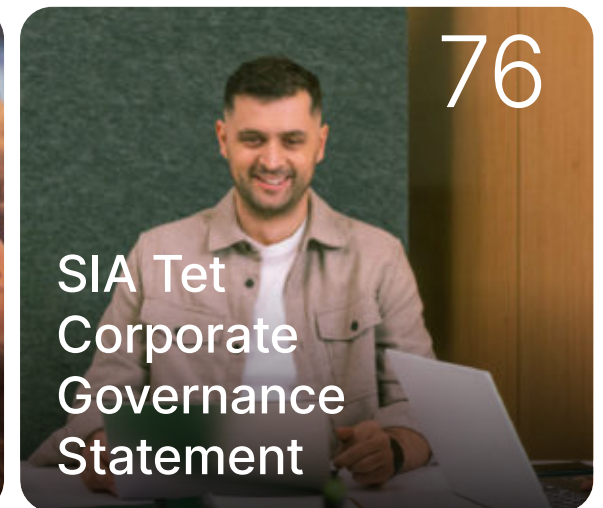
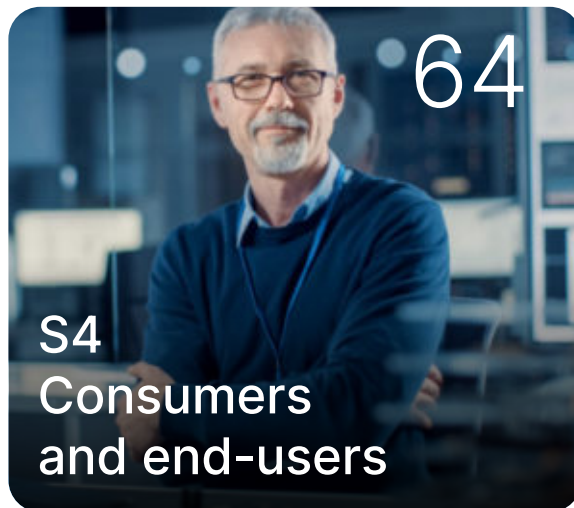
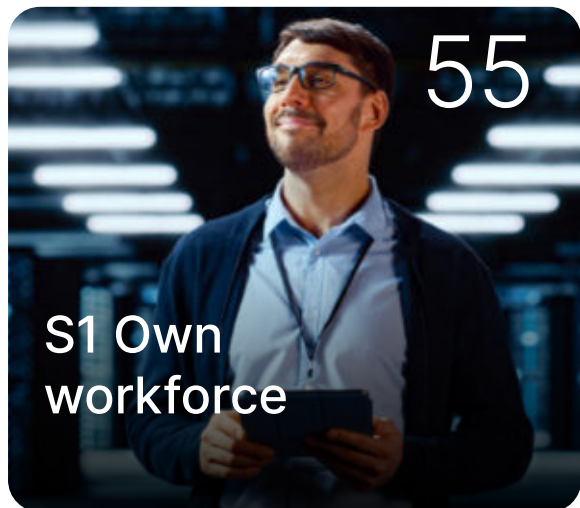
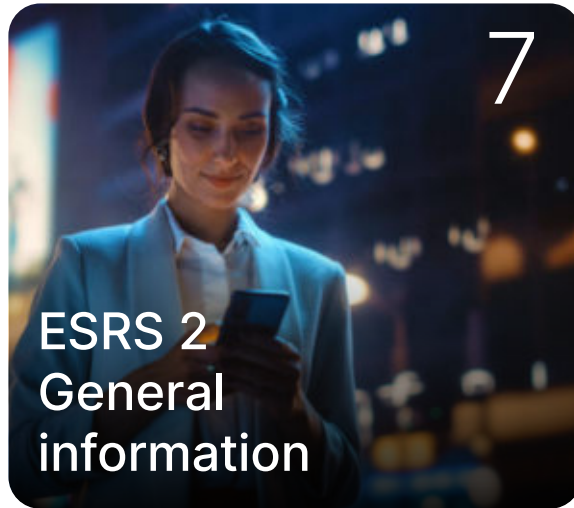


An aerial photograph of a dense, vibrant green forest. A dark, winding river or stream meanders through the trees, creating several loops and curves. The sunlight filters through the canopy, creating a mix of bright green and deep shadows. The overall scene is a lush, natural landscape.

tet

Tet sustainability
report
2023

Content





Dear clients, colleagues and partners!

The year 2023 has passed in a time marked by the need to look for new development drivers in the Latvian economy, to accelerate the transformation of the digital, energy and export sectors, and all these changes are impossible without powerful technology based on a fast and powerful optical Internet network.

Our company's mission – to make the world of technology understandable and accessible to everyone – is not just an inspiring principle, but the company's commitment to implement it both through our services and annually expanding the network and increasing digital and cybersecurity skills throughout Latvian society.

We have a strong incentive to reduce energy consumption in the network and in data centers, which is a driver of our competitiveness and at the same time supporting energy efficiency as a strategic principle in national economic policy. In 2023, we kicked-off a gradual inclusion of green energy in our energy consumption mix in order to be a good business partner for both – reliable services and shared values.

Environmental sustainability, human development and technology security continue to be fundamental pillars of our company's sustainability, but our approach to managing our sustainability impacts, risks and opportunities is becoming an increasingly effective management system. Since last year, in addition to financial and business goals, we have also set sustainability goals for the company, which play a role in evaluating Tet's annual achievements. We are proud that the sustainability goals for 2023 have been achieved, but this year we have set an even higher bar in this area, contributing to the strengthening of environmental, social and governance aspects in business processes, models and strategy. All relevant information about the company's sustainability performance is summarized in this sustainability report.

Uldis Tatarčuks,
Chief Executive Officer of SIA Tet
April, 2024





Material ESG topics

Environment

Reduction of CO₂ emissions
Resource efficiency



Bridging the digital divide

Internet access
Digital skills



Cybersecurity

Reducing cyber risks in society
The company's own cybersecurity



Human rights in customer relations

Inviolability of privacy and freedom of expression



Work environment

Safe, secure, well-being and growth-enhancing workplace
Fair remuneration, inclusion and diversity



Business conduct

Maturity of corporate governance
Corporate business principles





Tet Sustainability Targets 2023

	Scope	Target	Actual
Renewables in electricity mix	SIA Tet	100% (2030)	-
Core equipment reuse rate, share of new installations	SIA Tet	55%	64%
HiPO index score	Group	82	81
Number of people who will participate in educational activities organised and supported by Tet to advance technology and digital security knowledge	SIA Tet	20000	33000



Environmental sustainability

- Tet is the largest owner of the electronic communications infrastructure. Tet annually expands internet coverage so that as many Latvian residents and businesses as possible have access to a stable and reliable Internet network. The optical Internet network, which is the core technology used in the Tet network, is, and for many years to come will be, the most powerful technology that will enable innovative solutions, but also the most energy-saving way to get to the Internet.
- Network equipment and data centers are becoming increasingly energy efficient. In 2023, the upgrade of equipment in the network and data centers was continued, but the largest added energy efficiency is provided by the change of technologies with the gain of 375 MWh/year. The company invests about 300 tEUR annually to improve the energy efficiency of data centers.
- We are strengthening the functionality of our Tet Cloud to make it the most powerful and demanded platform in Latvia. Cloud services contribute to sustainability by dematerialising IT solutions – the customer does not need to build their infrastructure with physical equipment, instead using virtual resources. On average, approximately 40% of the capacity of all Tet data centers is used to provide cloud services and hybrid solutions, which contributes to sustainability reducing the need for equipment and promoting optimal utilization of capacity.
- In order to reduce the amount of equipment waste in Tet's operations, we take care that the equipment used for our core services is used for full life cycle. In 2023, when installing new Tet core services, 64% of the cases this was done with reused equipment such as modems, routers and TV equipment.



- In cooperation with Neste, the world's largest renewable diesel producer, Tet has started using renewable diesel to power data center back up power generators in two data centers, significantly reducing respective part of CO₂ emissions.
- Gradually moving towards the 2030 target for switching to the renewable electricity for the provision of Tet services and other self-consumption, in 2024 Tet will ensure share of 15% of renewable energy. In addition, this electricity is of national origin, thus Tet contributes to the development of renewable energy in Latvia.
- We are building a portfolio of services that reduces the need for equipment, such as Tet TV+, which enables content watching without the customer's terminal equipment (set-top-box), as well as on smaller and therefore more energy-saving screens.
- In addition direct impact, ITC companies like Tet can also help reduce emissions, energy or other resource consumption in other areas of the economy. Expanding the smart district in Kipsala, Riga, equipped with Tet smart lighting system, in October 2023 an environmental and air quality monitoring station was opened, with the measurement data readable to everyone right on the street. This allows neighborhood residents to keep an eye on environmental and air quality, which is an essential part of residents' safety and well-being.



Human development and technology security

- A society educated about digital risks is one of the prerequisites for the successful development of the country, therefore Tet improves the accessibility of the digital environment, not only by expanding the optical Internet network, but also by implementing social initiatives to educate different groups of society about digital security and technology opportunities. Tet is a leader in educating the public about internet security (KANTAR).
- In 2023, more than 33 thousand people participated in Tet's educational activities, thus reaching the goal set by the company. Of these, 12 thousand are viewers of the "Tet Digital Security School for Kids" program "Richie Roe and the Internet".

- Thanks to the development of technology, cyber attackers are also gaining their advantage, who are able to mislead the victim and trick both valuable data and money from him/her in increasingly creative and reliable ways. Tet provides a wide range of IT security services - from performing separate tasks to fully managing the company's IT security. We blocked most of the dangerous attacks on our customers, regularly inform users about IT security vulnerabilities, and cooperate with the CERT.lv to address infrastructure protection and security vulnerabilities. We take care of the company's own IT security from the perspective of both technology and employee knowledge.

Major projects in public education on digital safety and skills for 2023 are:

An initiative for preschoolers, their parents and educators "Tet Digital Security School for Kids", developed in cooperation with the NGO "Drošāka interneta centrs";



In cooperation with Riga Business School, the Harvard University digital competence content has been introduced to pupils and teachers, and events have been organized for IT teachers and students;



Activities to improve cybersecurity skills for both businesses and individuals, including the forum "CyberShield";



Support and mentoring of Riga TechGirls training "Get to know technologies", which promotes the inclusion of women in the technology sector and develops their digital skills.





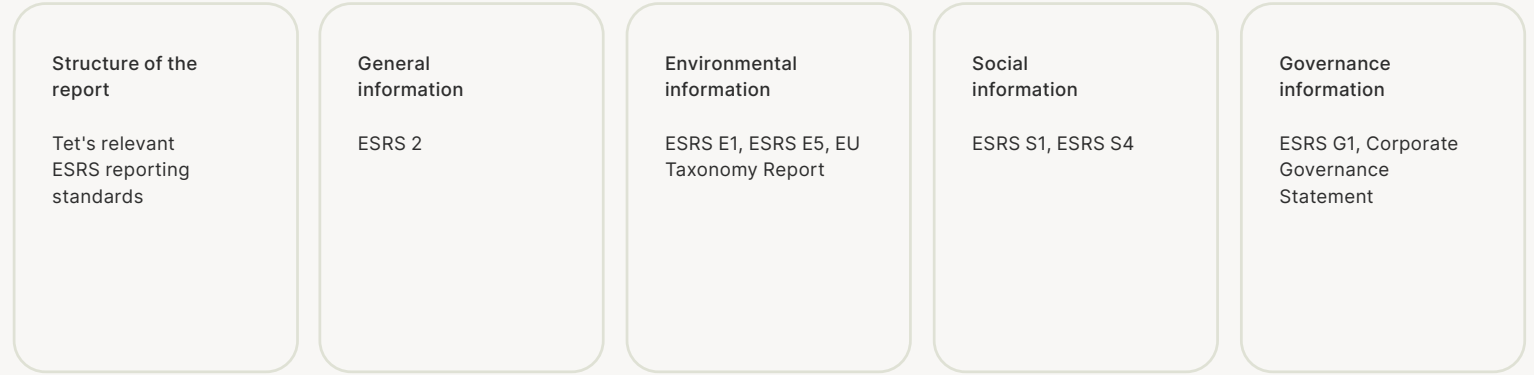
General information ESRS 2



General information

The sustainability report has been prepared for the reporting year 2023 and covers the activities of Tet Group, except for the activities of SIA Citrus Solutions and Citrus Solutions GmbH, which, as companies representing a different industry, will be added to the report for the next reporting year. The structure of the Tet Group is described in the CONSOLIDATED ANNUAL REPORT OF TET GROUP General information section, while the scope of this report includes SIA Tet, SIA Helio Media, SIA Baltijas Datoru akadēmija (BDA), SIA Lattelecom, SIA Data Experts. In the preparation of sustainability information for 2023, the Group continues to improve the detail of reporting and compliance with the EU sustainability reporting standard ERS by expanding the detailing, as well as adding new targets that more comprehensively characterize the company's sustainability work. The obligation to prepare a consolidated sustainability report, which fully complies with the EU corporate sustainability reporting requirements, enters into force for the Tet Group for the reporting year 2025. In the reporting year, SIA Tet implemented a reorganization through merger, adding SIA Telia Latvija as an acquiring company in August 2023, including taking over the infrastructure of SIA Telia Latvija, which is also reflected in the changes in the indicators of this report. This sustainability report has been prepared through the progressive application of the requirements of the Directive of the European Parliament and of the Council on corporate sustainability reporting (EU) 2022/2464 (CSRD) to the extent that they are proportionate to the existing scope of the company's sustainability practices. This version of sustainability report is a translation from the original, which was prepared in Latvian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, the original language version takes precedence over this translation.

Information for communicating about the content of the report:
 Adriāna Kauliņa, Chief Sustainability Officer, adriana.kaulina@tet.lv
 The report is published: 29.04.2024. and updated 03.06.2024.



Tet Sustainability Reporting Practices





Sustainability management in the company

The company's corporate governance principles, including the functions of the Board and the Council, are described in the CORPORATE GOVERNANCE STATEMENT included in this report.

The company's Board is responsible for the company's sustainability performance and implementation of sustainability processes. The Board implements supervision of sustainability as any other business area and its day-to-day management, exercising its competence in accordance with the Commercial Law, the Articles of Association of SIA Tet, the terms of agreements concluded between SIA Tet owners and the rules of procedure of the Board of SIA Tet.

The company has created the position of Chief Sustainability Officer (CSO), which is directly subordinate to the Chief Executive Officer. The CSO is responsible for the sustainability assessment processes, the development of the company's sustainability strategy, goals and objectives, the implementation of the strategy in cooperation with the companies and structural units of the Group, as well as the provision of corporate sustainability reporting.

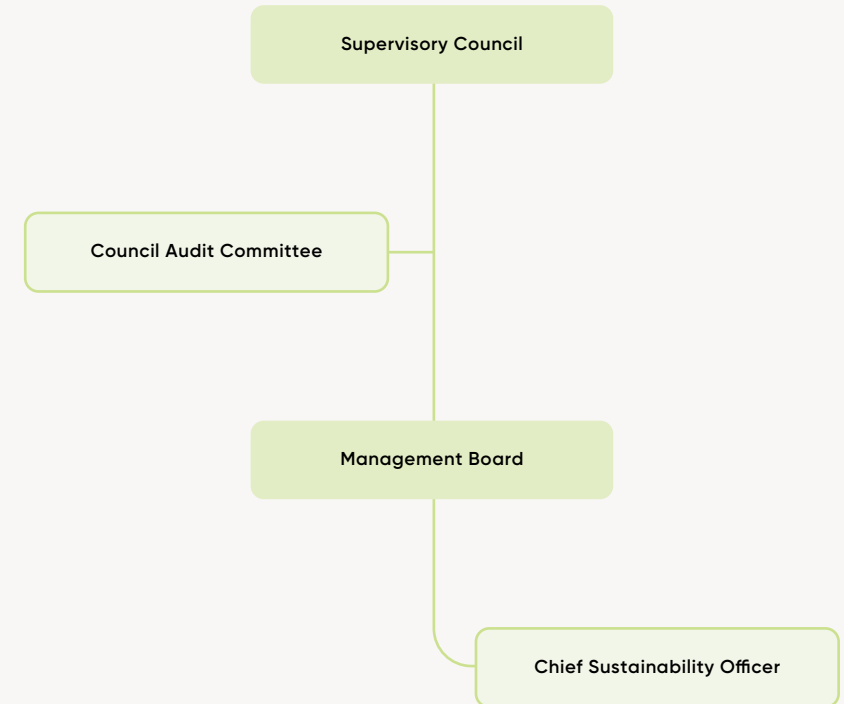
Several times a year, sustainability issues are on the Council's agenda, where the CSO or CEO informs the Council about the status of the implementation of the company's sustainability strategy, helping the Council to monitor the performance and effectiveness of the business area. The report on sustainability development is included quarterly in the management report to the Council, and sustainability is one of the parts of the annual company strategy review, approved by the Council. The Council endorses the ESG targets and monitors progress. Company's Council members are not considered independent in accordance with the criteria defined in the national Corporate Governance Code.

Employee representation in management bodies is not implemented. During the reporting period, there are no appointed members to positions on the Board and Council who would have held a related position in public administration or supervisory bodies for 2 years prior to their appointment.

The sustainability area is governed by the Tet Group's sustainability policy and the Tet Group's sustainability impact, risk and opportunity management procedure, which are described in the IDENTIFICATION AND ASSESSMENT OF MATERIAL SUSTAINABILITY IMPACTS, RISKS AND OPPORTUNITIES section of this report. In 2024, work is underway on the development of a risk management and internal control system in relation to sustainability reporting processes.

Diversity of management bodies

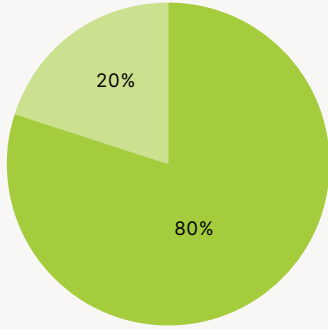
The representation of different, complementary competences, work experiences, perspectives, education, nationalities, age groups, gender in the work of management bodies is considered an asset. Diversity strengthens the quality of Board and Council discussions and decisions, thus contributing to Tet's growth, sustainability, risk management and resilience in crisis situations. The management body shall make good use of the diversity parameters and, where there are differences, shall appropriately balance them as far as possible. The following indicators characterize the diversity of management bodies – Board, Council and Management team consisting of the CEO and subordinate level 1 managers in companies included in the scope of this report. The description of the business experience of the members of the Board and the Council is reflected in the consolidated annual report of Tet Group.





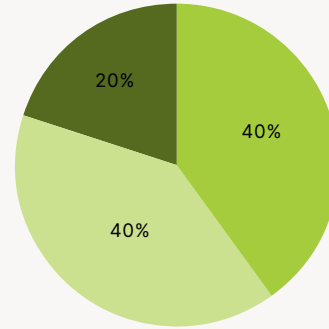
Distribution by gender, Board

● Male ● Female



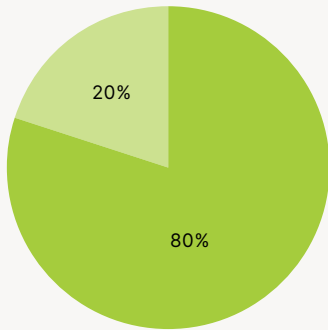
Distribution by maturity in role of Board member (on 31/12/2023)

● Less than 1 year ● 1-5 years ● Over 5 years



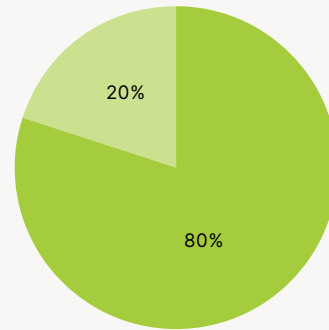
Distribution by age, Board

● Less than 30 years ● 30-50 years ● Over 50 years



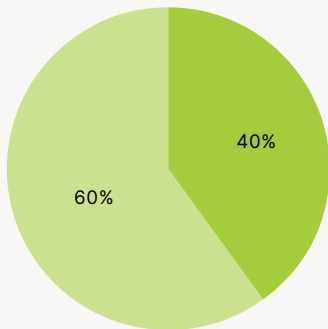
Distribution by field of education, Board

● Social sciences ● STEM



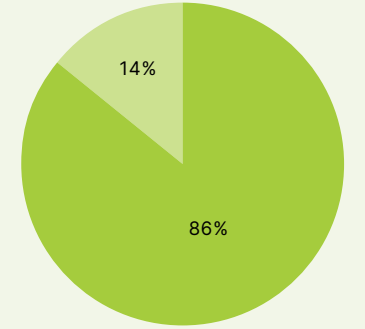
Board education in corporate governance issues

● BICG Board Member Education Certificate ● Without specialized education



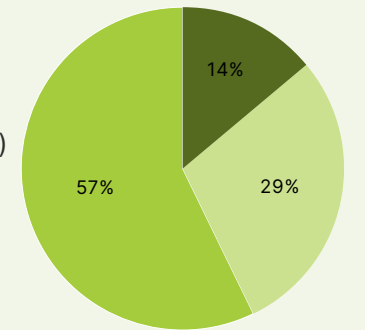
Distribution by gender, Council

● Male ● Female



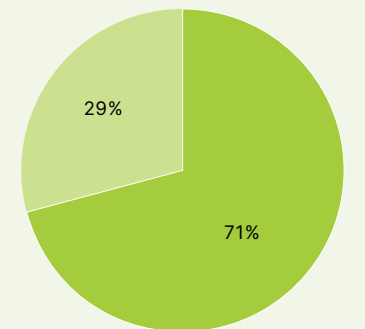
Distribution by maturity in role of Council member (on 31/12/2023)

● Less than 1 year ● 1-5 years ● Over 5 years



Distribution by age, Council

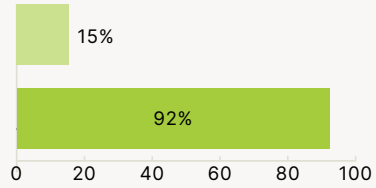
● Less than 30 years ● 30-50 years ● Over 50 years





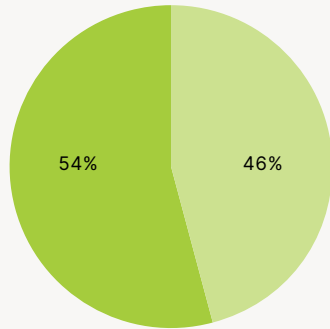
Distribution by field of education, Management Team

- STEM
- Social sciences



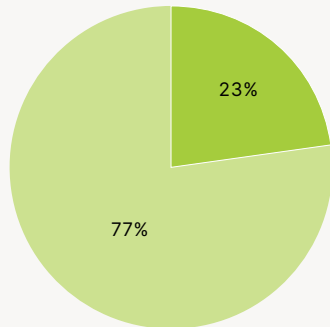
Distribution by gender, Management Team

- Male
- Female



Distribution by age, Management Team

- Less than 30 years
- 30-50 years
- Over 50 years





Sustainability competencies of management bodies

The day-to-day management of the company is strengthened by the extended management team, which includes managers directly subordinated to the CEO, whose position provides an opportunity to significantly influence the direction of Tet's operations, and their qualifications also provide knowledge of the company's essential sustainability topics. A detailed mapping of the sustainability competencies that the extended management team develops within its area of responsibility is included.

The CSO participates in the company's regular Board meetings and operational meetings of the management team, informing about sustainability development issues and advising Board members on the sustainability aspects of company's decisions. The CSO also arranges educational and working sessions for the management team on specific ESG topics.

The company's Council conducts a self-assessment once a year, including the assessment of their strongest competencies of the members of the Council. In the next cycle, the list of competences included in the self-assessment will be expanded and made public, also covering the assessment of ESG competences.

Inclusion of sustainability-related performance indicators in incentive schemes

Since 2023, indicators related to sustainability issues have been added to the performance targets of SIA Tet. The selection of indicators represents the most important directions of the company's activities in the field of

sustainability, as well as their choice is influenced by the availability of data. ESG (together with the company's operational efficiency) goals in 2023 had a 25% weight in the totality of SIA Tet's goals. The results of achieving the objectives are presented in the thematic sections of this report. The results of achieving the ESG goals affect the size of the variable part of the annual remuneration for the company's management team and also for part of the company's employees. The goals are approved by the company's Council. Also for 2024, targets related to sustainability issues have been set, now both at the level of SIA Tet and the Group. Energy efficiency indicators have been added to the set of goals for 2024, since electricity consumption is the most significant climate impact of the company and a source of emissions, which is under the direct influence of the company.

SIA Tet ESG target structure in 2023

- Starting a corporate sustainability reporting practice (one-off short term goal)
- Reuse of core service equipment
- Number of persons involved in educational activities organised and supported by Tet to promote knowledge of technology and digital security
- Employee engagement/HiPO indicator

Mapping of sustainability competencies of Board members and extended company management team members (on 31/12/2023)

Chief executive officer, chairman of the management board

Stakeholder relations, incorporating sustainability aspects into the business strategy

Chief commercial officer, member of the management board

Development of a low-emission and/or other sustainability-enhancing services portfolio, stakeholder relations

Chief financial officer, deputy chairman of the management board

Risk management, due diligence processes in the supply chain, responsible tax practices, stakeholder relations.

Chief technology officer, member of the management board

Energy efficiency, circularity, procurement of renewable electricity, network expansion, cybersecurity, monitoring of privacy and freedom of expression, stakeholder relations.

Chief operating officer, member of the management board

Circularity, network expansion, network and service security, customer data privacy, work security.

Chief human resource officer

Sustainable working environment, resource efficiency in building and fleet management, stakeholder relations.

Director of legal affairs

Corporate governance, anti-bribery and anti-corruption, fair competition, protection of personal data, protection of intellectual property, due diligence in the value chain (aspects of money laundering and sanctions), monitoring of privacy and freedom of expression, stakeholder relations.

Chief marketing officer

Public education in the areas of technology literacy and digital security, stakeholder relations.

Chief strategy development officer

The development of new services that reduce the consumption of energy and other resources through modern technologies, relations with the parties of influence, stakeholder relations.

Chief sustainability officer

Sustainability management processes, assessment of sustainability impacts, risks and opportunities, sustainability strategy, calculation of emissions and decarbonisation strategy of the company, corporate sustainability reporting, stakeholder relations.

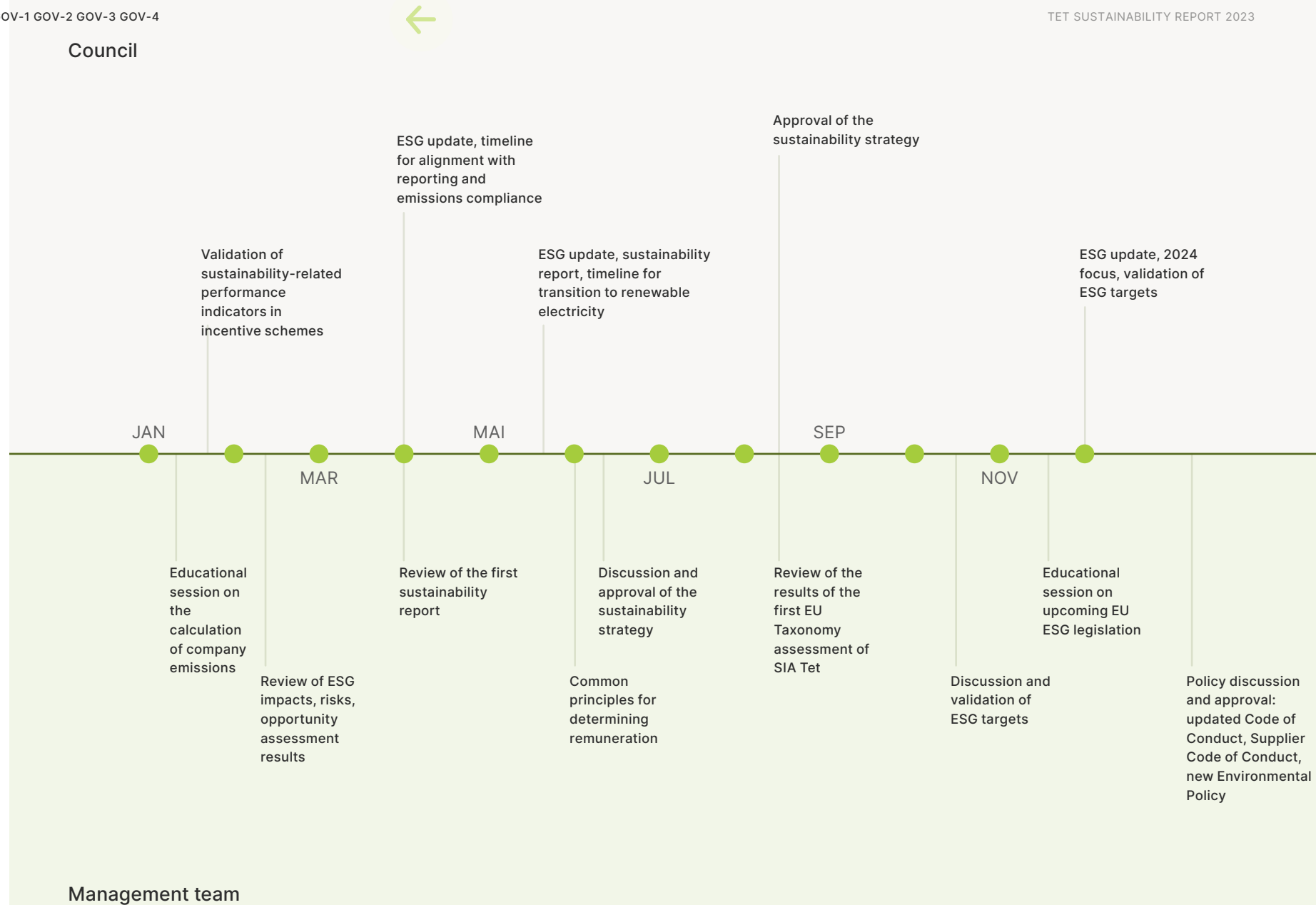
Statement on due diligence

Core elements of due diligence	Relevant parts in the sustainability report
Embedding due diligence in governance, strategy and business model	Sustainability issues on the agenda of Tet management bodies, 13 page
Engaging with affected stakeholders in all key steps of the due diligence	Identification and assessment of significant impacts, risks and opportunities, 29, 16 page
Identifying and assessing adverse impacts	Identification and assessment of significant impacts, risks and opportunities, 20 page
Taking actions to address those adverse impacts	Thematic sections, 38, 50, 55, 64 page
Tracking the effectiveness of these efforts and communicating	Thematic sections, ESG targets, 38, 50, 55, 64 page

Council

Management team

Sustainability issues on the agenda of Tet management bodies in 2023





Strategy, business model and value chain

The main areas of activity of the Tet Group are the provision of fixed network electronic communications services (voice and data transmission, and Internet services), services related to information technologies, contact center services for commercial companies and private customers, sale and servicing of electronic communications and data transmission equipment, electricity trading services, services for the placement of TV content and advertising, as well as the design of electronic communications infrastructure, construction and maintenance.

Tet Group operates in the Latvian, Ukrainian and German markets (the latter concerns Citrus Solutions GmbH, which is not within the scope of this report). The number of employees of the Group at the end of the reporting year was 1,192. A more detailed description is available in the General Information Section of the TET Group's consolidated annual report.

Sustainability at Tet

- Our sustainability ambition is to be a company willing and able to work with the expectations and challenges of 21st century society, including adapting in a timely manner to working in a low-emission economy and other legislative expectations.
- In addition to providing basic services, we provide value to society, also addressing those challenges of the 21st century in which we have competence – cybersecurity, technology literacy and support for industries in the transition to a resource-efficient economy.
- We are the partner that business customers and households can rely on not only for performing services, but also for a responsible business approach, thanks to which we are highly valued and loved among customers and employees.
- The maturity of our company's business practices and governance enables the most informed business decisions.

- Our approach to sustainability issues means addressing them in a substantive and effective way, so our experience in this field is also valuable to other companies.

Tet approach to integrating sustainability into a business strategy

Tet's essential sustainability topics clearly outline the necessary changes in the company's strategy, business model, and value chain to address sustainability risks, impacts, and opportunities. While the positive impact of a responsible working environment and good governance is similar for companies in all areas, environmental and human rights issues in the Tet Group's development strategy place emphasis on decarbonisation, dematerialisation and opportunities for new business development. These are solutions for the relatively high consumption of electricity, which is characteristic of the industry, the need for circularity of equipment, and the use of technologies for the implementation of economic transformation processes – both continuing the development of the Internet network and related services, and entering new business areas. However, sustainability related changes in the company are gradual and do not involve a transition to a fundamentally different business model or dependence on different competencies of employees. There is also a gradual improvement of employees' competencies on ESG issues necessary for business and strategy development (transition to renewable resources, energy and other materials efficiency, circularity to achieve climate neutrality, responsible business practices in the value chain, identification of ESG risks, demand for new low-emission economic products and services, etc.). The employee training that took place in 2023 is described in the section SAFE, PREDICTABLE, WELL-BEING AND GROWTH-ENHANCING WORKPLACE of this report.

Tet sustainability strategy

Decarbonisation

Through the transition to renewable electricity in self-consumption, energy-efficient technologies (optical Internet network) and energy-efficient equipment in the data transmission network and data centers.

Dematerialization

To the reasonable extent we use virtual resources to provide our services instead of physical assets that address both energy efficiency and equipment waste.

New business development

Creating technology solutions for the sustainability of other industries and constantly expanding access to the Internet, which is both the most energy-efficient technology and enables high value-added services, while teaching its customers to use these technologies.

Compatibility of the business model and strategy with the transition to a sustainable economy

Network

- Fiber to reduce energy use
- Energy-efficiency
- Renewable electricity to power network
- Solutions for back-up power
- Circularity – devices and waste
- Climate resilience

Data centers

- Taxonomy alignment / climate and circularity
- Cloud / Service based business models
- Energy- efficiency
- Renewable electricity for power
- Solutions for back-up power
- Cooling solutions and waste heat
- Circularity
- Climate resilience

TV, internet

- Fiber or cellular network to drive IT/OT/AI/data
- Prevent-reduce-reuse devices
- Climate resilience
- Cybersecurity
- Accessibility

B2B IT

- Service based business models
- Circularity
- Cybersecurity

New business

- Enable climate & circular solutions for other sectors, i.e. smart cities
- Solutions for social causes: i.e. speech to text, cybersecurity etc.

Support functions

- Reduce energy consumption – buildings and car fleet
- Renewable electricity, heat and fuel



Value chains

The Group's diversified business strategy links the company to different value chains for the most important business lines.

Related value chains are for electronic communications services, IT and data center business, which form the group's main value chain. It covers equipment manufacturers, network developers and maintainers, network operators, developers of technologies and software, support for the delivery and maintenance of services, other providers of support services or functions. The value chain involves a wide range of clients - legal and private individuals. The most important resources in the value chain are electrical and electronic equipment, electricity and technological knowledge.

ICT companies are large consumers of electricity. Every year, the company invests in the improvement and deployment of the internet core network, as well as in the shutdown and dismantling of old technologies and equipment. This means both the replacement of equipment to more efficient one and the replacement of historical copper networks with fiber optic networks, which not only improves the quality of electronic communications services, but also reduces the energy consumption of the network, as well as the raw materials of these cables are more environmentally friendly. In turn, we sell the copper cables collected as a result of the modernization of the network for metal recovery. In the field of energy resource consumption, energy efficiency in the network and data centers is crucial when choosing efficient equipment and technological solutions. We have strong business incentives to spend less energy.

Although network equipment and data centers are becoming more energy efficient, their total energy consumption increases with the expansion of the company's infrastructure and the increase in data flow. ICT companies consume a significant amount of equipment, as well as create a demand for equipment on the customer's side for the realization of their services. E-waste is the world's fastest growing solid waste stream due to rapidly increasing demand and shorter product lifecycles. Solutions to mitigate the impact can be found in dematerialization, extending the life of equipment and responsible disposal of equipment, promoting material recycling.

Cloud services have an important role to play in this effort. Cloud services contribute to sustainability by dematerialising IT solutions – the customer does not need to build their infrastructure with physical equipment, instead using virtual resources. The use of cloud services contributes to a more economical use of computing power. We are strengthening the functionality of our Tet Cloud to make it the most powerful and sought-after platform in Latvia.

The company, as the holder of relationships with customers, has the opportunity to form new habits in society regarding the energy efficient use, disposal, reuse of equipment. The specifics of the company's activities largely depend on the availability of specialists with professional qualifications in electronics, telecommunications, information technology, computer engineering, computer management, computer science and similar professions. Educational institutions prepare a small number of specialists for whom there is a lot of competition in the labor market.

The MATERIAL SUSTAINABILITY IMPACTS, RISKS AND OPPORTUNITIES section of this report discusses which of the Group's material sustainability topics also appear in value chains.

In obtaining information on issues relevant to the Group's value chain, industry standards specific to the Group's business lines (e.g. SASB Standards, GSMA ESG Metrics for Mobile, MSCI ESG Industry Materiality Map, S&P Global Ratings ESG Materiality Maps and others) were used.

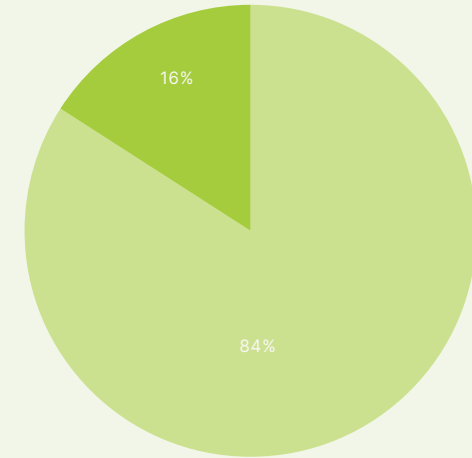
The risk profile of the 44 largest suppliers, of which the volume of goods and services purchased by SIA Tet, SIA Helio Media and SIA BDA accounts for 80% of the expenses in this category, has been assessed using the platform The CountryRisk.io according to the indicator Supply Chain Country Risk, which corresponds to the rating "low" and "very low". In order to improve the accuracy of the assessment, in the 4th quarter of 2024 Tet will start preparatory work for the pilot project of ESG risk assessment of suppliers in order to be able to systemically identify and assess ESG issues specific to the most important suppliers already in 2025.

Upon entering into a contractual relationship, the Tet Group's suppliers are invited to sign the Tet Group's Supplier Code of Conduct, which extends compliance with Tet's essential sustainability principles to suppliers' activities. Meanwhile, the Group's sustainability targets do not include value chain.

Supply chain country risks

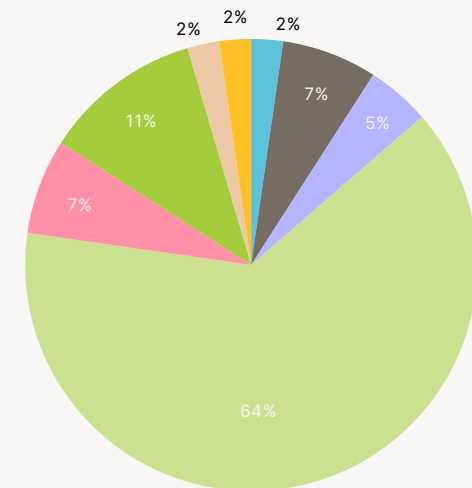
CountryRisk.io Supply Chain Country Risk

- Low
- Very Low



Country of origin of Tet suppliers

- USA
- Estonia
- Ireland
- Latvia
- UK
- Lithuania
- Finland
- Sweden



Interests and views of stakeholders

Stakeholders in our understanding are groups in society that are able to influence the company or those that are influenced by the company through its activities and services, either positively or negatively. Stakeholders may be

1. affected stakeholders: individuals or groups whose interests are or may be affected, positively or negatively, by the company's activities, directly or indirectly; and
2. general users of financial statements and sustainability reports: credit institutions, insurance companies, business partners, trade unions and social partners, civil society and non-governmental organisations, public authorities, analysts, academics, etc.

Ongoing dialogues with company stakeholders are a source to identify company-relevant sustainability topics and assess actual and potential impacts, risks and opportunities. Also the company gains insight into stakeholder expectations and priorities, the importance of the topics, and feedback on our choices and our sustainability performance.

In 2022 sustainability materiality assessment process, we asked the stakeholders via a survey for feedback on our choices of material sustainability matters. The next wider involvement of stakeholders is planned for 2025.





Stakeholder		Engagement form	Frequency	Goal	Engagement result	How the opinion is taken into account	How management bodies are informed of stakeholder views	Most material topics for the stakeholder group (2022)	
Employees	Through employee representatives	Tet Group employees have entrusted the protection of their rights and interests in relations with the employer to the Trade Union LSAB PRO. The collective agreement stipulates that LSAB PRO ensures the circulation of information between the employer and employees. The company provides representatives of LSAB PRO with the opportunity to regularly visit the structural units of the company, meet with individual employees and organize collective meetings, discuss and explain economic, social and other issues of employment legal relations, as well as immediately inform the employer about all violations of the Labor Law and the Collective Agreement. Meetings of the company's management and trade union on topical issues, as well as annual conferences are organized. The employer consults with the LSAB on issues affecting the interests of employees, in particular, before making decisions on pay, working conditions and employment in the company. The collective agreement also provides for the settlement of individual disputes with the participation of representatives of the trade union.	The format and frequency of communication is adjusted depending on the current and considered issues, with the possibility to initiate communication for each of the parties.	Execution of the collective agreement and constant improvement of the working environment.	Currently there are no disputes of collective interests and rights in the company. Complaints and claims of individual employees are examined on the basis of the legal framework specified in external and internal regulatory enactments, including the collective agreement. At the suggestion of the employee or the employer, LSAB PRO is involved in the resolution of dispute.	The opinion of employees and LSAB PRO is taken into account when making decisions affecting the interests of employees. The professional committees of LSAB PRO ensure the exchange of information and opinions in the companies and structural units of the Tet Group. In 2023, in cooperation with the Trade Union, the Tet Group Code of Conduct has been updated.	The representative of the company in the dialogue with the trade union is the Chief Human Resource Officer (1st level manager).	<ol style="list-style-type: none"> 1. Take care of the health, safety and well-being of employees 2. To be a stable and reliable employer who pays fair remuneration, ensures predictable conditions of the employment, etc. 3. Create opportunities for the development of employees' skills and professional development 4. Take care of the company's own high IT security 5. To improve the accessibility of the digital environment in Latvia by expanding the secure and stable Internet network 	
		Survey on material sustainability topics	Every 3 years	Obtaining an opinion in the process of assessing the relevance of sustainability topics	230 employees (2022)	Priority topics are given more weight (importance) in the assessment	The summary is presented to the management team (as part of the sustainability report preparation process), as well as published in the sustainability report		
		HIPO survey (covers engagement, goals and strategy, organization performance, management assessment)	Every year	Find out satisfaction with employment aspects	88% engagement (2023)	Improved management communication, involvement of middle managers in strategy development and communication process	The summary is presented to the management team by Chief Human Resource Officer (1st level manager)		
		Direct employee engagement	Participation in regular individual performance and career development evaluation activities	Every year	Identify current issues	No record keeping for the time being	Improvements in work environment policies, e.g. in the areas of remuneration, benefits		Managers present the feedback to Chief Human Resource Officer, the summary is presented to the management team.
			Online and face-to-face collective meetings - quarterly forums, bi-weekly meetings with CEO; unit directors hold regular seminars, where employees have the opportunity to address questions in person	2x per month and 1x per quarter	Identify current issues	200-300 employees participate in bi-weekly meetings, 60-70% of employees participate in quarterly forums	Improvements in work environment policies and procedures		Direct dialogue
			Daily comments in the intra, employee FB group	Regularly	Identify current issues		Improvements in work environment policies and procedures		Direct dialogue



Stakeholder	Engagement form	Frequency	Goal	Engagement result	How the opinion is taken into account	How management bodies are informed of stakeholder views	Most material topics for the stakeholder group (2022)
Corporate customers	Survey on material sustainability topics	Every 3 years	Obtaining an opinion in the process of assessing the relevance of sustainability topics	45 customers (2022)	Priority topics are given more weight (importance) in the assessment	The summary is presented to the management team (as part of the sustainability report preparation process), as well as published in the sustainability report	1.Ensures the protection of personal data of customers and employees entrusted to the company 2.Takes care of the company's own high IT security 3.To improve the accessibility of the digital environment in Latvia by expanding the secure and stable Internet network 4./5./6. The company works according to the principles of good corporate governance to promote transparency of decisions and activities 4./5./6. Monitors the inviolability of clients' privacy and freedom of expression by fulfilling the statutory obligation to provide information or deny access to Internet sites at the request of state authorities 4./5./6. Technology helps customers reduce resource consumption
	Customers request ESG information in the process of concluding a contract (due diligence)	Regularly	Identify topics that are important to customers	21 request (2023)	Adding to the list of topics for materiality assessment, amending policies, code of conduct, supplier code of conduct	The summary is presented to the management team as part of the annual ESG impacts, risk, opportunities assessment	
Private customers	Survey on material sustainability topics	Every 3 years	Obtaining an opinion in the process of assessing the relevance of sustainability topics	767 customers (2022)	Priority topics are given more weight (importance) in the assessment	The summary is presented to the management team (as part of the sustainability report preparation process), as well as published in the sustainability report	1. To ensure the protection of personal data of customers and employees entrusted to the company 2. To improve the accessibility of the digital environment in Latvia by expanding the secure and stable Internet network 3. Take care of the high IT security of the company 4. Monitor the inviolability of customer privacy and freedom of expression 5. Technology helps customers reduce resource consumption
	Customer complaints	Regularly	Identify topics that are important to customers	4491 (2023)	Improvements in policies and procedures (if applicable)	In the process of examining objections or a summary presented to Chief Operating Officer (member of board)	
Partners (institutions, public organizations, trade union, business partners, business development project partners (suppliers))	Survey on material sustainability topics	Every 3 years	Obtaining an opinion in the process of assessing the relevance of sustainability topics	33 respondents (2022)	Priority topics are given more weight (importance) in the assessment	The summary is presented to the management team (as part of the sustainability report preparation process), as well as published in the sustainability report	1. The company works in accordance with the principles of good corporate governance to promote transparency of decisions and activities 2. Suppliers and business partners are required to have equally responsible business practices 3. Takes care of the company's own high IT security 4. Ensures the protection of personal data of customers and employees entrusted to the company 5. Technology helps customers reduce resource consumption
	Suppliers - in the process of signing the Tet Supplier Code of Conduct	Regularly	Identify significant contradictions regarding expectations from suppliers	68% of procurement contracts (Group, 2023)	At the beginning of 2024, the Tet Group Supplier Code of Conduct was updated	The summary is presented to the management team as part of the supplier code of conduct review process	
	Dedicated and daily business meetings, presenting the company's sustainability performance and networking at public events, participating in public organizations	Regularly	Identify current issues	No record keeping	Amendments to policies and procedures	1st level managers within the daily business processes	



Stakeholder	Engagement form	Frequency	Goal	Engagement result	How the opinion is taken into account	How management bodies are informed of stakeholder views	Most material topics for the stakeholder group (2022)
Owners/ shareholders	Expectation letters	As part of midterm strategy review process	Obtaining an opinion in the process of assessing the relevance of sustainability topics	In 2023 expectation letters received from both shareholders	Priority topics are given more weight (importance) in the assessment	Recipient of the letter is Board and Council	<ol style="list-style-type: none"> 1. Efficient use of energy and its renewability (reducing greenhouse gas emissions) 2. Digital inclusion 3. Online security and privacy 4. A company culture that attracts talent and engages the societal agenda, reflecting the company's values 5. Industry-leading corporate governance maturity and transparency practices 6. Zero waste



Material sustainability impacts, risks and opportunities

In the process of assessing materiality Tet Group has identified 7 sustainability topics and, respectively, 16 risks, 9 impacts (7 negative and 2 positive) and 3 business development opportunities.

As a result of the annual review, the list of topics relevant to Tet's sustainability was left unchanged (compared to the previous year). Meanwhile, the list of topics identified and assessed in the annual review was supplemented with 12 new impacts or risks as part of 9 new themes for further monitoring.

Legends

Nature of the impact

- 😊 Positive effect
- ☹️ Negative effect
- F Actual
- P Potential

Business line, subsidiary company

- TEL Telco, internet
- TV TV business
- DC Data centers
- IT IT business
- TH Equipment sales, retail, e-commerce
- J New business
- BDA BDA, training
- HM Helio Media, advertising, TV content creation
- DE Data Experts, cybersecurity and data protection

Value chain

- A+ Upstream
- U Company processes
- L+ Downstream

Timing

- I 0-1 years
- II 1-5 years
- III 5+ years





E1 Climate change

Impact		Material impact, risk or opportunity	Description of origin, business relationship, impact on people and the environment or company
Impact		Emissions generation	IT&T companies are large consumers of electricity and thus, unless the energy used is renewable, contributes to climate change. Although network equipment and data centers are becoming more energy efficient, the company's total energy consumption increases with the expansion of the electronic communications service infrastructure and the growth of data flow. Emissions are generated at all stages of the value chain, the supply chains of the electronics sector are GHG emission-intensive, including the equipment needed to receive the service, as well as the equipment sold in shops and customers, consumes energy and generates emissions.
Risk		Compliance with the EU Taxonomy	Tet's business includes economic activities included in the EU Taxonomy with a significant impact on climate change mitigation, including "storage, manipulation, management, transfer, control, display, switching, exchange, transmission or processing of data through data centres". The company's dependence on the EU Taxonomy rating is currently marginal, however, the EU Taxonomy is becoming the environmental impact reporting system.
Risk		The impact of extreme weather	The large-scale physical infrastructure of the Tet network is increasingly exposed to the risks of damage and disruption by extreme weather conditions, affecting business continuity and the provision of services to customers. In thunderstorms, storms, floods and similar extreme weather events, loss of communication connectivity can impair emergency response and recovery efforts, as well as hamper the ability to maintain public service operations, with economic and social consequences.
Risk		Legislative compliance risk	EU legislation that will restrict economic activities that contribute to the climate change and promote measures to facilitate companies' adaptation to climate change, will impose new obligations on companies and affect costs, change demand and products, and create conditions of uncertainty during the change process.
Opportunity		Development of low-emission and climate-resilient services	In the coming decade, services with reduced environmental impact, including data center services, will become a growing asset in the eyes of customers and will be able to improve the company's competitiveness. Changes in the economy, politics and society create new opportunities for the company to obtain financing for development, develop new products and strengthen the brand's reputation.



E5 Resource efficiency

		Material impact, risk or opportunity	Description of origin, business relationship, impact on people and the environment or company
Impact		E-waste	<p>E-waste is the world's fastest growing solid waste stream due to rapidly increasing demand and shorter product lifecycles. Technology companies directly and indirectly generate a significant amount of electronic equipment waste. At the stage of the value chain where Tet operates as an IT&T service provider, extending the life of equipment has been identified as a key strategy to reduce the overall environmental impact of electronics. In turn, the growing level of income and digitalisation of the population is creating an increasing amount of end-of-life appliances in households, where Tet, as a equipment retailer, shares responsibility for the proper disposal of old equipment.</p>
Impact		High electricity consumption	<p>The most important resource used in the company is electricity (SIA Tet is a large consumer of electricity in the context of the Law on Energy Efficiency) and energy efficiency is one of the priorities of the EU Green Deal, as well as a critical tool for maintaining cost levels and competitiveness.</p>
Risk		Legislative compliance risk	<p>The circular economy and energy efficiency is subject to a number of legislative acts, and in the next five years, in the context of the EU Green Deal, the scope of the regulatory framework will become wider, imposing new compliance requirements on the company.</p>
Opportunity		New business development	<p>Innovation and technology are to a large extent the key to decarbonising the economy. In addition to the direct impact, ICT companies can also help reduce emissions, energy or other resource consumption in other areas of the economy, such as buildings, transport, cities. At the same time, solutions in this direction are also the potential of a new business. The dematerialisation of services is another resource efficiency perspective that the ICT sector can provide by selling the benefits that an equipment/product can provide rather than the product itself.</p>



S1 Work environment

		Material impact, risk or opportunity	Description of origin, business relationship, impact on people and the environment or company
Impact		Human rights in employment relations	<p>Respect for and protection of universally recognised human rights must be ensured in the company's activities. We have identified the human rights with which we have the closest interactions in the employment relationship: WORKING HOURS, ADEQUATE REMUNERATION, PREDICTABILITY AND SOCIAL PROTECTION OF EMPLOYMENT, SAFE WORKING ENVIRONMENT, EQUAL TREATMENT AND OPPORTUNITIES, INCLUDING GENDER EQUALITY, NON-DISCRIMINATION, PROHIBITION OF VIOLENCE AND HARASSMENT, PROTECTION OF EMPLOYEE PRIVACY AND PERSONAL DATA, DEVELOPMENT OF COMPETENCES, EMPLOYMENT AND INCLUSION OF PEOPLE WITH DISABILITIES, WORK-LIFE BALANCE, THE RIGHT TO JOIN TRADE UNIONS FOR THE PROTECTION OF ONE'S INTERESTS, ACCOMMODATION OF EMPLOYEES (if this is provided for by the nature of the work, for example, in the construction sector), PROHIBITION OF TRAFFICKING IN HUMAN BEINGS, PROHIBITION OF FORCED LABOR, RESTRICTIONS ON THE EMPLOYMENT OF CHILDREN. For certain impacts, such as forced labour, child labour, trafficking in human beings, the risk area could be the supply chain if it were to extend outside the European Union.</p>
Risk		Legislative compliance risk	<p>The most important principles for ensuring respect for human rights are enshrined in labour legislation. Violations of labor rights lead to fines and reputational risks for the company.</p>
Risk		Compliance with the EU Taxonomy	<p>The EU Taxonomy minimum social guarantees, or respect for labour rights, are a requirement that an economic activity must meet in order to be considered sustainable in the context of the EU Taxonomy and will potentially affect access to finance.</p>
Opportunity		Attractive employer	<p>Solutions offered by the employer for work-life balance, a comfortable and safe working environment and well-being, investment in employee education and training programs not only improve employee engagement, retention and productivity, but also expand the availability of qualified employees and ensure succession planning and create a positive image of the employer among future employees. This is particularly relevant in the face of a shortage of skilled labour.</p>



S4 Bridging the digital divide

		Material impact, risk or opportunity	Description of origin, business relationship, impact on people and the environment or company
Impact		Digital inclusion	Internet access allows individuals to freely exercise human rights and gain important expertise in education, health, professional development, economics, civic engagement, and more. The barriers that create the digital divide are the availability of the Internet, including network coverage and people's digital skills needed to use technology. The digital skills of the population in Latvia still do not reach the EU average: only 51 % of the Latvian population have them at least at basic level, and progress is slow. Digital inclusion is part of TET's mission – to make technology accessible and understandable to everyone.
Risk		Digital skills	The digital divide affects the use of the company's services - the ability to use services (for example, to perform self-installation), to understand the value and suitability of the service, self-service in the digital environment, and also makes people more vulnerable to cyber risks.

S4 Cybersecurity

Impact		Reducing cyber risks in society	As society continues to migrate to the digital world, it is also exposed to a growing and increasingly advanced and adaptable cyber threat, as evidenced by the Global Risk Report and Tet's experience with cybersecurity situations. Tet is a major player in providing cybersecurity solutions to the market, which through its services increases the resilience of local businesses and households to cyber risks, capturing brand value growth and new revenue opportunities.
Risk		The company's own cybersecurity	As a provider of critical infrastructure, a cloud computing provider, and also as a company that works with personally identifiable information, Tet's ability to deal with cyberattacks is a particularly important issue of reputation and brand value, affecting market share and revenue growth potential in the long run.



S4 Human rights in customer relations

		Material impact, risk or opportunity	Description of origin, business relationship, impact on people and the environment or company
Impact		Inviolability of privacy and freedom of expression	Respect for and protection of universally recognised human rights must be ensured in the company's activities. We have identified the risks of human rights violations with which we have the closest interactions in the provision of our services, including respect for human privacy and correspondence, the right to freedom of conscience and the right to freely express one's views. The company's network and services provide access to information and the exchange of ideas, thus facilitating freedom of expression. At the same time, policymakers are implementing monitoring measures to combat crime, terrorism, hate speech, etc., which have the potential to restrict freedom of expression and user privacy.
Impact		Protection of privacy and personal data	To protect customer privacy, an organization must limit the collection of personal data, collect data by lawful means, and ensure transparency about how the data is collected, used, and protected.
Risk		Legislative compliance risk	Both areas of privacy are regulated by regulatory enactments (Electronic Communications Law, Personal Data Processing Law and others), improper application of which creates the risk of fines, carries reputational risks and may affect the company's ability to compete for customers.



G1 Good governance

		Material impact, risk or opportunity	Description of origin, business relationship, impact on people and the environment or company
Risks		Maturity of corporate governance	Competent supervision, transparency and liability practices of the company reduce the risks of unfair transactions or unskilled management of the company, are important for the company's reputation, protect the interests of owners and counterparties and promote trust, help to attract financing.
Risk		Fair competition	In the electronic communications services sector, given the concentrated nature of undertakings, growth strategies must be designed within the framework developed to ensure competition. Violations are associated with wide-ranging negative consequences for the company itself, as a risk of fines and reputation. The EU Taxonomy Minimum Social Guarantee requirement must also be met by an economic activity in order to be considered sustainable in the context of the EU Taxonomy and will potentially affect access to finance.
Risk		Anti-bribery and anti-corruption	Corruption is associated with a wide range of negative consequences for the company in the form of fines and reputational risks. The demand for strong anti-bribery and anti-corruption practices in the company is growing from both partners and legislators, and the public is becoming increasingly intolerant of violations in this area. The EU Taxonomy Minimum Social Guarantee requirement must also be met by an economic activity in order to be considered sustainable in the context of the EU Taxonomy and will potentially affect access to finance.
Risk		Responsible tax practices	Companies are obliged to comply with tax legislation, and this is also one of the first prerequisites for establishing business relations. Inappropriate practices involve fines, restricting access to participation in projects or procurements, and reputational risk. The EU Taxonomy Minimum Social Guarantee requirement must also be met by an economic activity in order to be considered sustainable in the context of the EU Taxonomy and will potentially affect access to finance.
Risk		Due diligence in the value chain	The responsibility of the organization extends beyond its direct influence; inappropriate business practices by suppliers, customers and business partners can affect a company's reputation and also create a risk of fines, as EU-level regulatory developments (CDDD Directive) will add to companies an obligation to identify, prevent or mitigate adverse practices resulting from impacts on human rights and the environment in a company's value chain with due diligence, similar to what is happening today with money laundering, violation of tax and sanctions legislative requirements.



Company specific topic Good governance

		Material impact, risk or opportunity	Description of origin, business relationship, impact on people and the environment or company
Impact		Protection of intellectual property	Respect for and protection of universally recognised human rights must be ensured in the company's activities. Article 27 of the UN Universal Declaration of Human Rights states that everyone has the right to the protection of moral and material interests in relation to scientific, literary or artistic works of which he is the author. Intellectual property rights also apply to industrial property rights.
Risk		Risk of compliance with intellectual property protection legislation	Industrial property rights and copyright are regulated by a number of legal acts. Infringements of intellectual property rights involve not only fines, but the loss of trust of counterparties, as well as commercial consequences, preventing the use of significant assets or resources in the event of disputes (imposition of temporary protection status). The risk of legislation is exacerbated by new ways/formats of use of rights if their link to regulation is not identified in a timely manner.
Risk		Financial impact of unfair competition on the company	Despite the efforts of the industry, media piracy is widespread, which requires significant resources from the company to protect and enforce its rights. These infringements of intellectual property rights not only harm fair competition, but also undermine the state's efforts to curb illegal content.



Material ESG topics

Environment

Reduction of CO₂ emissions
Resource efficiency



Bridging the digital divide

Internet access
Digital skills



Cybersecurity

Reducing cyber risks in society
The company's own
cybersecurity



Human rights in customer relations

Inviolability of privacy and
freedom of expression



Work environment

Safe, secure, well-being and
growth-enhancing workplace
Fair remuneration, inclusion
and diversity



Business conduct

Maturity of corporate governance
Corporate business principles





Identification and assessment of material sustainability impacts, risks and opportunities

Our approach to assessing the materiality of sustainability topics is based on the principles of double materiality and its two basic aspects: materiality of impact and financial materiality. The issue of sustainability is relevant from the point of view of impact if it concerns the actual or potential, positive or negative impact of the company on people and the environment. Financial materiality or sustainability risk assessment is the identification of issues that may have a significant financial impact on the company. At the same time, circumstances related to sustainability topics can create opportunities for the company to develop its business.

To identify sustainability impacts, risks and opportunities, a wide range of information sources are initially used, which provide a comprehensive and reliable analysis and reduce the likelihood that a problem is ignored. Sustainability topics can be identified in internal sources of information (for example, opinions of employees, observations, complaints of employees and customers, media coverage of the company, operational issues and the like), as well as in the competence of the company's top and middle management teams on environmental, social and economic trends affecting the business. The initial list of sustainability topics to be assessed should be expanded through external sources of information that are external experts, macro trends in sustainability areas (e.g. World Economic Forum Global Risk Review), international agreements including but not limited to the UN Sustainable Development Goals, the UN Universal Declaration of Human Rights, the fundamental conventions of the International Labour Organization, the OECD Guidelines for Multinational Enterprises, UN Business and Human Rights basic principles, industry-specific rules and standards (e.g. SASB Standards, GSMA ESG Metrics for Mobile, MSCI ESG Industry Materiality Map, S&P Global Ratings ESG Materiality Maps and others), requirements of existing and emerging regulations (e.g. local legislation, EU Taxonomy, Directives CSRD and CSDDD), requirements of ESG indices and reporting standards (e.g. UN Global compact, GRI, ESR2) and sustainability reports of other companies in the industry.

The gathering of stakeholders' views is organised every 3 years as part of the materiality assessment. However, the company monitors stakeholders' views on a regular basis, the formats for obtaining opinions are described in the dedicated section of this report, and cooperation with stakeholders helps to annually update the list of potential sustainability topics.

The identified sustainability topics are **assessed on an annual base according to the methodology**. Risk assessment is carried out before and after the accounting for mitigation activities. The assessment of impacts and opportunities is carried out before the mitigation activities are considered. The assessment of sustainability risks and opportunities is based on the same assessment principles as company risk assessment framework. The materiality level is obtained according to the matrix. The assessment of the materiality of the actual positive or negative impact is carried out by assessing the severity (scale), breadth (scope) and nature (irreversibility) of the impact. For a potential positive or negative impact, the likelihood (probability) is also assessed. The importance level is obtained as an arithmetic calculation of the arithmetic mean of assessment levels.

The time period for assessing impacts, risks and opportunities is defined in accordance with the principles of EU Directive 2022/2464 (CSRD):

- Short-term: 0-1 years
- Medium term: 1-5 years
- Long-term: more than 5 years

Impacts, risks and opportunities are evaluated separately for major business lines and subsidiaries.

Impacts, risks, and opportunities are evaluated across the company's or business line's value chain, distinguishing the supply chain, the company's processes, and customers or business partners.

Identifying key topics for sustainability helps Tet Group companies focus their efforts on topics that are most important in terms of stakeholder expectations and business

impact. **Determining the material topics** of sustainability is a decision of the Board, which is based on the following principles:

1. In the topic, any of the sustainability impacts, risks (initial assessment) or opportunities are assessed with the 3rd level of importance;
2. If the topic falls within the scope of the EU Taxonomy minimum social safeguards;
3. The management team's vision of strategically important opportunities and impacts – if the topic contains positive impacts or a new business opportunity that is consistent with the company's strategic development vision, values or is significant to the company's reputation;
4. Sustainability topics specific to the group's subsidiary business can be included in the Tet Group's list of material topics, taking into account the importance of the topic (level 3) and the importance of the business and topic in the Group's business.

A full assessment of sustainability impacts, risks and opportunities, including the gathering of the views of the stakeholders, shall be repeated at least every 3 years. However, the Board can also decide on adding new topic to the material topics without waiting for the three-year maturity.

The assessment of impacts, risks and opportunities is documented in the Register of sustainability impacts, risks and opportunities, and it is reviewed every year, including identification of new impacts, risks and opportunities. Since 2023 it is part of company's risk review procedure and aligned with Tet Group risk management principles.

The approach to the process in the company, which results in the identification, assessment and management of the material topics of the company's sustainability, is documented by the Tet Group's Procedure of managing sustainability impacts, risks and opportunities. The procedure defines the responsibilities of the bodies involved:

The Board – approves the procedure for managing sustainability impacts, risks and opportunities; decides on the material topics of sustainability; approves the policies, instructions, activity plans, KPIs and objectives necessary to manage the material topics; approves the monitoring of the progress (KPIs and/or goals) and their presentation in the company's annual sustainability report.

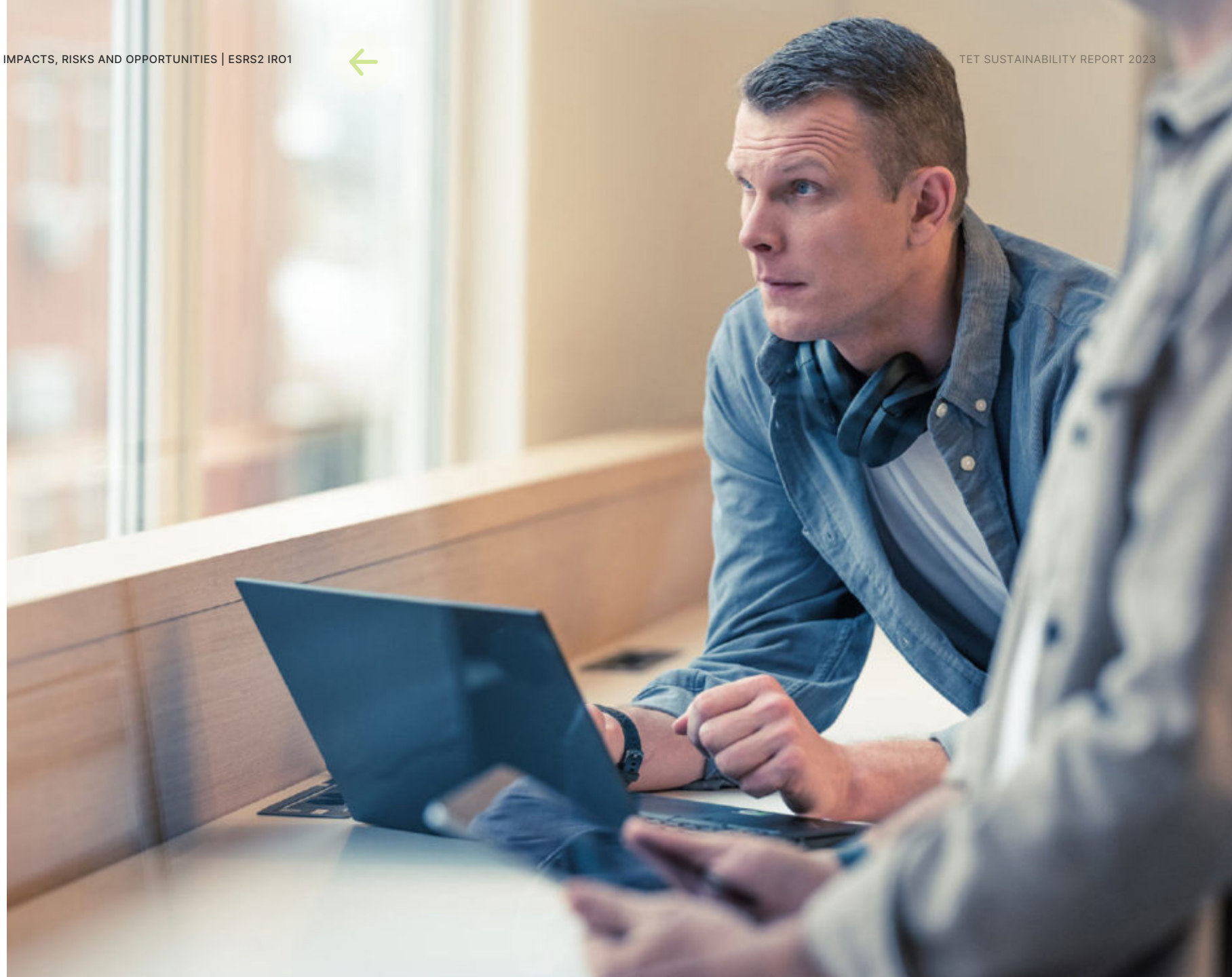
Chief Sustainability Officer – is responsible for the development of the principles of said procedure; organising and documenting a process for identifying and assessing sustainability impacts, risks and opportunities, including obtaining the views of stakeholders; document the assessment of sustainability impacts, risks and opportunities; supports Tet Group managers in the development of policies, instructions, activity plans, KPIs and objectives necessary to manage the material topics of sustainability; creates and annually updates a sustainability development plan; carries out annual monitoring and documentation of impact management and public disclosure of information in accordance with sustainability reporting standards.

Risk Manager – is responsible for coordinating the approach to identifying and assessing sustainability risks in accordance with the Tet Group's internal risk management processes, and for including a summary of sustainability risks in the overall Tet risk management review and annual risk report to the Board and Council of SIA Tet.

During the reporting period, the Tet Group's procedure for management of sustainability impacts, risks and opportunities has been updated by including Tet Group companies in its scope (previously limited to Tet SIA), as well as by incorporating EFRAG's latest recommendations for assessing double materiality, mainly with regard to changes in the methodology for assessing impacts, risks and opportunities.



Group companies were included in the 2023 sustainability impacts, risks and opportunities review according to the scope of this report, however, as a result, the list of material topics was left unchanged. No climate risks were reviewed this year due to no significant changes in the business model. In the next cycle, a more detailed assessment of climate risks is planned, taking into account the impact of the location of the infrastructure, estimating expected financial impact for physical and transition risks and opportunities related to climate change, as well as adding the remaining Group companies (SIA Citrus Solutions and Citrus Solutions GmBH) and including climate risk assessment in the value chain.





Methodology for assessing the materiality of risks, impacts and opportunities

The level of importance of risks and opportunities before and after mitigation activities is obtained according to the matrix, taking into account the probability of occurrence and the consequences/potential.

Level of risk / opportunity		Consequences / potential		
		3	2	1
Probability	3	3	3	2
	2	3	2	1
	1	2	1	1

Level of risk / opportunity

3 Significant	Significantly affects the economic activity of the enterprise
2 Medium	The impact on the economic activity of the enterprise is average
1 Minor	Minor impact on the economic activity of the enterprise

Probability of occurrence of risk / opportunity

3 Significant	>65% likelihood that the risk may occur
2 Medium	25-64% likelihood that the risk may occur
1 Minor	<24% likelihood that the risk may occur

Consequences / potential of risk / opportunity

3 Significant	> 1.4 mEUR
2 Medium	0.42 – 1.4 mEUR
1 Minor	< 0.42 mEUR

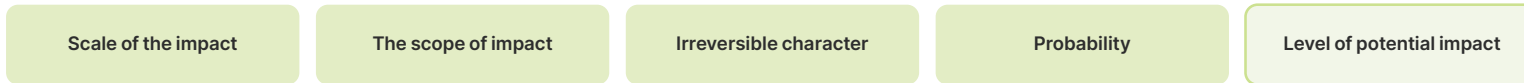


The level of importance of the impacts before mitigation activities is obtained as an arithmetic calculation of the arithmetic mean of the assessment levels, taking into account the severity (scale), breadth (scope), nature and likelihood of the impact (in case of potential impacts).

Actual impact, positive or negative



Potential impact, positive or negative



Impact level

3 Significant	Significant impact on society or the environment
2 Medium	Medium impact on society or the environment
1 Minor	Negligible effects on society or the environment

Scale of the impact

3 Significant	Keywords: industry-specific, large role, core business area involved, societal focus, significant problem, trend, multifaceted impact, priority of stakeholder group
2 Medium	...
1 Minor	Keywords: vague, marginal effect, alternatives are available

Scope of the impact

3 Significant	Keywords: large circle of persons affected, large volumes, distribution areas, scale of business, significant contribution of the company to the overall effect
2 Medium	...
1 Minor	Keywords: small circle of individuals affected, very limited size, local area, newly started business direction, small role

Irreversible character

3 Significant	Keywords: human rights violation
2 Medium	Keywords: solution possible
1 Minor	Keywords: relatively easy to reverse

Probability of occurrence

3 Significant	>65% probability of occurrence
2 Medium	25-64% probability of occurrence
1 Minor	<24% probability of occurrence



Information included in the sustainability report in accordance with the disclosure requirements

ESRS	Topic	Sub-topic	Page number
E1	Climate change	Climate change adaptation	42
		Climate change mitigation	40, 43
		Energy	40
E5	Circular economy	Resource outflows related to products and services	52
		Waste	52
S1	Own workforce	Working conditions	57
		Equal treatment and opportunities for all	61
		Other work-related rights	57, 61
S4	Consumers and end-users	Information-related impacts for consumers and/or end-users	66
		Personal safety of consumers and/or end-users	67
		Social inclusion of consumers and/or end-users	67
G1	Business conduct	Corporate culture	71
		Protection of whistle-blowers	71
		Political engagement	72
		Management of relationships with suppliers including payment	71, 74
		Corruption and bribery	71



List of datapoints in cross-cutting and topical standards that derive from other EU legislation	Reference	List of datapoints in cross-cutting and topical standards that derive from other EU legislation	Reference	List of datapoints in cross-cutting and topical standards that derive from other EU legislation	Reference
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Page 9, 10	ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	No business in this industry	ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Page 41
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	Page 9	ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	Page 40	ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Page 44
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Page 12	ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	Not applicable	ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Page 44
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	No business in this industry	ESRS E1-4 GHG emission reduction targets paragraph 34	Page 39, 40	ESRS E1-7 GHG removals and carbon credits paragraph 56	Page 44
EESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	No business in this industry	ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Page 41	ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	Not yet addressed
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	No business in this industry	ESRS E1-5 Energy consumption and mix paragraph 37	Page 41	ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)	Not yet addressed



List of datapoints in cross-cutting and topical standards that derive from other EU legislation	Reference	List of datapoints in cross-cutting and topical standards that derive from other EU legislation	Reference	List of datapoints in cross-cutting and topical standards that derive from other EU legislation	Reference
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).	Not yet addressed	ESRS E3-1 Sustainable oceans and seas paragraph 14	Not material	ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 ©	Not material
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).	Not disclosed	ESRS E3-4 Total water recycled and reused paragraph 28 ©	Not material	ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Not material
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69	Not yet addressed	ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Not material	ESRS E5-5 Non-recycled waste paragraph 37 (d)	Page 53
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Not material	ESRS 2 – IRO 1 – E4 paragraph 16 (a) i	Not material	ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Page 53
ESRS E3-1 Water and marine resources paragraph 9	Not material	ESRS 2 – IRO 1 – E4 paragraph 16 (b)	Not material	ESRS 2 – SBM3 – S1 Risk of incidents of forced labour paragraph 14 (f)	Page 23
ESRS E3-1 Dedicated policy paragraph 13	Not material	ESRS 2 – IRO 1 – E4 paragraph 16 ©	Not material	EESRS 2 – SBM3 – S1 Risk of incidents of child labour paragraph 14 (g)	Page 23
		ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Not material		



List of datapoints in cross-cutting and topical standards that derive from other EU legislation	Reference	List of datapoints in cross-cutting and topical standards that derive from other EU legislation	Reference	List of datapoints in cross-cutting and topical standards that derive from other EU legislation	Reference
ESRS S1-1 Human rights policy commitments paragraph 20	Page 17, 57, 63	ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Page 59	ESRS S2-1 Human rights policy commitments paragraph 17	Not material
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	Page 57	ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Page 61	ESRS S2-1 Policies related to value chain workers paragraph 18	Not material
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Page 57	ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Page 62	ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 19	Not material
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Page 57	ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Page 62	ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	Not material
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 ©	Page 63	ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Page 62	ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Not material
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and ©	Page 59	ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Not material	ESRS S3-1 Human rights policy commitments paragraph 16	Not material



List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Reference

EESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Not material
ESRS S3-4 Human rights issues and incidents paragraph 36	Not material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Page 66
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Page 66
ESRS S4-4 Human rights issues and incidents paragraph 35	Page 66, no cases

List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Reference

ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Page 71
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Page 71
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Page 71
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Page 71, no cases



E1 Climate change





Target	Relationship of the target to the policy objectives	Scope		Target	Actual
Renewables in electricity mix	Switching to renewable electricity is the largest contributor to decarbonization for ICT companies	SIA Tet	2024	10% (2024) 100% (2030)	-
Electricity efficiency DATA CENTERS, electricity consumption MWh/gross profit* tEUR	Reduced climate impact through efficient use of energy	SIA Tet		1,17	1,05
Electricity efficiency NETWORK, electricity consumption MWh/gross profit** tEUR	Reduced climate impact through efficient use of energy	SIA Tet		0,14	0,14
Set CO ₂ reduction targets in line with Science Based Methodology	Alignment of business model and strategy with the transition to a sustainable economy and climate neutrality by 2050, targets based on conclusive scientific evidence	Group		Y/N 2025	-
Service based business model – sales of data center cloud services grow faster than on-prem services	Service based business model in B2B as more ecologically sustainable solution embedded in business strategy	SIA Tet		>100%	183%

* data center business

** businesses using network infrastructure (core business, IT business, new business, other business, real estate leasing)



Mitigating climate change and reducing electricity consumption

IT&T companies are large consumers of electricity and thus, unless the energy used is renewable, contributes to climate change. Although network equipment and data centers are becoming more energy efficient, the company's total energy consumption increases with the expansion of the electronic communications service infrastructure and the growth of data flow.

The company calculates its emissions since 2022 by including SIA Tet in the scope in the first year, and adding other Group companies in the second year (except SIA Citrus Solutions and Citrus Solutions GmbH, which as companies representing a different industry will be added to the scope for the next reporting year). The only separate infrastructure is SIA BDA, however, as a service provider, this company has a relatively small emissions footprint. SIA Tet continues to be the most important source of emissions, moreover, its physical infrastructure is inseparable from SIA Helio Media, SIA Lattelecom, SIA Data Experts.

The calculation for 2023 includes the most significant 6 categories of Scope 3 emissions, as well as improved accounting for Scope 1 and Scope 2 categories. In the next cycle of calculations, we aim to achieve a level of detail to develop a transition plan adopted by Science Based Targets for validation, thus meeting the EU's expectations to work towards climate neutrality in a science-based manner.

The transition plan will also result in validated company emission reduction targets. So far, the company has set energy efficiency targets, which through electricity emissions have the most significant impact on climate change, as electricity emissions account for 87% of SIA Tet's Scope 1,2 emissions. The energy efficiency target includes the consumption of electricity which is under the control of the company and can be made more efficient through improvements and investments.

Although, in terms of energy consumption, those economic activities listed in sections A-H and L of the NACE classification (as defined in Directive (EU) 2022/1288 of the European

Parliament and of the Council) are considered as sectors with a high impact on the climate, and in the activities of SIA Tet, such are retail and electricity trade, the electricity consumption of these areas is small compared to the electricity consumption of data centers and the communication network, therefore, data centers and network are given the most attention when it comes to the consumption of electricity. The fact that the economic activity of data centres is important in EU efforts to transition to a low-emission economy is evidenced by the fact that the data centre business can be found in the EU Taxonomy, both in the climate and circular economy chapters.

Tet has 6 data centers, for us it is an important and growing line of business, which generates about 15% of the Group's EBITDA. Global data centers emit about the same greenhouse gas emissions as aviation (2.5%, source: Climatique Analysis, The Shift Project, OurWorldinData) and the amount of electricity needed to power data centers continues to grow rapidly, going hand in hand with digitalisation and Internet's major role in society today. However, the data center business has undergone significant changes in recent decades, evidences by the use of energy per unit of computing; globally the energy intensity of data centers has decreased significantly as a result of efficiency, according to the International Energy Agency by 20% annually since 2010.

Data centers use indicator PUE to characterize energy use efficiency. This KPI is the ratio of total energy consumption to IT energy consumption. Data center operators are trying to reduce electricity consumption, which is not relevant for IT capacities. In this area, over the past 20 years, there has been progress in bringing the PUE indicator as close as possible to 1. The Tet data centers PUE in 2023 has been in the range of 1.38-1.79 depending on the data center, it is to be considered good compared to the global average of 1.58 (source: Uptime Institute).

To improve the PUE indicator, we modernize and regularly update IT equipment, cooling equipment, as well as monitor every square centimeter of the data center. The company

invests about 300 tEUR annually to improve the energy efficiency of data centers.

Cloud services play an important role in increasing the efficiency of data centers. Cloud services contribute to sustainability by dematerialising IT solutions – the customer does not need to build their infrastructure with physical equipment, instead using virtual resources. The use of cloud services contributes to a more economical use of computing power. Instead of entrusting a server with a single function, it is much more efficient to use cloud services that load servers much more intensively. On average, about 40% of the capacity of all Tet data centers is used to deliver cloud services and hybrid solutions. We are strengthening the functionality of our Tet Cloud to make it the most powerful and demanded platform in Latvia.

If to compare three different modes of using data centers – keeping data in the customer's own business location, renting racks or using data center as a service – it is the latter that ensures the greatest energy efficiency and reduces the need for equipment – both for customers and for data center operator. The effort to grow a service-based business model is characterized by one of the company's targets – sales of data center cloud services and hybrid solutions are growing faster than business of renting racks.

Every year, the company invests in the improvement and deployment of the core Internet network. The replacement of historical copper networks with fibre optic networks not only improves the quality of electronic communications services, but also reduces the energy consumption of the network, as well as the materials of these cables are more environmentally friendly. As studies show, the energy consumption of an optical network (GPON) is 7.5 to even 12 times less than that of a copper network (VDSL) (sources: Prysmian Group, Energy Consumption of Telecommunication Access Networks, Otelco study and others). Looking back over the last 15 years, we have invested more than 66 million euros in the development of the Tet optical network.

As a large company and electricity consumer as per the Energy Efficiency Law, SIA Tet is obliged to conduct an energy audit once every 4 years and annually report on the implemented energy efficiency improvement measures and the energy savings achieved. In 2023, the change of equipment in the network and data centers was continued, but the largest value to energy reduction is provided by the change of technology in part of the network where improvement contributes to 375 MWh per year.

The provisions of the energy efficiency obligation scheme provide for the obligation of SIA Tet, as an electricity retailer, to take educational or practical measures at the final consumption end that would increase energy efficiency. For this purpose, an energy efficiency advice section on the tet.lv website has been created and regularly updated, regular educational publications have been published on Tet's communication channels, as well as regular personalized information has been provided to Tet electricity users. Since 2022, we also offer our customers the service of sale and installation of solar panels, facilitating the production of renewable energy.

In 2023, we have developed and published the Tet Group's environmental policy, which applies to the main areas of environmental impact of Tet Group companies, describes the approach to reducing environmental impact, as well as resource efficiency and pollution reduction efforts, including promotion of environmental practices in the supply chain, employee involvement and training, and clear communication about our environmental performance.

In partnership with Neste, the world's largest renewable diesel producer, since late 2023, Tet has been using renewable diesel to power backup power generators in two of its six data centers. The use of renewable diesel in data centers will allow to reduce greenhouse gas emissions from the use of backup generators by an average of 90%.



E1-5 Energy consumption and mix, MWh

Total energy consumption from fossil sources (corresponding Scope 1,2)*	26856
Total energy consumption from nuclear sources	0
Total energy consumption from renewable sources	70
fuel consumption for renewable sources (Neste MY)	70
consumption of purchased electricity, heat	0
consumption of self-generated non-fuel renewable energy	0

Sector with a high climate impact (NACE G) Retail trade

Total energy consumption from fossil sources (electricity, heat) attributable to the activity in the sector, MWh**	390
non-renewable energy, MWh	390
renewable energy, MWh	0
Net revenue, retail trade, tEUR	19856
Energy intensity (total energy consumption per net revenue), MWh/tEUR	0,020
Total net revenue, tEUR, SIA Tet	187204

Sector with a high climate impact (NACE D.35.1.4) Trade of electricity

Total energy consumption from fossil sources (electricity, heat) attributable to the activity in the sector, MWh***	49
non-renewable energy, MWh	49
renewable energy, MWh	0
Net revenue, electricity retail, tEUR	32078
Energy intensity (total energy consumption per net revenue), MWh/tEUR	0,002
Total net revenue, tEUR, SIA Tet	187204

* the calculation uses the assumption for fuel conversion: 1 t of oil equivalent is 42 GJ, which is 11.63 MWh (IPPC AR5 Appendix 2, Table A.II.7 | Conversion table for common energy units (NAS, 2007; IEA, 2012a), https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_annex-ii.pdf)

** the calculation includes electricity consumption in stores and electricity and heat consumption in central office, of which 2% is attributed to the particular business line in accordance with the general principles of attribution of the company's resources for 2023

*** the calculation includes electricity and heat consumption in central office, of which 3% is attributed to the particular business line in accordance with the general principles of attribution of the company's resources for 2023



Summary of the climate risks assessment

Climate risks are a specific category of environmental risks, climate-related physical endangerment and socio-economic risks to the enterprise. In early 2023, we conducted an initial climate risk assessment based on the TCFD methodology, to the extent necessary to build a core understanding among the company employees and the company stakeholders of how physical and transitional risks and opportunities could affect the company's operations over time and what the company is doing to manage these risks. The scope of the assessment is the business of Tet SIA. For preparation of 2023 report climate risks were not reviewed, as there are no significant changes in the business model. In the next cycle a more detailed assessment of climate risks is planned, taking into account the impact of the location of the infrastructure, clarifying information on the expected financial impact on physical and transition risks and opportunities related to climate change, as well as the assessment will include Group's construction sector (SIA Citrus Solutions and Citrus Solutions GmbH) and an assessment of physical risks in the value chain.

The analysis is based on general qualitative assumptions for a 1.5°C – 2°C warming scenario. This scenario is characterised by an increase in the frequency and severity of certain physical risks and timely and gradual introduction of international and national climate policies to limit emissions.

The impact of chronic physical risks (gradual climate change) on the company's infrastructure is not yet assessed in detail, generally assuming that with the implementation of international and national climate policies to limit emissions, climate change in Latvia will be limited to isolated acute weather risks, the frequency and severity of which will increase slightly, but no drastic climate alterations are expected that can affect the company's infrastructure during the risk assessment period (short-term 0-1 years, medium-term 1-5 years, long-term >5 years).

The effects of extreme weather events are the most impactful risks so far, including prolonged periods of extreme heat to which data centers and communication nodes are sensitive; intensive storms, which can lead to damage to the network elements, flooding which can damage sections of the network infrastructure, although the resistance of the optical network to this risk is higher, as well as lightning discharges which cause damage to the customer's equipment. In these extreme weather situations, power outages can also occur, which is significant for the business continuity of the enterprise. All these risks are managed.

	Principal risks and their impact	Risk management activities
TRANSITION RISKS		
Policy and legal risks	Obligation to collect data and report more comprehensively on company emissions	Identifying requirements early and building the in-house knowledge and capacity to meet requirements in a resource-efficient way.
	Obligation to set and meet emission reduction targets, energy efficiency and renewable energy requirements	Mapping and gradual implementation of the needed changes.
Technology risks	Availability of renewable electricity in Latvia in the quantities required for the decarbonisation of the company at a competitive price	Regular monitoring of renewable energy offerings and maintaining the flexibility of energy supply contracts, binding for the company.
Market risks	Risk of discrepancies between supply and demand for low-emission services	Gradual implementation of the decarbonisation strategy; we expect demand growth around 2025/2026. Development of new business lines.
	Increasing supplier prices as a result of climate-responsible policies	Timely implementation of resource efficiency and optimisation measures.
Reputational risks	Public and stakeholder perceptions of a company's poor performance can undermine positive brand perceptions or make funding less accessible	Ensure public availability of quality information on company actions and plans.
ACUTE PHYSICAL RISKS		
More frequent periods of prolonged extreme high/low temperatures	Emergency shutdown of telecommunications equipment due to overheating or overcooling, power failures	Duplication of cooling and heating equipment at strategic sites, increasing the capacity of human resources for damage recovery, gradual equipment replacement to a more resilient type over the investment cycles, building up larger fuel stocks of back-up generators.
Increasing storm intensity	Increase in network damage	Increasing human capacity for damage repair, increasing network wind load capacity.
Above-normal precipitation, thunderstorms, flooding	Flooding of network parts, damage to telecommunications and power supply equipment due to overvoltage or direct lightning. Terrestrial TV signal attenuation during heavy snowfall	Increasing the capacity of human resources for damage recovery, upgrading the core internet network (optic fibre networks have good water resistance), installing or renewing surge and lightning protection at sites during the investment cycle, mapping critical locations. Satellite dishes cleaning and heating.
OPPORTUNITIES		
	Using public sector incentives for business development in line with a low-emission business model	
	Opportunities for new services and new revenue streams in sectors as smart city, smart home, smart and green electricity	
	The added brand value of climate-responsible action and customer preference for the company's services	



Emissions statement

The company calculates its emissions since 2022 by including SIA Tet in the calculation in the first year, including other group companies in the calculation in the second year (except for SIA Citrus Solutions and Citrus Solutions GmbH, which as companies representing a different industry will be added to the scope for the next reporting year). On September 11, 2023, a reorganization was registered in the Register of Enterprises – the company SIA Telia Latvija was added to the company SIA Tet. SIA Telia Latvia, while it was a separate company, has not been accounted for and included in the total calculation of emissions (but they have been included in the calculation of emissions of SIA Tet since the completion of the reorganization). The only separate infrastructure is SIA BDA, however, as a service provider, this company has a relatively small emissions footprint. SIA Tet continues to be the most important source of emissions, moreover, its physical infrastructure is inseparable from SIA Helio Media, SIA Lattelecom, SIA Data Experts.

During the reporting period, SIA Tet's emissions of Scope 1,2 have increased by 44% or 3.4 kt CO₂-ekv. The main reason for this is the increase in the emission factor of electricity used in the calculation (from 0.30 to 0.51 kg CO₂/kWh), which is not within the sphere of influence of the company and explains 98% of the absolute difference. The remaining part of the increase in emissions is largely due to the refuelling of refrigerants in conditioning systems, which does not occur on a steady pace every year, but is capable of producing significant differences in emissions as a highly potent greenhouse gas.

In the emissions of Scope 1,2 of SIA Tet, the most significant proportion is accounted for by emissions from the data center business (23%) and the network (64%). 87% of emissions come from electricity consumption. These emphases serve as guidelines for the company when thinking about investing in emissions reduction – where the investment is able to bring the greatest added value.

During the reporting period, the accounting of Scope 1,2 emissions has been improved, making the data more accurate and complete, and the calculation of several categories of Scope 3 has been initiated. The priority categories have been selected on the basis of the GSMA Scope 3 Guidance for Telecommunication Operators,

including those that will be relevant for the setting of Science Based Targets for validated emission reduction targets. Notes to each category included explain the calculation data and assumptions used. In the coming years, the company should work on data quality, gradually moving towards identifying more accurate impacts, for example, by performing an increasingly detailed calculation or gradually moving from a cost-allocation to product-based and supplier-specific emission factors. Meanwhile, the work of calculating emissions is hampered by the availability and quality of emission factor data.

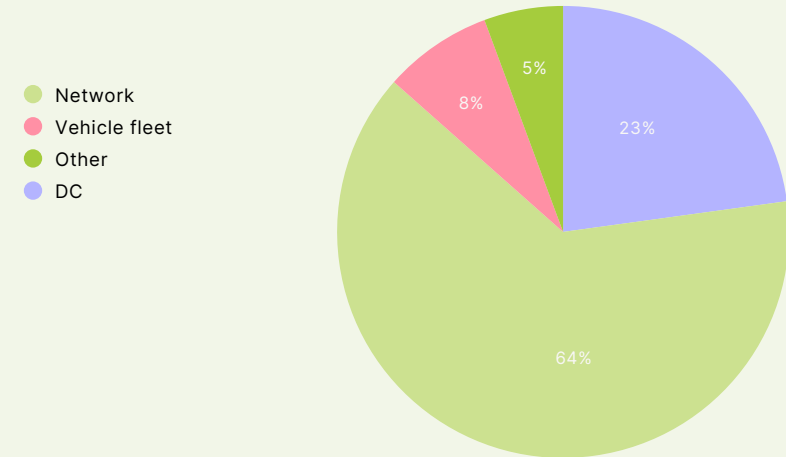
Within Scope 3, the most significant share (78%) is accounted for attributable emissions from electricity trade (Category 3). The two other most important categories in Scope 3 are emissions from purchased goods and services, of which more than 50% is accounted for by emissions from purchased goods intended to be sold to customers (retail goods) and emissions from the use phase of equipment used to receive Tet's Internet and television services. Accordingly, Scope 1,2 or direct emissions represent only a 6% share in the total calculation.

Overall, the company's diversified business generates significant emissions, the main drivers of which are retail sales of a wide range of electronic and electrical equipment and electricity trading, which makes the emission profile different from a traditional company in the telecommunications sector.

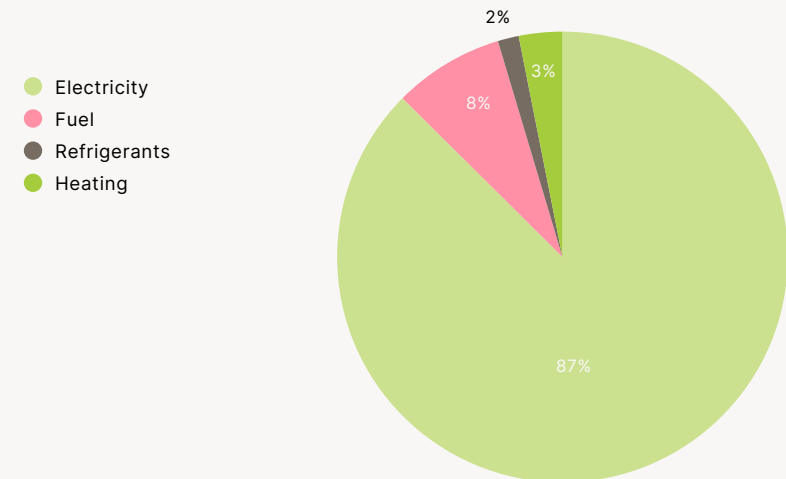
The calculation was made in accordance with the requirements and guidelines of the GHG Protocol Corporate Standard. The calculation methodology is based on the principle of operational control. The calculation of electricity emissions is based on a market-based emission factor, no contractual instruments have been used to buy energy. SIA "Bureau Veritas Latvia" has verified the greenhouse gas emissions data of Tet Group companies for the period from January 1, 2023 to December 31, 2023 and concludes that the reported data has been reported correctly and in accordance with the organization's methodology.

The company is not a member of the EU Emissions Trading System. The company's issues are not compensated. There are no emissions from burning biomass.

SIA Tet Scope 1 and Scope 2 emissions breakdown



SIA Tet Scope 1 and Scope 2 emissions breakdown



	Note	
E1-6 Scope 1,2,3 gross GHG emissions and total GHG emissions, tCO₂eq.	1	Group
Gross Scope 1 GHG emissions, t CO ₂ ekv		1045
The percentage of Scope 1 GHG emissions from regulated emission trading schemes, %		0
Gross Scope 2 GHG emissions, t CO ₂ ekv, market based		9978
Gross Scope 2 GHG emissions, t CO ₂ ekv, location based		10469
Gross Scope 3 GHG emissions, t CO ₂ ekv		182735
S3-1 Purchased goods and services	2	13392
S3-2 Capital goods	2	3425
S3-3 Fuel and energy-related Activities (not included in Scope1 or Scope 2)	3	142472
S3-5 Waste generated in operations	4	85
S3-8 Upstream leased assets	5	5326
S3-13 Downstream leased assets	6	18035
Total GHG emissions, t CO₂ ekv, market based		193758
Total GHG emissions, t CO₂ ekv, location based		180302



E1-6 GHG intensity based on net revenue	
Net revenues used to calculate the GHG intensity (for companies included in the calculation), tEUR	203104
Total GHG emissions per net revenue, t CO ₂ ekv/tEUR	0,95
Total net revenue (for all Tet Group companies), tEUR	295753
E1-7 GHG removals and GHG mitigation projects financed through carbon credits	Not applicable
E1-8 Internal carbon pricing	Not applicable

	SIA Tet	
	2023	2022
Gross Scope 1 GHG emissions, t CO ₂ ekv	1043	990
Gross Scope 2 GHG emissions, t CO ₂ ekv, market based	9951	6618
Total GHG emissions, t CO₂ ekv	10994	7608

Notes

- The scope includes emissions of SIA Tet, SIA Helio Media, SIA Data Experts, SIA Lattelekom, which have a common/inseparable infrastructure, and SIA BDA emissions. The scope does not include companies SIA Citrus Solutions, Citrus Solutions GmbH. In the reporting year, SIA Tet implemented a reorganization through merger, adding SIA Telia Latvija as the acquiring company in August 2023, including taking over the infrastructure of SIA Telia Latvija (included in the calculation of emissions from August/September).
- The calculation includes the amount of purchased goods and services, which exceeds 80% of the Group's expenses for this purpose. The calculation includes suppliers of the Group with whom settlements (for all companies of the Group together) exceed EUR 500,000 (excluding VAT). Group internal settlements are not included. In addition, the calculation includes goods purchased (and delivered) for sale to customers during the reporting year in the most important 15 categories (for example, communication equipment, consumer electronics and electrical equipment, computers, watches, batteries, etc.), which together account for about 98% of the volume in EUR terms. The calculation was made using an EXIOBASE emission factor and the expertise of the consulting company Sustinere in their application.
- Includes emissions from the extraction, production and transportation of consumed fuel (gasoline, diesel fuel), as well as emissions from electricity purchased by SIA Tet for sale to final consumers. Other Category 3 emissions have not been calculated due to the unavailability of emission factors.
- The amount of waste used in the calculation is an estimate.
- Includes electricity consumption for the following activities: customers rent premises, customers rent racks in the data center to hold their equipment, other telecom operators rent a place in the network to hold their equipment.
- Includes electricity consumption in the use phase of equipment used to receive Tet's Internet and television service: modems, routers, decoders for terrestrial television, decoders for interactive television and decoders for digital television, the calculation is based on an estimate based on the number of equipment and their average electricity consumption from research, and the expertise of the consulting company Sustinere in their application.



EU Taxonomy report



EU Taxonomy report

In the summer of 2023 and beginning of 2024, we have carried out an EU Taxonomy assessment in accordance with the technical criteria established in delegated regulations 2023/2485 (identifying economic activities that substantially contribute to climate change mitigation or adaptation) and 2023/2486 (identifying economic activities that substantially contribute to sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, or protection and restoration of biodiversity and ecosystems) for the identification of economic activities within the Tet belonging to the EU Taxonomy. The companies of the group included in the scope of the assessment are SIA Tet, SIA Helio Media, SIA Lattelecom, SIA Data Experts, SIA BDA, while the assessment for SIA Citrus Solutions and Citrus Solutions GmbH will be added for the next reporting year.

We have concluded that the data centers business line of SIA Tet is eligible to economic activity "Storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres" included in the EU Taxonomy. This category of economic activity is a transitional activity that contributes to climate change mitigation and also to climate change adaptation, provided that it meets the technical screening criteria set out in the EU Taxonomy.

With regard to the circular economy, we have identified eligibility of SIA Tet cloud services to the field "Product as a service and other circular use and result-oriented service models".

These activities represent strategically important and growing business lines of SIA Tet and we have prepared eligibility reports on them. On the other hand, alignment with the technical criteria of the EU Taxonomy is not yet ensured for these economic activities, but technical criteria serve as guidance for business development.

At the same time, we have identified and maintain compliance with the minimum social safeguards required by the EU Taxonomy, which are implemented through company policies related to human rights in the work, anti-corruption measures, taxes and fair competition.

The Taxonomy KPI definitions of turnover, operating expenses (OpEx) and capital expenses (CaPEx) included in the Taxonomy report do not fully correspond to similar financial indicators that are included in Tet Group's consolidated or individual financial statements of Group companies. In order to calculate the KPIs for the Taxonomy report in accordance with the Taxonomy reporting requirements, adjustments have been made to the financial statement data. Interpretations of the Taxonomy KPI definitions are based on publicly available guidance. Interpretations of KPI definitions may change in the future as the Taxonomy's reporting guidelines are refined and as good reporting practices evolve.

As the EU Taxonomy Framework is still under development, Tet will continue to follow future guidance and adjust its reporting.

Taxonomy-eligible activities	Economic activity of SIA Tet
Data processing, hosting and related activities	Storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres
Product-as-a-service and other circular use – and result-oriented service models	Cloud service, including IaaS un PaaS functionalities

Proportion of turnover to total turnover, SIA Tet	Taxonomy aligned per objective	Taxonomy eligible per objective
Climate change mitigation (CCM)	0%	6,06%
Climate change adaptation (CCA)	0%	0%
Water and marine resources (WTR)	0%	0%
Circular economy (CE)	0%	0,75%
Pollution prevention and control (PPC)	0%	0%
Biodiversity and ecosystems (BIO)	0%	0%

Proportion of CapEx to total CapEx, SIA Tet	Taxonomy aligned per objective	Taxonomy eligible per objective
Climate change mitigation (CCM)	0%	10,8%
Climate change adaptation (CCA)	0%	0%
Water and marine resources (WTR)	0%	0%
Circular economy (CE)	0%	3%
Pollution prevention and control (PPC)	0%	0%
Biodiversity and ecosystems (BIO)	0%	0%

Proportion of OpEx to total OpEx, SIA Tet	Taxonomy aligned per objective	Taxonomy eligible per objective
Climate change mitigation (CCM)	0%	8,4%
Climate change adaptation (CCA)	0%	0%
Water and marine resources (WTR)	0%	0%
Circular economy (CE)	0%	1%
Pollution prevention and control (PPC)	0%	0%
Biodiversity and ecosystems (BIO)	0%	0%



Proportion of turnover from EU Taxonomy eligible products or services - information for the year 2023

2023				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Absolute turnover (3)	Proportion of Turnover, Year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned (A.1) or eligible (A.2) proportion of total turnover, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
Text		EUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
N/A		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	Y	-	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	Y	-		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				E; N/E	E; N/E	E; N/E	E; N/E	E; N/E	E; N/E										
Data processing, hosting and related activities	CCM 8.1	11342	6,06%	E	N/E	N/E	N/E	N/E	N/E										
Product-as-a-service and other circular use- and result-oriented service models *	CE 5.5	1395	0,75%	E	N/E	N/E	N/E	E	N/E										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		11342	6,06%	6,06%				0,75%									-		
Total (A.1+A.2)		11342	6,06%	6,06%				0,75%									-		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		175682	93,94%																
Total (A+B)		187024	100%																

* cloud computing services that are part of the data center business line



Proportion of CapEx from EU Taxonomy eligible products or services - information for the year 2023

2023				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Absolute CapEx (3)	Proportion of CapEx, Year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned (A.1) or eligible (A.2) proportion of total CapEx, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
Text		EUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
N/A		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	Y	-	-	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	Y	-	-	-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				E; N/E	E; N/E	E; N/E	E; N/E	E; N/E	E; N/E										
Data processing, hosting and related activities	CCM 8.1	3414	10,80%	E	N/E	N/E	N/E	N/E	N/E										
Product-as-a-service and other circular use- and result-oriented service models *	CE 5.5	941	3%	E	N/E	N/E	N/E	E	N/E										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3414	10,80%	10,80%				3,00%									-		
Total (A.1+A.2)		3414	10,80%	10,80%				3,00%									-		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		28193	89,20%																
Total (A+B)		31607	100%																

* cloud computing services that are part of the data center business line



Proportion of OpEx from EU Taxonomy eligible products or services - information for the year 2023

2023				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Absolute OpEx (3)	Proportion of OpEx, Year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned (A.1) or eligible (A.2) proportion of total OpEx, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
Text		EUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
N/A		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	Y	-	-	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	Y	-		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				E; N/E	E; N/E	E; N/E	E; N/E	E; N/E	E; N/E										
Data processing, hosting and related activities	CCM 8.1	754	8,40%	E	N/E	N/E	N/E	N/E	N/E										
Product-as-a-service and other circular use- and result-oriented service models *	CE 5.5	87	1%	E	N/E	N/E	N/E	E	N/E										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		754	8,40%	8,40%				1%									-		
Total (A.1+A.2)		754	8,40%	8,40%				1%									-		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		8236	91,61%																
Total (A+B)		8990	100%																

* cloud computing services that are part of the data center business line



E5 Circular economy





Target	Relationship of the target to the policy objectives	Scope	2024	Target	2023	Target	Actual	2022	Actual
Core equipment reuse rate, share of new installations	Extended life of the devices used in the company as a solution to e-waste reduction	SIA Tet		40%		55%	64%		57%



Resource use and circular economy

"In 2023, we have developed and published the Tet Group's environmental policy, which applies to the main areas of environmental impact of Tet Group companies, describes the approach to reducing environmental impact, as well as resource efficiency and pollution reduction efforts, including promotion of environmental practices in the supply chain, employee involvement and training, and clear communication about our environmental performance.

According to the materiality analysis, at present the company's focus is on resource outflow and waste, while resource inflow is not yet addressed as essential.

Technology companies directly and indirectly generate a significant amount of electronic equipment waste. Our approach to resource management is characterized by the principle of "prevent – reduce – reuse – recycle".

PREVENT: We are building a portfolio of services that reduces the need for equipment, such as Tet TV+ (Tet+), which allows to watch television and video content without the customer's (terminal) equipment (set-top-box), as well as on smaller and therefore more energy-efficient screens, not just on the TV. As studies show, the production of each customer equipment requires 25kg CO₂-ekv (source: Malmödin J., Lundén D., Moberg Å., Andersson G. and Nilsson M. (2014) Life cycle assessment of ICT – carbon footprint and operational electricity use from the operator, national and subscriber perspective in Sweden. Journal of Industrial Ecology. DOI: 10.1111/jiec.12145), but use consumes 5W of power in active power mode and 0.5W in standby mode (source: European Commission, Ecodesign requirements for set-top boxes). In turn, a viewing device is generally responsible for most of the total carbon footprint, according to a Netflix&Carbon Trust study (source: Carbon Trust, White Paper on Carbon impact of video streaming, 2021). Watching video on a laptop will create a 4.5-times smaller environmental footprint than a 50-inch smart TV. In 2023, only 7% of Tet+ connections used terminal equipment.

A product as a service is another perspective of environmental efficiency that ICT companies can provide to other industries by selling the benefits that a product or device can provide rather than the product or device itself. A relevant example here is cloud computing, which is described in the MITIGATION OF CLIMATE CHANGE AND ELECTRICITY CONSUMPTION section of this report.

In addition to direct action, ICT companies like Tet can also help reduce emissions, energy or other resource consumption in other areas of the economy.

We create and test new solutions that have the potential to become new Tet services. At the moment, Tet's focus is on solutions for media, a safe city, smart and green power supply. Expanding the smart quarter in Riga, where in the autumn of 2022 61 lighting poles in Ķīpsala quarter were equipped with Tet smart lighting system – LED luminaires, smart controllers and motion sensors, in October 2023 an environmental and air quality monitoring station was opened, the measurement data of which are available to everyone on the screen. This allows neighborhood residents to keep an eye on environmental and air quality, which is an essential part of residents' safety. Data is also available to the municipality, helping to identify the most characteristic pollutants and evaluate the results of the implemented activities for the reduction of pollution. In turn, scientists, working with the data obtained, will be able to make a forecast of the future situation at various scenarios.

REDUCE: As a customer relationship holder, we have the opportunity to develop new habits in the community in the areas of equipment disposal or reuse. By inviting residents to understand the problem of equipment waste, responsibly hand over unnecessary electrical equipment for recycling, as well as telling about the benefits of repairing household equipment, we are implementing educational and practical campaigns in partnership with Latvijas Zaļais punkts and SIA Eco Baltia vide. Since 2022, in partnership with Eco Baltia Vide and DPD for buyers of

household appliances in Tet stores and e-shop the removal of waste electrical and electronic equipment is provided free of charge along with the delivery of new equipment.

REUSE: We take care that the equipment used to provide basic services (modems, routers, decoders) is reused if it is in good technical and visual condition and is technologically viable, thus serving a full working life. This is a voluntary target for the company in the field of resource use, which maximizes the extent to which the product is recirculated after the first use. In 2023, when installing new Tet basic services, 64% of the time this was done with reused equipment such as modems, routers and TV equipment. The goal set for 2024 has been reduced to 40%, which relates to the replacement of technologies for customer devices.

Tet has established cooperation with the Riga Technical University Engineering High School, and the extension of the life of the equipment is also carried out by using the equipment which has served its time in the company in the learning process. For example, in the summer of 2023, we presented 24 servers to the Riga Technical University Engineering High School, which were previously used to ensure the operation of Tet data centers. Although they are no longer usable for the maintenance of critical systems, they are fully functional and can be practically applied in the learning process

RECYCLE: all equipment used to provide the company's services, which at the end of the life cycle remains the property of the company, is sold for further use or disposed of by concluding management agreements with SIA Zaļā josta, SIA Zaļais punkts in accordance with the requirements of the law. In turn, we sell the copper cables collected as a result of the modernization of the network for metal recovery.

Since 2023, we have introduced office waste sorting and started waste accounting, as well as collected data on

waste from the service provision process. In locations where waste containers are shared with other tenants, the eligible waste quantities are based on estimates. In the coming years, the quality of accounting data should be improved in order to be able to set a goal – to reduce the amount of unsorted waste. Waste sorting goes hand in hand with reducing the company's emissions.



Preparation for reuse, t

	2023	2022
Electrical equipment and electronic devices, sold for re-use	25,54	49,2
Copper cables, sold for metal recovery	142,86	137,53

Reduction of e-waste, t

	2023	2022
Collected customers' household e-waste	43,9	33,5

E5-5 Waste

Total amount of operational waste*, t	293
Hazardous or radioactive waste, t	0
Breakdown by type of treatment, t**:	
sorted waste	134
unsorted waste	159

Including waste from the activities of SIA BDA, t	3,28
sorted waste	1,2
unsorted waste	2,08

* source for conversion volume of waste, m3 to weight, t: ROKASGRĀMATA FAKTORU PIELIETOŠANAI SADZĪVES ATKRITUMU UZSKAITĒ, PĀREJOT NO TILPUMA UZ SVARA VIENĪBĀM, meteo.lv

** the company does not collect information on sorted and unsorted waste treatment practices (e.g. recycling, preparation for re-use, landfilling, other)

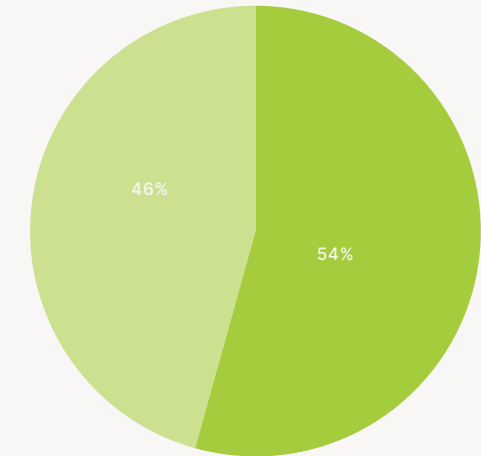


Waste categories, t

Office waste, mixed, unpressed	Office	157,252
Paper, cardboard, plastic packaging	Office	67,704
Glass	Office	1,152
Cardboard, paper (unmixed)	Warehouse	0,216
Plastic (unmixed)	Warehouse	0,132
Cardboard and film (mixed), pressed	Warehouse	9,6
Wood	Warehouse	3,4
Other (bulky waste from economic activity)	Warehouse	29,68
Other construction waste	Warehouse	6
Technologically obsolete telecommunications equipment	Warehouse	14,881
Office waste, mixed, unpressed	Office BDA	2,08
Paper	Office BDA	1,2

Waste breakdown by type of treatment, t

- Sorted
- Unsorted





S1 Own workforce





Target	Relationship of the target to the policy objectives	Scope	2024	Target	2023	Target	Actual	2022	Actual
HiPO index score	Secure and appreciated employer	Group		85		82	81		82
Employee voluntary turnover	Low employee volunteer turnover is a positive assessment for the company as an employer	SIA Tet		10%		–	9%		12,5%
Share of employees with internal career growth (vertical, horizontal)	Internal growth-enhancement	SIA Tet		11%		–	11%		11%
Hybrid job opportunities for employees (excludes work roles where hybrid work is not possible due to the nature of the work)	A flexible working environment is an important contributor to the well-being of employees; also an important contributor to diversity, as it is attractive to people in different life situations	SIA Tet		100%		–	100%		100%
Number of work-related injuries and accidents	Work safety, emphasis on labor on sites	Group		0		–	1		0
Equal pay for work of equal value, gender gap or explain	Same transparent and objective principles are applied in the calculation of remuneration. Equal pay is imperative to diversity & inclusion.	SIA Tet		5% (2028)		–	–		–
Managers trained in unconscious bias and inclusive recruitment practices (module in manager development program)	Managers better equipped to create more diverse and inclusive workplace	Group		100%		–	–		–



Safe, secure, well-being and growth enhancing workplace

Employment predictability and social protection, work-life balance

We are a large employer and strive to be one of the TOP employers in Latvia. To maintain our position, we work on a wide variety of aspects that create a good work environment. Low employee volunteer turnover is a positive assessment of the company as an employer, so is 8th place as the TOP employer in Latvia according to the CV-Online survey in 2023.

The values and principles according to which we are organized as the company are described by the Tet Group Code of Conduct, the Tet Working Regulation and the Collective Agreement between Tet Group and the workers' union (LSAB PRO). These and other working environment policies are approved by the Board and apply to all employees of the group. The scope of the information included in the report includes all employees of the company who can be significantly influenced by the company through its policies.

It is also important to address working environment from perspective of international human rights standards, which are part of the sustainability impacts of the company on society. We have identified the human rights with which we have the closest interactions in working relations, which are more broadly described in the section MATERIAL IMPACTS, RISKS AND OPPORTUNITIES of this report and also described by the Tet Group Code of Conduct.

In our activities, we ensure respect for and protection of universally recognised human rights, guided by the principles described by major human rights conventions, such as the UN Universal Declaration of Human Rights, the International Labour Organisation's Declaration of Fundamental Principles and Rights at Work and the UN Guiding Principles on Business and Human Rights.

The organisation of employee engagement is described in the INTERESTS AND VIEWS OF STAKEHOLDERS section of this report, while the channels for respecting the human rights of the remediation process are described in the PROCESSES FOR REMEDIATION AND THE CHANNELS AVAILABLE TO RAISE CONCERNS AND RESOLVE THEM. At the beginning of 2024, amendments have been made to the Supplier Code of Conduct and amendments are planned to the Tet Group Code of Conduct, which stipulates the company's position regarding such sensitive categories as human trafficking, forced labor and child labor, where the risk zone could be a supply chain, if it were to extend outside the EU.

Also, the protection of employee privacy and personal data is an essential aspect that not only ensures the trust of employees in the company, but also respects their human rights and contributes to the good reputation of the company. This area is regulated by the Tet Group's Policy on workforce privacy and the Tet Group's Privacy policy during the recruitment process, which relate to information and rights of the employee's in employment relationship and were updated during the reporting year.

A flexible working environment remains one of the cornerstones of work-life balance at Tet. It is established by an agreement on a flexible working environment between Tet Group and LSAB PRO. Colleagues are offered to plan work both from the office and from anywhere in Latvia, and up to 3 months also from abroad. Thanks to this approach, Tet is a workplace for colleagues from different cities of Latvia. This is one of the advantages of the wide range of benefits for Tet employees to choose. The benefits can be used for well-being activities, which are complemented by an actively organized social life in the company: we invite colleagues to spend more time on a daily basis in movement and in nature - boat trips, hikes, walking or cycling challenges and various other activities that promote the work-life balance and often involve family members of the colleagues.

Employment in the company continues to be characterized by high stability, which provides employees with security for income and social guarantees. This is evidenced by high rate of employment relations on the basis of a contract and a high percentage of permanent employment contracts. The profile of non-employees in the workforce is two contracts for SIA Helio Media for the roles of such positions as sale of advertising and another temporary solution.

For the company, raise of productivity continues to be relevant, which translates into reducing number but more qualified and better-paid employees.

We evaluate our performance as an employer once a year according to the HiPO methodology using an employee survey. Kantar's TRI*M High Performance Organisation (HiPO) method evaluates employee engagement and collaboration, understanding of the organization's goals and strategy, and provides assessment to direct and senior management. HiPO has been selected as the organization's central performance target characterising the work environment. The Tet Group's HiPO performance rating has not changed significantly during the reporting year and continues to be high compared to the average of European companies (81 points vs 72 points, respectively), however, the company's management wants to achieve a long term positive annual dynamics in the rating.

Safe working environment

Work safety is an essential prerequisite of the working environment in any enterprise, but especially in those that are characterized by employee work in conditions of increased danger – height, construction work, with electric current and tools. The company's management takes care of the development of occupational safety policies and procedures to prevent accidents and injuries in the workplace. This not only protects employees from potential accidents, but also helps to maintain the company's reputation, reduce costs related to compensation for accidents, as well as increase the productivity of employees.

SIA Tet is serviced on the basis of a contract by the competent institution SIA Zerorisk. SIA Zerorisk is certified according to ISO 9001:2015 for the provision of labor protection services. The principles of labor safety are stipulated in the Work safety policy, Fire safety regulations. Colleagues are supported on a daily basis by detailed instructions on labor protection and fire safety, published in the intranet. Once a year, each Tet Group colleague attends an occupational safety and security briefing, as provided for in the Regulation for training employees in labor protection and fire safety issues.

Although we strive for zero work-related injuries and accidents, during the reporting period one case has occurred – an employee of SIA Tet mildly suffered in a traffic accident.

Development of employee competencies

When assessing the dependence of company on natural, labor and social resources, the availability of qualified labor is critical for the successful operation and development of the company. Qualified employees provide the company with the necessary expertise, skills and knowledge to innovate, compete and grow in the market. In addition to providing motivating working conditions and competitive remuneration to attract and retain top-class talent, the company invests in employee training and development to retain employees and promote their career growth and loyalty. In 2023, 11% of employees have experienced internal career growth, which can be not only vertical, but also entering new professional fields. At the same time, the company cooperates with educational institutions in order to build future workforce qualifications that meet the needs of the company, which can be largely characterized by quality STEM education. The number of specialists prepared by educational institutions, for which there is a lot of competition in the labor market, is not sufficient, therefore, young specialists trained by experienced colleagues on the job.

In addition to developing critical employee competencies, training in ESG issues has become essential so that employees are knowledgeable to align company's strategic, identify and assess ESG risks and opportunities in the company's operations and achieve company's sustainability goals.

Right to organise in defence of one's interests

When assessing the dependence of company on natural, labor and social resources, the availability of qualified labor is critical for the successful operation and development of the company. Qualified employees provide the company with the necessary expertise, skills and knowledge to innovate, compete and grow in the market. In addition to providing motivating working conditions and competitive remuneration to attract and retain top-class talent, the company invests in employee training and development to retain employees and promote their career growth and loyalty. In 2023, 11% of employees have experienced internal career growth, which can be not only vertical, but also entering new professional fields. At the same time, the company cooperates with educational institutions in order to build future workforce qualifications that meet the needs of the company, which can be largely characterized by quality STEM education. The number of specialists prepared by educational institutions, for which there is a lot of competition in the labor market, is not sufficient, therefore, young specialists trained by experienced colleagues on the job.

In addition to developing critical employee competencies, training in ESG issues has become essential so that employees are knowledgeable to align company's strategic, identify and assess ESG risks and opportunities in the company's operations and achieve company's sustainability goals.





Metrics	2023		2022
	SIA Tet	Group*	SIA Tet
S1-6 Total number of employees and characteristics of employees	99%	1192	1152
Permanent employees	42%	99%	99%
	female, %	58%	45%
	male, %	1%	55%
Temporary employees	58%	1%	1%
	female, %	42%	60%
	male, %	n/a	40%
Non-guaranteed hours employees	192	n/a	
Total number of employees who have left the company during the reporting period	16,9%	245	304
	The rate of employee turnover in the reporting period, %	9,0%	20%
	voluntary, %	7,9%	12%
	involuntary, %	0,0%	8%
	other, %	0,0%	0,0%

S1-7 Employment practice / own workforce				
	Employment agreement	100%	99,8%	100%
	Other forms	0%	0,2%	0%

S1-11 Social protection				
	Share of employees covered by social protection against loss of income due to major life events, %			
	sickness	100%	100%	100%
	unemployment	100%	100%	100%
	employment injury and acquired disability	100%	100%	100%
	parental leave	100%	100%	100%
	retirement	100%	100%	100%

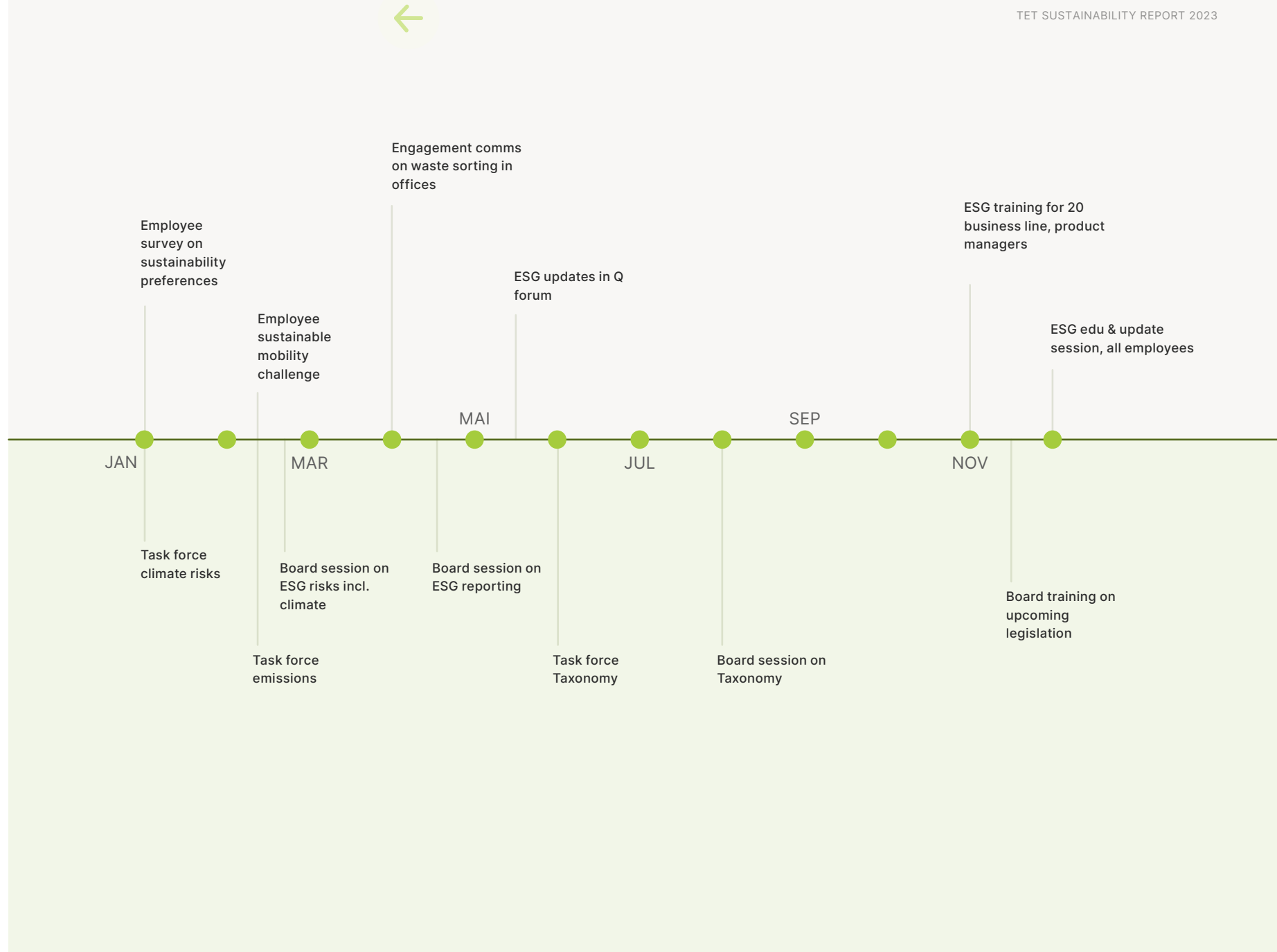
S1-15 Work-life balance metrics			
	Share of employees entitled to take family-related leave, %	100%	100%
	Share of entitled employees that took family-related leave, %	44%	44%
	female, %	49%	52%
	male, %	51%	48%

Metrics	2023	
	SIA Tet	Group*
S1-14 Health and safety metrics		
Share of workforce covered by the health and safety management system		
	own workforce, %	100%
	non-employees, %	0%
The number of fatalities as a result of work-related injuries and work-related ill health	0	0
	own workforce	0
	non-employees	0
	value chain workers working on the undertaking's sites	0
Number of cases of recordable work-related accidents	1	1
	own workforce	1
	non-employees	0
The number of cases of recordable work-related ill health, own workforce	0	0
The number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health, own workforce		3

Metrics	2023		2022
	SIA Tet	Group*	SIA Tet
S1-13 Training and skills development metrics			
The percentage of employees that participated in regular performance reviews	-	-	
Share of employees who participated in training	445	456	
	female, %	42%	42%
	male, %	58%	58%
The average number of training hours per employee, h	3	3	3
	female	2,5	2,5
	male	3,5	3,5
S1-8 Collective bargaining coverage and social dialogue			
	Share of employees covered by collective bargaining agreement, %	100%	100%
	Number of collective agreements	1	1
	Share of employees covered by workers' representatives	17%	16%

Reference to the methodology and assumptions used to compile the data: *Group denotes the scope of consolidation of this report, which includes companies SIA Tet, SIA Heli Media, SIA BDA, SIA Lattelecom, SIA Data Experts. All data on the number of employee and proportions are indicated on 31.12.2023. Excluded employees who are on parental leave or pre-natal leave. Turnover is calculated according to the formula "number of employees left the company/average number of employees". The calculation of leave for family reasons includes: Leave for one or two children; Employee's vacation for children; Paternity leave; Holiday in case of funeral of a close relative; Leave for childcare without maintaining wages; Vacation due children (3 children). Data on employees with disabilities may not be complete, since the employee has the right not to indicate such information.

Employee awareness & engagement





Fair remuneration, inclusion & diversity

Diversity, equal treatment and opportunities

Diversity in Tet is the representation of different, complementary competences, work experiences, perspectives, education, nationalities, age groups, genders. Diversity in a company is essential because it fosters innovation, creativity and efficiency – combining different experiences, skills and perspectives contributes to a wider range of ideas and creates a favorable environment for solving problems and seizing new opportunities. Where there are differences in the dimensions of diversity, the company shall, as far as possible, balance them appropriately. The principles of diversity, equal opportunities and, at the same time, non-discrimination in the Tet working practices are established in the Tet Group Code of Conduct and the Tet Working Regulation. We provide equal opportunities to our employees regardless of gender, race, color, age, disability, religious or political beliefs, national or social origin, property or marital status, sexual orientation or other circumstances.

Company has specific policy commitments related to positive action for parents – these are holiday gifts for the children of employees, during the reporting period a nursery was installed in the Tet central office, as well as the company has received a rating of Family friendly workplace. Also, the company annually rewards long-term employees, thanking them for their loyalty and their competence sharing.

The company employs colleagues from all four generations (Z, Y, X and Baby boomers). Employees from all four generations have experienced career growth in the company in 2023. Gender balance is enabled by the many different job roles in the company. The diversity of management bodies (disclosure S1-9) is described in the SUSTAINABILITY MANAGEMENT IN THE COMPANY section of this report.

The flexible working environment continues to be an essential factor in promoting diversity and inclusion, combining work from office and home, from abroad and regional offices, and the possibility to start and end the working day earlier. The company's central and Liepaja office premises are designed according to the principles of an activity-based office, allowing colleagues to choose and change the workplace in accordance with the tasks or physical preferences.

In the summer of 2023, Diversity festivals were held all over company's largest offices in Latvia, where we showed different skills and passions of our colleague. One of the goals of these festivals was also the well-being of colleagues and raising employee engagement.

In order to further develop a more diverse and inclusive work environment, in 2024 training for managers on inclusive recruitment practices is planned.

In order to expand the range of qualified job candidates and encourage Latvian women to start working in the IT field, Tet still supports the Riga TechGirls initiative. Several graduates of the Riga TechGirls program have started working in our company.

Fair remuneration

Fair remuneration in the company is reflected in the principle that employees are paid an adequate and proportionate salary for the work they provide, taking into account their competence, contribution and responsibility. Such pay shall also take into account the principles of equity and equality, without discrimination or inequality rooted in sex, age or other factors unrelated to performance.

In 2023 one of the most significant projects of recent years in the field of human resource management in the company has been launched – the introduction of the principle "equal pay for work of equal value" in the

company. Work of similar value is measured by the necessary knowledge and skills in the relevant position, the complexity of the work, the scale of cooperation, responsibility for decisions and resources, working conditions and other criteria. The initiative aims at establishing fair remuneration throughout the organization, ability to compare work of equal value, establishing principles for setting and reviewing remuneration, and providing a clear picture for every employee, how his/her salary is formed and what are the salary thresholds for the position. In 2023, in cooperation with Figure Baltic Advisory and according to the methodology developed by them, the evaluation of all positions of SIA Tet and the creation of a job hierarchy were carried out, followed by the first steps of building a remuneration system in 2024. This systemic approach to remuneration in a company not only leads to competitive, market-balanced remuneration in order to maintain and attract a qualified workforce, but prepares the company for the requirements of the EU Pay Transparency Directive, which will enter into force in 2027 and will oblige company to publish data on the gender pay gap, which will only be possible if positions can be compared with each other.



Metrics	2023		2022
	SIA Tet	Group*	SIA Tet
S1-6 Total number of employees	1110	1192	1152
	female, %	42%	44
	male, %	58%	56
S1-9 Diversity metrics			
Gender distribution at top management (management team)			
		10	13
	female	4	6
	female, %	40%	46%
	male	6	7
	male, %	60%	54%
Age distribution amongst employees			
	less than 30 years	15%	16%
	30-50 years	59%	57%
	over 50 years	26%	27%
S1-12 Persons with disabilities			
Persons with disabilities amongst employees			
		18	18
		2%	2%
S1-17 Incidents, complaints and severe human rights impacts			
The total number of incidents of discrimination, including harassment, reported in the reporting period			
		0	0
The number of complaints filed through channels for people in the undertaking's own workforce to raise concerns			
		0	0
The number of complaints filed through channels of National Contact Points for OECD Multinational Enterprises			
		0	0
The total amount of fines, penalties, and compensation for damages as a result of the incidents and complaints disclosed above			
		0	0
The number of severe human rights incidents connected to the undertaking's workforce in the reporting period			
		0	0
The total amount of fines, penalties and compensation for damages for the incidents described			
			0
S1-10 Adequate wages			
Employees are paid an adequate wage, in line with applicable benchmarks (above minimum wage)			
		98,9%	99,0%
S1-16 Remuneration metrics			
Gender pay gap			
		-	-
Annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees			
		1237%	1237%



Processes for remediation and the channels available to raise concerns and resolve them

Tet provides an opportunity for employees, customers, business partners (suppliers) and every member of the society to communicate their objections and claims in order to find a solution in situations where they believe that their rights have been violated, as well as about any possible illegality or violation of regulatory enactments. For this purpose, various channels have been established that allow the company to receive and investigate complaints, taking the necessary actions to resolve problems and decide on remediation, which can be an apology, financial or non-financial compensation, elimination of damages, as well as changes in the company's policies that prevent the recurrence of a damage.

Employees

The Tet Group's Code of Conduct states that the primary communication channel for solving issues for an employee is to directly turn to his manager or HR specialists. The Code of Conduct is available to employees in Intranet.

The role of the workers union's is to quickly and efficiently resolve possible disagreements between the employer and employees regarding the implementation of the Labor Law and the Collective Agreement. Union represents employees at their request in solving economic, social and other work-related issues. The content of the Collective agreement is available to employees in Intranet.

In order to report possible violations, employees have the Whistleblowing Channel at their disposal, as well as the management of Tet undertakes to support and protect employees who report possible violations. Tet employees may also submit a submission regarding any other possible violation related to the activities of the Tet Group company, which does not constitute a whistleblower's report on the merits. Such submissions shall be dealt with in accordance with the general procedure. Information on Whistleblowing is available to employees in Intranet.

The company has not recently assessed the awareness of the staff about the remediation processes, structures and trust in them, therefore, training on the operation of the Whistleblowing Policy is planned for 2024.

Customers, business partners and other parties

The procedure for reporting possible violations is described in the Tet Group Code of Conduct, which is published on the company's website. When processing a whistleblower's report, the process thereof shall be organised in accordance with the Whistleblower law. The Director Internal Audit Division is responsible for processing of whistleblower reports, the record-keeping and the compliance with the whistleblower's guarantees. All reports and submissions received are reviewed by dedicated commission. The commission shall, within seven days after receipt of the report, issue an acknowledgement of receipt of the report, which shall also include the information of the employee responsible for the progress of the whistleblower's report for further references. Tet provides guarantees of protection for the whistleblower, his relatives, as well as the person mentioned in the report, in accordance with the law. The Tet Group Supplier Code of Conduct, also published on the company's website, provides for an obligation for the supplier to immediately inform Tet if it becomes aware of or suspects any activity that may conflict with the provisions of the Tet Group Supplier Code of Conduct or possible violations that it has become aware of through cooperation with Tet Group companies by submitting a whistleblower report.

The contract for the provision of services provides for the possibility for the customer to file an objection regarding the services provided by Tet in writing or verbally by calling the Private Customer Service Hotline 177 or 67000177, the Business Customer Service Hotline 67177177, or by sending information to the e-mail tet@tet.lv. Tet processes the objection and provides a response within ten days from the date of receipt of the objection. A process and deadlines have been developed and documented in the company's Policy for examining, resolving and responding to customer objections. Service agreement templates are published on the company's website. Communication with the company can also be initiated by sending a message on the self-service portal mans.tet.lv or in the mobile app My Tet in the section My posts / Communication, or via chatbot, or on social networks.

Objections related to the services provided by Tet in the field of electronic communications services can be submitted to the Public Utilities Commission and the European Commission – the online dispute resolution (SIT) platform. References to these channels are published on the company's website.

Tet provides customers with all the information specified in respective legislation in relation to the processing of his/her data, as well as ensures the implementation of all rights of the data subject. The customer may submit a request for the exercise of his/her rights in writing: in person at Tet stores or at the legal address, presenting an identity document; in the form of an electronic mail, signing with a secure electronic signature; by logging in to the self-service portal My Tet. This procedure is determined by the Privacy Policy, which is published on the company's website.



S4 Consumers and end-users





Target	Relationship of the target to the policy objectives	Scope	2024	Target	2023	Target	Actual	2022	Actual
Number of people who will participate in educational activities organised and supported by Tet to advance technology and digital security knowledge	Increasing digital competence in society	<i>SIA Tet</i>		20000		20000	33000		33000
Broadband coverage growth, number of new addresses with optical network	Expand access to internet	<i>SIA Tet</i>		7000		–	9937		6971
Cybersecurity index	Significant player in cybersecurity field (includes: strengths in the market, employee knowledge, internal practices, raising public awareness)	<i>SIA Tet</i>		100%		–	94%		–
Employees trained in data privacy, cybersecurity, %	Training managers and employees ensures succesful implementation of policy	<i>Group</i>		100%		–	75%		83%
New service assessment of compliance with data protection and IT security requirements	Data privacy included in product design	<i>Group</i>		100%		–	100%		–
Protection of freedom of expression and privacy rights – number of contested requests /number of requests for information by law enforcement institutions	Law enforcement requests must be legally justified and handled by trained units strictly following procedures	<i>SIA Tet</i>		–		–	10 / 1151		7 / 1297



Human rights in customer relations

The Internet and television are two important channels of communication and information, and their roles in people's lives are diverse, offering information, entertainment and social communication. However, the Internet can compromise user privacy by allowing third parties to access personal information or facilitating the spread of misleading or false information.

The management of these and other material impacts is defined in the Tet Group Code of Conduct, which emphasizes the company's commitment to work in accordance with the basic principles of human rights, the Sustainability policy, which identifies the most significant positive effects, as well as the company's actions arise from the obligation to comply with the Electronic Communications Law, the Personal Data Processing Law and other legal acts. The requirements of the law are incorporated into the company's policies and procedures, such as Tet's Privacy policy, Procedure for the issuance of subscriber and other data to authorities. The Tet Group Code of Conduct also states that managers should not encourage employees to act contrary to the principles of the company's Code of Conduct in the name of commercial gains.

In our activities, we ensure universally recognised respect for and protection of human rights, guided by the principles described by major human rights conventions, such as the UN Universal Declaration of Human Rights, the International Labour Organisation's Declaration of Fundamental Principles and Rights at Work and the UN Guiding Principles on Business and Human Rights.

We have identified the human rights with which we have the closest interactions in the course of our business, for our clients these are the inviolability of privacy and freedom of expression, and protection of personal data. To protect customer privacy, an organization must limit the collection of personal data, collect data by lawful means, and ensure transparency about how the data is collected, used, and protected. General processes for

engaging with consumers about actual and potential impacts on them are identified in the STAKEHOLDERS INTERESTS AND OPINIONS section of this report.

The company's network and services provide access to information and the exchange of ideas, thus facilitating freedom of expression. While policymakers and law enforcement agencies are implementing measures to combat crime, terrorism, hate speech, etc., these measures have the potential to restrict freedom of expression and user privacy. In accordance with the statutory decisions of the competent authorities, Tet restricts access to Internet sites and television programmes.

Processes it company has in place to provide for or cooperate in the remediation of negative impacts on consumers, as well as channels available to consumers to raise concerns and have them addressed are described in the section PROCESSES FOR REMEDIATION AND THE CHANNELS AVAILABLE TO RAISE CONCERNS AND RESOLVE THEM of this report.

We protect the privacy and correspondence of customers by not disclosing information about the user, the services received by him/her and the information transmitted. In accordance with the Electronic Communications Act, we are obliged to provide certain authorities with data at the request of the competent authorities for purposes of legal functions provided for by criminal law and other laws. We fulfill this obligation by strictly following the procedure for requesting and determining data specified in regulatory enactments. Law enforcement requests are processed by a dedicated and trained team. All requests from the authorities must be legally justified. Tet does not fulfill requests that do not comply with the established form and requirements. We ensure the transparency of this process by publishing the number of received and contested requests in the sustainability report.

However, human rights are not just an obligation for a company, a company can enable human rights. For

example, internet access allows individuals to exercise human rights and gain important expertise in education, health, professional development, economics, civic engagement, and more. By expanding internet access network and increasing society's digital literacy, the company is strengthening the power of human rights.

We ensure that personal data is properly protected by:

- continuously improving the regulatory framework in the company,
- complementing it with field governance audits,
- maintaining control systems,
- maintaining good employee knowledge about the right behaviour,
- providing data subjects with information about the processing of their personal data,
- setting data protection requirements with its partners,
- choosing carefully the technical solutions for processing customers' personal data.

Data protection is an ongoing daily process and we regularly make improvements – assessing data processing risks and improving internal procedures and IT systems – based on new risks identified and new technologies that enter our daily lives. We also consult external experts to ensure that risks are properly classified and that control mechanisms are in place. In 2023, a new procedure was developed (Procedure for the development and coordination of Tet Group services), determining the exact procedure how personal data are processed and protected for every new service. The procedure also covers marketing activities (commercial announcements, surveys, lotteries, etc.). Existing procedures for the detection, investigation and reporting of personal data breaches were supplemented with paragraphs that provide for informing the Board, the Audit Committee and the Head of Internal Audit about significant data breaches and breaches that may pose a threat to the company's IT systems. In 2023, 25 requests of data subjects related to

the processing of their personal data were serviced. In 2023, there has not been a single personal data breach to be registered in accordance with the law.

In 2022, following an incident in which a private party applied for a service using someone else's data, the Data State Inspectorate (DSI) imposed a fine on SIA Tet for violation of the General Data Protection Regulation. SIA Tet does not admit that a violation has been committed and has challenged the decision and the fine imposed by the DSI in court. As of the date of publication of this report, the court proceedings are ongoing.

In 2023, a new law has been adopted – the Law on the Accessibility of Goods and Services, which will come into force on June 28, 2025. It takes over the requirements of Directive (EU) 2019/882 of the European Parliament and of the Council (the Accessibility Directive), which is intended to ensure that various information and communication technology services and products are accessible to all, including people with disabilities. Consumer terminal equipment for electronic communications services (e.g. routers, modems) and electronic communications services, as well as consumer terminal equipment for audiovisual media services and audiovisual media services (such as electronic programme guides, subtitles, audio descriptions, websites, etc.) and electronic commerce also fall within the scope of this Law. In 2023, Tet has started and in 2024 will continue to study, interpret and evaluate the application of the new norms of the law. Accessibility of services has also gained increasing importance in the company's latest assessment of significant sustainability impacts, risks and opportunities.



Digital inclusion and security

Digital inclusion (bridging the digital divide) is part of TET's mission to make technology accessible and understandable to everyone. The main obstacles that create the digital divide are the availability of the Internet, including network coverage, availability of technology, the ability to financially afford the necessary equipment and the digital skills of people for the use of technology.

Internet coverage is critical, therefore a high-quality internet connection should be available throughout Latvia. Tet continues the development of fixed broadband infrastructure, contributing to the achievement of Latvia's national goal – in 2026, coverage of high-capacity networks should be available to 96% of households in Latvia. The digital skills of the population in Latvia are low: only 51% of the Latvian population has them at least at a basic level. The indicator is below the EU average (the EU target is to provide at least a basic skill level for 80% of the population), and progress is slow, as evidenced by human capital ratios in the EU DESI index, as well as the company's experience in customer care situations. In Latvia as a whole, adult participation in lifelong learning activities is low, it fluctuates between 6.5 and 9%, therefore educational formats must be integrated. Tet has long term commitment to work on positive influences in both important areas: building digital skills and expanding the internet network.

According to the analysis of the electronic communications market carried out by the regulator, Tet is the largest owner of the electronic communications infrastructure (core network and access network). Tet annually expands internet coverage so that as many Latvian residents and businesses as possible have access to a stable and reliable Internet network. The optical Internet network, which is the core technology used in the Tet network, is and will continue to be the strongest technology worldwide, which enable innovative solutions and develops the digital progress of the country's population. A powerful internet connection provides new,

much wider opportunities for more efficient data analysis, artificial intelligence, the use of smart technologies and many other innovations. Expanding the optical Internet network in the capital and regions, in 2023 new connections have been built at almost 10,000 addresses, currently providing internet to more than 553,000 addresses in Latvia.

We run technology literacy programmes that help people use devices and the Internet safely, promote the digitalisation of business, and are often necessary for career development. In our initiatives, we focus on children and young people in order to lay strong foundations for digital skills and reduce their negative experiences on the Internet.

Major projects in public education on digital safety and skills for 2023 are:

- an initiative for preschoolers, their parents and educators "Tet Digital Security School for Kids", developed in cooperation with the NGO "Droša interneta centrs";
- activities to improve cybersecurity skills for both businesses and individuals, including the forum "CyberShield";
- in cooperation with Riga Business School, the Harvard University digital competence content has been introduced to pupils and teachers, and events have been organized for IT teachers and students;
- support and mentoring of Riga TechGirls training "Get to know technologies", which promotes the inclusion of women in the technology sector and develops their digital skills.

In 2023, more than 33 thousand people participated in these and other educational activities of Tet, thus achieving the goal set by the company. Of these, 12 thousand are viewers of the "Tet Digital Security School for Kids" program "Richie Roe and the Internet".

At the same time, in our daily customer service, we develop the skills of our customers to take advantage of the digital environment. Currently, 70% of our customers use self-service options on a daily basis on the website and in the My Tet app for solving various issues.

Thanks to the development of technology, cyber attackers are also gaining their advantage, who are able to mislead the victim and trick both valuable data and money from him/her in increasingly creative and reliable ways. In 2023, there has been a huge leap in the development of deepfakes, which also give a resource to cyber fraudsters. The topic of cybersecurity in the context of both Latvia and the world is becoming more and more relevant and this is confirmed by Tet's experience with cybersecurity situations. As a provider of critical infrastructure, a cloud computing provider, and also as a company that works with personal data, Tet's ability to deal with cyberattacks is a particularly important issue of reputation and brand value, affecting market share and revenue growth potential in the long run. Thanks to Tet's expertise and scope, the company has a unique opportunity to increase the resilience of local businesses and households to cyber risks and gain brand value growth and new revenue opportunities. Tet provides a wide range of IT security services – from performing separate tasks to fully managing the company's IT security. We blocked most of the dangerous attacks on our customers, regularly inform users about IT security vulnerabilities, and cooperate with the CERT.lv to address infrastructure protection and security vulnerabilities.

In total in 2023 Tet diverted 3212 DDoS attacks of which 1427 or 44%, were above 1 Gb per second. These attacks targeted Latvian entrepreneurs, critical infrastructure and state institutions. In 2023, Tet identified and stopped 65.5 million suspicious emails, of which 247 thousand contained viruses or malware.

We take care of the company's own IT security from both a technology and employee knowledge perspective. We ensure that the security of our systems and processes is overseen by competent staff with internationally recognised certifications such as CISM, CISA, CEH, CCNA, Pentest+, Security+. We maintain a number of certificates that certify our information and infrastructure security management standards: ISO 27001, PCI-DSS, TIERIII. We train employees at the start of their employment and at least once a year thereafter. IT security is one of the modules in the mandatory annual e-training for all employees.

Along with this, we intensively train all our employees, and adapt the content to different jobs. The training is about theoretical knowledge – what phishing is, what it looks like, how to recognize it, but even more important is practical training. Every Tet employee receives at least one Tet-generated phishing test message at least once a month. It allows company to evaluate the result of the training – who clicked on the message, who entered the data, changed the password, and how many have reported that message as phishing. As a result, we can identify where weaknesses arise and what is the knowledge that needs to be upgraded.

To measure our performance in the field of cybersecurity, in 2023 we have developed a unique Cybersecurity Index. It's a set of 7 KPIs that describe our strength in the market, competencies and resources, service levels, employee vigilance, and contribution to public cybersecurity education.



Tet educational initiatives

Tet Digital Security School for Kids, 14 online series

Collaboration with Riga Technical University Engineering School: donation of Tet devices and awarding the Best Graduates

Partnership with LIKTA – Digital Week on cybersecurity, IT Directors' Breakfast

Tet Digital Security School for Kids, webinars for librarians

Riga Business School – Harvard project, Programming Competition, Conference for IT Teachers

Latvian National Museum of Art exhibition “Green and Even Greener”

SOS Children's Villages – foster parent training in computer skills

Riga Tech Girls – project support and involvement of Tet experts as mentors

E-waste tackling in partnership with ECO Vide Baltija

Cybershield Conference

Tet STEM series for youth “Science or Magic”

Smaller one-offs: young parent handbook for digital security, hackathons, job shadow days etc.



G1 Business conduct





Target	Relationship of the target to the policy objectives	Scope	2024	Target	2023	Actual	2022	Actual
Employees trained on Corporate business principles, %	Training managers and employees ensures succesful implementation of principles	Group		100%		75%		83%
Dedicated training, incl. anti-corruption and bribery, fair competition for functions-at-risk, %	Training managers and employees ensures succesful implementation of principles	Group		100%		80%		-
Supplier Code of Conduct signed, % new expense agreements	Developing value chain sustainability	Group		75%		68%		-
Regular revision and improvement of corporate governance practices	Maintain corporate governance maturity and transparency	Group		qualitativte		see in text		-
Supplier ESG risk assesment, covering % of Group spent (w/o Citrus)	Implementing sustainabilitu due diligence in supply chain	Group		80% (2025)		-		-



Business conduct and corporate culture

The importance of business conduct is essential, as it ensures the effective and sustainable functioning of the organization. This includes the proper use of resources, risk mitigation, responsible decision-making and the achievement of long-term goals.

The Tet Group's Code of Conduct explains the most important principles of the company's activities, the prevention of bribery and corruption, the prevention of conflicts of interest, fair competition, the protection of information, personal data, intellectual property, responsible tax practices, the prevention of money laundering and terrorist financing, relations with interested parties, including suppliers, as well as the reporting of possible irregularities. The application of the principles is further explained in Working Regulation. The principles of anti-bribery and anti-corruption described in the Code of Conduct are in line with the UN Convention against Corruption. In addition to the above, Tet's participation in non-governmental organizations is governed by the Procedure for approving the membership of Tet Group companies in non-governmental organizations, and gifts and donations is governed by the Policy of support and donation (gift) of the Tet Group of companies.

At the beginning of 2024 the Code of Conduct for Suppliers of the Tet Group has been updated, clearly defining the requirements for working environment, environment and good governance in line with best practices in this area and aligning the requirements with the material topics areas of sustainability of the Tet Group.

We ensure compliance with the essential corporate business principles of the company's activities by continuously improving the regulatory framework in the company, maintaining control systems, maintaining good employee knowledge about the appropriate actions, enabling employees and business partners to report any possible wrongdoing, ensuring the safeguards of the Whistleblowing Law, properly investigating alleged cases of fraud, corruption or other violation, promoting

transparency, for example, through sustainability reporting, expecting similar business practices from the business partners, declaring zero tolerance for corruption in the company, maintaining political neutrality, including not making donations to political organizations.

The principles of corporate governance are described in the CORPORATE GOVERNANCE STATEMENT of this report.

The company has developed a Whistleblowing policy, which is an annex to the Tet Group Code of Conduct and provides an opportunity for employees and cooperation partners to report any possible illegality or violation of regulatory enactments, ensuring the protection guarantees provided for in the Whistleblowing Law. Contextually, it is described in the PROCESSES FOR REMEDIATION AND CHANNELS AVAILABLE TO RAISE AND ADDRESS CONCERNS section of this report, and is also available publicly on the company's website, Intra, and a reference to it and reporting channels are included in the Supplier Code of Conduct. Whistleblowing is the main procedure suitable for preventing, detecting and addressing allegations of corruption and bribery.

Continuous training allows employees to constantly update their knowledge of anti-corruption and identify risks. It helps to promote awareness and attention to the signs of corruption, and also contributes to cultural changes in the organization. Every year, an e-learning course is mandatory for all employees, which ensures regular education of employees on the behavior in everyday situations that comply with the principles of the code of conduct. The training course is designed as an online module, which includes case studies and the application of knowledge in three areas: data protection, cybersecurity, principles of responsible business. The training content is regularly updated. Records of employees who participated in annual training are kept (in relation to the composition of employees on December 31).

In addition, the Legal Department annually conducts in-depth education on specific principles of business conduct in everyday situations, which are adapted to the specifics of the work of individual structural units or positions. The functions of the company, which are the target audience of each particular training program, are defined in the context of the topic. In 2023, the topic discussed in depth was assessment of new services for compliance with data protection and IT security requirements. Training was related to the introduction of a new company policy and the target audience for this training were employees who participate in the development of new products and implement sales campaigns. At the beginning of 2024, the Board had in-depth training on the issues of protection of state secrets, since part of the Tet infrastructure is the critical infrastructure of the state, and the members of the Board – state officials.

In turn, the functions that are most at risk for corruption and bribery are described Working Regulation, for example, employees who participate in the procurement, including employees of the Procurement and Logistics Department and employees who are assigned by order to work in procurement commissions; employees who are authorised to sign contracts, correspondence and/or binding offers addressed to third parties; managers down to the level of the head of the department and others. It is imperative for these employees to declare their economic interests.

The Tet Group's supplier code of conduct is part of the procurement (expense) contract and invites partners to implement a company management system that guarantees the fulfilment of Tet's corporate requirements in relation to compliance with labour rights and the provision of appropriate working conditions and care for the environment, as well as to raise the alarm about suspicious practices. In 2023, we have improved the monitoring of the concluded contracts. The

commencement of contractual relations is preceded by inspections of partners, suppliers and customers who are legal entities in relation to possible violations of money laundering, tax and sanctions legislation.

Improved disclosure of information about the company has increased SIA Tet ranking in the TOP101 of the most valuable companies in Latvia (corporate governance coefficient increased from 37 to 58). In the 4th quarter of 2024, the company plans to start work to implement a practice for ESG risk assessment of suppliers, primarily evaluating the most significant suppliers. With this, the company will begin preparing for the requirements of the Corporate Sustainability Due Diligence Directive (CSDDD) by ensuring environmental and human rights inspections in the value chain.

G1-4 Incidents of corruption or bribery

The number of convictions and the amount of fines for violation of anti-corruption and anti-bribery laws

0

Political influence and lobbying activities

Representation of the interests of the company is carried out through participation in non-governmental organizations. The main topics of the company's interests (topics of lobbying activities) are mirrored on the agenda of non-governmental organizations and relate to the essential topics of the company's sustainability. Tet's membership in non-governmental organisations is governed by the Procedure for approving the membership of Tet Group companies in non-governmental organisations. The decision on the membership of the Tet Group company in non-governmental organizations is made by the company's Board which delegates a representative. Tet Group companies do not support projects of a political or religious nature, political parties or causes, either directly or indirectly.





Tet SIA participation in non-governmental organisations

Latvian Employers' Confederation, LDDK

LDDK is the largest association of employers' organisations that represents employers in Latvia. The LDDK together with the Free Trade Union Confederation of Latvia is a social partner to the government of the Republic of Latvia. The LDDK mission is to create a supportive environment for Latvian entrepreneurs by promoting the competitiveness of entrepreneurs and representing employers in social dialogue at national, European Union and international levels. In addition to the objectives of the organisation, Tet SIA as a socially responsible employer who actively follows the binding laws and regulations, through its membership in the LDDK also implements the highest level of involvement in the social dialogue process.

ENVIRONMENTAL SUSTAINABILITY WORKING ENVIRONMENT

Latvian Chamber of Commerce and Industry, LTRK

The LTRK is the largest business association in Latvia, with around 6000 members. The LTRK represents the interests of entrepreneurs and provides services to ensure that Latvia has excellent companies in an excellent business environment. The main fields of activity of the LTRK are the business environment, business competitiveness and exports. The LTRK regularly organises webinars on the topics of the European Green Deal to educate entrepreneurs on sustainability issues. The LTRK also actively monitors legislation that particularly affects the interests of entrepreneurs, gathers their opinions, and represents them in dialogue with the public administration, including on topics such as the business environment, competition law, sanctions enforcement regulation, interest representation, sustainability, conflicts of interest, taxation, etc.

ENVIRONMENTAL SUSTAINABILITY WORKING ENVIRONMENT
GOOD GOVERNANCE

Latvian Information and Communication Technology Association, LIKTA

LIKTA brings together the leading companies and organisations in the telecommunications industry, as well as ICT professionals - currently more than 150 members. LIKTA's vision is to develop a knowledge-based economy by creating products and solutions with high added value, thus contributing to the overall productivity of Latvian companies, as well as to the quality of life and well-being of the population. LIKTA's objectives are related to the promotion of digitalization of the business environment, as well as the development of public digital skills, smart development, including the use of greener and more sustainable solutions. Within LIKTA, Tet monitors changes in regulatory enactments relevant to the ICT sector, their application practice in the sector, participates in LIKTA member working groups, such as the Electronic Communications Merchants Working Group, Cyber Security Working Group, Data Protection Working Group, etc.

PROTECTION OF HUMAN RIGHTS DIGITAL INCLUSION DIGITAL SECURITY

Latvian Electrical Engineering and Electronics Industry Association, LETERA

LETERA is a group of companies, research and educational institutions operating in Latvia in the fields of electronics and electrical engineering, optical equipment, information technology and electronic communications, defence equipment, aerospace and space technologies. LETERA's objectives are to promote industry working in accordance with the European and global principles of free enterprise, fair competition, and fair trade, to create a favourable environment for innovation in the industry that encourages the creation of new products with high added value, and to promote cooperation among members, including cooperation in technology and manufacturing, as well as international business relations.

ENVIRONMENTAL SUSTAINABILITY DIGITAL INCLUSION
GOOD GOVERNANCE DIGITAL SECURITY

Latvian Internet Association, LIA

LIA brings together companies active in the field of electronic communications and that are interested in the development of the Internet environment in Latvia. The aim of LIA is to promote the development of electronic communications services in Latvia: access to high-quality and fast internet for the population throughout the country, thus contributing to the country's economic development and equality of residents, and access to the internet as a right of every member of society. LIA's work is based on the cooperation of the Internet industry with the State administration, by participating in working groups and inter-institutional meetings, where important and topical issues for the industry are addressed, by expressing the opinions and proposals of the members and representing their interests.

DIGITAL INCLUSION DIGITAL SECURITY

Latvian Open Technology Association, LATA

LATA brings together organisations and individuals, including suppliers and users of information technologies, who see economic benefits from the wider use of open technologies in Latvia. LATA aims to promote cooperation between technology suppliers and consumers, including state and local government institutions.

ENVIRONMENTAL SUSTAINABILITY
DIGITAL INCLUSION DIGITAL SECURITY

Latvian Personnel Management Association, LPVA

LPVA aims to be the best idea developer and opinion leader in HR management in Latvia, to develop the best practices in HR management in Latvia, thus taking care not only of the company's development, but also of its employees, their satisfaction and the sustainability of the company's human resources.

WORKING ENVIRONMENT

The Community for Telecom Professionals, ETIS

ETIS brings together Europe's largest telecoms service providers to share knowledge in a trusted environment. ETIS members currently represent 20 European countries. ETIS aims to help members achieve their strategic objectives and improve the performance of their businesses by collaborating and sharing knowledge and experience on industry challenges with other members.

GOOD GOVERNANCE DIGITAL INCLUSION
ENVIRONMENTAL SUSTAINABILITY WORKING ENVIRONMENT
PROTECTION OF HUMAN RIGHTS DIGITAL SECURITY

Association "For Legal Content!"

The Association actively campaigns against the distribution of TV and films without the producer's or supplier's permission and promotes legal TV broadcasting in the telecommunications market by maintaining active cooperation with the competent Latvian authorities in order to limit and eradicate illegal TV service providers in Latvia and to raise public awareness of the need for a legal culture and the protection of intellectual property.

INTELLECTUAL PROPERTY PROTECTION



Responsible tax and payment practices

The company's risk policy includes a zero risk tolerance for non-compliance with tax legal requirements. We do not engage in aggressive tax planning, the main objective of which is reduction of tax payments. A tax specialist checks contracts during the contracting process, not only to ensure that the contract provides for the correct payment of tax, but also to check the tax practices of counterparties. We engage in regular consultations with the State Revenue Service on the application of tax legal requirements in business situations.

The standard invoice payment term practiced by the Group is 30 days after receiving the invoice, unless there is a contractual agreement with the suppliers on a different term.

G1-6 Payment practices

	Percentage of payments made under standard deadlines (payments on time)	Average time to pay the invoice, days (starting from the day when the calculation of the payment term specified in the contract begins)	Average invoice payment term, days
SIA Tet	92%	77	24
SIA Helio Media	36%	41	25
SIA Baltijas Datoru Akadēmija	67%	20	20
SIA Lattelecom	67%	24	22
SIA Data Experts	70%	32	24
The number of legal proceedings currently outstanding for late payments	0		



Protection of intellectual property

In the field of technology, the issue of the use of licensed software products is still relevant, as well as, despite the efforts of the industry, piracy of audiovisual content is widespread, which requires significant resources from the company to protect and enforce its rights.

We provide licensed use of software products in the equipment and systems we maintain and expect such practices from our customers by including this provision in the contracts.

On 5 April 2023, major amendments to the Copyright Law came into force, which are important for Tet group companies as audiovisual content creators.

Taking into account that electronic communications networks are one of the elements of the television broadcasting infrastructure, their illegal, uncoordinated installation can potentially be used not only for the broadcasting of illegal content in violation of intellectual property rights, but in the current, unstable geopolitical situation there is a threat to national security and the resilience of society, since it excludes the possibility of monitoring and controlling the transmission of content in such networks, creating risks in the information space. Illegally laid cables distort competition, create unequal conditions and costs for electronic communications operators. Tet actively continues to call on the responsible authorities to prevent legacy of illegal networking. Tet is one of the founders of the association "For The Legal Content". The association's main task is to combat the illegal use of audiovisual content. The association's activities contribute to the public's awareness that illegal viewing of online content on the Internet, such as video and audio, as well as the use of illegal TV connections, is an illegal act.





SIA Tet Corporate Governance Statement



SIA Tet Corporate Governance Statement

Requisites

Registered offices: Dzirnavu street 105, Rīga LV-1011, Latvia.
Reg. number: 40003052786

Background

Competent supervision over the company securing a balance between the responsibilities of the company shareholders, the Supervisory Council and the Management Board, as well as operational transparency or openness reduce risks, improve reputation, contribute to public trust in the company, help attract financing and protect the shareholder's interests and business partners.

This corporate governance statement is a part of SIA Tet Sustainability Report.

General information

SIA Tet is a commercial company (limited liability company) operating according with the Commercial Law and other applicable regulation of law.

Under the Law on Governance of Capital Shares of a Public Person and Capital Companies, SIA Tet is regarded a private capital company (shares are owned by a public person (Republic of Latvia) and another person).





The management of SIA Tet:

- SIA Tet shareholders, taking decisions at the general meetings of shareholders in accordance with the Commercial Law, SIA Tet Charter and the terms of the shareholders agreements, as well as giving consent to the board to perform certain actions;
- SIA Tet Supervisory Council, taking decisions at Supervisory Council meetings in accordance with the Commercial Law, SIA Tet Charter, the terms of the shareholders agreements, SIA Tet Supervisory Council regulations and other external and internal regulatory enactments;
- SIA Tet Management Board, exercising its competence in accordance with the Commercial Law, SIA Tet Charter, the terms of the shareholders agreements and SIA Tet Management Board regulations.

Shareholders

SIA Tet Shareholders are:

- SIA Publisko aktīvu pārvaldītājs Possessor (holder of state (Republic of Latvia) owned shares):
 - Percentage: 50.99843 %
 - Number of shares 106 001 104
 - Nominal value: EUR 106 001 104

In respect to state owned shares, by duly performing determining activities of identifying beneficial owner, it has been determined that it is not possible to determine any natural person who is a beneficial owner within the meaning of Section 1, Clause 5 of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing, as well as the doubts that the legal person or legal arrangement has another beneficial owner have been excluded.

- Tilts Communications (Danish company fully owned by the leading Northern European and Baltic telco corporation Telia Company AB)
 - Percentage: 49.00157 %
 - Number of shares 101 850 587
 - Nominal value: EUR 101 850 587

In respect to the above shares the beneficial owner is a stockholder in such joint stock company the stock whereof is listed on a regulated market, and the manner of exercising control over the legal person stems only from the status of the stockholder, thus according to Section 18.2, Clause 6 of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing, legal entity is not obliged to disclose beneficial owners.

SIA Tet shareholders have joint control over SIA Tet.

Annual General meeting of SIA Tet Shareholders is convened within 3 months period after the end of the respective calendar year. Extraordinary general meetings of shareholders are convened if necessary.

Tet Group

The following companies directly or indirectly owned by SIA Tet are part of Tet Group:

- SIA Citrus Solutions and its subsidiary Citrus Solutions GmbH (Germany);
- SIA Lattelecom
 - SIA Helio Media
 - SIA Baltijas Datoru Akadēmija
 - SIA Data Experts

On September 11, 2023, a reorganization was registered in the Register of Companies - the company SIA Telia Latvija was added to the company SIA Tet (previously part of the Tet Group).

Management of Tet Group companies is done by the management board of each group company. In order to carry out activities specified in the Charter of particular subsidiary and internal regulatory documents, management boards receive prior consent of SIA Tet as the parent company of the group.

Supervisory Council

Supervision of SIA Tet is procured by the Supervisory Council. Composition of SIA Tet Supervisory Council on the date of publication of this statement is as follows (the description of the business competencies of the Supervisory Council members is presented on page 11 of the 2022 SIA Tet annual report):

- Klāvs Vasks, the Chairman,
- Hannu Mäkinen, the Deputy Chairman,
- Jānis Brazovskis
- Ilvars Pētersons
- Dan Strömberg
- Ieva Jansone-Buka
- Andrius Šemeškevičius

7 members of the Supervisory Council are elected by SIA Tet general meeting of shareholders, inter alia in accordance with the shareholders agreements and the following principles:

- 4 Supervisory Council members, incl. the Chairman, are elected upon the proposal of the Republic of Latvia (SIA Publisko aktīvu pārvaldītājs Possessor);
- 3 Supervisory Council members, incl. the Deputy Chairman, are elected upon the proposal of Tilts Communications AS.

SIA Tet Supervisory Council approves the regular meeting schedule for each current calendar year. Normally 6 regular Supervisory Council meetings are planned in a calendar year. Regular Supervisory Council meetings are held in person or via video conference. If necessary, extraordinary Supervisory Council meetings are convened. Extraordinary meetings are held in person, via video conference or via correspondence.

The Supervisory Council performs its competence to supervise the company's Management Board, as provided under the Commercial Law, the Charter and the shareholders agreements. The Supervisory Council ensures the supervision of the management of the companies belonging to the Tet Group in accordance with the applicable internal regulatory documents.

The Supervisory Council has elected 2 permanent committees, each of them consisting of 4 Supervisory Council members:

- The Audit Committee, which competence includes supervision of Internal Audit work, supervision of annual financial statements and external annual audit, supervision of risk assessment, as well as supervision of sustainability (including compliance and corporate governance);
- The Remuneration Committee, which competence includes approval of the remuneration of the Management Board, review and approval of the annual performance assessment of the Board's work and corporate goals, and approval of the company's organizational and management structure.

The selection of Supervisory Council members (candidates) is carried out by each of SIA Tet shareholders, ensuring diversity, proportional representation of the industry, strategic, corporate governance, financial management, risk management, compliance and legal competences, as well as ensuring the fulfilment of the regulatory requirements binding on each of the shareholders.

The remuneration of Supervisory Council members and its changes are decided by the shareholders meeting. According to the law "On prevention of conflict of interest in the activities of public officials", SIA Tet Supervisory Council members elected upon the proposal of the Republic of Latvia (SIA Publisko aktīvu pārvaldītājs Possessor), are public officials who comply with several specific obligations. Supervisory Council self-assessment is done annually.

Management Board

Composition of SIA Tet Management Board on the date of publication of this statement is as follows (the description of the business competencies of the Management Board members is presented on page 12 of the 2022 SIA Tet annual report):

- Uldis Tatarčuks, Chairman, CEO
- Dmitrijs Nikitins, CTO
- Alla Krūmiņa, COO
- Edgars Grandāns, CCO



Up to 6 Management Board members are elected by SIA Tet general meeting of shareholders. The Management Board Chairman is the company's Chief Executive Officer, while at the time of publication of this announcement, directors of the company's most important services – Chief Commercial Officer, Chief Technology Officer, and Chief Operations Officer have been elected to the Management Board.

The Management Board performs the management and representation functions of the company. According to the SIA Tet Charter, the Management Board manages and represents the company jointly. The authorization system approved in the company provides for individual competence and authorization levels for the Chief Executive Officer and each of the service directors.

The Supervisory Council organizes the recruitment and approval of candidates for the position of the Management Board Chairman and the Chief Executive Officer. The appointment of service directors is consented for by the Supervisory Council upon the proposal by the Chief Executive Officer and the Management Board. The Management Board members are elected by the shareholders meeting based on the proposal of the Supervisory Council initiated by the Chief Executive Officer. The selection of Management Board members, first-level managers and Management Board members of Tet Group companies is based on professional and diversity criteria, ensuring the attraction of highly qualified and experienced industry and management competence experts.

The remuneration of Management Board members and its changes are decided by the Supervisory Council. According to the law "On prevention of conflict of interest in the activities of public officials", SIA Tet Management Board members are public officials who comply with several specific obligations.

Directors of Services (1st level managers) are reporting to the Chief Executive Officer.

Strategy and Annual Budget

Tet Group strategy proposal and annual review are prepared by the Management Board, evaluated and approved by the Supervisory Council and discussed by representatives of the shareholders.

Tet Group annual budget (business plan) is prepared by the Management Board, evaluated and approved by the Supervisory Council.

The Supervisory Council approves the company annual corporate targets and the individual targets of the Management Board members, the performance evaluation of which is approved by the Supervisory Council after approval of the annual report.

The board is responsible for the management and operation of the company in accordance with the approved strategy and annual budget. The Supervisory Council oversees the implementation of the strategy's objectives, as well as the annual budget and corporate targets.

Internal Control and Risk Management

The monthly Management Accounts report is reviewed by the Supervisory Council, with in-depth review at regular Supervisory Council meetings.

Internal control is provided by the company's Internal Audit under the supervision of the Audit Committee. In 2023, important areas of internal audit were information and IT security, IT change management process, investments, customer service, management of construction processes.

The audit of the company's financial statements is provided by external independent auditors approved by the Supervisory Council and the Shareholders.

Risk assessment is carried out at the internal process level and in Tet Group companies as individual organizational units. The risk manager reports directly to the Chief Financial Officer.

Annual risk review and critical risk review are evaluated by the Audit Committee, which reports the conclusions to the Supervisory Council. The risk report is also used for the preparation of the Internal Audit annual plan.

