported by Yettel.

Milica Begenišić, Sustainability and Events Senior Expert, said this about the campaign: “The internet has a major role in our lives, and children start using it from a very early age. Proper and timely education for children about cyberbullying and how and to whom to report it to is the key to creating a safe environment on the internet. **Yettel has been strategically involved in children’s safety on the internet since 2021, and through our many projects and work with partners, more than 40,000 children have been instructed on safe use of the internet.** For us, it is important to cooperate with the right partners in this area, which is why we are supporting the ‘Stop the hate on the net’ campaign. Only together can we create a safe digital environment for everyone.”

### Campaign results

The „Stop the hate on the net” campaign was held over three stages, and four texts were published in each. The first stage introduced cyberbullying in detail, describing what happens when someone is bullied online, who is often targeted, and how it should be reported. In the second stage, celebrities supporting the project – singers Ana Stanić,

Zoe Kida and Tijana Bogićević and actress Milica Milša – spoke about their experiences of cyberbullying and how they faced the problem. The third stage looked at a series of texts in which experts advise parents how to follow the activities of their children online and help them protect themselves from cyberbullying. All of these activities were promoted on social networks.

Held over one month, the campaign was seen by almost six million people, and texts on the zena.blic.rs portal were accessed 123,411 times. The project garnered positive reviews from readers, who frequently agreed on the importance of the topic and advocated more public discussion.

**Six million  
people saw  
the campaign  
in one month.**





#### 4.3 Technology for a sustainable future: Promoting digital education, awareness, access and affordability



### Yettel Hungary TudatosNet Back 2 School campaign Case Study

The TudatosNet Back 2 School campaign was a special offer and content package issued in the back-to-school period.

Yettel has a tradition of preparing for the start of a new school year with a commercial offer that provides children with useful smart devices and helps parents with content on responsible internet use. This year, **we teamed up with Forbes magazine to produce the “Big Mobile Book for Parents”**, which contained content designed to help parents enjoy a safe internet experience and ensure their children’s safety online.

To mark the start of the new school year in 2022, Yettel launched new TudatosNet content on 18 August, offering four devices appealing to children and young people at a discount. The devices included a smartphone, two tablets and a smartwatch, and could be purchased with any consumer tariff plan. The offer was unique in providing customers who bought a device with direct access to 14 online chapters of the “Big Mobile Book for Parents”.

Committed to responsible business, Yettel has helped inform consumers about online safety, responsible internet use and the internet’s benefits and risks. The TudatosNet curriculum

and quiz have helped many students and parents navigate the maze of the digital world. **The “Big Mobile Book for Parents” uses case studies and advice from UK cybersecurity expert Will Geddes to help parents understand how to be part of their children’s online lives.**

On average, children receive their first mobile phone at the age of eleven, and three to four-year-olds often have access to their parents’ tablets or laptops and are inevitably exposed to the largely unrestricted and unregulated world of the internet. Parents have an easier time when their young children just want to watch a video online, but when children start surfing the web on their own, many parents do not know how to protect their safety.

The <https://forbes.hu/extra/yettel-a-szulok-nagy-mobilkonyve/> website explores the subject of safe internet use in 14 chapters. Topics include creating a healthy technological environment, sexting, pornography and violent content. The site provides a practical and real-life approach to the dangers children face online. With this publication, Yettel wants to build a bridge to help parents of all backgrounds and be supportive partners to their children in the online world.





## 4.3.1

## ACCESS AND AFFORDABILITY

**P**PF Telecom Group provides services and technologies that support and improve quality of life to people who may need

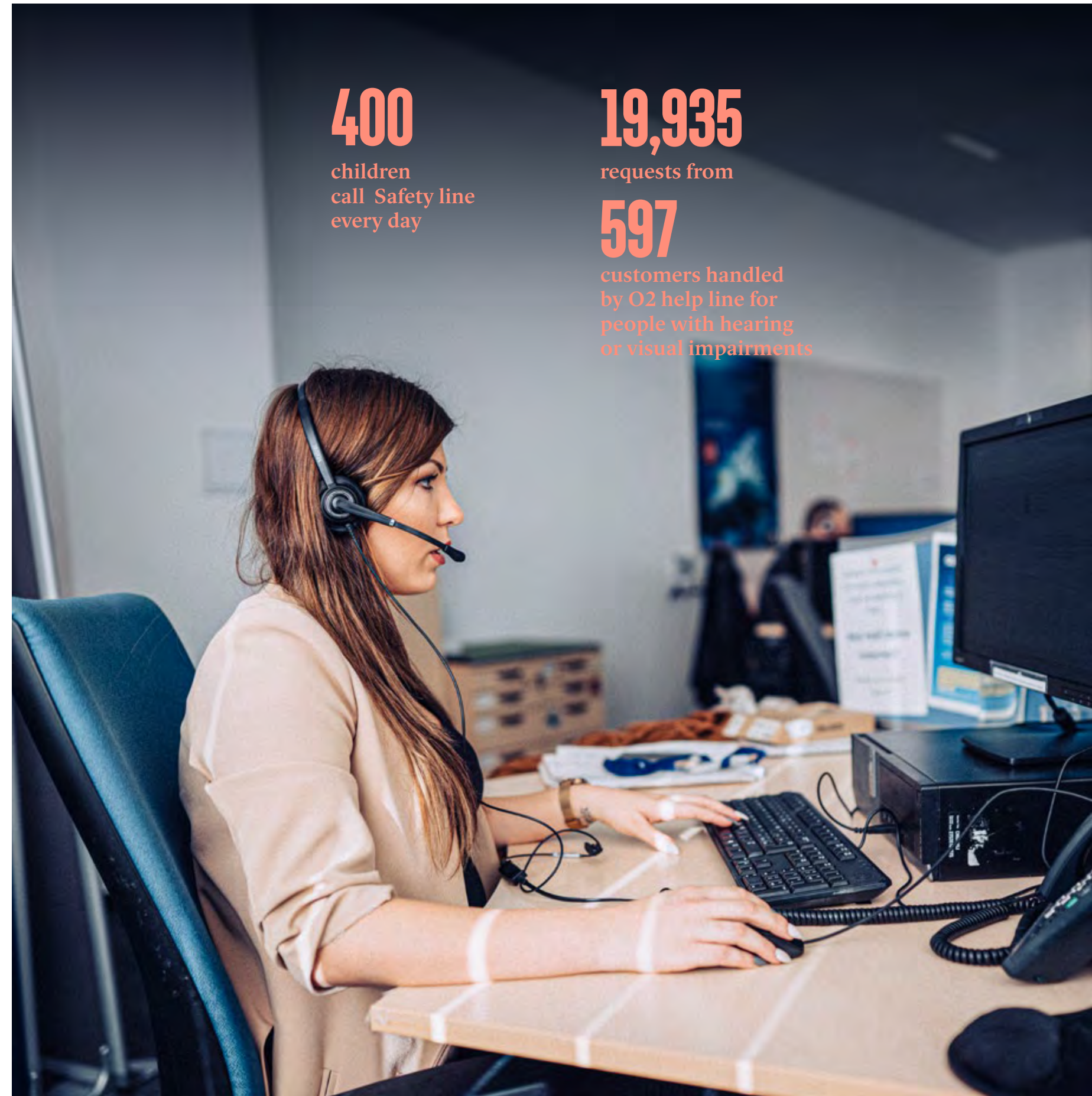
help. Our telecom operators offer **discounts on tariffs and devices**, modified phones, modems and laptops to people with disabilities or people who find themselves in difficult life circumstances. We help them stay connected with their loved ones and save money when they use telecom services.

**O2 Czech Republic** has directly operated or financially supported a number of free helplines **for people with hearing or visual impairments** since 1997. These helplines are available to O2's customers (landline, mobile services, etc.). In 2022, O2's helplines processed **19,935 requests from 597 customers**. People with hearing impairments can also access **spoken word transcription in O2 stores**, while selected assistance services are also available to people with visual impairments. O2 Czech Republic also funds **Safety Line**, a helpline for **children and young people** up to 26 years of age. Around 400 children call the line every day. Funding in 2022 covered the helpline's operating costs and administrative costs for providing child social and legal protection. O2 also partially covered the costs

of developing the helpline's new website. **Senior Helpline** provides free support and assistance to elderly citizens and caregivers coping with difficult life situations.

**O2 Slovakia** oversaw a project in conjunction with customers, internally referred to as "**Because we care**" to design a new portfolio of flat rates to deliver even higher value data, attractive content and gradual roll-out of new functionalities O2 has planned for the future.

**Yettel Serbia**, in cooperation with the Office for IT and eGovernment and at the initiative of the Prime Minister's Office, launched a special SOS app in December 2022 for people with hearing impairments. Through the app, people with hearing impairments can start a video call with an interpreter from the National Interpreting Centre for Serbian Sign Language to dial a desired phone number and simultaneously interpret the conversation with the dialled contact. Yettel supports this initiative with free internet access for the application to all Yettel customers.



**400**  
children  
call Safety line  
every day

**19,935**  
requests from  
**597**  
customers handled  
by O2 help line for  
people with hearing  
or visual impairments





## 4.3.1 Access and affordability



## Bridging the digital divide in Serbia

### Case Study

Bridging the Digital Divide in Serbia for the Most Vulnerable Children is Yettel Serbia's ongoing project for creating suitable distance learning conditions for students regardless of where they live. In 2022, Yettel worked with 30 primary schools to establish EdTech libraries, each equipped with 63 tablets and two laptops with internet access (internet access cards donated directly by Yettel). All of these schools have also established learning clubs to improve support for the wellbeing, better learning and social integration of 4,000 students, including 1,000 students from disadvantaged families. Up to 740 (39%) of teachers at the schools used the tablets for the project's activities. Another 185 schools received a laptop and modem with internet cards to help teachers' assistants improve their work and support for vulnerable students. The project also helped improve psychosocial support programmes for 13,600 students at 30 schools in 10 municipalities.

# 30

primary schools  
equipped with

# 63

tablets

# 185

schools received  
a laptop and modem  
with internet cards.

Psychosocial  
support programmes for

# 13,600

students at  
30 schools in  
10 municipalities







## 4.4

## TECHNOLOGY FOR A SUSTAINABLE FUTURE: Smart solutions benefitting people and the environment

### OUR FOCUS

Investing in the research and development of innovative products, solutions and projects which use digital technologies to tackle environmental and social needs.

### HOW WE MANAGE

**PPF Telecom Group's Innovation Hub** was set up to combine the best experience, talent and resources. The hub is a new initiative for generating revenue and advancing action on sustainability in the Group's individual business units. In the initial stage, we will be establishing a platform for exchanging information and best practices. A knowledge base will be developed for interested parties to easily find information and research given topics. The knowledge base will gather information from the range of sources at the company's disposal (e.g., vendor materials, research companies, partner companies, industry bodies such as GSMA, 3GPP, etc).

The Group's mission is to embed innovation into individual business unit thinking, strategies, roadmaps and potentially KPIs.

We are striving to support innovations that have:

- **a high probability of delivering concrete commercial results,**
- and
- **benefits to ESG-related areas, especially in the community. The Group is already fulfilling its goals in some of these areas, for example cybersecurity, digitalisation, e-health, e-government and e-mobility.**

We believe that Innovation can foster employee engagement. By encouraging employees to contribute innovative ideas we can generate creative solutions to customer needs, environmental and social challenges.

Innovation can also facilitate collaboration and partnerships with external stakeholders, including universities, research institutions, NGOs, and industry peers either withing PPF Group or outside.

A major task ahead is to open new mindsets in the Group's decision makers at all levels. Using our good telecom industry DNA (excellent customer services and experiences) in combination with digital innovation will encourage the freedom to experiment and support new, disruptive ideas.

Innovation alone is not enough, however. The Group is working hard to develop an internal culture that simultaneously values thinking outside the box, sustainability, ethics and responsible business practices. This requires commitment from leadership, clear goals, and integrating innovation and ESG principles into the organization's core values and strategies.

### Smart technology application

**Smart Monitoring is an IoT service by Yettel Bulgaria.** It offers an efficient solution for remotely monitoring electricity, gas, water, heat, pressure and consumption. Smart Monitoring helps promptly detect leaks, resource theft and increased consumption. The service directly notifies consumers on a smartphone or tablet when atypical consumption levels are detected. In this way, consumption can be monitored from anywhere via the service's application or convenient web portal.

**O2 Czech Republic's SOS app** helps save lives, especially with responding to people experiencing heart attacks. Because every minute counts during a serious medical complication, especially in remote areas, it is advisable,

to call a trained volunteer before professional paramedics arrive. The SOS app helps a dispatcher determine whether a volunteer with the required equipment (typically an AED defibrillator) is nearby in the area and is able to provide first aid before emergency services arrive. As more volunteer rescuers and quality equipment become available, the importance of the O2 SOS app in saving lives will grow. The app was developed in cooperation with the regional Rescue Service of Hradec Králové and Medical Rescue Services of the Czech Republic.







4.5

## CYBERSECURITY, DIGITAL AND PERSONAL DATA PROTECTION

### OUR FOCUS

Strengthening customer data protection and increasing network resilience to cyberattack and internet fraud.

### OUR TARGET

- Deliver security solutions to protect the data of at least 20% of the Group's contracted end-customers in the consumer segment by 2025.

### HOW WE MANAGE

**Cybersecurity, data protection and risk management must be held with the same importance as any other business fundamentals,** even more so with the increasing penetration of 5G technology. While 5G offers many user benefits, it also creates new security concerns and challenges (e.g., software-centric networks), and without proper protection mechanisms in place, a company risks financial losses and damage to reputation.

At PPF Telecom Group, cybersecurity and data protection is critical to the business continuity of our organization. Fighting cybercrime and protecting our customers' data is both complex and varied, and the Group is therefore continuously working to enhance its data protection methods and increase network resilience to cybercrime.

The topics and the associated agenda are **overseen by the Security Board established at the PPF Telecom Group level.** The Security Board approves the Group's security strategy and priorities, including projects implementation and budget planning. Since 2020, the Group has a regional security standardization program in place aimed at the standardization of security tools across the Group. **An internal Security Operation Centres (SOC) has been established in all business units,** including follow-up procedures for monitoring and responding to incident resolution. Cybersecurity teams, managers, and Security Directors are in place in all business units. Security Directors report directly to CEO or to Chief Legal and Regulatory Officer. All Security Directors and cybersecurity managers are members of the Security Board.







#### 4.5 Cybersecurity, digital and personal data protection

The Group regularly reviews its cybersecurity strategy and investment in the latest security technologies, processes, and guidelines. The Group and its business units have a range of policies, guidelines, and training programmes in place (e.g., data breach inventory and reporting, information management policy, procedures for managing the data processing inventory). By creating a culture of awareness around cybersecurity and data protection, we ensure that our employees understand the importance of information security and data privacy. The Group also has a range of initiatives aimed at raising awareness on cybersecurity issues among its customers.

**Regulatory requirements and concerns about data privacy from customers is another area which involves complex risk and compliance solutions.** Compliance failures can lead to corporate fines and loss of customer trust. Telecommunications services inevitably entail the need to process a wide range of personal customer data, and we therefore strive hard to ensure customers always understand why we process their personal data and their rights in that process.

**All PPF Telecom Group business units have ISO 27001 certified information security management systems in place,** except the newly created O2 Networks company where the implementation is underway.

In addition to the Group's centralized management of cybersecurity, individual business units reflect the particulars of their business models, geographies and legal requirements in their own practices and policies.

At **CETIN Group**, cybersecurity is an essential condition for the success of our business. Cybersecurity solutions in our product portfolio protect customer infrastructure, data and technology. **CETIN holds certifications for Information Security, and in some countries, also for Privacy and Quality Management Systems. All business units in CETIN Group have audited and ISO 27001 certified information security management systems in place.**

CETIN Group follows the industry's best practices, recommendations of the European Union Agency for Cybersecurity (ENISA), and the requirements of internationally recognised standards. **CETIN is externally audited every year and re-certified every third year.** Regular internal cybersecurity audits and cybersecurity risk analyses are also performed.

CETIN Czechia is also continually **audited by the National Cybersecurity Authority, the National Security Authority, the Czech Ministry of Industry and Trade, and the Czech Telecommunications Authority.** CETIN's networks and employees also undergo regular security testing.

Testing, analysis and audits enable CETIN to adopt the best measures to reduce security risks that could significantly threaten its business operations. By building a culture of security in the company through training, information about phishing campaigns, regular testing and other social engineering techniques, we are increasing the resilience of CETIN employees and infrastructure to a range of cyber risks.

CETIN Czechia employees also actively participate in cybersecurity and supply chain security workshops organised by the National Cybersecurity Authority. To engage younger generations on cyber and security issues, CETIN supports the annual IS2 cyber conference and high-school cybersecurity competition in cooperation with state authorities and security forces. In its research and development activities, CETIN works with the Czech Technical University, Prague, a prominent technical education institution. A joint project with the Department of Telecommunications Technology (Faculty of Electrical Engineering, Czech Technical University) and CETIN provides a forum to address pressing cybersecurity issues. Its main objective is to develop unique methods to identify network threats, increase network robustness, and maintain improvements to these methods.

As the national administrator of critical information infrastructure, CETIN Czechia holds certification in security for facilities at the SECRET classification level, issued by the National Security Authority of Czechia in accordance with Section 121 of Act No. 412/2005 Coll., on the protection of classified information.

**CETIN Group complies with strict requirements under the General Data Protection Regulation (GDPR),** which stipulates uniform rules for all market participants operating in the EU, and strict sector-specific rules under the e-Privacy Directive (Directive 2002/58/EC). The Group employs a range of processes to manage information security and privacy, effectively identify and manage risks, and protect the integrity and confidentiality of its assets and data at all times. For maximum data protection, CETIN has several policies governing data processing and mechanisms such as encryption, anonymisation and pseudonymisation for both "data in transit" and "data at rest". Data protection officers and specialised security departments supervise compliance with information security and fraud protection policies in our business units. In addition to ISO 27001 certification for information security management, CETIN has also **obtained ISO 27701 certification for Privacy Management Systems** in some countries.





## 4.5 Cybersecurity, digital and personal data protection

**O2 Czech Republic holds ISO 27001 certification for Information Security Management System (ISMS), ISO 27017 certification for Information Security Management System for Cloud Services, ISO20000-1 certification for Information Technology, and ISO 27018 certification for Management Systems for Protecting Personal Data in Public Clouds.** ISMS and related policies cover the company's entire operations, organizational structure, buildings and technologies. O2's management requires that employees ensure all applicable information security requirements, even beyond the requirements of applicable legislation, are met. A designated security organization under the umbrella of a security committee and crisis staff is supported by a team of internal specialists experienced with processes and procedures in this area.

O2 Czech Republic is consistent in its data protection policies and methods. Only authorized personnel have access to customer data (confidentiality principle), information is accurate and complete, the powers and rights to amend customer data are clearly defined (integrity principle), and information is accessible to users as required (availability principle). O2 systematically and continuously monitors, evaluates and improves its data protection processes and operations. The company fulfils individual security objectives through measures specified in the framework

for risk management and information security. These measures cover all relevant aspects of company security: management, data, personnel and safety, communications and managing traffic, access control, system development and maintenance, and managing business continuity. The company's processes are managed for continuity and compliance with applicable Czech and European Union legislation, international treaties, and other information security requirements. **Mechanisms for reporting complaints are in place**, and anyone may contact the company through standard communication channels such as customer helplines and forms. For employees, a dedicated internal safety line and special procedures are available. All complaints, findings and suggestions related to cybersecurity and protecting personal and other data are handled accordingly.

**O2 Slovakia holds ISO 27001 certification in Information Security Management Systems (ISMS).**

**Yettel Bulgaria** follows recommended best practices and continues to improve on its compliance with strict telecommunications guidelines. The company maintains a set of certifications and attestations to validate and demonstrate its compliance — Yettel's information security management system is **ISO 27001** certified, its IT Service

management system is **ISO 20000-1** certified, and its **privacy information management system is ISO 27701** certified (obtained in April 2022). The company's **information security management system** covers all technological domains, policies and technical controls in the full scope of the ISO 27002 standard. The system contains specific requirements for managing suppliers (especially for local security), organizing remote access, managing the requirements for organizational and technical security and references to the company's overall supplier management policy.

Yettel Bulgaria regularly releases privacy and security recommendations through its internal communication channels and requires all employees to complete regular security and privacy training. Every three months, employees undergo cybersecurity training to maintain high standards of cybersecurity. The company's data protection programme complies with the GDPR. A set of internal manuals details the procedures to address fundamental privacy concerns relevant to processing the personal data of customers, job applicants, employees, contractors and visitors and following certain rules applicable in given contexts, for example customer acquisition or care, provision and acknowledgement of privacy notices, collection of informed and freely given consent, exercise of data subject rights, and the

submission, review, investigation and resolution of complaints regarding privacy, etc. Clients and individuals with **questions or inquiries about Yettel's personal data processing** may contact its Customer Service Centre via the Yettel webpage. Yettel clients may also contact the company's Data Protection Officer.

**Yettel Serbia's** data security framework is based on industry accepted standards to ensure maximum data protection. Yettel has adopted a number of policies governing data processing and applies encryption, anonymization, pseudonymization and other mechanisms to both "data in transit" and "data at rest". Yettel has an appointed data protection officer and specialized departments to oversee information security and fraud protection. They support personal data protection and other security processes and perform compliance monitoring. The company's information security management system is **ISO 27001** certified, and in 2022, its privacy information management system became **ISO 27701** certified. The company has also invested in state-of-the-art data privacy software used for data discovery and maintaining processing records, as required under Serbian Law on Data Protection.



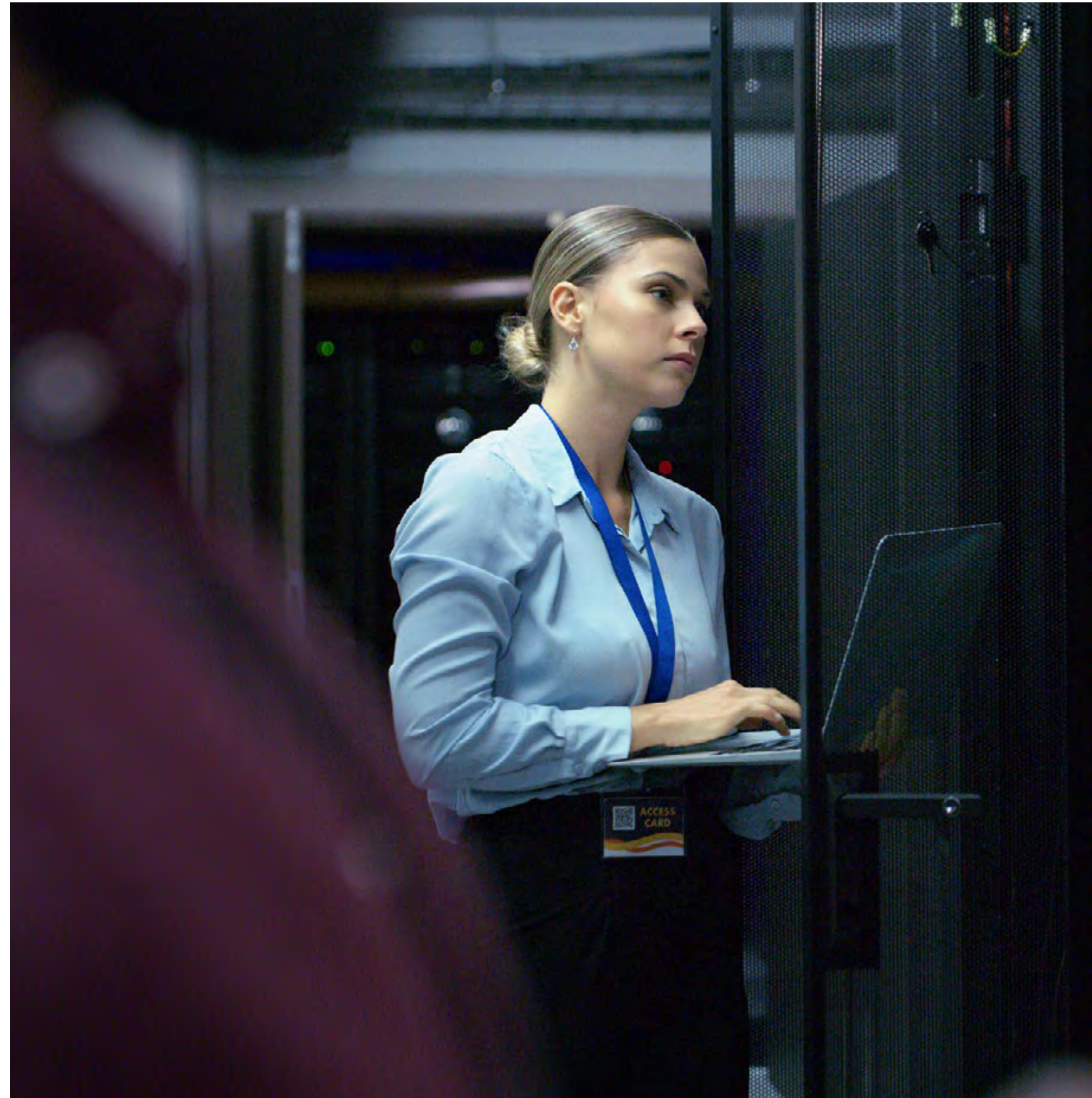


#### 4.5 Cybersecurity, digital and personal data protection

**Yettel Hungary's** data security framework is integrated into its entire network, services and operations. The company is committed to compliance and has passed all relevant regulatory audits and verifications for the **ISO 27001** standard, which upholds customer privacy and protects their personal data. The company's cybersecurity framework meets all relevant international and industry standards. All company business functions, employees and partners are required to report any detected data security incident. Enforcement and strict compliance with privacy regulations and data security standards is a critical priority at Yettel. The legal department's privacy team is responsible for customer data security and management, and a cybersecurity team designs the procedures for managing confidential information processed through Yettel's services. All Yettel employees are trained in the importance of privacy through regular privacy and data protection courses. The company records all data processing actions and is required to report any privacy breaches by law. The company's data security guidelines include a company data processing policy and regular privacy audits.

#### Digital rights

As a telecommunications operator, PPF Telecom Group is subject to laws that require the company to support law enforcement and security in the countries where it operates. When deemed essential, the Group will work with respective national law enforcement authorities to protect the safety of individuals and the public from crime and terrorism and protect critical infrastructure. The Group's legal obligations vary according to the country and the type of service provided. Strict policies and processes are in place to ensure that all received requests regarding security comply with applicable laws.







4.6

# SECURITY SOLUTIONS FOR OUR CUSTOMERS

**P**PF Telecom Group understands the critical importance of cybersecurity and the need to protect personal and other data. It acknowledges the trust that customers, the public and communities place on the company. The Group applies stringent security policies to its internal systems, products and services and offers tailored systems for protecting mobile devices, computers and corporate networks, and value-added services such as security monitoring and security incident response.

**O2 Security** is a service by **O2 Czech Republic** designed for residential customers and regular internet users to protect phones, computers, and home devices from fraudulent and malware infected websites. Because O2 Security works directly on the network, it does not slow down the performance of local devices. In 2022, O2 Security intercepted 387 million threats – 80 million of these threats targeted computers, and the other 307 million attacked smart mobile devices. In total, 17% of computers and 9% of mobile devices using the service encountered a serious security threat online.

O2 also offers a comprehensive

network security solution designed for its corporate and institutional customers. O2 Security Expert Centre continuously monitors all IT infrastructure in real time to secure businesses from cyber threats, hacking and data leaks. Corporate connections can also be protected with a range of other products – O2 Next Generation Firewall to monitor and control network traffic, O2 AntiDDoS to protect against DDoS and hacker attacks, O2 Antispam to protect email domains, O2 Mobile Device Management to protect mobile phones and tablets, and O2 Security DNS to protect against fraudulent and malware infected sites.

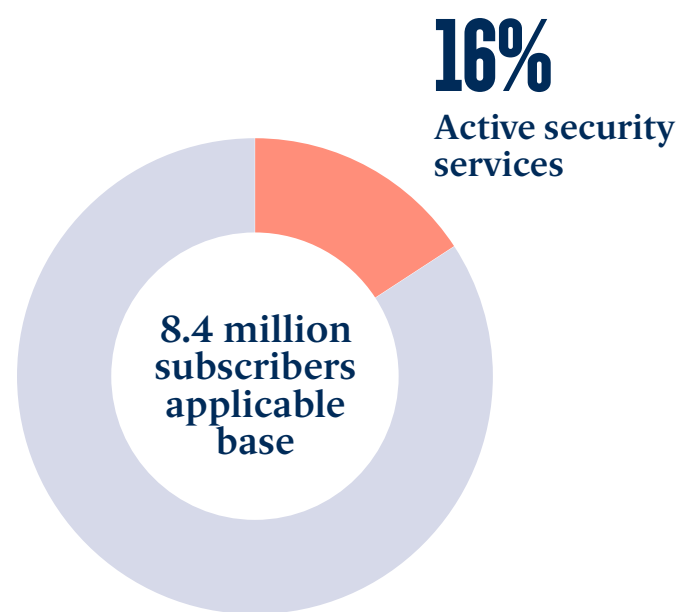
O2.cz CERT is a computer emergency response team at O2 Czech Republic set up to assist customers with internet security incidents. The team manages threats to the availability or confidentiality of services delivered via the internet and cooperates with the CERT and CSIRT teams of other companies and ISPs to manage security incidents effectively and develop preventive measures. O2.cz CERT is a registered member of the international Trusted Introducer network.

In 2022, **Yettel Bulgaria, Yettel Hungary and Yettel Serbia** launched their own, similar security products

– Online Protect, NetPajzs and Safe Net.

**The Group’s target is to deliver data security solutions to at least 20% of the Group’s applicable post-paid customers in the consumer segment by 2025. At the end of 2022, the Group had already achieved 16% penetration.**

## SECURITY SOLUTION PENETRATION



Source: Company data





## 4.6 Security solutions for our customers



## Improving Sustainability Across the Organization Case Study

The Covid-19 pandemic and a number of recent high-profile cyberattacks have shifted much attention in the corporate world towards cybersecurity, even as the E-component of ESG frameworks dominates the attention of the public and goals to meet climate targets. One of the biggest ESG issues currently is social responsibility around data security.

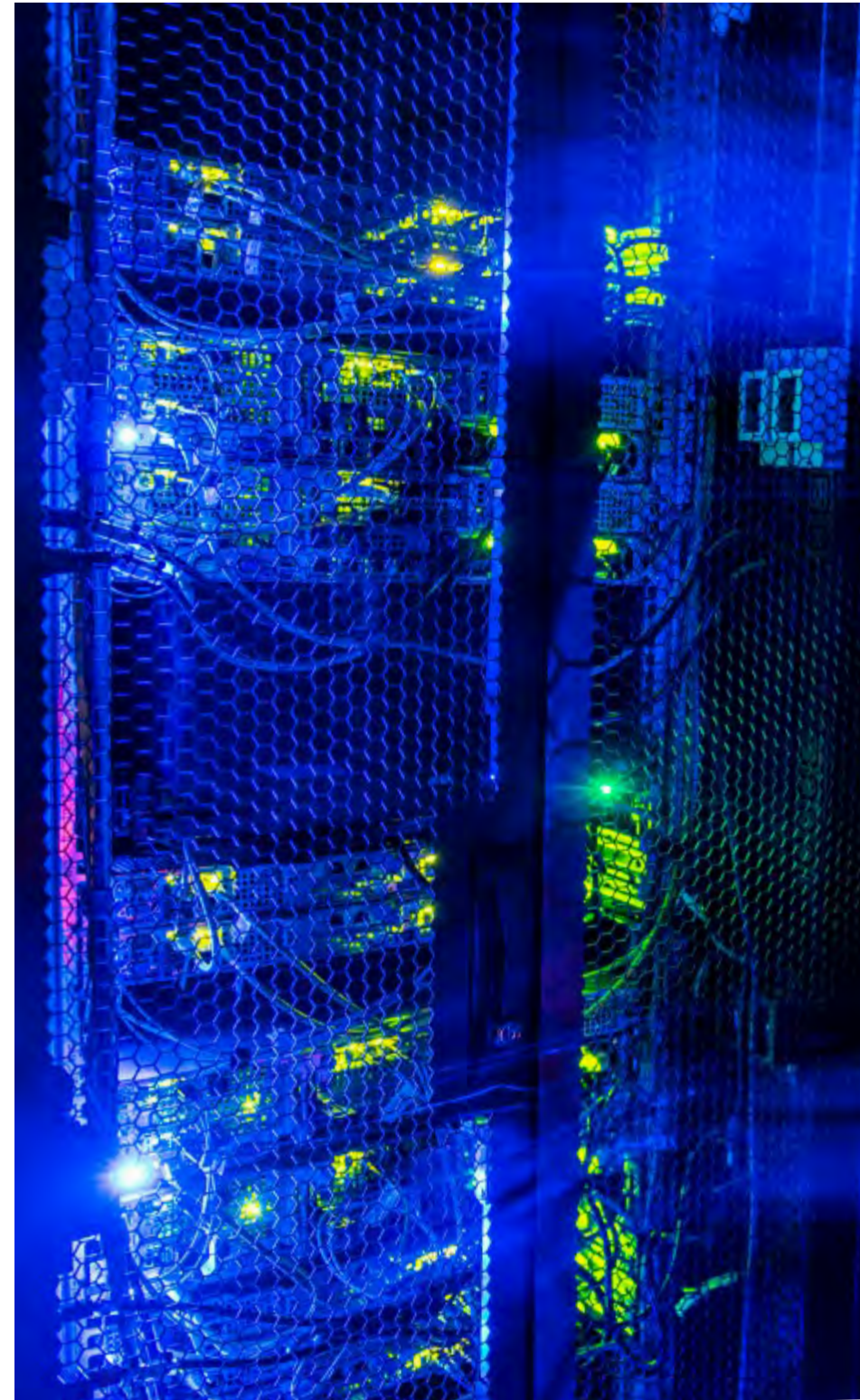
In response, CETIN offers clients a secure SD-WAN solution that also adds value by allowing businesses to replace outdated firewalls, routers and WAN optimization devices with a single appliance to minimize their hardware footprint and power consumption.

CETIN's SD-WAN solution is aligned with business goals to transition to digital in a more ecologically friendly manner. Data protection and cybersecurity are now crucial components in the success of a business and the process of moving apps to the cloud, going paperless and introducing new e-processes to reduce travel needs and costs. To achieve their aims, organizations frequently need to update outdated networks and information technology infrastructure, both to support their sustainability initiatives and to cut down on amassing IT equipment over time.

Consequently, businesses are re-evaluating their network strategies with an eye towards environmentally friendly ways of setting up and running modern network solutions. SD-WAN addresses all these challenges. CETIN's SD-WAN solutions integrate security, and any enterprise network traffic is encrypted and protected with security technologies at all edges.

CETIN's SD-WAN solution also gives organizations more flexibility with optimized network communications between branches and HQ or the cloud, with path conditioning to reduce the effect of jitter and packet loss that often plagues the broadband internet experience. Using protocol acceleration techniques and compression algorithms, SD-WAN optimization can also overcome the effects of network latency over long distances.

CETIN's SD-WAN project commenced in 2022, led by CETIN Czechia, and is executed group-wide in Czechia, Hungary, Bulgaria and Serbia. In Q4 2022, CETIN Bulgaria initiated the first Group Field Trial to introduce SD-WAN technology at approximately 200 locations across Bulgaria, covering all Yettel stores and corporate offices. The project will be completed in 2023. According



to 2021 statistics, 42% of problems registered by Yettel Bulgaria will be successfully resolved online without any need for on-site visits once SD-WAN has been fully deployed.

### What is SD-WAN?

SD-WAN is a Software-Defined Wide Area Network that allows businesses to securely connect users to applications by using any combination of transport services to advantage. SD-WAN is the successor of traditional WAN architectures (built on IP/MPLS and IPSEC technologies). SD-WAN delivers a better user experience by protecting the availability and performance of applications, and connectivity services are less expensive. SD-WAN reduces bandwidth costs and can also help reduce capital costs or minimize the use of hardware by consolidating networking and security features at the edge while delivering better control and performance.



# 5. **TRANSPARENCY**

Acting with Transparency and Integrity





# OUR AMBITION

**P** PF Telecom Group's business stands on strong ethical foundations.

Critical to its long-term success, the Group is committed to conducting business ethically, lawfully and with integrity in all of its markets. As a trustworthy and reliable business partner, the Group is also improving the sustainability of its business through transparent operations and undertakings. The Group is establishing robust policies and improving on procedures to ensure that its operating practices not only meet our own expectations but also especially those of our stakeholders.







## 5.1

## INDUSTRY MATERIAL ISSUES

**W**

ell-established and functioning corporate governance is essential to business

success and delivering on sustainability commitments.

Engaging with stakeholders and providing grievance mechanisms are critical to maintaining open dialogue, receiving feedback and acting on that feedback. Companies must take action to eliminate illegal or unethical behaviour by their employees, associates or representatives. This type of behaviour impacts the wider society by undermining political and public trust in the legal system and may also harm human rights or damage the environment. Non-compliance with applicable laws and regulations is also costly for the companies, leading to fines and lost reputation, in turn affecting the ability to operate and hampering prospects for growth.

It is not just their own operations that companies should stringently observe, they also need to be aware of the risks and responsibilities throughout their supply chains, including those related to protecting the environment and human rights. With increasing scrutiny and tightening regulatory frameworks

(e.g., due diligence directives) companies face significant reputational and financial risks if low governance standards are applied to supply chain management.

**The principles of PPF Group's Code of Ethics are enforced at PPF Telecom Group and its subsidiaries to prevent corrupt practices, manage workplace safety, protect personal data and protect the environment during operations.**

## 5.2

## BUSINESS ETHICS AND TRANSPARENCY

**A**

s a part of PPF Group, PPF Telecom Group B.V. and its subsidiaries must comply with all legal regulations and

international treaties throughout their areas of operation and activities and in relation to any third parties, public authorities and associates.

PPF Telecom Group B.V. and its subsidiaries operate as a holding structure, and therefore certain policies and procedures are decentralized to reflect the inherent differences between its various operations and legal frameworks.

The principles of PPF Group's Code of Ethics (<https://etickalinka.ppf.eu/default.aspx>) are enforced at PPF Telecom Group B.V. and its subsidiaries to prevent corrupt practices, manage workplace safety, protect personal data and protect the environment during operations. PPF Telecom Group compliance programmes establish the principles and rules of conduct for employees and enable the procedures for checking and removing shortcomings when they are discovered and eliminating any objectionable or illegal conduct.

PPF Telecom Group B.V. subsidiaries have individual submission systems in place. These include, but are not limited to, dedicated ethics email addresses and web-based forms on the subsidiary's website, including availability in local language. The Group processes any employee complaint, regardless of its nature. External stakeholders can raise concerns or complaints through various channels.

Handling complaints is entrusted to dedicated local teams or individuals. For each complaint, the complainant is informed of his/her rights and where he/she may turn if dissatisfied with the handling of his/her matter.



5.2 Business ethics and transparency

PPF Group respects the law of the countries where it operates and any territories where its companies and subsidiaries are engaged in activities that may be affected by PPF Group's activities or conduct. In all actions performed on behalf of PPF Group or for its benefit, PPF Group and its subsidiaries must respect and comply with all the relevant legal regulations and standards and represent PPF Group in their behaviour in a manner that preserves PPF Group's reputation and does not raise any doubts about its activities. Subsidiaries may act only and strictly in compliance with the values and rules outlined in the PPF Group's Code of Ethics to prevent any harm to PPF Group, its name and reputation.

PPF Telecom Group B.V. strictly condemns and rejects any behaviour or activity that is not in accordance with applicable laws and regulations. PPF Telecom Group B.V. and its business partners are obliged to refrain from any actions that could be considered contrary to applicable public laws and regulations and could therefore be regarded as a criminal offence, administrative offence or infraction.

**Human Rights & Fair Labour**

At PPF Telecom Group B.V. and its subsidiaries, we respect, uphold, and protect the fundamental human rights of everyone we work and engage with. We have zero tolerance for any

violation of those rights, including the use of child labour, forced labour or human trafficking. We also stand for the rights of women and minorities and believe in providing fair wages to all employees and respecting their right to freely associate and collectively bargain.

The Group has established standards for responsible network deployment across all segments and product quality practices to ensure the health and safety of its customers and communities. Continuous employee training and development is coordinated by the Group, and all segments abide by the Group's best practice standards. The Group also has the same role in establishing best practices for occupational health and safety across all its segments.

**Discrimination incidents**

Total number of incidents of discrimination, including harassment, reported in the reporting period.	4
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In the context of this disclosure, an incident refers to an instance of non-compliance identified by the business units through their established procedures and programmes. All the reported incidents were resolved, and no legal action or complaint was registered with competent authorities.

**Anti-Bribery & Anti-corruption**

The Group is committed to the highest standards of professional and ethical conduct, with zero tolerance for bribery and corruption. Our anti-bribery policy, company training and procedures maintain complete compliance with the applicable laws and regulations of the countries where we operate.

Risks related to corruption are monitored and evaluated internally across the Group's companies.

**Anti-Harassment**

The Group strives to provide professional environments that prioritize cohesion and tolerance between team members. No matter the circumstance, we do not condone any form of harassment. This includes any form of discrimination according to gender, race, religion, national origin, disability or sexual orientation.

If harassment occurs, employees are obliged to report the violation to a manager, the Human Resources department or the ethics hotline. It is our policy to act promptly and address the reported issue so that our employees always feel protected.

**Data Privacy & protection**

All of the Group's subsidiaries comply with EU's General Data Protection Regulation and the derived national laws and regulations (EU laws

are not directly applicable to our Serbian subsidiaries, however). In compliance with the relevant GDPR and other regulatory requirements, the Group's subsidiaries have rigorous security standards in place for storing, handling and processing personal data.

**Risk management**

The Group has implemented a robust set of risk management procedures throughout all their material segments to ensure business continuity and prompt emergency responses. The uncertainties and risks that the Group may be facing are continually identified by all segments and evaluated for their potential financial impacts and likelihood. Significant risks are periodically monitored, while preventive measures are applied to effectively limit their impact or the likelihood of risks. The effectiveness of these measures is periodically reviewed by management.





## 5.2 Business ethics and transparency

Operating risks in the segment primarily concern issues to do with network capacity and quality, business-critical systems and cybersecurity. PPF Telecom Group B.V.'s dedicated executive team plays an important role in further improving the resilience of the segment against operating risks by transferring best practices across segments and deciding on investment programmes and future developments for critical network and systems capabilities.

### Regulatory investigations

In 2016, the European Commission initiated its own proceedings concerning an alleged infringement of Article 101 of the Treaty on the Functioning of the European Union (agreements disrupting competition in an internal market). The reason given was the network sharing agreement concluded between T-Mobile and O2 CZ in 2013 (as part of the 2015 spin-off, the contract was transferred to CETIN). The Commission initially stated that the commencement of the proceedings alone did not mean it was convinced of any breach of law. The Group submitted its opinions and supporting documents to the Commission and cooperated with an international expert institute.

In August 2021, the Commission adopted a preliminary assessment under which it reduced its concerns and enabled the investigated parties to formally offer commitments.

The parties responded to the preliminary assessment and rejected the concerns, but after extensive discussion with the Commission, offered such commitments.

After several procedural steps by the Commission and updates of the commitments as a follow-up to discussions with the Commission, on 11 July 2022, the Commission accepted the offered commitments and decided on closing the proceedings. No fine or other penalty was issued by the Commission.

In January 2018, the Hungarian Competition Authority performed an unannounced inspection at the headquarters of Telenor Hungary in relation to two cases: (i) investigation of the 800 MHz frequency tender auction, in which Telenor Hungary and Magyar Telekom allegedly committed anti-competitive behaviour during the tender by rigging bids and exchanging information; (ii) the 800 MHz network sharing cooperation, under investigation since 2015. As of the date of these financial statements, the proceedings under letter (i) above have been terminated without any infringement being found, and the proceedings under letter (ii) are ongoing. Yettel Hungary is cooperating with the Hungarian Competition Authority to also demonstrate that no breach had occurred in relation to pending proceedings.

### Related parties

PPF Telecom Group B.V. is governed by a related-party relationship between the parent, subsidiaries and associates. All transactions with related parties are disclosed in relevant documents, such as the financial report (<https://www.datocms-assets.com/56100/1679567146-telecom-group-annual-accounts-2022-public.pdf>). Furthermore, the Management Board, close family members of such personnel and other parties who are controlled, jointly controlled or significantly influenced by such individuals and entities in which the individuals hold significant voting power are also considered related parties. PPF Telecom Group B.V. did not conclude any transactions with these related parties in 2022.



## 5.3

## GOVERNANCE

**T**he limited liability private company (besloten vennootschap met beperkte aansprakelijkheid) PPF Telecom Group B.V. was incorporated on 16 October 2013 under the laws of the Netherlands. The company changed its name from PPF Arena 1 B.V. to PPF Telecom Group B.V. on 24 February 2020. The articles of association (statuten) are available at [www.ppftelcom.eu/corporate-governance/by-laws](http://www.ppftelcom.eu/corporate-governance/by-laws).

PPF Telecom Group B.V. is indirectly owned and controlled by members of the Kellner family, who are direct and indirect holders of 98.93% of PPF Group N.V., the principal holding company of PPF Group. Mrs. Renáta Kellnerová, widow of Mr. Petr Kellner, is the majority shareholder of PPF Group N.V., with a 59.358% stake. Each of Mr. Petr Kellner's four children holds a 9.893% stake in PPF Group N.V. The remaining shareholders of PPF Group N.V., Mr. Ladislav Bartoníček and Mr. Jean-Pascal Duvieusart, each own a 0.535% stake. PPF Group is an international investment group founded in the Czech Republic in 1991. It has grown to manage operations in 25 countries across Europe, North America and Asia, with financial services, telecommunications, media, real

estate, mechanical engineering and biotechnology as its core lines of business. PPF Group has a long-term investment horizon and actively supports its holdings.

The management board is the statutory body of PPF Telecom Group B.V. and is composed of the company's management. The Management Board directs and represents the company. Members of the Management Board are appointed by the general meeting of PPF Telecom Group B.V. and may be suspended or dismissed by the general meeting of PPF Telecom Group B.V. at any time. In accordance with the Articles of Association of PPF Telecom Group B.V., the Management Board is composed of at least one or more managing directors. Each member of the Management Board is authorized to represent PPF Telecom Group B.V. solely and independently. In performing its duties, the Management Board must be primarily guided by the best corporate interests of the company (vennootschappelijk belang) and the business it is linked to. This means that the Management Board should consider the interests of the company as a whole, not just the interests of shareholders, but also the interests of employees, creditors and other stakeholders, including local communities.

PPF Telecom Group B.V. has a two-

tier structure. The Management Board is composed of three directors. Currently, the other tier, i.e. the supervisory board, has not been established.

The size and composition of the Management Board and the combined experience and expertise of its members should reflect the best fit for the profile and strategy of PPF Telecom Group B.V. This aim for the best fit, in combination with the availability of qualified candidates, has resulted in PPF Telecom Group B.V. currently having a Management Board in which all three members are male. There is no statutory requirement regarding the minimum number of meetings of the Management Board.

Because PPF Telecom Group B.V. does not have securities traded on a regulated market, it is not a Public Interest Entity and not obliged to establish an audit committee. However, the ultimate parent company, PPF Group N.V., has established an audit committee that may also serve as an audit committee for the company.

The Management Board of PPF Telecom Group B.V. is supported by a layer of executive senior management. The senior management of the Group consists of the Chief Executive Officer,

the Chief Technology Officer, the Executive Director for CEE, the Chief Commercial Officer, senior executives of CETIN Group and the Chief Executive Officers of O2 and Yettel subsidiaries. The members of senior management are employees of PPF Group or a relevant subsidiary of the Company. All members have extensive experience in the telecommunications sector, mainly in Central and Southeastern Europe. The top level of management in subsidiaries have vital local knowledge and expertise.

Using the Management Board's objectives for subsidiaries, senior management formulates the strategy for PPF Telecom Group B.V., oversees regional activities to deliver these objectives, and manages the transfer of knowledge between subsidiaries to spread best practices across the segment's commercial, purchasing, organisational, technological, procurement, financial and other operations. The role of all subsidiaries' management teams is to deliver the operational and financial objectives set by PPF Telecom Group B.V. and manage the commercial, financial and regulatory aspects of the respective subsidiary's operations.

The head of each of the Group's segments meets weekly with senior management. Senior management also holds monthly





### 5.3 Governance

review meetings with the CEO, CFO and CCO of each of the group's segments to discuss financial, business and operational performance for the previous month. Ad hoc meetings on specific topics are also organised at the appropriate level.

The strategy of PPF Telecom Group B.V. and its subsidiaries is executed at three levels – PPF Group, PPF Telecom Group B.V. and its operating subsidiaries. Annual and long-term strategic plans are prepared every year, with a detailed bottom-up approach and approved at by PPF Group as the shareholder of PPF Telecom Group B.V. PPF Telecom Group B.V. primarily focuses on optimising and achieving synergies, organic growth, investments into infrastructure, innovation and technology and improving efficiency to strengthen its business resilience, maximize its core expertise and develop new business areas.



## Strengthening corporate governance at CETIN

### Case Study

To further strengthen its corporate governance, CETIN Group N.V. introduced an audit and risk committee, a nomination, remuneration and ESG committee, and a related party and material contracts committee.

#### Audit and Risk committee

Because CETIN Group N.V.'s securities are not traded on a regulated market, CETIN Group N.V. is not a public interest entity and is not required to establish an audit committee. The shareholders of CETIN Group N.V. have nonetheless agreed that such a committee should be established. Accordingly, the Audit and Risk Committee (the "AR Committee") was established by the resolution of the Board of Directors on 26 May 2022. The AR Committee consists of at least two directors, one of whom must be the Independent Director, and (if considered appropriate) one or more other persons, provided that the majority of the AR Committee members are directors. Members of the AR Committee are appointed and removed by the Board of Directors. The AR Committee meets as often as it deems appropriate to discharge its responsibilities. The AR Committee meets with the CETIN Group's external auditor as often

as it deems necessary, but at least once every year. The AR Committee regularly reports its deliberations and findings to the Board of Directors, at least once every year. The internal audit function has direct access to and reports directly to the AR Committee. The AR Committee ensures that the internal audit function also has direct access to the external auditor.

#### Nomination, Remuneration and ESG Committee

The Nomination, Remuneration and ESG Committee (the "NRE Committee") was established by the resolution of the Board of Directors on 26 May 2022. The NRE Committee consists of at least two directors, and (if considered appropriate) one or more other persons, provided that the majority of the NRE Committee members are directors. Members of the NRE Committee are appointed and removed by the Board of Directors. The NRE Committee meets as often as it deems appropriate to discharge its responsibilities. The NRE Committee regularly reports its deliberations and findings to the Board of Directors.

#### Related Party and Material Contracts Committee

The Related Party and Material Contracts Committee (the "RPMC Committee") was established by the resolution of the Board of Directors on 26 May 2022. The RPMC Committee consists of an independent observer, at least two directors, and (if considered appropriate) one or more other persons, provided that the majority of the RPMC Committee members are directors. Members of the RPMC Committee are appointed and removed by the Board of Directors. The RPMC Committee meets as often as it deems appropriate to discharge its responsibilities. The RPMC Committee regularly reports its deliberations and findings to the Board of Directors.



5.4

## ESG GOVERNANCE

**P**PF Telecom Group's sustainable business strategy has been designed for close alignment between its business goals

and the maximum possible socio-economic benefit achievable through these goals. The Group provides an overview of the governance processes underpinning its approach to a sustainable business strategy. The strategy summarised in the report was created with input and advice from many stakeholders and was formally approved by senior management as the highest executive body of PPF Telecom Group.

Ensuring a commitment to effective operational implementation, **the ultimate accountability for the Group's sustainability strategy rests with the CEO and the PPF Telecom Group Sustainability Executive Committee.**

The committee is led by the **Group's Chief Sustainability Officer** and supported by the Group's senior management. The committee reviews progress on the Group's sustainable business strategy every quarter and is responsible for ensuring accurate and prompt sustainability-related disclosures.

### **The PPF Telecom Group Sustainability Steering Committee**

was established to define and lead the Group's sustainability-related activities. The committee meets monthly and works with the Group's local market and professional function teams to advance the various programmes, projects and initiatives presented in this report. Implementation of the sustainable business strategy relies on leadership within the relevant business areas – the committee provides advice and guidance while supporting the operational delivery of the Group's sustainable business agenda in conjunction with sustainable business specialists in each of its local markets.

The Management Board of PPF Telecom Group receives an update on the progress of the Group's sustainable business strategy once a year.

To fully integrate the Group's sustainability strategy into the organization, we will need to conduct training and encourage everybody in the company to support this objective. **Sustainability-related training will be introduced across the entire Group with the aim of achieving 100% participation at senior management level and at least 50% employee participation by 2023.**

5.5

## SUSTAINABLE SUPPLY CHAIN

### OUR FOCUS

Establishing a sustainable supply chain programme to improve PPF Telecom Group's environmental stewardship and social responsibility.

### OUR TARGET

- Establish a sustainable supply chain programme which addresses legal and environmental responsibilities and human rights. Implement the programme with key suppliers by 2024.

### HOW WE MANAGE

One of our priorities is to introduce supply chain integrity across the entire Group. We will also encourage anyone who works with us, directly or indirectly, to adopt sustainable business practices.

The Group is developing a comprehensive supplier engagement plan and establishing the policies and procedures to start dialogues with key suppliers to align its values on climate change, ethics, human rights protection, health and

safety and product stewardship. The Group is aiming for integrity in its supply chains by managing a range of legal, social, ethical and environmental risks.

The Group is learning from its peers and industry experts and collaborating to obtain the best information and best practices. A Supplier Code of Conduct is planned for release and publication in 2023.





5.6

## EU TAXONOMY

**T**he EU Taxonomy serves as a shared framework for investors and companies to assess the sustainability of economic activities in Europe. It adopts an environmentally focused and scientifically based approach, with the ultimate goal of achieving climate neutrality by 2050.

In 2022, PPF Telecom Group conducted an analysis on the EU Taxonomy, recognizing its significance in promoting sustainable economic activities. From this analysis, the Group identified potentially eligible economic activities in its operations.

With a firm commitment to sustainability, PPF Telecom Group aims to align its business practices with the EU Taxonomy in the coming years. The Group recognizes the opportunity and need to explore and meet the technical criteria required to ensure compliance and meet future reporting obligations under the Corporate Sustainability Reporting Directive (CSRD) directive. By focusing on these efforts, PPF Telecom Group strives to contribute to a greener and more sustainable future while demonstrating our commitment to transparency and accountability.

**In 2022, PPF Telecom Group conducted an analysis on the EU Taxonomy, recognizing its significance in promoting sustainable economic activities. From this analysis, the Group identified potentially eligible economic activities in its operations.**

5.7

## ABOUT THIS REPORT

**T**his report has been prepared with recognised reporting frameworks in mind, including the Global Reporting Initiative (GRI)

2021 standards, to align PPF Telecom Group with the United Nations Sustainable Development goals (SDGs) and reflect the GHG Protocol for Scope 1, 2 and 3 emissions calculations and reporting. The Group has not sought external assurance of the report.

PPF Telecom Group's sustainability report is available at the link [www.ppftelecom.eu/sustainability](http://www.ppftelecom.eu/sustainability). Sustainability reports published by the Group's companies can also be found here. Companies under PPF Telecom Group also publish certain policies on their respective websites. Financial information for the year ending 31 December 2022 is published here: <https://www.datocms-assets.com/56100/1679567146-telecom-group-annual-accounts-2022-public.pdf>.

This report was drafted in English.

Data for 2022 were collected in the first half of 2023 and are reported as of 31 December 2022, unless indicated otherwise.

This report was issued on 5 September 2023.



# GRI CONTENT INDEX

Statement of use: PPF Telecom Group B.V. has reported the information cited in the GRI content index for period 1 January to 31 December 2022 with reference to the GRI standards.

## GRI 2: General disclosures 2021

Profile disclosure	Description	Reported in chapter	Reference page / Explanation
GRI 2-1	Organizational details	1.3 About PPF Telecom Group 5.3 Governance	7 95 Location of headquarters: Strawinskylaan 933, 1077 XX Amsterdam The Netherlands
GRI 2-2	Entities included in the organization's sustainability reporting	1.3 About PPF Telecom Group	7
GRI 2-3	Reporting period, frequency and contact point	5.7 About this report	98 Klára Zavadilová, <a href="mailto:zavadilova@ppf.cz">zavadilova@ppf.cz</a>
GRI 2-4	Restatements of information	-	No restatements
GRI 2-5	External assurance	-	Not applicable
GRI 2-6	Activities, value chain and other business relationships	1.3 About PPF Telecom Group 1.7 Impacts along the value chain and our management approach	7 19
GRI 2-7	Employees	3. People	48 <a href="#">Data annex</a>
GRI 2-9	Governance structure and composition	5.3 Governance	95
GRI 2-14	Role of the highest governance body in sustainability reporting	5.3 Governance	95
GRI 2-15	Conflicts of interest	5. Transparency	90
GRI 2-16	Communication of critical concerns	5. Transparency	90
GRI 2-22	Statement on sustainable development strategy	1.4 Our sustainability approach	11
GRI 2-23	Policy commitments	1.4 Our sustainability approach 5. Transparency	11 90
GRI 2-24	Embedding policy commitments	1.4 Our sustainability approach 5.3 Governance	11 95





Profile disclosure	Description	Reported in chapter	Reference page / Explanation
GRI 2-25	Processes to remediate negative impacts	1.4 Our sustainability approach 5.3 Governance	11 95
GRI 2-26	Mechanisms for seeking advice and raising concerns	5. Transparency	90
GRI 2-27	Compliance with laws and regulation	5. Transparency	90
GRI 2-28	Membership associations	1.8.1 Associations	24
GRI 2-29	Approach to stakeholder engagement	1.8 Stakeholder engagement	21
GRI 2-30	Collective bargaining agreements	3.3.1 Employment and working conditions	52

### GRI 3: Material topics 2021

Profile disclosure	Description	Reported in chapter	Reference page / Explanation
GRI 3-1	Process to determine material topics	1.6 Materiality assessment	18
GRI 3-2	List of material topics	1.6 Materiality assessment	18
GRI 3-3	Management of material topics	1.6 Materiality assessment 2. Environment 3. People 4. Technology 5. Transparency	18 27 48 68 90

### GRI 302: Energy 2016

Profile disclosure	Description	Reported in chapter	Reference page / Explanation
GRI 302-1	Energy consumption within the organization	2.2 Climate change, energy and emissions	29 <a href="#">Data annex</a>
GRI 302-2	Energy intensity	2.2.1 Energy, greenhouse gases and other air polluting emissions	30 <a href="#">Data annex</a>
GRI 302-4	Reduction of energy consumption	2.3 Our decarbonization strategy	36

**GRI 305: Emissions 2016**

Profile disclosure	Description	Reported in chapter	Reference page / Explanation
GRI 305-1	Direct (Scope 1) emissions	2.2.1 Energy, greenhouse gases and other air polluting emissions	30 <a href="#">Data annex</a>
GRI 305-2	Energy indirect (Scope 2) GHG emissions)	2.2.1 Energy, greenhouse gases and other air polluting emissions	30 <a href="#">Data annex</a>
GRI 305-3	Other indirect (Scope 3) GHG emissions	2.2.1 Energy, greenhouse gases and other air polluting emissions	30 <a href="#">Data annex</a>
GRI 305-4	GHG emissions intensity	2.2.1 Energy, greenhouse gases and other air polluting emissions	30 <a href="#">Data annex</a>
GRI 305-5	Reduction of GHG emissions	2.3 Our decarbonization strategy	36

**GRI 306: Waste 2020**

Profile disclosure	Description	Reported in chapter	Reference page / Explanation
GRI 306-1	Waste generation and significant waste-related impacts	2.4 Waste and the circular economy	41 <a href="#">Data annex</a>
GRI 306-2	Management of significant waste-related impacts	2.4 Waste and the circular economy	41
GRI 306-3	Waste generated	2.4 Waste and the circular economy	41 <a href="#">Data annex</a>
GRI 306-4	Waste diverted from disposal	2.4 Waste and the circular economy	41 <a href="#">Data annex</a>
GRI 306-5	Waste directed to disposal	2.4 Waste and the circular economy	41 <a href="#">Data annex</a>



**GRI 308: Supplier environmental assessment 2016**

Profile disclosure	Description	Reported in chapter	Reference page / Explanation
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	1.7 Impacts along the value chain and our management approach 5.5 Sustainable supply chain	19 97

**GRI 2-7: Employees 2021**

Profile disclosure	Description	Reported in chapter	Reference page / Explanation
GRI 2-7	Employees	3. People	48 <a href="#">Data annex</a>

**GRI 401: Employment 2016**

Profile disclosure	Description	Reported in chapter	Reference page / Explanation
GRI 401-1	New employee hires and employee turnover	3.3 Employment and employee development	51 <a href="#">Data annex</a>

**GRI 401: Employment 2016**

Profile disclosure	Description	Reported in chapter	Reference page / Explanation
GRI 403-1	Occupational health and safety management system	3.3.4 Health, safety and wellbeing	60
GRI 403-5	Worker training on occupational health and safety	3.3.4 Health, safety and wellbeing	60
GRI 403-6	Promotion of worker health	3.3.4 Health, safety and wellbeing	60
GRI 403-8	Workers covered by an occupational health and safety management system	3.3.4 Health, safety and wellbeing	60 <a href="#">Data annex</a>
GRI 403-9	Work-related injuries	3.3.4 Health, safety and wellbeing	60 <a href="#">Data annex</a>

**GRI 404: Training and education 2016**

Profile disclosure	Description	Reported in chapter	Reference page / Explanation
GRI 404-1	Average hours of training per year per employee	3.3.2 Attracting and retaining talent	53 <a href="#">Data annex</a>
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	3.3.2 Attracting and retaining talent	53
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	3.3.2 Attracting and retaining talent	53 <a href="#">Data annex</a>

**GRI 405: Diversity and equal opportunity 2016**

Profile disclosure	Description	Reported in chapter	Reference page / Explanation
GRI 405-1	Diversity and governance bodies and employees	3.3.3 Diversity, equality and inclusion	3.3.3 <a href="#">Data annex</a>

**GRI 406: Non-discrimination 2016**

Profile disclosure	Description	Reported in chapter	Reference page / Explanation
GRI 406-1	Incidents of discrimination and corrective actions taken	5.2 Business ethics and transparency	92 <a href="#">Data annex</a>

**GRI 414: Supplier social assessment 2016**

Profile disclosure	Description	Reported in chapter	Reference page / Explanation
GRI 414-2	Negative social impacts in the supply chain and actions taken	1.7 Impacts along the value chain and our management approach 5.5 Sustainable supply chain	19 97



**GRI 416: Customer health and safety 2016**

Profile disclosure	Description	Reported in chapter	Reference page / Explanation
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.4 Network deployment	61 <a href="#">Data annex</a>

**GRI 418: Customer privacy 2016**

Profile disclosure	Description	Reported in chapter	Reference page / Explanation
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.5 Cybersecurity, digital and personal data protection	84

**GRI 205: Anti-corruption 2016**

Profile disclosure	Description	Reported in chapter	Reference page / Explanation
GRI 205-3	Confirmed incidents of corruption and actions taken	5.2 Business ethics and transparency	92 <a href="#">Data annex</a>



## Disclaimer

The data and information in this report, which has been prepared by PPF Telecom Group B.V. and its subsidiaries (the Group) are presented for informational purposes only. Information included in this report is provided to the public for the purpose of transparency in our environmental, social and governance (ESG) initiatives. Our approach to the disclosures included in this report are different from those used in mandatory regulatory reporting.

This report does not constitute or shall not be viewed as a recommendation or solicitation of an offer to buy or sell any securities or to adopt an investment strategy. The information in this report is only as current as the date indicated and may be superseded by subsequent market events or for other reasons, and the Group assumes no obligation to update the information herein. Nothing contained herein constitutes investment, legal, tax, or other advice nor shall it be relied on to make an investment or other decision.

This report contains certain forward-looking statements. All statements other than statements of historical or current fact included in this report, including, without limitation, those regarding the financial position, business strategy, management plans and objectives for future operations of the Group are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Group's actual results, performance or achievements, or industry results, to be materially different from those expressed

or implied by these forward-looking statements due to a variety of factors, including, among others, global socio-demographic and economic trends, climate-related conditions and weather events, legislative and regulatory changes, and other unforeseen events or conditions. These forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group expects to operate in the future. Any forward-looking statements made by or on behalf of the Group refer only to the date of their issue. The Group does not undertake to update forward-looking statements to reflect any changes in its expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. You should not place undue reliance on any forward-looking statement.

Certain information contained herein relating to any goals, targets, intentions, or expectations, is subject to change, and no assurance can be given that such goals, targets, intentions, or expectations will be met. Statements based on hypothetical or severely adverse scenarios and assumptions should not necessarily be viewed as representative of current or actual risk or forecasts of expected risk. While future events discussed in this report may be significant, any significance should not be read as necessarily rising to the level of materiality of the disclosures required under respective laws and regulations in particular securities law, even if we use the word "material" or "materiality" in this

report in relation to those statements or in other materials that we may release from time to time in connection with the matters discussed herein.

The reported impact of initiatives provided in this report is based on internal analysis of the Group. Impacts of such initiatives are estimates that have not been verified by a third party and are not necessarily reported according to established voluntary standards or protocols. The Group does not guarantee the accuracy, adequacy, or completeness of such information. They may also reflect the influence of external factors such as macroeconomic or industry trends. There is no guarantee that results shown will be replicated in the future or that the actual results will be better or worse in future years.





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