![Tet SIA sustainability report 2022 cover — tet logo on an aerial view of forest forming a world map](image)

Tet SIA sustainability report 2022

General Information

Climate and Circular Economy

Consumers

Working Environment

Good Governance

Corporate Governance Statement

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.

Dear colleagues, customers, and business partners!

The development of Tet SIA sustainability report confirms: we will continue our targeted development towards an increasingly sustainable and responsible operating model, contributing to a technologically knowledgeable society in parallel. Our values – a courage to attempt, a perseverance to improve and an openness to explore – describe our approach to sustainability too. Sustainability is present in the scales of society already today - when choosing an organization as a workplace or as a business partner, supplier, or service provider. Our sustainability report will allow our customers, partners, as well as current and future employees to get to know and appreciate Tet even more also from this perspective.

We are one of the first companies in Latvia developing the report based on the expectations of the European Union on corporate sustainability disclosures. We will advance gradually to the requirements of the new directive, so that in 2026 we can confirm full alignment of our sustainability practices with the standard. Our determination is also evidenced by the sustainability strategy 2023-2025 developed during the reporting period, which is an essential part of Tet's business strategy.

Our employees have enabled Tet to achieve the results so far and encourage us to set ambitious goals. We will continue helping every Tet employee to understand the sustainability dimensions of their work. With various social initiatives we will continue to build smarter and more educated society. These practices support the material sustainability matters defined in the Tet Sustainability Policy: climate and circular economy, digital inclusion, digital security, privacy and freedom of expression, inclusive, fair and rewarding working environment and good governance.

Uldis Tatarčuks,
Tet SIA Chief Executive Officer

April 2023

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GENERAL INFORMATION   CLIMATE AND CIRCULAR ECONOMY   CONSUMERS   WORKING ENVIRONMENT   GOOD GOVERNANCE   CORPORATE GOVERNANCE STATEMENT

General information

The scope of the report covers Tet SIA and excludes the activities of Tet Group companies. This is a first-time report and only includes data for the period of 2022. This Tet SIA Sustainability Report has been prepared by

proactively applying the requirements of the EU Corporate Sustainability Reporting Directive 2022/2464 EU (CSRD)

to the extent where they are compatible with the current scope of the company's sustainability practices. The report is based on ESRS standards draft guidelines ESRS2 (see chapter General Information), E1, E5 (see chapter Climate and Circular Economy), S1 (see chapter Working Environment), S4 (see chapter Consumers), G1 (see chapter Good Governance), which are relevant to company's material sustainability matters.

Governance of sustainability matters in the company

• The corporate governance principles of the company are described in the Corporate Governance Statement included in this report. Governance of sustainability matters is described in the company documents "Sustainability Policy" and "Sustainability Impact, Risks and Opportunities Management Procedure".

• The Management Board is responsible for the company's sustainability performance and the implementation of sustainability processes. The Management Board approves the assessment of sustainability impacts, risks and opportunities and decides on key sustainability matters; approves the policies, instructions, activity plans, KPIs and objectives that are necessary to manage key sustainability matters; approves the monitoring of the company performance in the key sustainability matters (execution of KPIs and/or objectives) and their presentation in the annual company sustainability report.

• During the reporting period, the company has created the position of Chief Sustainability Officer, which is subordinated to Chairman of the Management Board of Tet SIA. Chief Sustainability Officer is responsible for the company's sustainability assessment processes, the development of the company's sustainability strategy, implementation of the strategy in collaboration with other business units, and for sustainability reporting. Chief Sustainability Officer participates in the Management Board's meetings and operational meetings of the management team, informing about sustainability developments and advising Management Board's members on sustainability aspects of business decisions.

• Tet SIA business unit and process managers and responsible employees support Chief Sustainability Officer in identifying and assessing sustainability impacts, risks, and opportunities. To manage material sustainability matters Tet SIA business unit managers in accordance with their responsibilities and in collaboration with Chief Sustainability Officer develop policies, instructions, activity plans, set KPIs and targets and integrate them into business area strategies, business, and management processes. Tet SIA employees who are involved in the business activities of the company where climate risks may arise, are responsible for risk evaluation and development of risk mitigation measures.

• The company's Supervisory Council and Supervisory Council Audit Committee oversees the company's sustainability work in accordance with regulatory requirements of regulatory enactments and corporate governance practices. The sustainability developments are included in the CEO report to the Supervisory Council on a quarterly basis, as well as sustainability is one of the topics in the annual company strategy review, approved by the Supervisory Council. The Supervisory Council and the Supervisory Council Audit Committee is involved the sustainability work review by including sustainability progress reports on the agenda of the meetings. The Supervisory Council approves sustainability performance targets along with financial and other company's business targets.

SUPERVISORY COUNCIL

Supervisory Council Audit Committee

MANAGEMENT BOARD

Chief Sustainability Officer
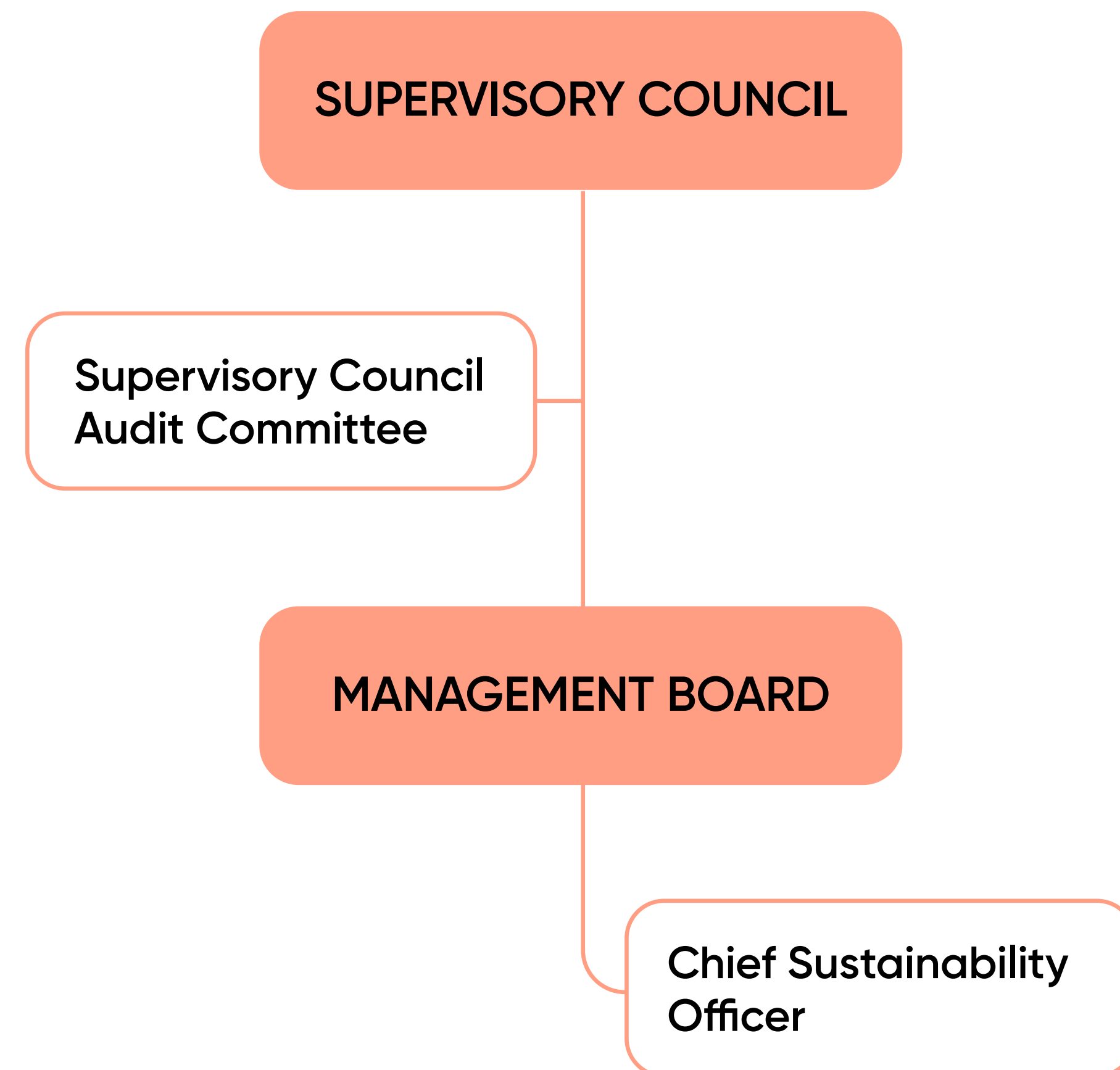
Mapping of sustainability competences of the Management Board and the extended corporate management team members (as of end of 2022)

A description of the business competences (education and experience) is presented on page 12 of the Tet SIA Annual Report.

Uldis Tatarčuks

CHIEF EXECUTIVE OFFICER,
CHAIRMAN OF THE MANAGEMENT BOARD

Stakeholder relations, integrating sustainability into business strategy.

CHIEF COMMERCIAL OFFICER,
MEMBER OF THE MANAGEMENT BOARD
(ULDIS TATARČUKS WAS APPOINTED TO THE
OFFICE AT THE REPORTING DATE)

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

Gints Bukovskis

CHIEF FINANCIAL OFFICER, DEPUTY CHAIRMAN
OF THE MANAGEMENT BOARD

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

Dmitrijs Ņikitins

CHIEF TECHNOLOGY OFFICER,
MEMBER OF THE MANAGEMENT BOARD
Energy efficiency, circularity of infrastructure equipment and other resources, procurement of renewable electricity, accessibility of the digital environment through network expansion, cyber security, protection of customer privacy and freedom of expression, stakeholder relations.

Alla Krūmiņa

CHIEF OPERATING OFFICER, MEMBER OF THE
MANAGEMENT BOARD

Circularity of equipment and other resources, accessibility of the digital environment through network expansion, network and service security, customer data privacy, work security, digital inclusion.

Inese Kalveite

CHIEF MARKETING OFFICER

Public education in the area of technology knowledge and cybersecurity, stakeholder relations.

Solvita Bruģe

INTERIM CHIEF HUMAN RESOURCE OFFICER

A sustainable working environment, including diversity (age, gender), employee skills development in the context of the company's future needs, critical skills provision and increasing the employability potential of employees; resource efficiency in building and vehicle fleet management, stakeholder relations.

Toms Meisītis

DIRECTOR OF LEGAL AFFAIRS

Corporate governance, compliance (prevention of bribery and corruption, fair competition, data pro-tection, protection of intellectual property, value chain due diligence (aspects of money laundering and sanctions), protection of customer privacy and freedom of expression), stakeholder rela-tions.

Māris Dreimanis

CHIEF STRATEGY DEVELOPMENT OFFICER
(MĀRIS DREIMANIS WAS APPOINTED TO THE
OFFICE AT THE REPORTING DATE)

Development of new services that reduce energy and other resource consumption through modern technologies, stakeholder relations.

Adriāna Kauliņa

CHIEF SUSTAINABILITY OFFICER

Sustainability management processes, sustainability impact, risk and opportunities assessment, sustainability strategy development, emissions accounting and corporate decarbonisation strategy, corporate sustainability reporting, stakeholder relations.

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GENERAL INFORMATION   CLIMATE AND CIRCULAR ECONOMY   CONSUMERS   WORKING ENVIRONMENT   GOOD GOVERNANCE   CORPORATE GOVERNANCE STATEMENT

Integration of sustainability performance in company's incentive scheme

Company has developed and the Supervisory Council has approved ESG targets for year 2023 and these are added to the company's corporate targets. The selection of targets represents prioritised sustainability areas of the company (in this report the ESG targets are included in thematic chapters). ESG and company efficiency targets have a 25% weight in the corporate target matrix. Achievement of ESG targets has an impact on the annual variable remuneration of the company's management team and part of the employees.

ESG and company's efficiency targets

Improving corporate sustainability governance & practices (launching corporate sustainability reporting)

Extending the life-cycle of resources used in the company (reuse rate of core service equipment)

Company's contribution to public education in technology knowledge and cybersecurity skills

Employee engagement

Operational efficiency

ESG risk management

• The enterprise risk management approach is presented on page 8 of the Tet SIA Annual Report.

• During the reporting period, company continued working on the systematic evaluation and documentation of ESG risks, as well as on the impact assessment of climate risks. ESG risks were added to the 2023 annual enterprise risk management framework review. The methodology and process for assessing sustainability impacts, risks and opportunities is documented in the Tet SIA Sustainability Impact, Risks and Opportunities Management Procedure. The document describes the sustainability due diligence process undertaken by the company, resulting in the identification of the main actual or potential adverse effects arising from the company's activities, the main risks to the company and the opportunities for the company related to sustainability matters and the activities undertaken to manage those impacts, risks and opportunities.

• A summary of the assessment of sustainability impacts, risks and opportunities, together with a description of the approach to managing them, an overview of key activities and performance metrics can be found in the thematic chapters of this report, while a description of the assessment process is included in the general information below.

Sustainability strategy

During the reporting period the company's sustainability strategy for 2023-2025 was developed and approved by the Supervisory Council. A sustainability strategy is part of a company's business strategy.

1. Advance company's sustainability management practices
The focus here is on implementing or improving sustainability practices, such as adopting policies in key sustainability matters; identifying sustainability performance metrics and targets, including calculating emissions and setting emission reduction targets, for the company group level, and for company products; introduce supply chain due diligence practices, corporate sustainability reporting practices, and other.

2. Gradual transition to renewable electricity for self-consumption
The most effective decarbonising strategy for ICT companies is switching to renewable energy and reducing energy consumption through energy efficiency improvements. The implementation of this strategy depends to a large extent on the availability of renewable energy at affordable prices in the volumes needed, as well as on the investment in innovative and energy-efficient technologies, so activities in this direction need to start timely and progress gradually. Our initial focus is put on the transitioning to renewable electricity for self-consumption, since the company is an operator of several data centres as well as data, internet, and communications network, which consumes significant amount of electricity.

3. Develop products and services that contribute to the sustainability in other sectors
The ICT sector has a special role to play in the transition to a low-emission and resource-efficient economy by using technologies to create new solutions for other sectors, cities and households. Many of these solutions are the result of innovation. In this field, Tet sees itself as an aggregator of solutions from different developers, able to implement innovative, multidimensional, complementary and adaptable projects for the benefit of its customers. At the same time, Tet's core services are also transforming towards "product as a service" or "IT as a service" principle, such as cloud services or over-the-top (OTT) / internet TV, which spare need for additional customer devices and therefore reduce resource consumption and emissions. In the coming years, we anticipate an increase in demand for low-emission data centre services and plan to provide them.
Cybersecurity services play a special role in this area since it is a field of strong competence for Tet, helping customers prevent and mitigate cyber risks which is one of society's great challenges today.

4. Sustainability – an added value of the Tet brand
Environmental protection, equal opportunities for all and transparency are becoming increasingly important in today's society. We believe that these values will increasingly guide people and organisations in their choice of employer, supplier and service provider, favouring companies that operate according to responsible business principles. We want our customers and future employees to get to know and appreciate Tet from this side too, our employees to learn useful sustainability competences, and through our public education initiatives the local society to develop their technology and cybersecurity skills.

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.

Dialogue formats for stakeholders:

• dedicated meetings or in the course of daily business,

• by means of stakeholder's surveys,

• completing sustainability assessment surveys initiated by customers and business partners (part of procurement processes, project applications, or sustainability assessment processes),

• presenting your company's sustainability performance and networking at public events,

• participating in public organisations.

Tet SIA key stakeholders:

• company employees,

• customers (individuals and companies),

• partners (institutions, public organisations, trade union, suppliers, project partners),

• owners.

In late 2022/early 2023, during the sustainability materiality assessment process, we asked the stakeholders via a survey for feedback on our choices of material sustainability matters. It is important for us to learn the priorities of the stakeholders, so that our activities and sustainability disclosures can meet the expectations of our stakeholders. The outcomes of the completed surveys are presented below.

Employees
230 respondents

1. Tet takes care of the health, safety and welfare of employees;

2. Tet is a reliable employer that pays fair and equal wages, provides predictable working conditions, etc.;

3. Tet creates opportunities for the development of employees' skills and professional growth;

4. Tet takes care of the company's own high IT security;

5. Tet improves the accessibility of the digital environment in Latvia by expanding secure and stable internet network;

Partners
33 respondents

1. Tet works according to the principles of good corporate governance to promote transparency of decisions and operations;

2. Tet requires equally responsible business practices from suppliers and partners;

3. Tet takes care of the company's own high IT security;

4. Tet ensures the protection of personal data of clients and employees;

5. Tet helps customers with technological solutions to reduce resource consumption;

Customers (private individuals)
767 respondents

1. Tet ensures the protection of personal data of clients and employees;

2. Tet improves the accessibility of the digital environment in Latvia by expanding secure and stable internet network;

3. Tet takes care of the company's own high IT security;

4. Tet safeguards customers' privacy and freedom of expression;

5. Tet helps customers with technological solutions to reduce resource consumption;

Customers (corporates)
45 respondents

1. Tet ensures the protection of personal data of clients and employees;

2. Tet takes care of the company's own high IT security;

3. Tet improves the accessibility of the digital environment in Latvia by expanding secure and stable internet network;

4./5./6. Tet works according to the principles of good corporate governance to promote transparency of decisions and operations;

4./5./6. Tet safeguards customers' privacy and freedom of expression;

4./5./6. Tet helps customers with technological solutions to reduce resource consumption;

Material sustainability matters of Tet

Identifying most material sustainability matters helps the company focus its efforts on topics that are most relevant for stakeholders and business impact. Prioritization is a decision of the company's Management Board.

Input for a decision on materiality:

1) Assessment of sustainability impacts, risks and opportunities;

2) Stakeholder opinion on the importance of sustainability matters;

3) The management team's vision of the most strategically important opportunities and influences.

Our prioritised sustainability matters are the ones where company is focusing investments to drive positive change in society. In these areas, alongside performance KPIs, the company has also defined at least one target, including it in the company's annual corporate targets.

1) Climate and circular economy, 2) Digital inclusion,
3) Digital security.

The thematic chapters of this report cover descriptions of the main actual or potential adverse impacts of the company's activities, the main risks and opportunities facing the company related to sustainability matters; and the activities being undertaken to manage these impacts, risks and opportunities.

During the reporting period, the assessment of the key sustainability impacts, risks and opportunities of the company's activities was updated through an extended study of the external operational environment, including clarification of material sub-topics, highlighting financial materiality (in particular the transition to a sustainable economy and limiting global warming) and human rights matters, mapping materiality matrix against international conventions, sector-specific standards, existing and emerging regulation including EU reporting requirements, in particular in the social and governance fields, and obtaining feedback from stakeholders on the company's choices. The materiality assessment was input for the company's sustainability strategy.

1. Climate and circular economy:

we are reducing our environmental impact, predominantly by making electricity consumption more efficient, reducing electronic waste, planning for the transition to renewable electricity, and helping Tet customers reduce their consumption of energy and other resources by using modern technologies.

2. Digital inclusion:

technology helps people to have meaningful experiences and empowers them to address education, health, professional, civic, and other issues. We increase accessibility to digital environment by continuously expanding our secure and stable internet network, and we run social initiatives to close knowledge gaps, especially among vulnerable groups.

3. Digital security

is one of the major challenges facing society today, but it is also a field of strong expertise in Tet. Our solutions help customers prevent and mitigate cyber risks, we advance public cybersecurity knowledge, while also taking care of our own IT security as a service provider.

4 Privacy and freedom of expression:

we make sure that the personal data of our customers and employees is properly protected. We protect the privacy and correspondence of our customers by not disclosing information about the user, the services they receive and the information they transmit. However, when obliged by law to provide information or deny access to websites according to the decisions of the competent state institutions, we make sure that such request is lawful.

5. An inclusive, fair and rewarding working environment:

we continuously improve our employees' experience in a workplace that is characterised by the diversity of employee perspectives; safe, secure, well-being and growth enhancing working conditions, free from discrimination, violence and harassment, where employees receive fair remuneration and can exercise their rights and freedoms.

6. Good governance:

we strictly comply with the regulatory framework and its implementation and reduce risks through internal policies and risk prevention procedures, while working closely and consulting with state administration institutions. We strive for the best practices in corporate governance and in business conduct adhere to essential principles such as the prevention of bribery and corruption, ensuring fair competition, responsible tax practices, protection of intellectual property, and due diligence processes in the company's value chain, including measures to adhere to international and national sanctions, the prevention of money laundering and tax risks, and the discontinuation and significant limitation of cooperation with economic operators in countries that violate the sovereignty and territorial integrity of other countries.

Digital security

• Products for customers to mitigate cyber risks

• Own IT security

• Public education initiatives

Human Rights

• Protection of personal data

• Protection of freedom of expression and privacy rights

Digital inclusion

• Improve the accessibility of the digital environment in Latvia by expanding secure and stable internet network

• Public education initiatives

Working environment

• A diversity of employee's perspectives

• An environment free from discrimination, violence and harassment

• Safe, secure, well-being and growth enhancing working conditions

• Fair remuneration

Climate and circular economy

• CO_2 emissions reduction

• Resource efficiency

• With technological solutions help customers to reduce resource consumption

Good governance

• **Corporate governance practices**

• **Principles of business conduct:**

• Preventing bribery and corruption

• Ensuring fair competition

• Responsible tax practices

• Intellectual property protection

• Due diligence processes in the corporate value chain

Process of managing sustainability impacts, risks and opportunities

The document "Tet SIA Sustainability Impact, Risks and Opportunities Management Procedure" describes the approach to a process within the company that identifies, assesses and manages the material matters of the company's sustainability. The approach has been developed in accordance with the due diligence principles defined in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, also taking into account the requirements of EU Directive 2022/2464 EU (CSRD) on Corporate Sustainability Reporting and the Tet Group Risk Management Policy with regard to risk assessment. The scope of the assessment is the core business of Tet SIA.

1. A wide range of information sources is used to identify and initially assess sustainability impacts, risks and opportunities, ensuring a comprehensive and reliable analysis and reducing the likelihood of an issue being overlooked:

1) Internal sources of information, including the competence of company managers, internal data and information;
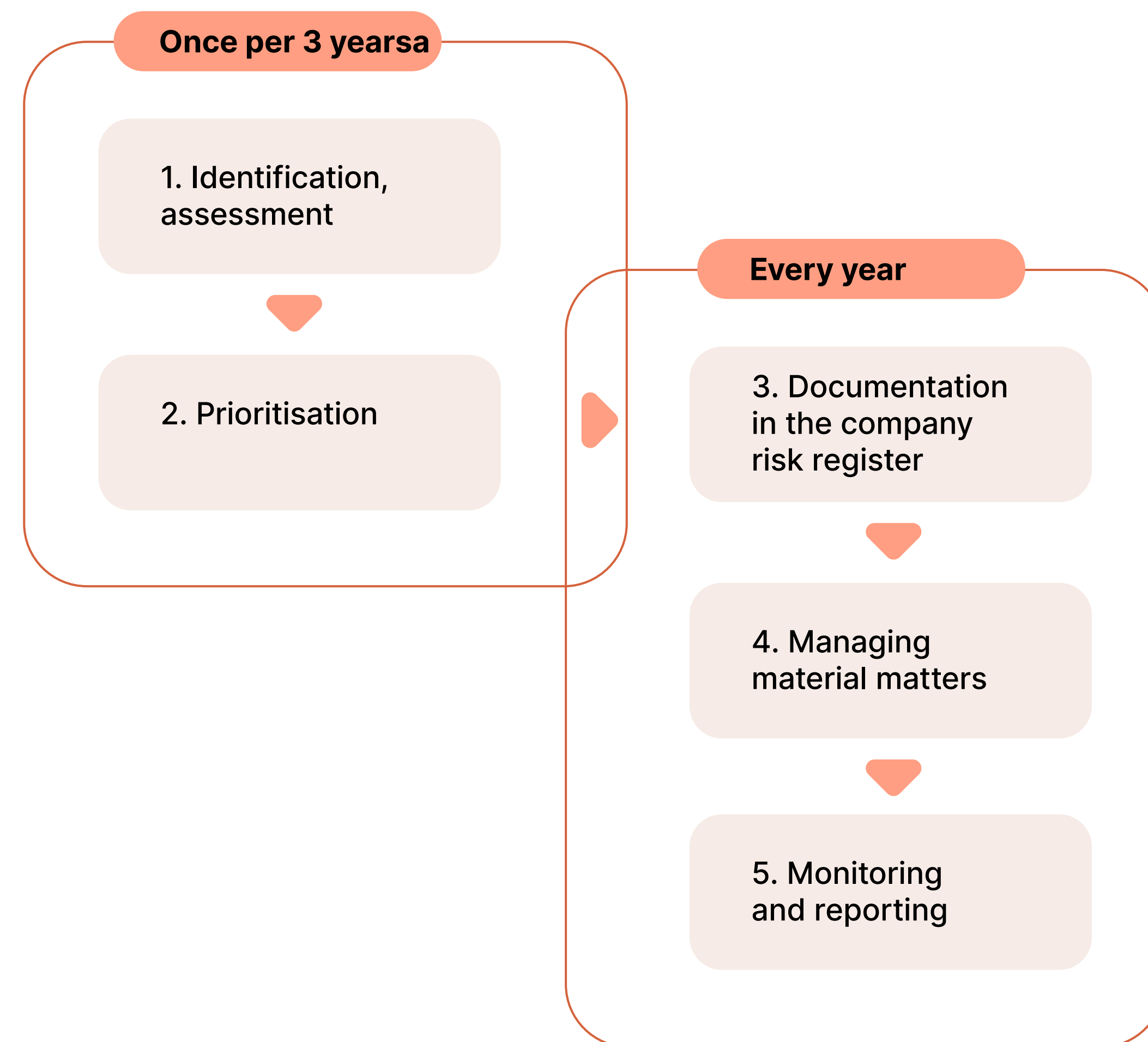
2) External sources of information, including stakeholder information, sustainability macro trends, international conventions, sector-specific regulations and standards, existing and emerging national and EU regulatory requirements, ESG indexes and reporting formats' requirements, sustainability reports from other companies in the sector.

2. Prioritising the key sustainability matters is a decision of the company's Management Board, based on an assessment of sustainability impacts, risks and opportunities, the opinions of stakeholders on the importance of sustainability topics, and the management team's vision of the most strategically important opportunities and impacts. The key sustainability matters are documented in the Tet Group Sustainability Policy.

3. Impacts, risks and opportunities that have the most significant impact on or by the company during the current assessment cycle are documented in the "Sustainability Impacts, Opportunities and Risks Register". Impacts and opportunities are described qualitatively, while risks are described quantitatively in risk levels, which are an assessment of the consequences and likelihood of occurrence. Sustainability risk assessment is based on the enterprise risk management principles, adding a time dimension to climate risks.

4. To manage material sustainability matters Tet SIA business unit managers in accordance with their responsibilities and in collaboration with Chief Sustainability Officer develop policies, instructions, activity plans, set KPIs and targets which are approved by the Management Board and incorporated into business area strategies, business, and management processes. Activity plans, related to managing material sustainability matters, KPIs and/or targets are updated annually and documented in a Sustainability Development Plan maintained by Chief Sustainability Officer.

5. Chief Sustainability Officer monitors the management of material sustainability matters (KPIs and/or targets) on an annual basis, the information is reported to the Management Board and Supervisory Council at least once a year and disclosed in accordance with sustainability reporting standards in the annual sustainability report.

Once per 3 yearsa

1. Identification, assessment

2. Prioritisation

Every year

3. Documentation in the company risk register

4. Managing material matters

5. Monitoring and reporting

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GENERAL INFORMATION   **CLIMATE AND CIRCULAR ECONOMY**   CONSUMERS   WORKING ENVIRONMENT   GOOD GOVERNANCE   CORPORATE GOVERNANCE STATEMENT

Climate and circular economy

We are reducing our environmental impact, predominantly by making electricity consumption more efficient, reducing electronic waste, planning for the transition to renewable electricity, and helping Tet customers reduce their consumption of energy and other resources by using modern technologies.

Emissions reduction

Resource efficiency

With technological solutions help customers to reduce their resource consumption

Targets

55% equipment reuse rate, share of new installations (2023)

100% renewable electricity for self-consumption (2030)

Emissions reduction

Resource efficiency

With technological solutions help customers to reduce their resource consumption

Why it is important to us

ICT companies are large consumers of electricity and therefore contribute to climate change unless the energy they use is renewable. While network equipment and data centres are becoming more energy-efficient, the total energy consumption is increasing with the expansion of the company's infrastructure and an increase in data flow.

Over the next decade, EU legislation will restrict economic activities that contribute to climate change and foster climate change adaptation. Companies will be expected to have a clear action plan to ensure the compatibility of the business model and strategy with the transition to a low-emission economy. This will impose new obligations on businesses and affect costs, change demand and services, and the process of change will create uncertainty.

Demand for low-emission services, such as data centre services, are expected to grow and improve Tet's ability to compete for customers.

Already now the customers, mainly large companies and financiers, are increasingly looking for partners with environmental and climate agenda. This aspect is expected to have an impact on the availability of funding and the ability of the company to compete for customers.

Finally, as the frequency of extreme weather events related to climate change increases, network service companies will face increasing physical threats to their network infrastructure. In the absence of flexible and reliable infrastructure, companies

can face lost revenues associated with service outages and unplanned capital expenditures to repair damaged or endangered equipment.

Our approach to managing the matter

Tet's commitment to reduce its environmental impact is documented in the company's Sustainability Policy.

Calculating emissions is the first step towards setting science-based emission reduction targets.

The company's approved sustainability strategy for 2023-2025 foresees a gradual transition to renewable electricity for self-consumption as a key strategy for decarbonisation.

At the same time, energy efficiency continues to be one of the criteria for network and data centre technology maintenance and upgrade projects. We monitor the energy efficiency of our data centres using the PUE ratio, aiming to bring the PUE ratio as close to 1.0 as possible.

As a large company and electricity consumer, Tet SIA is obliged under the Energy Efficiency Law to perform an energy audit every 4 years and report annually on the energy efficiency improvement measures implemented and the energy savings achieved.

The Energy Efficiency Obligation scheme requires Tet SIA, as an electricity retailer, to undertake educational or practical measures with end-users to increase energy efficiency. For this purpose, an energy efficiency tips section on tet.lv has been created and regularly updated, public education takes place in

other Tet's communication channels, and regular personalised information has been provided to Tet electricity users. Since 2022, we have also been offering customers a solar panel sales and installation service, boosting renewable energy production.

Key actions taken in the reporting period

During the reporting period, we have started calculating Scope 1 and Scope 2 emissions of Tet SIA for year 2022 in accordance with the requirements and guidelines of the GHG Protocol Corporate Standard. The emissions statement is included in this report. In the coming years, it is planned to extend the calculation to cover all companies in the Group and to add the Scope 3 emission categories required to set emission reduction targets.

During the reporting period, the company has added ESG risks to enterprise risk management framework, including also climate risk assessments. A summary of the climate risk assessment is included in this report.

In 2022, an ambitious PSTN (Public switched telephone network) reorganisation project was completed, replacing technologies with more powerful and energy-efficient ones, saving the company 2.5 GWh in annual electricity consumption.

For the time being, all electricity consumed by the company is the standard grid mix, while the company actively monitors the availability of renewable energy at a favourable price in the required volumes.

KPI

7,6 kt CO$_2$e
GHG emissions of Tet SIA (Scope 1 and Scope 2)

28 232 MWh
the total energy consumption of Tet SIA (aligned with Scope 1 and Scope 2)

0%
share of renewable energy used

1,38 Pērses

1,46 Brīvības

1,79 Kleistu
annual average PUE for data centres

tet

Emissions reduction

Resource efficiency

With technological solutions help customers to reduce their resource consumption

Why it is important to us

ICT companies directly and indirectly generate a significant amount of electronic waste, so both extending the life cycle of company used devices and a responsible disposal are important. Extending the lifetime of devices has not only a positive environmental impact, but also a financial one.

Company is in the position to create new end-user habits when it comes to disposal or reuse of home appliances.

Circular economy practices are increasingly expected of businesses, both by legislative developments and by business partners. These expectations impose new obligations and cost implications on business. Meanwhile, insufficient practices can affect access to finance and the company's ability to compete for customers.

Our approach to managing the matter

Every year, the company invests in improving and expanding its core internet network. Replacing historic copper networks with optic-fibre networks not only improves the quality of services, but also reduces the energy consumption of the network and makes the raw materials for these cables more environmentally friendly. Studies show that the power consumption of an optical network (GPON) is 7.5x to 12x lower than that of a copper network (VDSL). In addition, we sell the copper cables we remove from network upgrades for metal recovery.

Our approach to waste management is based on the principle: prevent-reduce-reuse-recycle.

Prevent: we are creating a portfolio of services that reduce the need for equipment, such as Tet+ TV, which allows watching TV and video content without a customer's devices (decoder), and on smaller and therefore more energy-efficient screens. As the study shows, the customer device requires 25kg CO_2e to produce and consumes 5W of energy in active mode and 0.5W in standby mode.

Reduce: we build partnerships to help reduce waste from our customers' household appliances.

Reuse: we make sure that the equipment used to provide core services (modems, routers, decoders) is reused if it is in good technical and visual condition and is technologically viable.

Recycle: all equipment used to provide the company's services that remains the property of the company at the end of its life cycle is sold for further use or is disposed through management contracts with Zaļā Josta SIA, Zaļais punkts SIA in accordance with the requirements of the law.

Key actions taken in the reporting period

In order to raise awareness about issues of electronic waste and to promote recycling household appliences, in partnership with Latvijas Zaļais punkts and Eco Baltia vide SIA we implemented the recycling campaign during which 6346 Latvian residents recycled a total of 237 tonnes of devices.

Since 2022, in partnership with Eco Baltia Vide and DPD, household appliance buyers at Tet stores and e-shops receive free collection of electrical and electronic equipment waste with the delivery of new appliances.

In 2023, we are committed to improving waste management practices in our offices, covering also waste from the service delivery process (mainly cardboard packaging).

KPI

99,88%
users use Tet+ TV without a device

57%
equipment reuse rate, share of new installations

33,5 t
collected customer household appliance waste

100% jeb 49,2 t
disposed devices at the end of the life cycle

137,53 t
copper cables for disposal

tet

Emissions reduction

Resource efficiency

With technological solutions help customers to reduce their resource consumption

Why it is important to us

Beyond direct operational impact, ICT companies like Tet can also help reduce emissions, energy, or other resource consumption in other sectors, such as buildings, transport, cities. Innovations and technology are key to decarbonise the economy. At the same time, these solutions have a new business potential.

"Product as a service" or "IT as a service" is another environmental efficiency perspective that ICT companies can provide to other sectors by selling the benefits that the equipment or product can provide, rather than the equipment itself. Cloud computing is a strong example. "Product as a service" platform can be used also for delivering additional services to the customers, such as digital security.

Our approach to managing the matter

Tet's new business development department builds and tests new solutions that have the potential to become new Tet services. Today, Tet is focusing on solutions for media, healthcare, smart cities, smart homes, as well as smart and green electricity.

An example of new activities developed in this way is the solar panel sales and installation service that we are offering to customers since 2022.

As an electricity retailer, on demand we are able to provide our corporate customers with a Guarantees of Origin, provide information of supplied energy source and technology in case our business customers would prefer to use renewable energy.

In Tet's core services, both existing and new are increasingly being designed in such a way that customers do not need to build their own infrastructure with physical equipment, instead using the resources of virtual platforms.

Cloud services in data centres provide greater energy efficiency and optimise the need for equipment for both customers and Tet as a service provider, compared to renting racks or storing data at the customer's business location.

The provision of voice services to customers also takes place through virtualisation platforms. In recent years, customers have been switching from physical installations to Tet virtual solutions deployed in data centres.

Security services for customers are designed to make the most of virtual resources, such as DDoS protection, virtual firewalls, etc.

Key actions taken in the reporting period

In autumn 2022, 61 lighting posts in Ķīpsala district were equipped with the Tet smart lighting system: low-consumption LED lights, smart controllers, and motion sensors. The system and the lighting posts are remotely controlled and adjusted, and the first results show that solution saves 77% of electricity consumption. The infrastructure is being developed further for testing smart city systems such as electricity, mobility and air quality. The TET Smart Street Lighting System had also been nominated for the Baltic Sustainability Award 2022.

KPI

39%
average data centre capacity used to provide cloud services

524 kW
installed capacity of solar panel systems for customers

Summary of the climate risk 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. Climate risks are part of the assessment of ESG impacts, risks and opportunities, which are added to the enterprise risk management framework from 2023. The scope of the assessment is the business of Tet SIA.

The analysis is based on general qualitative assumptions for a 1.5ºC - 2ºC 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).

	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 Obligation to set and meet emission reduction targets, energy efficiency and renewable energy requirements	Identifying requirements early and building the in-house knowledge and capacity to meet requirements in a resource-efficient way. 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 Increasing supplier prices as a result of climate-responsible policies	Gradual implementation of the decarbonisation strategy; we expect demand growth around 2025/2026. Development of new business lines. 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

Tet SIA CO_2 emissions statement

**Scope 1** 989,59 CO_2 ekv. / **Scope 2** 6618,13 t CO_2 ekv.

Total 7607,71 CO_2 ekv.

Scope 1	Refrigerants	124,00	t CO_2 ekv.
	Fuel combustion/generators	20,16	t CO_2 ekv.
	Fuel combustion/vehicle fleet	845,42	t CO_2 ekv.
Scope 2	Electricity, market-based	6290,77	t CO_2 ekv.
	Electricity, location-based	4605,89	t CO_2 ekv.
	Heating	327,36	t CO_2 ekv.

The scope of the assessment includes the business of Tet SIA, the report excludes the activities of Tet Group companies.
Tet SIA provides fixed network electronic communications (internet, data transmission, voice) and television services, local TV content production; IT&T solutions for companies in Latvia and export markets, including data centres, cloud services, IT security, etc.; retail of electrical and electronic devices and electricity retail; innovation and smart city solutions.
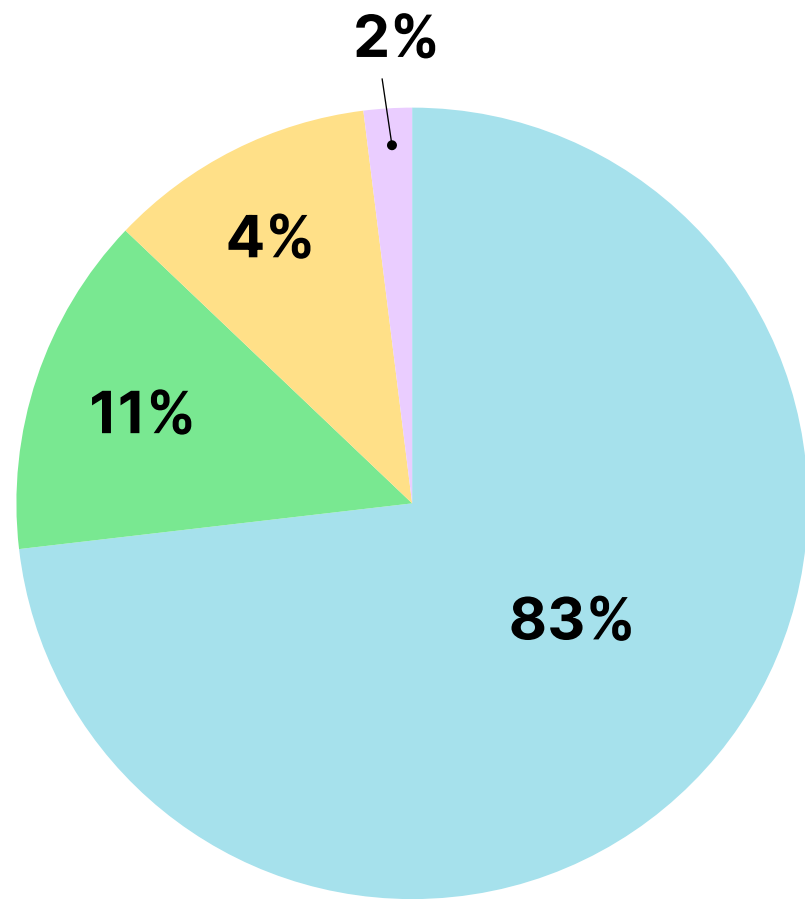No emissions from burning of biomass.

Emission factors used: Fuel - National Inventory Report (NIZ), 2022. Electricity - (market-based method) European Residual Mixes 2021, AIB. Refrigerants - IPCC AR5. Heating - VARAM, www.varam.gov.lv/lv/siltumnicefekta-gazu-emisiju-apreki-na-metodika
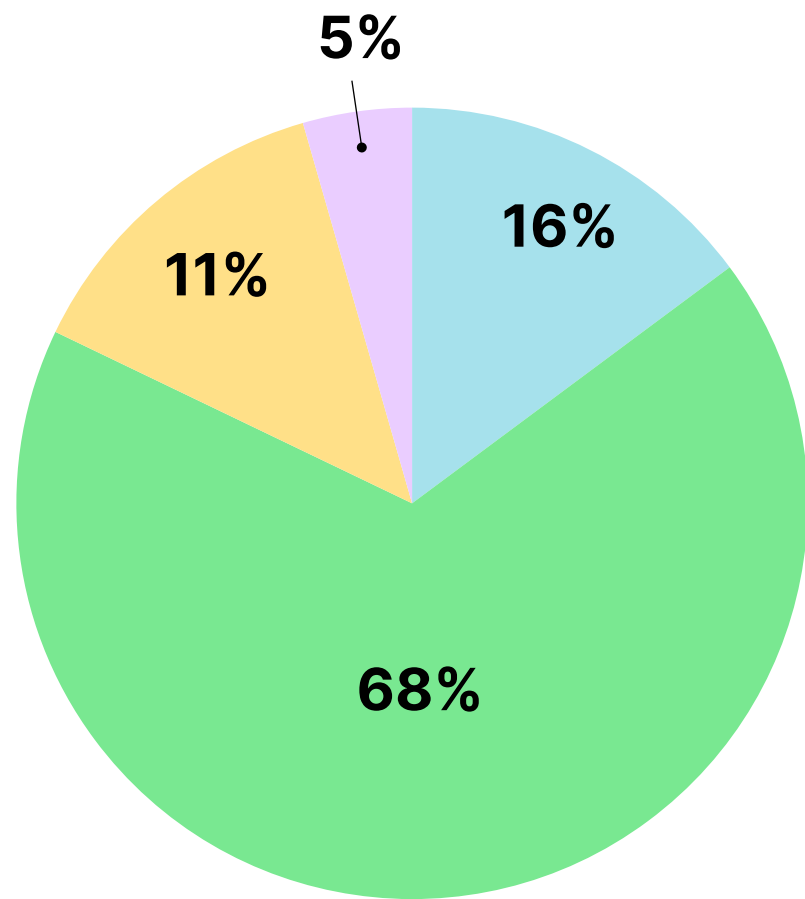
Scope 1 and Scope 2 emissions breakdown

- Data centres
- Network
- Vehicle fleet
- Other

Scope 1 and Scope 2 emissions breakdown

- Electricity
- Fuel
- Heating
- Refrigerants

Notes
Calculated according to GHG Protocol Corporate Standard requirements and guidelines. Bureau Veritas Latvia SIA Verification Institution has verified Tet SIA's report on greenhouse gas emissions in accordance with the ISO 14064-3:2019 standard and found that the report developed by Tet SIA complies with the requirements of ISO 14064-1:2018 (verification certificate no. RIG02026831, issued on 04.04.2023.). 2022 is the year of the first emissions calculation. The calculation methodology is based on the principle of operational control. Scope 1 and Scope 2 calculations include all relevant emission categories. Accounting for Scope 3 categories will start in 2023. Electricity emissions are calculated on a market-based principle. The company is not a member of the EU Emissions Trading system. The company's emissions are not compensated. Tet SIA shares an office with the group companies Lattelecom, Helio Media, Data experts, but all office emissions in this report are attributed to Tet SIA as the number of employees of these group companies (and consequently the space occupied in the shared office) is small. During the reporting period, Tet SIA acquired Telia Latvija SIA, however the actual merger will take place only in 2023, therefore Telia Latvija SIA emissions are not included in the calculation (and Telia Latvija SIA was not calculating emissions). The Tet facilities use grid electricity standard mix. The Tet facilities use municipality central heating; the heating data also includes hot water heating. The accounting for electricity consumption in data centres excludes the consumption of rent customers (who rent racks in the data centre for their equipment) but includes the electricity consumption of Tet equipment located in data centres owned by other operators. For data centre equipment located elsewhere, the LV emission factor is applied, as the consumption volumes are insignificant to overall volumes, but the burden of data obtaining is high. The Scope2 data centre fire protection systems use FM200, Novec1230 gases, which have an emission potential (which would be accounted for in addition to Scopes 1 and 2). No refuelling of these gases took place during the reporting period. The Scope 2 electricity consumption of the communications network does not include the consumption of rent customers (other telecommunications operators renting space on our network for their equipment) but does include the electricity consumption of Tet network equipment located in locations elsewhere. These locations are all in LV territory.
The Tet network also includes buildings, some of which are rented and the electricity consumption of the tenants is not included in Scope 2 emissions of Tet SIA. The network includes owned facilities or established easements (servitudes) and a small number of leased sites (buildings). Tet stores are located in rented premises (shopping centres), data is only available on electricity consumption (no data on heating consumption), no information on electricity renewability is collected, so calculations are based on the assumption that grid electricity is used. The calculation of the Scope 2 includes the charging two company's electric cars in the network of charging stations "e-mobi" (non-renewable energy). If the electric vehicle is charged at its permanent location at the headquarter in Riga, Dzirnavu iela 105, this consumption is included in the electricity consumption of the headquarter.

tet

GENERAL INFORMATION   CLIMATE AND CIRCULAR ECONOMY   **CONSUMERS**   WORKING ENVIRONMENT   GOOD GOVERNANCE   CORPORATE GOVERNANCE STATEMENT

Consumers

The impact of business on society is closely linked to the opportunities and threats presented by the digital environment,

as well as through interaction with human rights characteristic for electronic communications services. We increase accessibility to digital environment by continuously expanding our secure and stable internet network, and we run social initiatives to close knowledge gaps, especially among vulnerable groups.
Our solutions help customers prevent and mitigate cyber risks, we advance public cybersecurity knowledge, while also taking care of our own IT security as a service provider. We make sure that the personal data of our customers and employees is properly protected. We protect the privacy and correspondence of our customers by not disclosing information about the user, the services they receive and the information they transmit. However, when obliged by law to provide information or deny access to websites according to the decisions of the competent state institutions, we make sure that such request is lawful.

tet

GENERAL INFORMATION   CLIMATE AND CIRCULAR ECONOMY   **CONSUMERS**   WORKING ENVIRONMENT   GOOD GOVERNANCE   CORPORATE GOVERNANCE STATEMENT

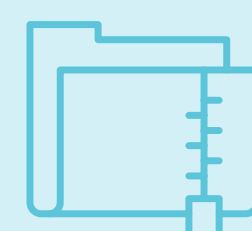We improve access to the digital environment by extending the network of secure and stable internet

Social initiatives to increase technology and digital security knowledge in society

Products for customers to mitigate cyber risks

Company's IT security

Protection of personal data

We monitor respect for privacy and freedom of expression

Target   **20 000**   number of people who will participate in educational activities organised and supported by Tet to advance technology and digital security knowledge (2023)

Digital inclusion and security

Respect for human rights – privacy and freedom of expression

Why it is important to us

The internet has become an essential part of people's everyday lives. Access to the internet allows people to freely exercise their human rights and gain important experiences in education, health, professional development, the economy, civic engagement and other areas.

However, people in Latvia have insufficient digital competence, as evidenced by human capital indicators in the EU DESI index, as well as the company's experience in customer care situations.

The main reasons for the digital gap include access to the internet and people's digital skills needed to use technology.

Digital inclusion (bridging the digital divide) is part of Tet's mission to make technology accessible and understandable to everyone. Also, the company success depends on digital skills of customers, for example, in situations as digital self-service or self-installation of equipment.

As societies continue to migrate to the digital world, they are also exposed to a growing and increasingly sophisticated cyber threat landscape, as evidenced by the World Economic Forum's Global Risks Report 2022 and Tet's experience with cyber security situations in 2022.

With Tet's expertise and scale of operations, the company has a unique opportunity to increase the cyber resilience of local businesses and households and have brand value and revenue increase as a positive additional benefit.

Our approach to managing the matter

Every year, we expand our internet coverage to ensure that as many as possible people and businesses in Latvia have access to a stable and reliable internet network.

We run public education programmes on technology literacy, which help people to use devices and the internet safely, promote the digitalisation of business, and are often essential for career development. In our initiatives, we focus specifically on children and young people to build a strong foundation of digital skills and reduce negative experiences online.

At the same time, in our day-to-day customer service, we develop our customers' skills to take advantage of the digital environment.

Latvia continues to experience its most intense cyberattacks in history. Tet provides a wide range of IT security services, from individual tasks to full enterprise IT security management. We blocked the majority of dangerous attacks on our customers, regularly inform users about IT security vulnerabilities on devices under their control that are connected to the Tet-provided internet, and work with CERT.lv to protect infrastructure and address security vulnerabilities.

As a provider of critical infrastructure, a cloud computing provider and as a company working with people's information of identity, Tet's ability to fight cyberattacks is a particularly important for reputation and brand value, with long-term implications for market share and revenue growth potential.

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 have set stricter performance indicators for installing updates and preventing security incidents.

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. In addition, we organise regular seminars for staff on the latest developments and trends in the field.

Phishing remains one of the most pressing cyberthreats, spreading via e-mail, social networks and calls. The situation can be improved by regular training and reminders to be vigilant. Tet sees this from its own experience, through regular employee testing.

Key actions taken in the reporting period

In 2022, Tet started testing a new technology on the global market that would enable high-capacity home internet at speeds of up to 1 Gbit/s without the need for wires, as there are still rural and urban areas where it is not economically or structurally feasible to build a wired network.

To educate the public, Tet implemented social initiatives to increase the digital knowledge and skills of the public – see summary below.

Today, 70% of our customers use the self-service options on the website and the My Tet app to solve various issues on a daily basis.

In 2022, Tet detected and mitigated 4353 DDoS (distributed denial of service) attacks on its customers' infrastructure, a 30% increase year-on-year. Meanwhile, 170 729 incoming e-mails on our customer e-mail platform showed signs of a virus, a 28% increase compared to a year ago.

Since we started conducting regular tests in 2022 by sending fake phishing e-mails to employees, employee data entry has dropped sevenfold in a year as a result of education.

KPI

800 482 or 65%
addresses in Latvia with Tet internet network availability

More than 20 000
number of people who have participated in educational activities organised and supported by Tet to advance technology and digital security knowledge

4353
atvairīti DDoS incidenti

170 729
pārtverti potenciāli ļaundabīgi e-pasti klientu e-pastu platformā

170 292
paziņojumi klientiem par drošības nepilnībām

83%
ikgadējās IT drošības apmācībās piedalījušos darbinieku īpatsvars

97%
darbinieku pareiza rīcība pikšķerēšanas testos

Digital inclusion and security

Respect for human rights – privacy and freedom of expression

Why it is important to us

The company's activities must respect and protect universally recognised human rights. We have identified the human rights with which we interact most closely in our business dealings. When it comes to our customers these are: the right to privacy and correspondence, the right to freedom of conscience and the right to freedom of opinion. Article 12 of the UN Universal Declaration of Human Rights prohibits arbitrary interference with a person's privacy, family, home and correspondence, while Article 19 states that everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers. To protect customer privacy, an organisation must limit the collection of personal data, collect data by lawful means and ensure transparency about how data is collected, used and protected. The company's private customers' views on the importance of Tet's sustainability matters in the 2022/2023 survey rank the protection of the personal data of the customers and employees entrusted to the company first. Improper practices are not only related to regulatory breaches, but also to a company's ability to compete for customers. The company's network and services enable access to information and the exchange of ideas, thus contributing to freedom of expression. At the same time, policy makers and law enforcement authorities are taking measures to fight crime, terrorism, hate speech, etc., which have the potential to restrict freedom of expression and users' privacy.

Our approach to managing the matter

We take care to ensure that the personal data of our customers and employees is properly protected, as reflected in the Tet Customer Privacy Policy (published on the Tet website) and the Tet Group Employee Privacy Policy. We ensure that personal data is properly protected by:

• continuously improving the regulatory framework in the company,
• complementing them 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. We protect the privacy and correspondence of our customers by not disclosing information about the user, the services they receive and the information they transmit. Under the Electronic Communications Law, we are obliged to provide data to certain authorities upon request for purposes such as the performance of lawful functions under criminal law and other laws. We fulfil this obligation by strictly following the procedures for requesting and determining data set out in the laws and regulations. Law enforcement requests are handled by a dedicated and trained unit. All requests from the authorities must be legally justified. Tet does not grant requests that do not comply with the prescribed form and requirements. Tet restricts access to websites and television programmes, in accordance with lawful decisions of the competent authorities.

Key actions taken in the reporting period

During the reporting period, we have improved our internal regulatory framework for conducting data protection impact assessments, investigating and reporting data protection incidents, processing personal data of job candidates and employees,

adapting documents to changes in the company's structure, and emphasising data protection requirements in all our new services and products.

During the reporting period,
we also carried out the following actions:

1) fully implemented strong authentication (via online banking) for our services (including Tet TV+);
2) have changed the cookie settings on the company's website www.tet.lv, aligning with the guidelines set out by the Data State Inspectorate;
3) carried out a new data protection impact assessment on the processing of personal data for the Tet TV+ remote contracting service.

In 2022, following an incident in which a private party applied for a service using someone else's data, the Data State Inspectorate 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. To remove the shadow of doubt about the compliance of data protection practices with the legislation, an independent assessment by external auditors was launched in 2022 and completed in early 2023. The proposed recommendations will be assessed and, if necessary, implemented within 2023.

With the invasion of Ukraine by the Russian Federation, Tet stopped retransmitting TV channels and other audiovisual content originating in the Russian Federation in order to comply with the Latvian and international sanctions regime, as well as to ensure an objective and protected information space. At the same time, the range of TV content was expanded throughout the year with new high-quality TV channels and content produced in Ukraine.

KPI

28
handled requests from data subjects concerning the processing of their personal data

0
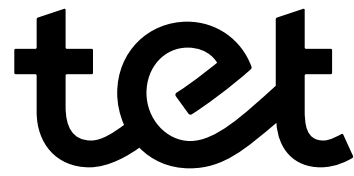personal data breaches notified in accordance with the law

83%
proportion of employees who have participated in annual personal data protection training

1297
requests for information from law enforcement authorities

0,53%
contested requests

Tet social initiatives to boost digital knowledge and skills in society

Tet social initiatives to boost digital knowledge and skills in society

Modern technology and the internet are increasingly entering the daily lives of parents and their children. As part of its commitment to public security in the digital environment, Tet implemented two public education initiatives in 2022. Even after the initiatives have ended, the recommendations and materials developed during the initiatives are available to everyone without additional restrictions on a dedicated website for public digital security: www.digitaladrosiba.lv.

In May, Tet launched a social initiative "Digital Security Guide", organising activities that could be used by young people in education process, by everyone in society in their individual and social networking, and in business and work. The Digital Security Guide allowed everyone to assess their existing knowledge of digital traffic and provides recommendations for keeping devices and the data stored on them safe for everyone in society and business. Tet experts have also developed recommendations tailored to young people on how to protect their social media accounts or identify suspicious e-mails, text messages or WhatsApp messages.

In October 2022, Tet launched the Tet School for Kids social initiative to promote children's digital security and help their parents and educators take care of it too. In cooperation with the Safer Internet Centre Drossinternets.lv, eight digital security topics were identified as topical among younger internet users. Each of these topics was the subject of a series in the children's educational programme "Richie Roo and the Internet", where the well-known and much-loved teddy bear also teaches children about Internet security. To help children and their parents and teachers learn more about these topics after watching each episode, creative materials – worksheets, games, ideas and other useful

resources – were created to encourage conversations. In cooperation with Drossinternets.lv, a webinar for teachers was organised to present the material as a useful resource for raising awareness of this topic in educational institutions. Field trips were carried out to 6 educational establishments with an hour-long informative and entertaining training programme. Meanwhile, in cooperation with the TV programme Māmiņu Klubs, children's digital security was highlighted among parents in a special educational online event.

To raise awareness about digital security, Tet has also organised several activities to improve cyber hygiene skills. During the European Cybersecurity Month, Tet hosted CyberShield, the second largest cybersecurity forum in Latvia, which brought together the best digital security experts from around the world.

In 2022, SOS Children's Villages provided training to foster parents on the skills needed for daily financial accounting and reporting, document processing and storage, learning support and remote work, Zoom, WhatsApp and other up-to-date tools, digital security and other basics needed for daily life.

In 2022, Tet continued its work to promote technological literacy in society. A series of webinars were organised where Tet employees shared their knowledge. Raising awareness of the need for purposeful development, as well as providing an opportunity to learn from the Tet experience, everyone had the opportunity to participate in 4 free webinars in the "Learning for the Future" webinar series, where stakeholders were introduced to the skills they need today. Tet organised a webinar "Digitally Skilled Employee and Company" during the LIKTA Digital Week to look at digital skills from all perspectives of stakeholders. Several free webinars on big data, digital security and other topical issues were also organised during the year to raise awareness of technology opportunities among the public and businesses alike.

In 2022, more face-to-face events took place again, including at the Tet office. Tet hosted Riga TechGirls participants of several training projects, Riga Business School Greenhouse

project winners, more than 50 Shadow Day participants from all over Latvia, as well as children of employees, giving them a glimpse behind the scenes of a technology company.

In 2022, Tet continued its successful collaboration with RigaTechGirls, promoting retraining opportunities and inspiring women to explore and pursue careers in technology. More than 1000 participants took part in the six-month mentoring programme and Tet experts were also involved as mentors. Several graduates of the programme have already started working for Tet and other technology companies, which is a rewarding and valuable experience. In the autumn season, 6300 participants took part in the "Explore Technology" training programme. In addition to being a key partner in the programme, Tet was actively involved in providing quality content through its speakers. Tet employees are also involved in other Riga TechGirls initiatives as speakers and volunteers in the organisation of projects, promoting interest in the technology sector.

To ensure the use of modern and globally recognised methodologies for the advanced course "Programming II" and to strengthen the digital competence of students and teachers, Tet together with other partners supports the introduction of Harvard University content in Latvia provided by Riga Business School. In 2022, a project was launched to translate the Harvard computer science course videos and to organise professional development courses for teachers to learn the Harvard curriculum and teach it to their students.

To promote interest in STEM education and support young talent, in 2022 Tet supported the Physics Team Olympiad, organised by Latvian students who are currently studying physics in depth in countries around the world and want to help others prepare for world-class Olympiads. Tet has been a long-standing supporter of RTU and the RTU Engineering High School, and for the fifth time presented a special award to a graduate of the Engineering High School for special achievements in studies and Olympiads. These young people are a strategic target for the future Tet tech-oriented labour market. RTU Engineering High School students have proven to be the most proficient in subjects useful for working with data, IT projects and technology. Tet also supported the Latvian Informatics Olympiad, its winners in the Baltic and

International Olympiads in Indonesia, where two Latvian students won bronze medals among 88 countries and 349 participants.

In 2022, Tet supported the CodeX hackathon for programmers, the LATA Culture Data Hackathon and Idea Generator, as well as the internal Tet hackathon Idea House, which developed and evaluated ideas of importance to society as a whole. Children's Hospital representatives also took part, working with Tet employees to resolve the hospital's challenges.

Communication channels available to customers

Tet provides channels in communication environments suited to different customer habits for solving problems, making suggestions or comments. These channels can also be used to address data processing issues. A process and timeframes for handling, resolving and responding to customer complaints are established and documented in company policy.

- By sending a message via My Tet user portal online or in the News section of the mobile app, or via chatbot;
- Calling Customer Service 177;
- In person at Tet stores;
- Writing an e-mail to tet@tet.lv;
- On social networks;
- Addressing a letter by post to 105, Dzirnavu Street, Riga, LV 1011;
- In the context of the Whistleblowing Law, it is possible to report a possible irregularity or violation of laws and regulations by sending a letter in hard copy or by e-mail to parkapumu_riski@tet.lv.

tet

Working environment

An inclusive, fair and supportive working environment – we continuously improve our employees' experience in a workplace characterised by the diversity of employee's perspectives in terms of age, gender, experience and regional employment; an environment free from discrimination, violence and harassment; and a safe, secure, well-being and growth-enhancing working conditions, where employees receive fair remuneration and can exercise their rights and freedoms.
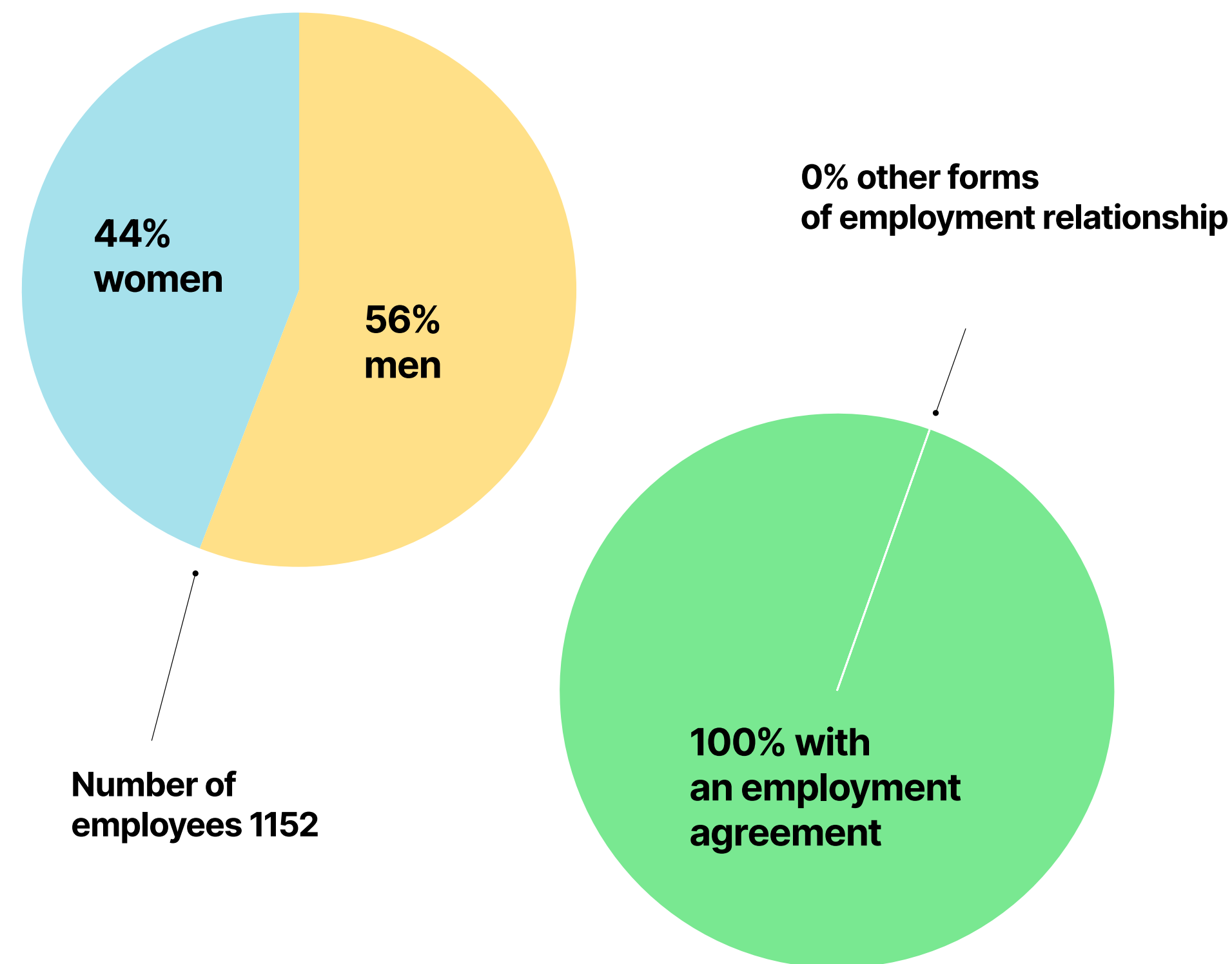
#00

tet

GENERAL INFORMATION   CLIMATE AND CIRCULAR ECONOMY   CONSUMERS   **WORKING ENVIRONMENT**   GOOD GOVERNANCE   CORPORATE GOVERNANCE STATEMENT

A workplace characterised by the diversity of employee's perspectives, an environment free from discrimination, violence, and harassment

Safe, secure, well-being and growth-enhancing working conditions

A working environment where employees receive fair remuneration

Target **82** we have defined employee engagement, as measured by the HIPO Index 2024 (High Performance Organisation), as a target for workplace sustainability

Characteristics of SIA Tet employees

82 HiPO index 2023 measurement

44% women

56% men

Number of employees 1152

0% other forms of employment relationship

100% with an employment agreement

External evaluations of SIA Tet as an employer in 2022

#17–18
17th-18th place aCV-Online TOP employer in Latvia

CV-Online

#8
8th place Kantar study "Workers' and students' perspectives and image of the most attractive employers in Latvia", category "Consideration of the possibility of working in companies among paid workers"

KANTAR

0 sodi
0 penalties for labour law violations

Note: All SIA Tet employees are covered by social protection against loss of income due to sickness, unemployment, employment injury and acquired disability, maternity leave, retirement. All employees who may be materially impacted by the company are included in the scope of this information disclosure.

Reference to methodology and assumptions used to reflect the data in this report: all data on employees are as of 31.12.2022. Excludes employees on parental or maternity leave. The employee turnover is calculated according to the formula "number of employees leaving within year/average number of employees".

Since 2006, a collective agreement between Tet and the trade union Latvijas Sakaru darbinieku arodbiedrība PRO has been in force with the aim of maintaining and increasing the efficiency and profitability of Tet Group companies, and to promote employee satisfaction, work security, and a work – life balance. The collective agreement covers 100% of employees.

A workplace characterised by the diversity of employee's perspectives, an environment free from discrimination, violence, and harassment

Safe, secure, well-being and growth-enhancing working conditions

A working environment where employees receive fair remuneration

Why it is important to us

In the ICT sector, employees are the main value creators. While the number of new job positions continues to grow, companies usually struggle to find qualified people to fill the vacancies. Diversity not only broadens the pool of skilled employees, but also improves understanding of customer needs and the company's ability to innovate.

A good working environment is characterised by positive and professional relations among employees, which is why a workplace free from discrimination, violence and harassment is necessary to promote employee diversity.

Our approach to managing the matter

Tet Group's Code of Conduct includes respect for human rights and an inclusive, diversity-open, harassment-free working environment.

To expand the pool of qualified candidates and encourage Latvian women to start working in the IT field, Tet supports the Riga TechGirls initiative (see the Consumers section of this report). Several Riga TechGirls graduates have started working in our company.

One of the key factors in promoting diversity and inclusion is a flexible working environment, combining work from the office and home, from abroad, from regional offices; the possibility to start and finish the working day earlier. It makes Tet employment attractive to workers of very different age groups and all walks of life.

The company has employees from all four generations (Z, Y, X and Baby boomers). Employees from all four generations have also experienced career growth in 2022.

Level 1 managers

37% women

63% men
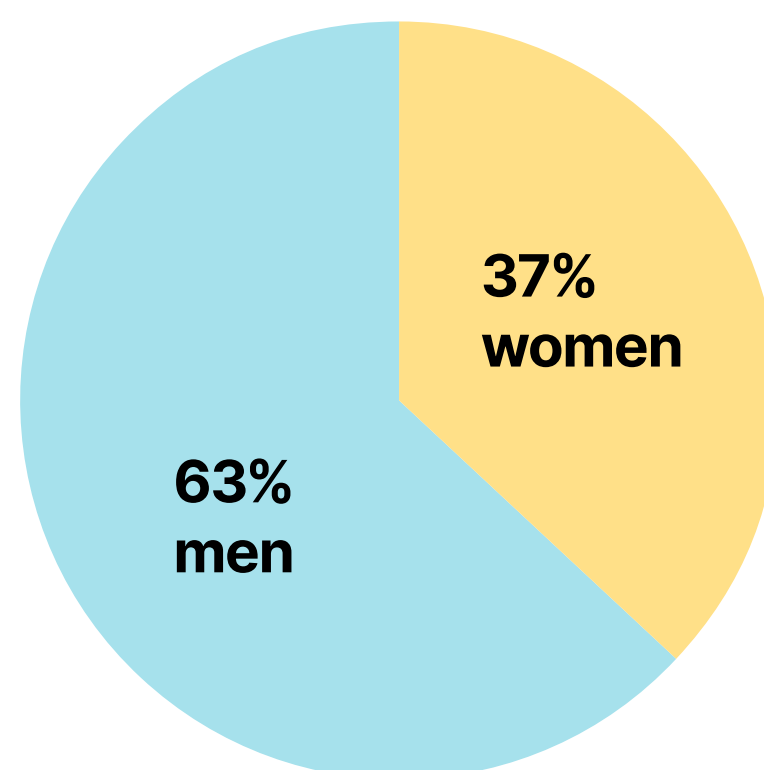
Breakdown of employees by age groups

16% <30

27% >50

57% 30-50
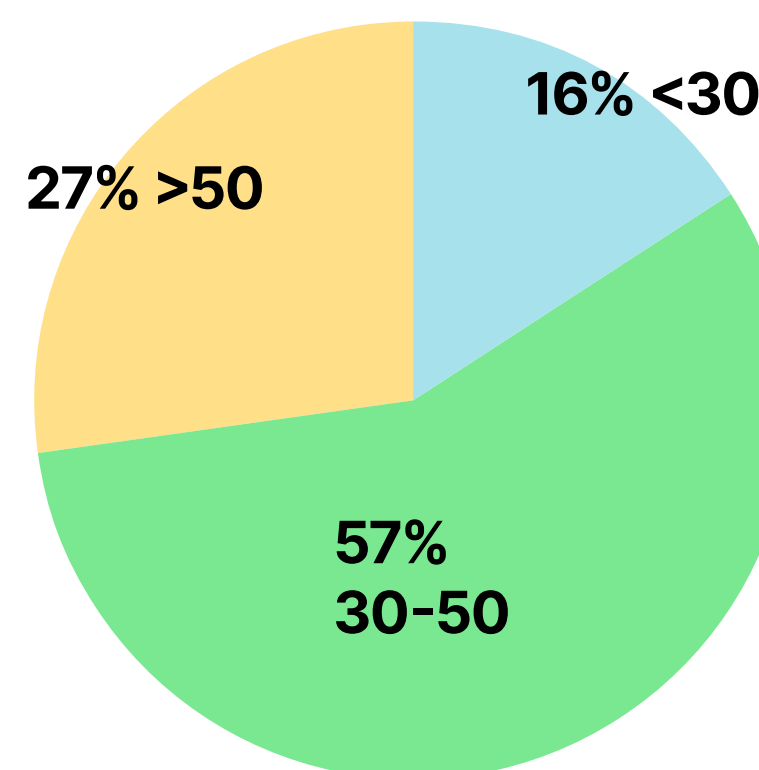
88%

88% of colleagues rate the flexible working mode the best thing introduced at Tet in recent years

0 ziņojumi

0 employee reports of discrimination or harassment

A workplace characterised by the diversity of employee's perspectives, an environment free from discrimination, violence, and harassment

Safe, secure, well-being and growth-enhancing working conditions

A working environment where employees receive fair remuneration

Why it is important to us

Solutions for work-life balance, a comfortable and safe working environment and well-being, as well as investment in employee education and training programmes, not only improve employee engagement, retention and productivity, but also increase the availability of skilled employees, ensure succession planning and build a positive image of the employer among future employees.

The workforce involved in the installation of communication services is exposed to potentially hazardous situations to a relatively greater extent than those in other occupational groups, so particular attention must be paid to occupational safety to prevent accident risks, including expecting equivalent safety practices from subcontractors.

Violations of labour law lead to fines and reputational risks for the company.

Our approach to managing the matter

Once a year, every Tet colleague attends a workplace safety briefing.

The company's central and Liepaja offices are designed according to activity-based office principles, allowing colleagues to choose and change their workspace during the day according to their work dynamics or physical needs: work at a variable-height desk, at a standing desk or at standard workstations. Colleagues who regularly choose to work from home and whose work duties require large monitors have the option of using these monitors at home.

A flexible working environment is one of the cornerstones of work-life balance at Tet.

To promote well-being, we encourage colleagues to spend more time in the outdoors and exercise.

Employment in the company is characterised by high stability, which provides employees with certainty of income and social security. This is evidenced by the establishment of employment relationships on a contract basis and the high share of permanent employment contracts.

The company also has a proportion of part-time employees, which benefits both the organisation and the employees: on the one hand, by expanding the pool of employees; on the other, by allowing employees to combine work with studies, taking care of relatives or other personal agenda.

In terms of employee training and development, external training is primarily targeted at IT colleagues who need regular professional development and/or new certifications.

Internal capacity is maintained to constantly develop competences of customer service employees.

Regular training is organised for all company employees – for example, on topics such as agile methodologies or feedback based corporate culture. In addition, peer shadowing, a managers' club, Tet mornings and other formats ensure a constant exchange of experience and competences among employees.

The process of managing employee performance and development is, however, currently organised by each manager of the unit.

Key actions taken in the reporting period

Throughout the year, colleagues received training on feedback based corporate culture, because in a flexible working environment a transparent culture of cooperation and regular feedback are integral to the well-being of colleagues. Also, we have organised an online masterclass on well-being.

We have organised open seminars on burnout prevention for employees, and due to the invasion of Ukraine by the Russian Federation we have organised briefings with experts in the field of defence. Also, we have provided colleagues with company-paid sessions with therapists if needed.

We have increased our focus on communication of the company values, leading with "courage" to promote the involvement of colleagues in improvement of business processes.

The increase in employer-initiated employee turnover in 2022 is due to the implementing increasing automation of the company's business processes.

KPI

11% or 130
employees with internal growth

3 h
training hours per employee
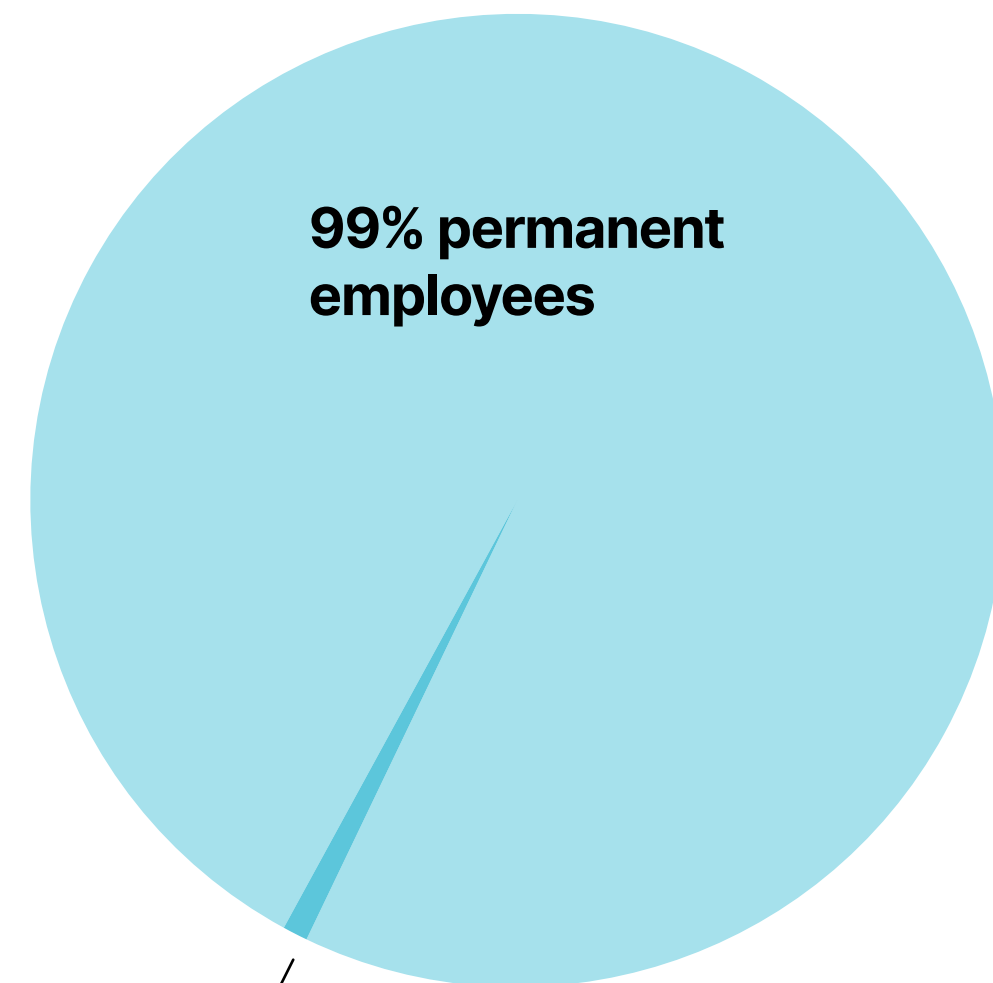(training with external trainers)

0
recorded workplace safety incidents

A workplace characterised by the diversity of employee's perspectives, an environment free from discrimination, violence, and harassment
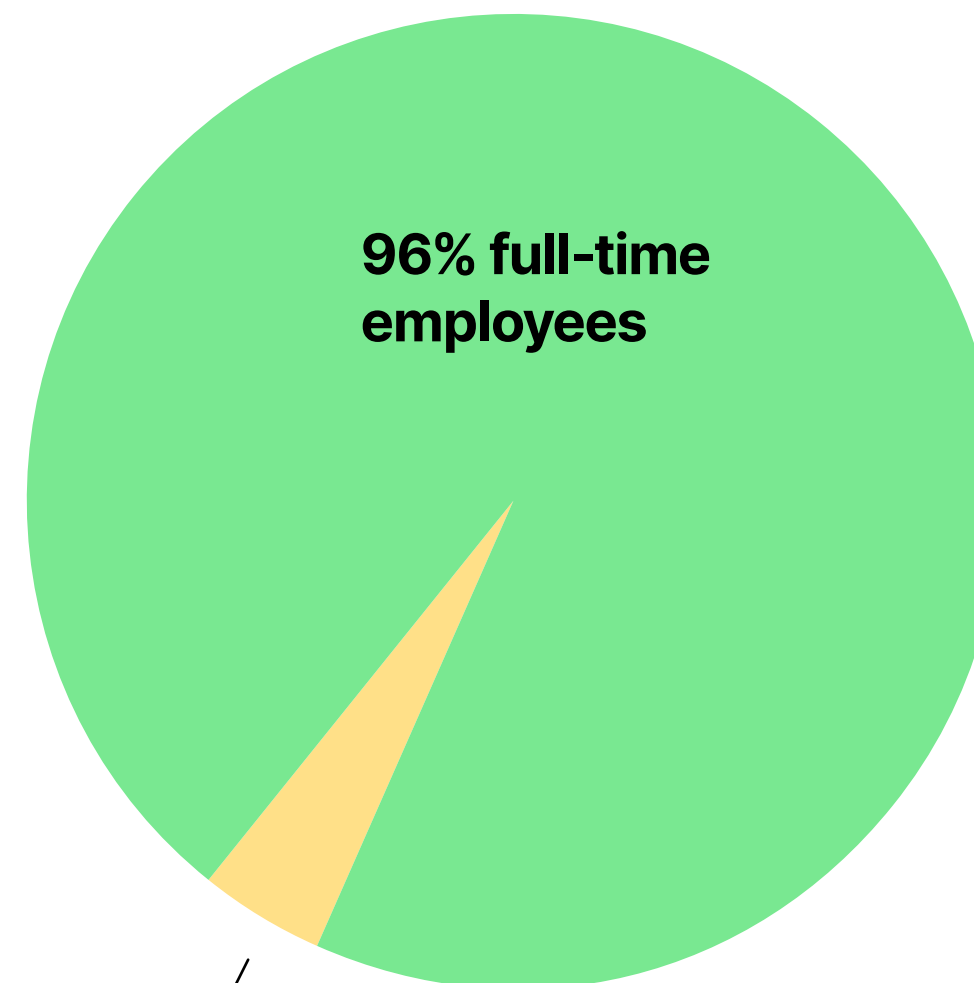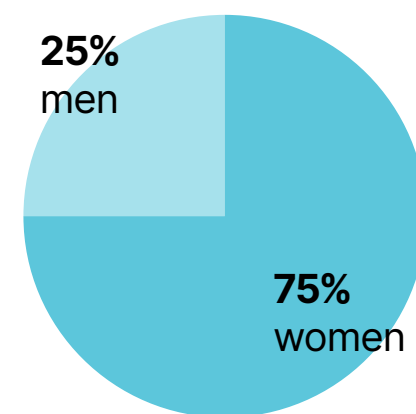
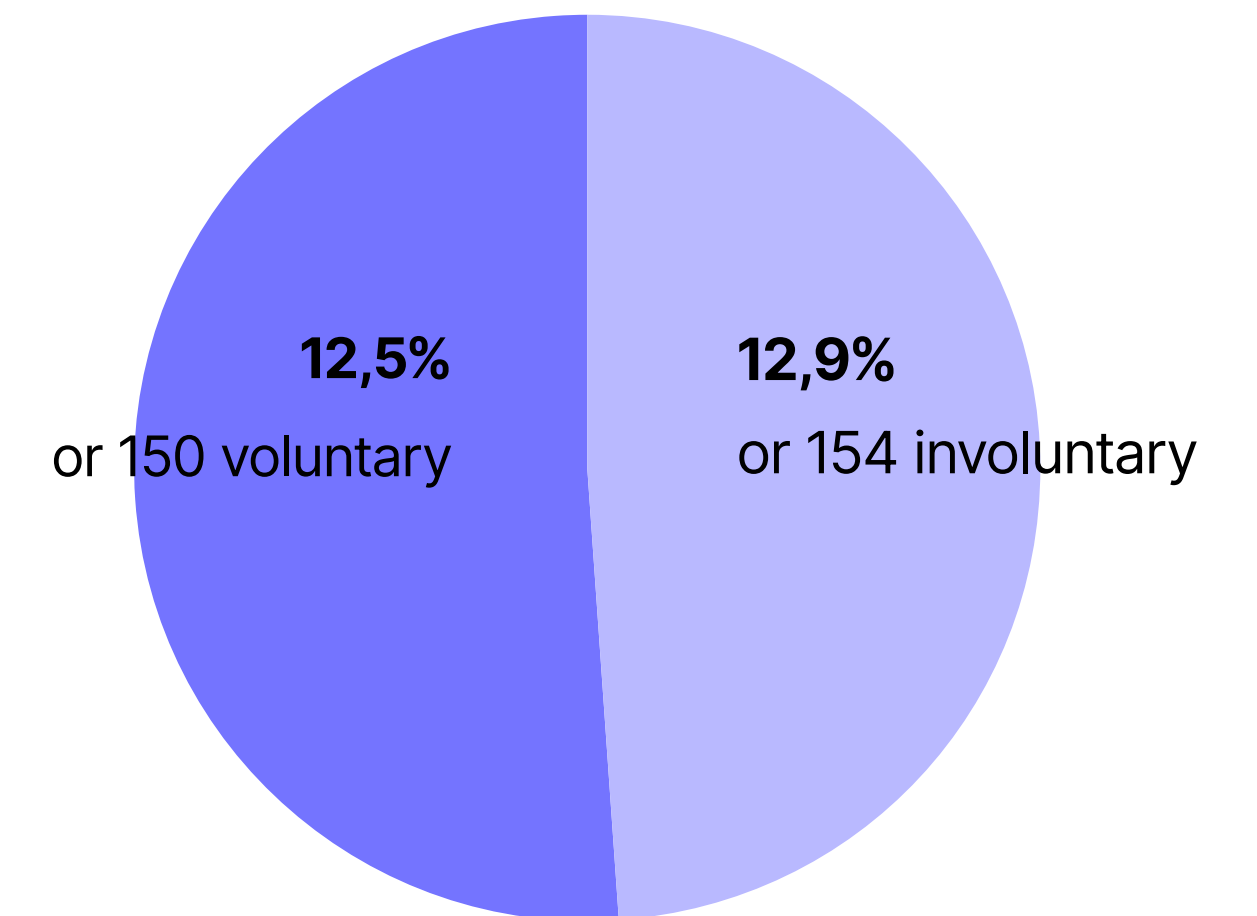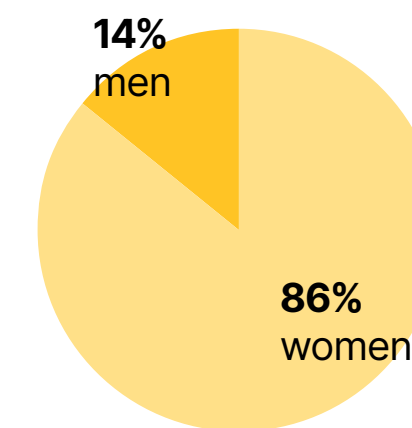Safe, secure, well-being and growth-enhancing working conditions

A working environment where employees receive fair remuneration

99% permanent employees

96% full-time employees

12,5% or 150 voluntary

12,9% or 154 involuntary

1% temporary employees

25% men

75% women

4% part-time employees

14% men

86% women

25,4% employee turnover

#00

A workplace characterised by the diversity of employee's perspectives, an environment free from discrimination, violence, and harassment

Safe, secure, well-being and growth-enhancing working conditions

A working environment where employees receive fair remuneration

Why it is important to us

The company must respect and protect universally recognised human rights, such as prohibition of unequal treatment, including in the promotion of professional development, fair wage and equal pay for work of equal value.

Our approach to managing the matter

We analyse and compare Tet's remuneration levels with those in the labour market each year, referring to the remuneration survey of Figure Baltic Advisory, a management advisory company.

Our focus is on remuneration levels that meet the needs of the worker and his or her family, taking into account the economic and social conditions of the country, which is why we focus most of our support measures on the lowest paid employees. We use the so-called living wage indicator as a benchmark. The living wage is calculated by Figure Baltic Advisory and is a theoretical amount of money that an average person needs to live in Riga.

Another important dimension of fair remuneration is equal pay for work of equal value. We currently apply this principle to job groups with many employees and comparable duties:

• retail sales consultants,

• Call Centre operators.

Key actions taken in the reporting period

To support employees in meeting inflation driven rising daily household expenses, the company raised the salaries of 57% of employees by an average of 19% during 2022.

KPI

0%

difference in basic wages between job groups:
• retail sales consultants
• Call Centre operators

tet

GENERAL INFORMATION   CLIMATE AND CIRCULAR ECONOMY   CONSUMERS   **WORKING ENVIRONMENT**   GOOD GOVERNANCE   CORPORATE GOVERNANCE STATEMENT

Dialogue with employees

The company maintains a number of channels where employees can voice their concerns and needs to management, learn about what is happening in the company and make suggestions:

• Employees' opinion is sought through surveys, the most important of which is HiPO (The High Performance Organisations survey), as well as various occasional surveys to learn about employees' experiences. 86% of all SIA Tet employees participated in the lestest HiPO survey;

• Quarterly informative forums for employees where company management covers business results and developments, and Q&A session;

• Every 2 weeks, employees have a meeting with the company CEO, who briefs them on company agenda, but most of the meeting is taken up by Q&A session;

• The directors of the major departments organise regular roadshows where employees can directly address their questions with management;

• Employees have the opportunity to express their opinions on the intranet and in a closed Facebook group of Tet Group employees;

• A platform ("Ideju piltuve") has been set up to collect employees' suggestions for improvements in all areas of the company;

• A whistleblowing channel is available for employees to report possible wrongdoing, and Tet management is committed to supporting and protecting whistle-blowers. Tet employees may also report any other alleged violation that does not constitute a whistleblower report in substance and such reports are dealt with under the general procedure;

• The Tet Group Code of Business Conduct states that the primary channel of communication for an employee to resolve a concern is directly to his/her manager or to human resources specialists;

• The collective agreement has a separate section on labour dispute settlement;

• Regular communication is maintained with the employees' trade union to discuss and validate important workplace issues such as employment, workwear, working time, including flexible working, remuneration, informal events, employee development and social protection. The format and frequency of communication is adapted to the company agenda with the possibility for either party to initiate communication. The Chief Human Resource Officer is responsible for communication and relations with the trade union;

• In early 2023, employees opinion on the company's sustainability priorities was collected (see results in the General Information section of this report).

Human rights in the working environment

SIA Tet sustainability impact, risk and opportunity assessments include the company's human rights impacts arising from key human rights frameworks such as the UN Universal Declaration of Human Rights, The Declaration of the International Labour Organisation on 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 interact most closely in our business activities, including our employment relationships.

Compliance with human rights, including labour rights, is a requirement that an economic activity must meet to be considered sustainable in the context of the EU Taxonomy, which in turn will potentially affect the availability of funding.

• Article 2 of the UN Universal Declaration of Human Rights states that everyone is entitled to all rights and freedoms without distinction of any kind such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

• Article 7 of the UN International Covenant on Economic, Social and Cultural Rights, on the other hand, provides for equal access to employment for all on the basis of seniority and qualifications alone.

• Article 7 of the UN International Covenant on Economic, Social and Cultural Rights stipulates that women must be guaranteed equal wage and working conditions with men, with equal pay for equal work, without distinction of any kind.

• Article 7 of the UN International Covenant on Economic, Social and Cultural Rights provides for safe and hygienic working conditions, rest, leisure and reasonable limitation of working time, periodic paid holidays and remuneration for work performed on public holidays, while Article 12 recognises the right of everyone to attain the highest attainable standard of physical and mental health.

• Article 25 of the UN Universal Declaration of Human Rights states that motherhood and childhood are entitled to special care and assistance.

• Article 9 of the UN International Covenant on Economic, Social and Cultural Rights establishes the right of everyone to social security, including social insurance.

• Article 1 of the UN Universal Declaration of Human Rights states that all human beings are equal in dignity and rights. Employers are bound not only to prohibit unequal treatment, but also to eliminate violence and emotional abuse, harassment, psychological terror, conflict, mobbing and bossing in the working environment.

• Article 23 of the UN Universal Declaration of Human Rights and Article 8 of the UN International Covenant on Economic, Social and Cultural Rights state that everyone has the right to form and join trade unions for the protection of his or her interests.
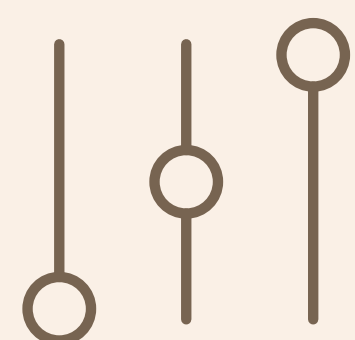
tet

Good governance

We strictly comply with the regulatory framework and its implementation and reduce risks through internal policies and risk prevention procedures, while working closely and consulting with state administration institutions.

We strive for the best practices in corporate governance and in business conduct adhere to essential principles
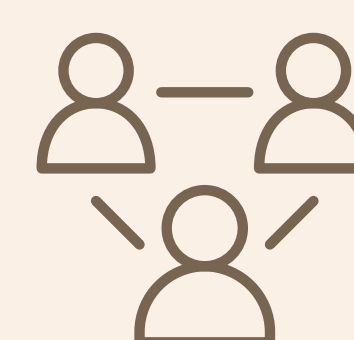
such as the prevention of bribery and corruption, ensuring fair competition, responsible tax practices, protection of intellectual property, and due diligence processes in the company's value chain, including measures to adhere to international and national sanctions, the prevention of money laundering and tax risks, and the discontinuation and significant limitation of cooperation with economic operators in countries that violate the sovereignty and territorial integrity of other countries.
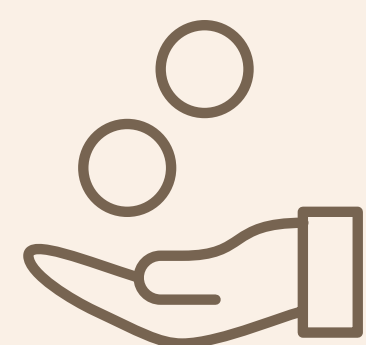
tet

Corporate governance practices

Preventing bribery and corruption

Ensuring fair competition

Responsible tax practices

Intellectual property protection

Due diligence in the value chain

#00

The Tet Group Code of Business Conduct and/or separate policies explain the key principles of the company's conduct, including:

|						
Preventing bribery and corruption	Preventing conflict of interest	Ensuring fair competition	Whistleblowing	Respecting human rights	Diversity	Principles for building relationships with 3rd parties, including suppliers
Tax practice	Intellectual property protection	Corporate governance	Risk management	Internal control	Disclosure, circulation and confidentiality of information	Sustainability
Counterparties due diligence	Sanctions risk governance	Processing personal data	Representation of company interests	Donations and sponsorship		
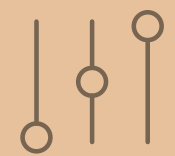
Corporate governance practices	Preventing bribery and corruption and ensuring fair competition	Responsible tax practices	Intellectual property protection	Due diligence in the value chain

Why it is important to us

A competent company oversight by striking a balance between the accountability of the shareholders, the Management Board and the Supervisory Council, and the transparency practices reduce risks, improve reputation, foster trust, helps attract financing and protects the interests of owners and counterparties.

Good corporate governance practices are increasingly demanded from the company by both the regulation and business partners.

Our approach to managing the matter

Corporate governance principles are reflected in the Corporate Governance Statement of this report.

Key actions taken in the reporting period

During the reporting period, an assessment of the effectiveness and compliance with best practice of the internal audit function was carried out as part of the process of improving good governance.

In 2023, the Management Board approved a renewed company's Code of Business Conduct, clearly defining the principles that are essential for the company's operations.

#00

Corporate governance practices

Preventing bribery and corruption and ensuring fair competition

Responsible tax practices

Intellectual property protection

Due diligence in the value chain

Why it is important to us

In the electronic communications services sector, given the concentrated nature of companies, growth strategies must be managed in compliance with the regulatory framework designed to ensure competition.

Corruption is associated with a wide range of negative consequences, such as economic poverty, misallocation of benefits and undermining the rule of law. Demand for strong anti-bribery and anti-corruption practices in company is growing from both partners and legislators, and society is becoming increasingly intolerant of abuses in the field.

The prevention of bribery and corruption and ensuring fair competition are requirements that economic activity must meet in order to be considered sustainable (e.g. in the context of EU Taxonomy).

Our approach to managing the matter

These are the policies adopted to manage particular sustainability matters:

• continuously improving the regulatory framework in the company,

• complementing them with field governance audits,

• maintaining control systems,

• maintaining good employee knowledge about the right behaviour,

• 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 equal business practices from the business partners,

• declaring zero tolerance of corruption in the company,

• maintaining political neutrality, including not making donations to political organisations in accordance with the Tet Group's donation and gift policy.

Key actions taken in the reporting period

In 2022, a merger of market participants took place with the acquisition of Telia Latvija SIA by Tet SIA, subject to a permission of the Competition Council.

A mandatory e-learning course is provided every year to all employees that ensures regular staff education on how to behave in everyday situations according with the company's Code of Business Conduct. The number of employees who have received annual training is recorded as a proportion of the number of staff on 31st December.

In addition, the Legal Office has conducted an education tailored to the specifics of the tasks of individual business units regarding actions in everyday situations consistent with the principles of competition. This training has been provided to colleagues responsible for the roll-out of new directions of activities.

KPI

0
initiated cases of competition law infringements

0
cases of suspected corruption

83%
employees have received annual training

0
reports in the Whistleblowing channel

| Corporate governance practices | Preventing bribery and corruption and ensuring fair competition | Responsible tax practices | Intellectual property protection | Due diligence in the value chain |

Why it is important to us

Organisations are obliged to comply legal requirements in the field of taxation and also this usually is one of the first prerequisites for establishing a business relationship. Transparency about tax payments contributes not only to the credibility of the organisation within the society and company employees, but also to the credibility of the tax system.

Responsible tax practices are one of the requirements that an economic activity must meet in order to be considered sustainable (e.g. in the context of the EU Taxonomy).

Key actions taken in the reporting period

• 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 regal requirements in business situations.

KPI

41,3 m EUR

total annual tax paid

0

tax disputes

tet

| Corporate governance practices | Preventing bribery and corruption and ensuring fair competition | Responsible tax practices | Intellectual property protection | Due diligence in the value chain |

Why it is important to us

In the technology field, the use of licensed software products remains an issue and, despite industry efforts, media piracy is widespread, which requires considerable resources from the company to protect and enforce its rights.

Our approach to managing the matter

We ensure the use of licensed software products on the equipment and systems we maintain, and we also expect our customers to do so by including this provision in their contracts.

Tet is one of the founders of the association "For Legal Content". The main task of the Association is to fight against illegal use of audiovisual content, including on the Internet, in cooperation with State administrative institutions and the police. In 2022, with the participation of the Association, the capacity and competence of the supervisory institutions was strengthened to restrict the availability of illegal on-demand services, and work continues in 2023 by participating in the drafting of future legislative improvements to extend the competence of NEPLP and other institutions in the protection of intellectual property rights.

Key actions taken in the reporting period

Given that electronic communications networks are one of the elements of the television broadcasting infrastructure, their illegal, uncoordinated installation could potentially be used for illegal television broadcasting and reduce or eliminate the possibilities to monitor and control the transmission of television content on such networks, posing risks in the information space. Illegally deployed cables distort competition, create unequal conditions and costs for electronic communications operators. Tet continues to actively call on the responsible authorities to prevent practice of illegal networks.

Corporate governance practices

Preventing bribery and corruption and ensuring fair competition

Responsible tax practices

Intellectual property protection

Due diligence in the value chain

Why it is important to us

There is a growing public perception that the responsibility of any business organisation goes beyond its direct impact. Regulatory developments such as the EU Corporate Sustainability Due Diligence Directive will add an obligation for companies to identify, prevent or mitigate harmful practices not only arising from money laundering, tax and sanctions law violations - as is the case today - but also with respect to labour law, human rights and environmental law in the company's value chain. This obligation will create challenges for the company, for example due to the complexity of value chains, information gaps and additional costs, requiring timely preparing.

Our approach to managing the matteri

The Supplier Code of Conduct forms part of the procurement (expenditure) contracts and calls on partners to put in place a corporate governance practices that ensures compliance with labour law and the provision of adequate working conditions, and care for the environment, as well as to report potentially unfair practices. In 2023, we plan to improve our recordkeeping to monitor number of the supplier commitment.

Prior to the commencement of contractual relations, our counterparties, suppliers and customers who are legal persons, are screened for potential violations of money laundering, tax or sanctions legal requirements.

Key actions taken in the reporting period

In 2022, a new Sanctions and Anti-Money Laundering Procedure was approved, clarifying the procedures for screening, describing the exceptions, transactions limits, etc.
In 2022, new internal control procedures for the prevention of money laundering, terrorism and proliferation financing through the provision of accounting and tax services were approved.
In 2022, the "Suspicious Transaction Reporting Procedure for Tet Group" was developed and approved, the purpose of which is to ensure compliance with the obligation under the Law on Prevention of Money Laundering, Terrorism and Proliferation Financing and to establish a uniform procedure for Tet Group to record, assess and report suspicious transactions to the Financial Intelligence Service in cases specified in the regulatory enactments.

The provision of services in the Russian Federation (except telecommunication services) was suspended, thereby reducing the risk of sanction's violation.
Cooperation with residents of the Republic of Latvia under the control of sanctioned entities has been narrowed.

KPI

1300

sanctions risk screenings for Tet's customers and suppliers

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

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).

40

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 Norther 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

• SIA Telia Latvija (reorganisation is initiated by merging into SIA Tet, to be completed in 2023)

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
• Johan Andersson
• Dan Strömberg
• Ieva Jansone-Buka

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 it's 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
Gints Bukovskis, CFO
Dmitrijs Ņikitins, 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 Financial Officer, 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.
Tet 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 2022, important areas of internal audit were information and IT security, procurement, service provision and compliance.

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.

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42