

BITÉ Group Sustainability Report 2021



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BITÉ Group Sustainability Report 2021

BITÉ Group is a leading telecommunications and media group in Lithuania, Latvia and Estonia which makes a significant economic contribution to all three countries. Our operations and processes are geared towards advancing digitalisation, as an important context for innovation, as well as to creating a more sustainable environment and society. We know that smart solutions make daily life easier. Our aim is to ensure such solutions are so user-friendly that they become a part of daily life. And we believe that a technologically effective society benefits everyone by increasing access to education and healthcare. Smart digital solutions can give a significant boost to economic growth and make the best possible use of scarce resources. Above all, digital access strengthens people's fundamental human rights – like freedom of speech and the right to personal development.

Comments from the CEO of BITÉ Group



Pranas Kuisys,
CEO of BITÉ Group

We are proud to share the BITÉ Group's second Sustainability Report with you today.

The year 2021 was a challenging one for most businesses across the globe primarily due to COVID-19 and the hardships associated with it. It is nonetheless a pleasure for us to present the progress that the BITÉ Group achieved in the environmental, social and governance areas despite these uncertainties.

While many declare the same, at BITÉ Group we truly and sincerely care not only about the economies and societies of the countries we operate in, but also extend our help and substantial support beyond the borders of our business activities.

Our second Sustainability Report covers the calendar year 2021. But it is impossible to ignore the historical event that occurred not far from us on 24 February 2022, when the Russian Federation initiated a ruthless war in Ukraine.

Shocking as that was to many of us, BITÉ Group took immediate actions to support Ukraine and its people. We gave significant aid in many forms, ranging from providing our services completely free of charge to offering telecommunications equipment, handsets, direct financial support and much more.

BITÉ Group also took immediate action as regards its media and content operations in the Baltics. While not a major part of the overall advertising or media business, it does contribute to the protection of our societies from foreign propaganda. Our aid for Ukraine and its people continues to this day and will be disclosed in much detail in our next sustainability report for the year 2022.

Through this period, we have remained focused on our customers and employees. The Lithuanian branch of Transparency international took note of our work to prevent corruption and make detailed disclose about our shareholders, structure and finances. For the first time, in the global organisation's ranking of the most transparent companies we received the maximum score of 100 points.

In 2021 we decided to take the extra step of joining global initiatives and standards. This allows us to demonstrate the positive impact we have on customers, communities, investors and society.

As the CEO of BITÉ Group, I work to ensure that we all act lawfully, ethically, and in the best interests of BITÉ Group as well as its shareholders, employees, the public and the environment. We commit not only on paper, as in this report, but with real actions, to provide services that respect the environment and to further maximally reduce the impact that our operations have on the Earth.

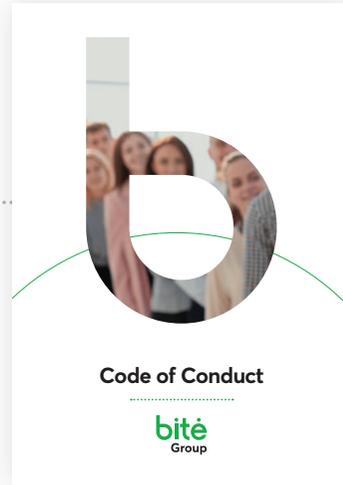
In 2021 we improved the way we work by taking these additional measures:

- ✓ **BITÉ Group adopted a Code of Conduct** outlining the responsible business principles which start with each and every one of us.
- ✓ **BITÉ Group developed a Supplier Code of Conduct** as a prerequisite for ensuring a sustainable supply chain.
- ✓ **BITÉ Group calculated the Green House Gas (GHG) emissions** for the entire value chain of the group's companies across the Baltic region.
- ✓ **BITÉ Group joined the Business Ambition for 1.5°C**, to limit GHG emissions in line with the latest requirements of the Science Based Targets initiative (SBTi).
- ✓ **BITÉ Group joined the UN Global Compact**, officially declaring its support for 10 core principles of human rights, labour, the environment, and anti- corruption, and took part in an Early Adopters programme by disclosing our achievements through an enhanced Communication on Progress digital platform.

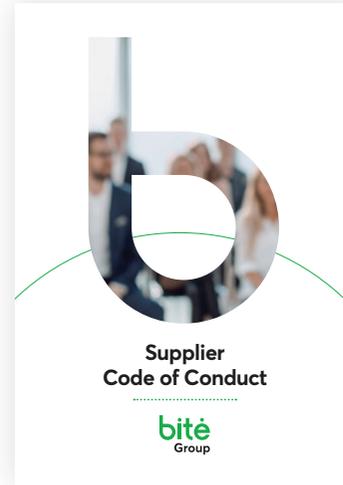
ESG Targets and Progress

Figure 1. ESG Targets and Progress

BITÉ Group's Code of Conduct
integrated into e-learning platform



Supplier Code of Conduct
acknowledged by major suppliers



Calculated GHG emissions



Science-based emission-reduction targets approved by SBTi



Science-based targets in line with the Business Ambition for 1.5°C



Took part in UN Global Compact Early Adopters programme for Communication on Progress



Level of corporate transparency is 100% in the assessment conducted by Transparency International Lithuania



Description of the Report

The BITÉ Group Sustainability Report starts with a description of BITÉ Group and presents key information and facts about the group as well as major achievements of its companies. It also provides an overview of the material topics and their relation to the United Nations Sustainable Development Goals (SDGs).

We have structured the report in keeping with the **ESG factors** – environmental, social and governance. Those are the areas that characterise a sustainable, responsible and ethical business as well as relations with our clients, partners and employees.

The environment section of the report describes BITÉ Group's impact on preserving our natural world. The social section considers how the company manages its relationships with employees, customers and the communities in which we operate. Finally, the governance section examines the company's leadership, logistics and defined processes for running its business.

This report was prepared according to the Standards of the Global Reporting Initiative (GRI). In addition, it includes non-financial information, with reference to the Sustainability Accounting Standards Board (SASB) framework, the Non-Financial Reporting Directive (NFRD), Task Force on Climate-Related Financial Disclosure (TCFD) and the EU taxonomy.

The report provides a comprehensive review of BITÉ Group's actions and the impact our operations have on the environment, communities, customers and our employees. It also examines how we are coping with various challenges in responding to climate-related risks. We outline the steps we are taking to further strengthen our approach to ESG and sustainability.

The reporting period is the calendar year 2021. The report is based on annual statistics and actual data for 2021. Previous figures, have been included to help assess the progress to the current indicators for 2021.

The report is also published on www.bitegroup.net





BITÉ Group at a Glance

BITÉ Group at a Glance

About BITÉ Group

We are a leading integrated **mobile, media, fixed broadband** and **PayTV** provider in the Baltic States – **Lithuania, Latvia and Estonia.**

BITÉ Group provides a variety of mobile services to private and business customers through its own front-line sales and care channels and its own infrastructure companies. BITÉ Group's mobile business is focused on meeting growing demand in the region for high quality network experience by providing excellent customer service through retail companies that distribute products and services and through separate companies responsible for the ownership, management, development and rental of towers and masts.

The group's Fixed Broadband & PayTV business includes fixed broadband internet services, information and communication technology (ICT) services and a PayTV offering via satellite platform and an over-the top(OTT) streaming and TV broadcasting service solution.

The group's Media & Content business includes TV, video-on-demand services, commercial radio, streaming radio, digital advertising, news and entertainment portals, advertising services across our own portfolio of media assets as well as through third party channels, and digital production and distribution services.

BITÉ Group is implementing strategic initiatives to converge the technologies and services offered by the group of entities. This strategy is resulting in higher efficiency and revenue synergies as well as cross-sell opportunities and additional value for customers, all of which provide competitive advantages over traditional telecommunication operators.

In Lithuania and Latvia, we market our post-paid mobile services for both residential and business segments under the **BITÉ** brand. Pre-paid mobile services in Lithuania are marketed under the **LABAS** brand.

Broadband services in Lithuania are being expanded by adding an acquired entity's brand name, **MEZON**, and in Latvia – Dautcom and Microlines.

PayTV services in Lithuania, Latvia and Estonia are offered via the **Home3** brand satellite platform and the **Go3** OTT streaming solution.

In Lithuania, Latvia and Estonia, media and content operate under the **TV3** brand, with sub-brands used for the suite of channels, stations and web portals: TV3Play, Go3, TV3 Film, TV3 Sport, TV6, TV8, TV3Mini, TV3Life, 3+, StarFM, PWR Hit Radio, Top radio, Buduaar, Artist3, 360Artist, Skaties.lv and TV3.lt.

BITÉ Group at a Glance

About BITÉ Group

Size of the organisation

Figures reflecting the group's size:

- Annual revenue of **479.5 million** euros
 - Operating profit of **69.8 million** euros
 - Net profit for the year of **23.0 million** euros
-

Location of the headquarters

BITÉ Group is an operational name for the group of entities in the Baltic States. The parent company owning and controlling BITÉ Group is PLT VII International S.à r.l., Luxembourg (EU).

The headquarters of BITÉ Group is located in **Vilnius, Lithuania (EU)**.

Information on employees and other workers

As of 31 December 2021, BITÉ Group had **2,643 employees**, of which **1,200** were employed in Lithuania, **1,263** in Latvia and **180** in Estonia. Approximately 506 of our employees were engaged in technology areas (network and IT), with 1,510 in marketing, customer service and sales, 225 in content creation, and 402 in other areas (corporate, human resources and finance).

In addition, from time to time the BITÉ Group engages freelancers, primarily to assist our content creation team.



BITÉ Group at a Glance

Major Achievements

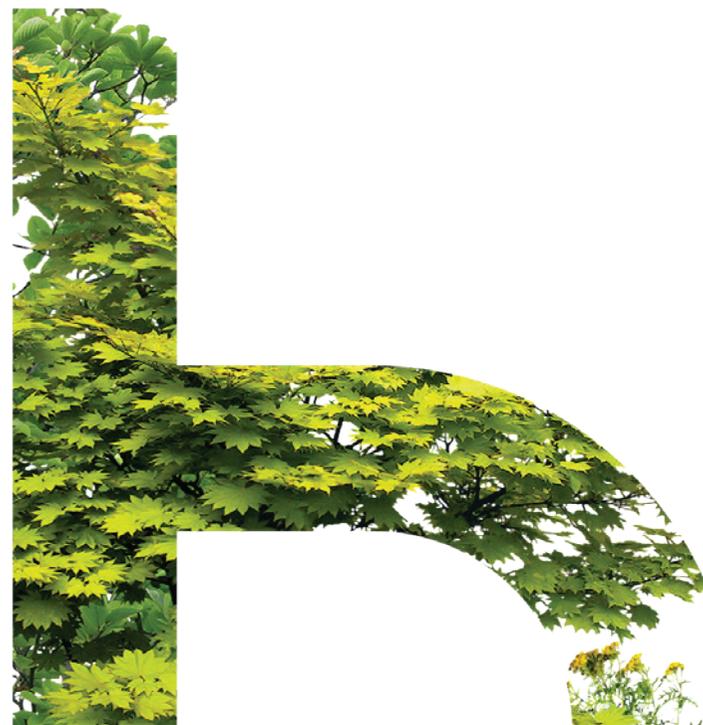
Strong Financial Performance and Track Record

- BITÉ Group delivered a strong performance in 2021 even with the headwinds from the continuing pandemic. This year the group's pro-forma EBITDA grew by 11% as all operating segments showed strong results. The Media & Content segment grew the fastest as advertising markets fully recovered from the pandemic. Telecommunication services in both Lithuania and Latvia grew on the back of post-paid customer upselling with a more-for-more approach and cross-selling of mobile, fixed and PayTV services to the post-paid base.

Significant telecommunication and Pay TV service growth

- The Lithuanian and Latvian mobile telecommunication markets are both rational three-player markets (Telia/LMT, Tele2 and BITÉ Group) with relatively stable market shares and ever-present revenue growth. In 2021, BITÉ Group's Lithuanian and Latvian telecommunication companies delivered strong results in terms of both revenues and adjusted EBITDA. The group's companies continued taking a more-for-more approach to upselling post-paid customers, which delivered a substantial part of the growth in 2021. The group's focus on cross-selling additional mobile and PayTV services to the post-paid base was a success, with all revenue generating units (RGUs) for all Data, IoT and PayTV services growing in 2021. Under its digitalization strategy, the group automated a major part of upsell operations. Additionally, the group invested in digital channels such as e-commerce and online self-care. As pledged in last year's outlook, the group focused on ICT services for B2B customers, which delivered high double-digit growth in 2021. Lastly, the group won several M2M/IoT contracts in 2021, which should boost the M2M/IoT base by more than 1 million RGUs over the next several years.

- The fixed broadband markets in Lithuania and Latvia are also showing attractive growth. In 2021, BITÉ Group realized tangible synergies from Latvian cable operators acquired in 2020 as it integrated them into its operations.
- The PayTV markets, including over-the-top content (OTT), are similarly attractive across the Baltics. During 2021, OTT was full focused on further development of the subscription-based video-on-demand product Go3 in Lithuania, Latvia and Estonia. OTT services surpassed the 300,000 RGU milestone. The total OTT RGU base at year-end of 339,000 was up by more than 130,000 from the start of the year and put market penetration at more than 12% of Baltic households.



BITÉ Group at a Glance

Major Achievements

Customer champion

- Our commitment to providing the best services to our customers is reflected in our innovative and highly differentiated end- customer products and services, as well as in our outstanding customer care and support as demonstrated by our high net promoters score (NPS) and service levels. Our customer service team in Lithuania won bronze at the prestigious Stevie Awards. The commission underscored our quality and fast customer service, exceptionally high post-service customer ratings, efficient inquiry resolution during the first call or meeting, fast packing and delivery, and ability to improve rapidly during the pandemic. BITÉ was the only company in the continental Europe to receive this award.
- We are increasingly evolving to operate large-format retail stores (50 to 120 square metres) in key traffic locations with digital experience, live service and in-store device demonstrations. In 2021, BITÉ Group merged the retail companies Bite Salonų Tinklas UAB and Bite Retail Latvija SIA into Bite Latvija SIA to streamline the operations.

Leading Media & Content Business

- We are the largest advertising sales broker in the Baltic region and one of the largest organisations to offer a pan-Baltic advertising reach for international and pan-regional clients. We utilise a multiplatform approach (including TV, radio and internet) to increase our reach and enable 360° campaign planning and buying, while providing an attractive and efficient process for agencies and clients.
- During 2021, the group's Media & Content business and FreeTV business fully recovered to pre-pandemic levels despite extended restrictions related to Covid-19. The FreeTV business even managed to surpass the pre-pandemic level, especially in Lithuania. In Estonia, the Media & Content business continued to strengthen its FreeTV operations by expanding its sales portfolio with the addition of third-party TNT channels and focusing on digital assets development and the radio business.
- In Latvia, the Media & Content business strengthened its position by expanding its radio asset portfolio through the acquisition of Top Radio and developing the new digital infotainment portal tv3.lv, which was launched in early 2022.
- The main portfolio channel, TV3, maintained its position as the #1 commercial channel in Latvia. In Lithuania, it has now been #1 for 18 years in a row.



Materiality Analysis

Materiality Analysis

Stakeholder Engagement and Materiality

BITÉ Group has adopted a stakeholder-based approach to sustainability to guide the management of its opportunities and risks. Materiality reflects an organisation's significant impacts that can substantively influence the decisions of its stakeholders. In the Global Reporting Initiative (GRI) standards, an "impact" refers to the effect an organisation has or could have on the economy, environment and people, including effects on their human rights, as a result of the organisation's activities or business relationships.

Materiality assessment process

steps recommended by the GRI standards for an organization to follow in determining its material topics:

- 1) Identify and assess impacts on an ongoing basis;
- 2) Determine material topics for reporting.

For the 2021 reporting period, the material topics included in the previous reporting period were reviewed to account for changes in impacts. The material topics included in the previous reporting period were approved by BITÉ Group's highest governance body, the Management Board. For this reporting period, the Management Board stressed the importance of cybersecurity in the context of a changing geopolitical situation and customer satisfaction. The same key set of material topics was approved for the current reporting period, with no changes.

Regular engagement with our stakeholders ensures that BITÉ Group operates responsibly and sustainably. The group is committed to offering regular communication and building positive relationships with all its stakeholders. We see these relationships as a solid base for our sustainable business operations.

Key stakeholders of BITÉ Group:

- Customers
- Employees
- Suppliers
- Governments
- Society
- Investors

We regularly monitor and engage with our key stakeholder groups to ensure that our sustainability strategy is aligned with their expectations. The interactions with the key BITÉ Group stakeholders are summarised in **Table 1**.



Materiality Analysis

Table 1. Interactions with key BITÉ Group stakeholders

Stakeholder	Communication channel	Topics raised	Action taken
Customers	<ul style="list-style-type: none"> • Call centres • Outlets • Websites • E-shops • Apps • E-mail • Social media • Measurement of NPS (Net Promoter Scores) 	<ul style="list-style-type: none"> • Better value offerings • Prompt feedback and resolution of customer issues • Clear invoices 	<ul style="list-style-type: none"> • Leveraged BITÉ Group's digital channels to support easy access for all our customers during the COVID-19 pandemic • Introduced flexible payment terms during the COVID-19 crisis • Free-of-charge mobile services for medical staff • Facilitated home-schooling for children by providing refurbished BITÉ computers and free data usage • Implemented safety standards in BITÉ Group outlets to keep customers and employees safe • Introduced integrated packages offering TV, internet and mobile services • Extended IoT, OTT and ICT products
Employees	<ul style="list-style-type: none"> • Workplace and internal Facebook communication • Newsletters and electronic communication • Regular digital meetings via Teams • B Team elected to represent employees held a number of virtual "roadshows" • Whistleblowing hotline • Employee engagement survey 	<ul style="list-style-type: none"> • Opportunities for personal and career development • Communication and knowledge sharing across the group • Enhancing coaching abilities • Assessing the impact of COVID-19 on the psychological state of employees 	<ul style="list-style-type: none"> • Internal career communication and career breakfast • Digital tools for remote work • Provided a range of physical and mental wellbeing services such as psychological consultations, mindfulness sessions, a virtual sports club, laugh yoga and brainstorming • Coaching sessions by senior employees
Suppliers	<ul style="list-style-type: none"> • Tenders • Requests for proposals • Negotiations • Supplier assessments 	<ul style="list-style-type: none"> • Timely payment and fair terms • Complex solution requirements 	<ul style="list-style-type: none"> • Dissemination of a Supplier Code of Conduct • Engagement with key suppliers regarding environmental impact assessment and measurement of GHG emissions • Partnering to develop complex solutions and new technologies



Materiality Analysis

Table 1. Interactions with key BITÉ Group stakeholders

Stakeholder	Communication channel	Topics raised	Action taken
Governments	<ul style="list-style-type: none"> • Participation in the industry meetings with government and regulators • Public forums • Parliamentary processes and meetings with the elected officials • Meetings with regulators 	<ul style="list-style-type: none"> • The digital economy and society • The European Green Deal initiative • Cybersecurity • Data protection and privacy • Regulatory environment and compliance • The EU taxonomy 	<ul style="list-style-type: none"> • Discussed environmental issues at events organised by the president's office • Engaged on issues such as the allocation of the spectrum and the protection of consumers • Engaged in the digitisation of industries • Started evaluation of compliance with the EU taxonomy
Society	<ul style="list-style-type: none"> • Community interaction promoting health in society – medical aid during COVID-19 • Contribution to home-schooling projects • Participation in forums and working groups 	<ul style="list-style-type: none"> • Maintaining connectivity services during the COVID-19 pandemic • Access to connectivity and digital services 	<ul style="list-style-type: none"> • Free-of-charge services for medical staff during the pandemic • Refurbished computers donated to Save the Children with free mobile internet for home-schooling • Provided tablets and mobile internet for a Latvian home-schooling initiative
Investors	<ul style="list-style-type: none"> • Investor relations website • Investor Calls • Investor meetings and roadshows 	<ul style="list-style-type: none"> • ESG sustainability strategy and targets • Corporate governance practices • Impact of COVID-19 • Strategy to deliver sustained financial growth 	<ul style="list-style-type: none"> • Developed ESG sustainability strategy and targets • Improved corporate governance practices • Presented strategy for delivering sustained financial growth • Impact of COVID-19 minimised



Materiality Analysis

Material Topics

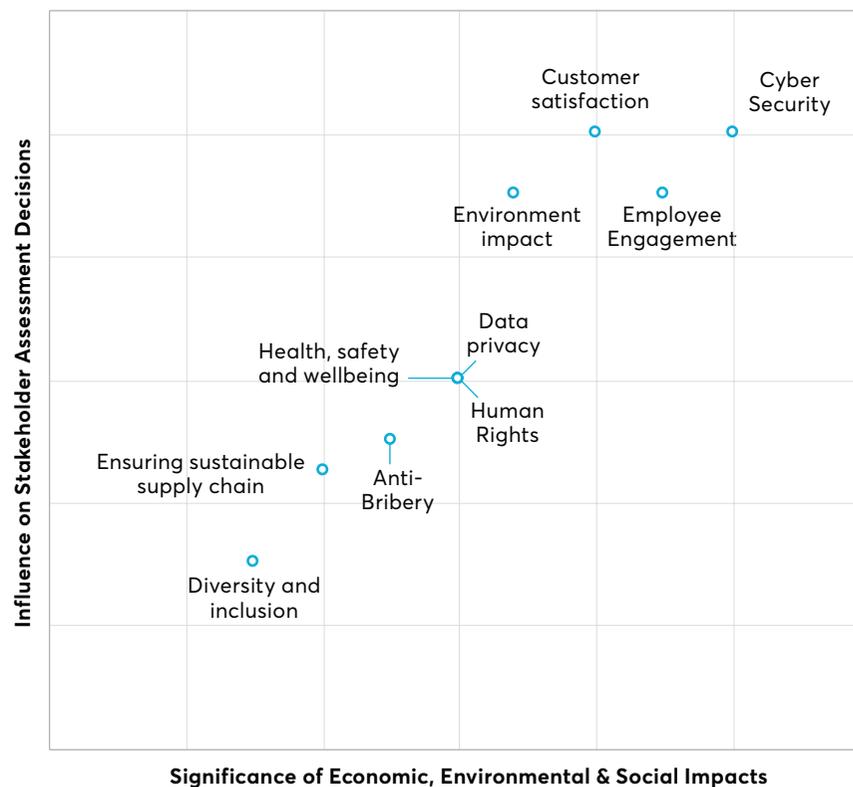
Engagements with our key stakeholders were summarised to better understand social trends, impacts and expectations. Our materiality assessment took into account the most material opportunities and risks. The process included: reviewing investor ESG surveys and ratings, assessing trends using internal and external consumer reports, and interviewing internal experts in the areas of finance, technology, cybersecurity, marketing and sales. The various material topics were then discussed with the members of BITÉ Group's Audit Committee to validate the results.

It was decided to focus on the following topics:

- **Cybersecurity**
- **Data privacy**
- **Customer satisfaction**
- **Employee engagement**
- **Environmental impact**
- **Health, safety and wellbeing**
- **Ensuring a sustainable supply chain**
- **Diversity and inclusion**
- **Human rights**
- **Anti-bribery**

These material topics occupied the top positions in the materiality assessment, as shown in **Figure 2**.

Figure 2. Materiality assessment



Materiality Analysis

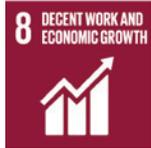
Relations to SDGs

In September 2015, the General Assembly of the United Nations adopted the 2030 Agenda for Sustainable Development. It includes 17 Sustainable Development Goals (SDGs), as depicted in **Figure 3**. The agenda emphasises a holistic approach to achieving sustainable development for all. In keeping with the Sustainable Development Agenda, BITÉ Group has linked its material topics to the UN's SDGs where it can make the most impact. The results are summarised in **Table 2**.

Table 2. Material Topics and the UN SDGs

Material topic	Relation to the SDGs	Related SDGs
Cybersecurity	<p>Cybersecurity directly contributes to SDG Target 9.1 – to develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all.</p> <p>Cybersecurity is important for protecting the critical systems that use IT. As evidenced by various hacks of critical infrastructure, to make cities and communities sustainable we need to provide secure digital solutions.</p> <p>Cybersecurity is the background for all the services securely supplied by BITÉ – it helps us ensure public digital access to information and protect fundamental freedoms.</p>	  
Data privacy	<p>The right to privacy is a fundamental human right. Ensuring the privacy of our customer's data contributes to peace and justice for individuals as well as to institutions. Data security is crucial for ensuring data privacy and protection. BITÉ has implemented robust technical and organisational safeguards and procedures (including efficient monitoring of data access and data breach notification procedures) to ensure proper data management throughout the data lifecycle and to prevent any unauthorised use, disclosure or breach of personal data.</p>	

Materiality Analysis

Material topic	Relation to the SDGs	Related SDGs
Customer satisfaction	We serve millions of customers through our business areas, and customer satisfaction is one of our key goals. We try to ensure it by providing smart solutions that make our customers' lives easier. At the same time, our solutions contribute to the SDGs. For example, BITÉ's digital access makes universal health coverage possible by providing remote access to high-quality essential health-care services. Our customers can also easily access affordable quality online education, including school and university programmes. In addition, during the pandemic BITÉ provided equipment and services for home-schooling for children in need.	 
Health, safety and wellbeing	Keeping the people who work for us safe is one of our most essential responsibilities. We invest in additional health insurance and provide counselling, as well as offering physical activities to promote the wellbeing and health of our employees. Through our digital services, we help our customers consciously care for their health too. For example, using the internet, they can communicate with their doctors remotely. Smartwatches and smartphones also allow people to monitor their heart-beat, sleep, stress and other health indicators.	
Employee engagement	<p>We contribute to the SDGs by treating people of any gender equally and do not tolerate any form of discrimination, direct or indirect. We ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making at BITÉ Group.</p> <p>We also provide employment and decent work for all women and men, regardless of age, and equal pay for work of equal value.</p> <p>To support the physical and mental health of our employees, we provide a safe working environment, flexible working hours, additional health insurance, psychological consultations, coaching, mindfulness sessions, sporting activities and entertainment.</p> <p>We strive at BITÉ to achieve higher levels of economic productivity through technological upgrades and innovation. Our highly engaged employees are contributing to sustained economic growth.</p>	  
Environmental impact	At BITÉ Group, we are committed to strengthening resilience and adaptive capacity with regard to climate-related hazards. We are committed to limiting global warming to 1.5 degrees by setting science-based targets to reduce greenhouse gas emissions.	

Materiality Analysis

Material topic	Relation to the SDGs	Related SDGs
Ensuring sustainable supply chain	We seek at BITÉ Group to work with suppliers who are economically, environmentally and socially responsible, and who are contributing to sustainable development. We have therefore developed a Supplier Code of Conduct. The purpose of the BITÉ Group Supplier Code of Conduct is to lay out the principles according to which we expect our supplier to act. This includes seeking to minimise the greenhouse gas emissions that stem from our supply chain. BITÉ Group is committed to the Science Based Targets initiative (SBTi) and seeks to obtain emissions reduction targets from our suppliers. Our engagement with the SBTi should encourage companies to adopt sustainable practices and integrate sustainability into their operations. We are reducing emissions by selecting renewable energy providers and implementing energy-efficient technologies.	
Diversity and inclusion	We are a company where diverse talents work together. For this reason, in building an engaged and supportive organisation, we have adopted an Equal Opportunities Policy. Under the policy, BITÉ Group prohibits direct and indirect discrimination based on sex, race, nationality, language, origin, social status, age, sexual orientation, disability, ethnicity, membership of a political party or association, religion, beliefs or intent to have a child (children), as well as other circumstances not related to employees' business responsibilities. In our work, we apply the principles of the UN Global Compact and take responsibility for sustainable development. Our core values are outlined in the BITÉ Group Code of Conduct, which helps all of us make the right decisions and provides guidance on how to live according to our values.	
Human Rights	At BITÉ Group we respect and foster human rights. Our core values are reflected in the BITÉ Group Code of Conduct according to which the BITÉ Group's values and standards are put into practice. In addition BITÉ Group joined the Un Global Compact to officially declare our support for all principles including the first two concerning the protection of internationally proclaimed human rights abuses	
Anti-bribery	At BITÉ Group we do not tolerate bribery in any form. We only work with third parties able to commit to the same high standards as we do. BITÉ Group Transparency Policy addresses communication about possible corruption. Anyone can report incidents via a completely anonymous Whistleblowing System which is easily accessible on our corporate website.	

Materiality Analysis

In conducting business, we apply the principles of the UN Global Compact and take responsibility for sustainable development. Our core values are outlined in the [BITÉ Group Code of Conduct](#), which helps all of us at BITÉ Group make the right decisions and provides guidance on how to live according to our values.

In 2021 BITÉ Group officially joined the United Nations Global Compact and enrolled in the Early Adopters programme for the initiative's enhanced Communication on Progress (CoP) digital platform. The new CoP platform streamlines the annual disclosure requirement for participant companies of the United Nations Global Compact, enabling them to understand, measure, track and disclose their progress on the Ten Principles of the Global Compact and their contribution to the Sustainable Development Goals.

BITÉ Group, as a participant in the Early Adopter programme, disclosed its progress via the new CoP platform on 30 June 2022.

Figure 3. Sustainable Development Goals



A close-up, low-angle shot of a server rack. The rack is filled with numerous yellow and blue cables plugged into ports. The cables are bundled and organized, with some red and white markings. The server units are black and have multiple ports visible. The word "Governance" is overlaid in white, bold, sans-serif font in the center of the image. There are also yellow decorative elements: a circle on the left and a vertical bar on the right.

Governance

Governance

Governance Structure

The core management of the group consists of the members of the Supervisory Council, the Management Board, the Chief Executive Officer of BITE Group, the Chief Financial Officer of BITE Group, the Chief Executive Officer of BITÉ Lithuania, the Chief Executive Officer of BITÉ Latvia, and the Chief Executive Officer and Chief Financial Officer of TV3 Group.

The Management Board of BITÉ Lithuania is responsible for the strategic management of the Group. The Management Board includes the CEO of BITÉ Group, CEO of BITÉ Lithuania, CFO of BITÉ Group and COO of BITÉ Lithuania. Other members of our senior management team include the CEO of BITÉ Latvia and the CEO and CFO of our media business. The members of the Management Board come from diverse backgrounds, including expertise and experience relating to economic, environmental and social topics.



Pranas Kuisys

Chief Executive Officer of BITÉ Group

Arūnas Dūda

Group Chief Financial Officer

Mindaugas Rauba

Group Chief Technology Officer

Gintas Butėnas

Chief Executive Officer of BITÉ Lithuania

Arūnas Mickevičius

Chief Executive Officer of BITÉ Latvija

Aurimas Kapočius

Chief Operating Officer of BITÉ Lithuania

Christian Anting

Chief Executive Officer of TV3 Group

Indrė Rakauskienė

Chief Financial Officer of TV3 Group

Photos of the BITÉ Group Management Board members are included in **Figure 10**.

The Supervisory Council of BITÉ Lithuania is responsible for supervising the activities of the group and its management bodies as well as for appointment and removal of the members of the Management Board. The Supervisory Council has established an Audit Committee and a Remuneration Committee.

Members: Anthony Frank Elliott Ball, Alexander Mishenin, Robert Sudo, Karim Abdallah Tabet.

Governance

Collective knowledge of the highest governance body

We have a strong executive team with over 100 years of combined experience and adhere to an entrepreneurial culture that drives innovation to cement our status as a “customer champion”.

BITÉ Group's CEO, Mr Pranas Kuisys, joined the organization as a Pre-Paid Manager in 2010, then worked his way up to Marketing Director before being appointed COO of BITÉ Lithuania in 2016 and then CEO of BITÉ Lithuania in 2020. Prior to that, he was Commercial Director for Lithuania and the Baltic region at Tele2.

The group's CFO, Mr Arūnas Dūda, has been with BITÉ since 1998 and has worked his way up to his current position. Prior to joining BITÉ, he held a number of roles at Cgates, a local fixed broadband and PayTV provider.

The group's CTO, Mr Mindaugas Rauba, joined BITÉ in 2010 as a System Engineer and Java Developer, in two years became Integrated Systems Manager, in 2018 expanded his field of responsibility to Convergent Core Network Manager, in 2020 was appointed IT Director of BITÉ Group.

The CEO of BITÉ Lithuania, Mr Gintas Butėnas, joined the Group as a Base Station Maintenance Engineer in 2001. In 2005 he moved to Latvia and worked on the 2G/3G mobile network buildout in the roles of Radio Network Planning and Optimisation Manager and Head of the Network. In 2013, he was named Network Director of BITÉ Group and in 2016 he became the group's CTO.

The CEO of BITÉ Latvija, Mr Arūnas Mickevičius, started his career in BITÉ Lithuania as a Product Manager in 2007, in two years he became Strategic Projects Manager, from 2013 headed Consumer Segments, in 2016 was promoted to Marketing Director. Prior to joining BITÉ he was working as a Business Consultant at PricewaterhouseCoopers.

The COO of BITÉ Lithuania, Mr Aurimas Kapočius, joined BITÉ as Mobile Devices Development Manager in 2014, in 2016 he became Head of Business (B2B) Segment, currently works as a Chief Marketing Officer. Prior to that, Mr. Aurimas Kapočius was a CEO of the mobile virtual network operator Eurocom.

Mr Christian Anting has been the Media CEO since 2018; previously, he was the COO of the TVN group and Vice President of the Management Board of TVN's PayTV Platforms Televizija n and nc+.

The CFO of TV3 Group, Ms Indrė Rakauskienė, was appointed to the position in 2017. She joined BITÉ in 2005 as a Financial Analyst and steadily worked to expand her field of responsibilities by participating in numerous BITÉ Group projects.

Evaluating the highest governance body's performance

The Supervisory Council and Management Board are the highest governance body of BITÉ Group, acting in accordance with the Corporate Authorisation Policy (CAP). The CAP is part of internal governance within the BITÉ Group and sets out the limits of authority. All employees, including managers and Management Board members, are required to comply with the CAP and the authority limits it sets, with the latter replacing all previously existing forms of delegation of authority.

The Audit Committee is responsible for oversight of the approved financial statements.



Governance

Executive-Level Responsibility for Economic, Environmental and Social Topics

The Management Board, as the highest governance body, has full oversight with regard to climate-related risks and opportunities.

It is the responsibility of the Management Board to approve the BITÉ Group Sustainability Report. With the acknowledgment of the Management Board, the group has assigned climate-related responsibilities to different management-level positions.

In 2021, BITÉ Group's management appointed a sponsor responsible for its ESG sustainability strategy and an ESG Officer. These management positions report to the board's Audit Committee and their roles include assessing and managing climate-related issues. The ESG targets, including climate-related issues, are incorporated into the quarterly monitoring process of the group's strategic performance. The sponsor responsible for the ESG sustainability strategy and the ESG Officer provide regular updates on the ESG targets to the Audit Committee and the Management Board.

The Management Board and the Audit Committee review economic, environmental and social topics, including impact, risks and opportunities, at least twice per year. The Management Board and the Audit Committee also review and approve the organisation's Sustainability Report and ensure that all material topics are covered.

Stakeholder consultations are used to support the Management Board's decisions and the management of economic, environmental and social topics, including impact, risks and opportunities.

Consulting stakeholders on economic, environmental and social topics

Processes for consultations between stakeholders and the Management Board on economic, environmental and social topics are summarised in **Table 1**.

The resulting feedback is provided to the board by the responsible executive-level parties – the CFO, ESG Ambassador, Sales Director of BITÉ Lietuva, United Sales Force and the ESG Officer.

Communicating critical concerns

Critical concerns are communicated to the Management Board during regular quarterly meetings and to the Audit Committee at least twice per year.

Critical concerns communicated to the Management Board in the reporting period related to the COVID-19 pandemic and the execution of ESG policy. The mechanisms used to address and resolve the critical concerns were the following joint actions of the BITÉ leadership team:

- Management of the pandemic situation in 2021;
- Creation and management of ESG policy;
- Inclusion of ESG-related targets into the strategy;
- Review of the material topics.



Governance

Remuneration Policies

We have implemented a management incentive system that we believe provides our management team with strong incentives and motivation to maximise the value of our business in the long term. The ESG targets, including the development of the ESG policy and improved cybersecurity and customer satisfaction as measured by the NPS indicator, are incorporated into the group's strategy and incentive system.

We also have a broad performance-based management compensation system, where the vast majority (approximately two-thirds) of our employees are subject to a variable compensation scheme and approximately 40 key employees are minority shareholders or hold stock options. The group's core management is a minority shareholder in PLT VII Baltic Topco S.à.r.l., which, through intermediate holding companies owns 100% of the ordinary share capital of the group. In addition, a stock-option programme helps attract, retain and reward middle level managers, granting eligible participants stock options for no consideration, as set out in the option plan, and subject to remaining in the group's employment.

Remuneration (salaries, bonuses and other compensation) to management in respect to their work performed for the group is shown in **Table 3** below.

Table 3. Remuneration (thousands of euros)

	2021	2020
Remuneration	1,670	1,825
Bonuses	1,171	1,156
Social security contributions	80	86
Total	2,921	3,067

Process for determining remuneration

The process for determining remuneration includes setting key performance indicators (KPIs) and measuring the performance.

Remuneration is dependent on the achievement of KPIs. The Remuneration Committee supervises the integration of the ESG targets into the remuneration schemes of the senior executives and employees. BITÉ Group's commitment to science-based targets facilitated the incorporation of our ESG priorities into the executive long-term incentive plan. Targets include a specific greenhouse gas (GHG) reduction goal linked to the 2030 target of reducing our emissions from the year 2020 baseline by at least 42%, envisaging a bonus pay-out based on the achievement of a 5% annual decrease in GHG emissions.

Stakeholders' involvement in remuneration

The Remuneration Committee comprises members of the Supervisory Board and includes Anthony Frank Elliott Ball, Alexander Mishenin, Robert Sudo and Karim Abdallah Tabet.



Governance

Supply Chain

The BITĒ Group has several key suppliers for its mobile network equipment, e.g., Ericsson, Nokia and Huawei, as well as for its hardware, including Samsung and Apple. The company also has an IP network infrastructure agreement with Cisco, Huawei and Fortinet.

We have developed a **Supplier Code of Conduct** and engaged with all suppliers with a spend above 10,000 euros, asking them to comply with the principles of sustainable business. We also approached our key suppliers while conducting an inventory of our Scope 3 GHG emissions in order to assess how many of them are measuring their GHG emission reduction or have set science-based emission reduction targets. This is an essential step for achieving our commitment to limit global warming to 1.5°C.

Significant changes to the organisation and its supply chain

On 21 May 2020, the company signed an agreement to purchase the "Mezon" business from Lietuvos Radijo ir Televizijos Centras AB. Approval by Lithuanian regulatory authorities to proceed with the business acquisition were received on 27 November 2020. The business transfer was finalised on 1 January 2021.

The BITĒ Group subsidiary Baltcom SIA is one of the largest independent fibre broadband internet, cable TV and IPTV service providers in Latvia, and also provides landline telephony, electricity and OTT services. On 7 January 2021, Baltcom SIA established the new subsidiary B-COM Invest SIA for the purpose of a restructuring in the group. On 28 September 2021, the group subsidiaries Mīts LV SIA, Esteria 79 SIA and Elektrons S SIA were merged into B-COM Invest SIA. B-COM Invest SIA took over all the rights, obligations, assets and liabilities of Mīts LV SIA, Esteria 79 SIA and Elektrons S SIA, which then all ceased to exist.

On 20 October 2021, the group subsidiary Dautkom TV SIA was merged into B-COM Invest SIA as well. B-COM Invest SIA took over all the rights, obligations, assets and liabilities of Dautkom TV SIA, which then ceased to exist.

On 29 November 2021, Microlines Grupa SIA was incorporated as a subsidiary of Baltcom SIA, and on 1 December 2021 Microlines Grupa SIA acquired 100% of the shares of the Microlines group of companies. The acquired group consists of three directly owned companies (Microlines SIA, Clouds 365 SIA, and Big Telecom SIA) and four subsidiaries of Microlines SIA (Qwerty SIA, Elektrons.lv SIA, Elektrons SIA (75% owned), and Elcom Valka SIA). The Microlines group's companies provide TV, internet and telephony services in Latgale and the Eastern part of Vidzeme in Latvia. The group is based in Rēzekne. This acquisition allows Baltcom SIA to achieve higher penetration of its services in the Eastern parts of Latvia and to offer a wider range and higher quality of services to existing customers of the acquired companies.

On 29 March 2021, All Media Eesti AS acquired the remaining 10% of the shares of Artist Media OÜ from a minority shareholder.

On 14 July 2021, the BITĒ Group subsidiary Star FM SIA signed an agreement to acquire Radio Enterprise SIA, which owns the Latvian local radio brand Top Radio. As part of the acquisition, the group added two new radio licenses to its asset portfolio.

On 3 December 2020, the BITĒ Group signed reorganization terms pursuant to which the group subsidiary Latnet SIA was reorganized by way of demerger and its assets, rights and liabilities were split and taken over by two acquiring group companies: Bite Latvija SIA and Unistars SIA. The reorganization was completed and Latnet SIA ceased to exist on 1 April 2021.

Governance

On 28 January 2021, the BITÉ Group subsidiary Bitės Saloņų Tinklas UAB sold 100% of the shares of Bite Latvija Retail SIA to another group subsidiary, Bite Latvija SIA.

On 18 March 2021, the group signed merger terms pursuant to which the group subsidiary Bite Latvija Retail SIA was merged into its parent company, Bite Latvija SIA, on 1 July 2021. Bite Latvija SIA took over all the rights, obligations, assets and liabilities of Bite Latvija Retail SIA, which then ceased to exist.

On 26 March 2021, Bitė Lietuva UAB signed the merger terms pursuant to which its subsidiaries Bitės Saloņų Tinklas UAB and Eurocom UAB were merged into their parent company, Bitė Lietuva UAB. Bitė Lietuva UAB took over all the rights, obligations, assets and liabilities of Bitės Saloņų Tinklas UAB and Eurocom UAB, which then both ceased to exist. The mergers were finalised on 1 July 2021.

On 23 March 2021, Bite Lietuva UAB and Bite Latvija SIA signed an agreement with TV Play Baltics AS according to which, as of 1 April 2021, Bite Lietuva UAB and Bite Latvija SIA took over Lithuanian and Latvian customer bases and the distribution of pay TV services in Lithuania and Latvia respectively. Pay TV service includes access to real time TV programs via DTH as well as catch-up services.

On 15 December 2021, the BITÉ Group signed a partnership termination agreement regarding shared-network development in Lithuania and Latvia. The group, as part of a network of sharing contractors, owned 50% of the joint venture Centuria SIA, which was established in 2019 to build, own and operate mobile networks. However, due to restrictions imposed by the regulators on frequency-sharing in both countries, partnership on network-sharing infrastructure was discontinued as not feasible economically and technically. Implementation of the joint network was earlier scheduled to start in the middle of 2021 and to be completed by the end of 2023.



Governance

Membership of Association

The BITÉ Group companies BITÉ Lithuania and BITÉ Latvija are members of the GSMA, an association that represents the interests of mobile network operators worldwide. The GSMA represents its members via industry programmes, working groups and industry advocacy initiatives. BITÉ Lithuania also belongs to the information, communication and technology sector association INFOBALT, which promotes favourable conditions for technology applications, market development and exports. INFOBALT unites more than 160 members, including national and global businesses, universities and education and research institutions, boasting a network of 10,000 experienced ICT professionals.

BITÉ Group has membership in the global Forum of Incident Response and Security Teams (FIRST), which unites varied computer security incident response teams from government, business and educational organisations. FIRST aims to foster cooperation and coordination in incident prevention, stimulate

a rapid reaction to incidents and promote information-sharing among its members and the community at large. It also provides value-added services, such as access to up-to-date best-practice documents, hands-on classes and special interest groups.

In 2021, BITÉ Group became a member of the UN Global Compact. We are committed to uphold the initiative's 10 principles on human rights, labour, the environment and anti-corruption, and to take actions that advance societal goals. The Global Compact is a voluntary initiative designed to create a global framework within which companies can contribute to good corporate citizenship and sustainable growth through responsible and creative leadership.

Also in 2021, BITÉ Group engaged with the Science Based Targets initiative (SBTi), an ambitious climate action in the private sector that operates by enabling companies to set science-based emissions reduction targets. The companies committed to the SBTi demonstrate that creating a climate-secure world goes hand-in-hand with successful business operations.

Strategy

We aim to sustain our strong leadership position as the fastest growing integrated digital service provider in the Baltic region by leveraging our businesses and technologies. We are focused on sustaining faster-than-market growth in terms of our revenue, EBITDA and cash generation, as well as on maintaining a commercially savvy mindset.

We are committed to continue focusing on providing the best services to our customers (this has always been our core focus) through **digitalisation** and **automation** solutions.

We aim to simplify our product offerings and to **streamline** and digitise our processes, in order to make our operations smarter, leaner and more digital.

Incorporation of ESG into the strategy

BITÉ Group's top management is involved in setting the strategic ESG objectives and incorporating them into the daily routines of the managerial bodies and cascading them across the organisation.

The Management Board approves the climate commitment and the ambition level. The group's policies and organisational structure are designed to accommodate ESG issues. The Management Board includes oversight of climate risks in general risk assessment schemes. More information can be found in the section of this report titled **Executive-Level Responsibility for Economic, Environmental and Social Topics**.

BITÉ Group is committed to the climate targets of the Paris Agreement. The management's commitment has been increased by planning incentives for achieving ESG-related KPIs. More information about how we are planning to integrate the incentives related to the Agreement can be found on page 16 of this report, under "Process for determining remuneration".

In addition, we have performed an Environmental Impact Assessment based on the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development. Further information can be found in the section titled **BITÉ Group CO₂ Emissions**.

Governance

Risk Management

To manage our climate-related risks, we have adopted the following processes:

- Risk identification
- Assessment
- Mitigation
- Control

The managers at BITÉ Group have overall responsibility for the establishment and oversight of the risk management framework. Risk management processes are put in place to identify and analyse the risks faced by BITÉ Group companies, to set appropriate risk limits and controls, and to monitor how risks adhere to the limits. For appropriate risk management, it is essential to assess the materiality of the topic. More information about materiality assessment can be found in the **Materiality Analysis** part of this report.

To identify potential climate-related risks and opportunities, we have followed the TCFD guidance and relevant sector literature outlining the potential impacts of climate change on the telecommunications industry. A summary of the climate-related scenario analysis can be found in **Table 6**.

At BITÉ Group, systems and risk management processes are reviewed regularly to reflect changes in market conditions and activities. The activities of BITÉ Group expose it to various strategic, operational, financial, legal and regulatory risks (for a more elaborate risk description, please refer to the **Annual Report** p. 12-14). Our goal is to embed climate-related risks into the BITÉ Group's risk management framework and tools.

Climate-related metrics and targets are directly related to BITÉ Group's commitment to limit global warming to 1.5 degrees. Clear target limits are set using the official tools provided by the Science Based Targets initiative (SBTi). Our targets for emission reduction can be found in the section titled **Science Based Targets**.



Governance

Anti-Corruption and Bribery

We do not tolerate bribery in any form. Gifts and hospitality are only suitable and permitted in keeping with the detailed rules set out in the BITÉ Transparency Policy with the requirements of local law. We only work with third parties able to commit to the same high standards as we do.

Transparency Policy

Our employees are introduced to the Transparency Policy and receive relevant training when they join BITÉ Group. The Transparency Policy addresses communication about possible corruption, which is to be reported directly to a manager or by using our anonymous [Whistleblowing System](#). In 2021, Transparency international – the global civil society organization leading the fight against corruption – conducted an assessment of BITÉ Lithuania's compliance with the principles of transparency and gave the company the maximum possible score of 100%. Our core values are detailed in the [BITÉ Group Code of Conduct](#) which is in force in all BITÉ Group companies.

All our employees are encouraged to act honestly, openly and honourably, and in all their work to abide by the laws that govern BITÉ's activities, including the anti-corruption legislation that ensures the transparency of the BITÉ Group's operations and the good reputation which is necessary for a successful business.

The Transparency Policy describes how we protect ourselves from fraud, corruption, theft and conflicts of interest. A conflict of interest is any circumstance in which an employee's personal, social, property, financial or political interest conflicts with, or is likely to conflict with, the interests of the company and may therefore affect the objectivity of the employee's decisions on issues related to the company's activities.

Competition Policy

At BITÉ Group, we believe in competing fairly and in keeping with the applicable laws and regulations. Fair competition is part of our way of doing business.

We expect everyone in the company to comply with the competition laws which are in effect and we do not participate in any activities that restrict or impede effective competition. In addition, we follow all applicable anti-money laundering laws and are committed to working to prevent money laundering activities within our sphere of influence.

BITÉ bases its business on honesty and openness, and expects its employees to adhere to the same principles.

Whistleblowing System

Any employee who becomes aware that another employee may have violated this policy must report it to their manager and a commission which will conduct an internal investigation. Anyone can report incidents via a completely anonymous [Whistleblowing System](#) which is easily accessible on our corporate website.

A man with short brown hair and a beard, wearing sunglasses and a blue and white striped shirt, is singing into a blue microphone on a stage. He is looking upwards and to the right. In the foreground, the dark silhouettes of several audience members' heads are visible, looking towards the stage. The background shows a stage with white railings and a blurred building. The word "Social" is written in white, bold, sans-serif font in the center of the image. There are orange decorative elements: a circle on the left and a bracket-like shape on the right.

Social

Social

About BITÉ Group's Social Responsibility

We promote an engaging working culture supported by the empowerment of our employees and personalised ownership. We maintain a **start-up mentality**, a **flat hierarchic structure** with speed and flexibility, and a focus on promoting **high levels of employee empowerment**.

We believe that **diversity** among our employees is a valuable asset that makes us stronger. Diversity involves various aspects of people's lives, such as their gender, age, skills, experience, culture and personality. We are committed to maintaining a diverse and **engaging workplace** where everyone can thrive and be themselves. At BITÉ Group, we do not tolerate any form of discrimination (direct or indirect) or harassment. We guarantee equal rights throughout the entire employment life cycle.

Day-to-day management is a key part of our working culture.

Thus, we have a flat management structure, **quick decision-making and open-minded leaders** who initiate regular discussions and exchanges of information with employees. This improves wellbeing within the company, because every employee feels heard and needed.

Today, digital technology has an important effect on business operations: starting with manufacturing and finishing with sales and customer service. By performing their daily activities, our employees contribute to **economic growth**. The meaning of their work particularly increased during the pandemic, when many businesses moved online and our services became vitally important. We are convinced that this understanding of our importance will not decrease in the future

In our offices in Vilnius and Ukmergė, we have **nurseries** where employees who are parents can leave their children. However, amid the pandemic in 2021, parents who needed childcare during working hours were encouraged to stay at home with their children. This is part of our continuous effort to develop a sustainable, safe and non-discriminatory working environment.

We all know that pets can reduce stress and help us stay more positive in our daily lives. We believe that offering the opportunity for employees to come to work with their pets promotes an environment of wellbeing for all of us.

Benefits that are standard for full-time employees of BITÉ Group, such as life insurance, coverage for health care, disability and invalidity, parental leave and retirement provisions, are also provided to our temporary or part-time employees in Lithuania, Latvia and Estonia. However, stock ownership is only provided to outstanding full-time managers and is not available for temporary or part-time employees.

The Baltic countries, where BITÉ Group operates, have laws providing for parental leave. This legislation allows employees to take leave and return to work in the same or a comparable position. BITÉ Group strictly adheres to the **parental leave** regulations in each country where it operates. And all BITÉ Group companies offer an equitable gender choice for maternity and paternity leave.

Social

Actions in Response to COVID-19

During the COVID-19 pandemic, telecommunication operators provided support for each of their stakeholders and had a significant impact on the economy.

- BITÉ Lithuania initiative – **aid for medical staff**

During the pandemic, we helped medical staff by providing them with face masks and free communication services for their personal use. In total, this support was valued at 250,000 euros.

- BITÉ participation in **home-schooling initiatives**

Amid the COVID-19 restrictions, BITÉ Latvija provided tablets and mobile internet services for children, to support the remote learning process.

BITÉ Lithuania refurbished used office computers, equipped them with mobile internet capabilities and provided them to a home-schooling initiative of the Save the Children organisation.

- **Psychological help for employees**, mindfulness sessions and personal consultations with psychologists

The coronavirus pandemic had a profound effect on employees' mental health and increased rates of burnout. We were able to help our employees cope by providing secure conditions for people to work from home, supplying important information about the virus and the pandemic, and organising virtual entertainment events as well as exercise in a BITÉ virtual sports club. We also arranged for personal consultations with psychologists and group coaches. Our employees were involved in virtual mindfulness sessions and were instructed on how to use mindfulness techniques for focus, meditation and emotional resilience.

During the pandemic, telecommunication operators provided support for each of their stakeholders and had a significant impact on the economy. With lockdown measures in place, individuals became increasingly reliant on digital services. Throughout the pandemic, the BITÉ Group networks remained resilient, despite the increased usage.

In addition, BITÉ provided an ICT solution for Lithuania's coronavirus hotline when mass vaccination began. Its specialists were provided with a smart contact system for communicating with people by phone, e-mail or direct chat. At the very start, the hotline received more than 400 calls per second. The smart solution helped handle that extremely large number of calls and make the coordination of mass vaccination in Lithuania efficient and smooth.



Social

Assistance during the Belarus-European Union Border Crisis

In 2021, following a significant deterioration of relations between Belarus and the European Union, Belarus's president threatened to flood the EU with an influx of immigrants from Iraq and other African and Asian countries. Tens of thousands of immigrants were directed by Belarusian authorities to illegally cross the borders of Lithuania, Latvia and Poland. As part of efforts to address the crisis, BITÉ Group decided to provide communication services and smart surveillance cameras to the State Border Defence Services free of charge. BITÉ Lithuania donated GoPro and ARLO surveillance cameras. They were used on airplanes for aerial monitoring to help ensure a faster reaction to violations of the border. The cameras were also used for monitoring security in the refugee registrations camps.

Safe Digital Environment for the Society

Cybersecurity and data privacy provide a safe digital environment for society. Our security systems were audited by independent security experts. The evaluation was based on the National Institute of Standards and Technology (NIST) Framework for Improving Critical Infrastructure Cybersecurity. Created through a collaboration between industry and government, the voluntary framework consists of standards, guidelines and practices to support the protection of critical infrastructure. During 2021, BITÉ Group managed to sustain and increase its level of cybersecurity according to the NIST standard, to ensure safe functioning of our systems and protection of customer data, and to continue providing our private and business customers with secure access to digital services.

Security Scorecard, the global leader in cybersecurity ratings, increased our rating in 2021 to A95, which is well above the industry average. Several cybersecurity parameters, including information leakage prevention, received the highest rating of A100.

BITÉ Group's ICT team is contributing to progress and the achievement of social development goals. BITÉ ICT specialists helped our partners at the water supply company Vilniaus Vandenys deploy a unified smart

water supply network. More than 8,000 buildings were equipped with cold water meters connected to the Internet of things (IoT). As a result, employees at the water company can remotely track readings on the meters. It was the first deployment of Narrowband Internet of Things (NB-IoT) technology in the region of the Baltic countries and Poland. The smart solution for remote water control enables instant identification of excessive water supply and timely resolution of incidents. This helps save water and use our natural resources more responsibly.

In addition, BITÉ provided the Lithuanian energy distributor Energijos Skirstymo Operatorius with an ICT solution for new smart electricity metering infrastructure. Over a million new smart meters will be installed in Lithuania so that people can see accurate consumption details and use electricity more efficiently to save resources. For this project, BITÉ has launched a commercial narrowband internet technology (LTE CAT-M).

The introduction of these key IoT technologies in Lithuania is an opportunity for a breakthrough for the entire ecosystem not only in the Baltics but also all of Europe.



Social

Highest Level of Employee Engagement in the Baltics

BITĖ is a top employer in terms of employee engagement. Despite the negative effects of the pandemic situation on engagement, we managed to maintain the highest level of employee engagement in Lithuania. Our employee engagement level in 2021 was 71%, according to a study by the international personnel management consultants Kincentric. BITĖ Lithuania's engagement level was the highest across all industries and companies in Lithuania, Latvia and Estonia for the third year in a row. This reflects professional management of employees' psychological states and remote working conditions during the pandemic. We managed to maintain good performance as well as affective and continued commitment, motivation, and organisational citizenship behaviours.

In the Kincentric study for 2021, BITĖ Lithuania was the only Lithuanian company to be categorized as a top European employer. We devote considerable resources and effort every year to retaining this valuable recognition. Our continuous Top Employer awards are shown in **Figure 4** below.

Figure 4. Top employer awards

KINCENTRIC
Best Employer

BALTICS 2019, 2020, 2021



2016, 2017, 2018, 2019, 2020



CVOnline.lv ranked BITĖ Latvija among the 5 best employers in Latvia in 2021. BITĖ Latvija took 2nd place for top employer in the IT & telecommunications field.

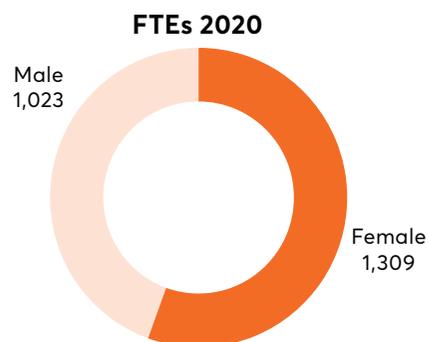
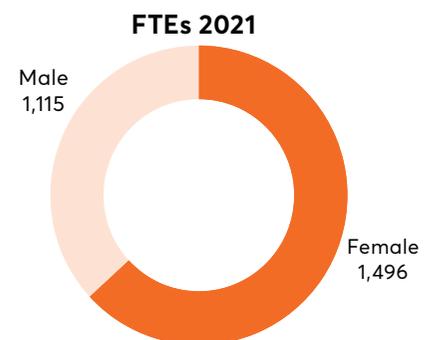
Social

Employees in numbers

Information on the BITÉ Group employees is provided in **Figure 5** below, where the FTE (full-time equivalent directly employed under a contract and not on parental leave).

Figure 5. Information on Employees

FTEs	31.12.2020	31.12.2021
BITÉ Group	2,370	2,643
TOTAL	2,370	2,643



New employees	31.12.2020	31.12.2021
Female	589	656
Male	339	382
TOTAL	928	1038

Employees who left	31.12.2020	31.12.2021
Female	422	469
Male	151	289
TOTAL	573	758

Annual FTE average	31.12.2021	31.12.2020
BITÉ Group	2,182	2,507
TOTAL	2,182	2,507

Annual Turnover	31.12.2020	31.12.2021
BITÉ Group	27%	31%
TOTAL	27%	31%

* The relatively high level of annual turnover is related to the frontline sales and call centre positions. These positions usually constitute an employee's first work experience, where the rotation is high due to inadequate expectations, especially in sales where people need to achieve challenging targets. The insourcing of hiring tasks helped to recruit better candidates and decrease the turnover in 2020.

Table 4 shows the distribution of employees by country. After recent acquisitions in Latvia, the Latvian employee count surpassed that in Lithuania and currently is the highest among all the Baltic countries where BITÉ Group operates

Table 4. Employees by country

Employees by country	31.12.2020	31.12.2021
Lithuania	1,017	1,200
Latvia	1,170	1,263
Estonia	183	180
TOTAL	2,370	2,643

Social

Regularly Elected Work Council: B Team

A work council is a representative body of employees that is responsible for defending the professional, labour, economic and social rights of employees and representing their interests. The work council at BITÉ is called B Team. B Team is elected for 3 years and anyone who has been employed by BITÉ for more than 6 months is eligible to be elected. Employees who have been with BITÉ for at least 3 months have the right to vote. The candidates are elected by a majority of votes. In light of the BITÉ Salonų Tinklas UAB merger, in 2021 the size of the B Team was enlarged from 9 to 11 employee representatives. They have the following main rights of collective representation:

- To conclude collective agreements and supervise the implementation thereof.
- To submit proposals to the employer on the organisation of work at the enterprise.
- To organise and manage strikes and other lawful measures which the employees have the right to undertake.
- To submit proposals to state and municipal institutions.
- To exercise the non-state supervision and control of compliance with labour laws.
- To protect the rights of employees during purchases-sales of an enterprise, assignments of a business or a part thereof, concentration of market structures or company reorganisations.
- To receive information from employers about their socio-economic situation and envisaged changes that might affect the situation of employees.
- To appeal to a court against decisions and actions of the employer and persons authorised by them if such decisions and actions are contrary to the legal provisions and agreements, or violate the rights of the represented persons.

Gender Pay Gap

The EU Commission has adopted a proposal aimed at strengthening the application of the principle of equal pay for equal work or work of an equal value between men and women through pay transparency and enforcement mechanisms. At BITÉ Group, the same selection criteria and conditions apply to all candidates and the salary is proposed on the basis of an employee's performance at work and achieved results. In 2021, BITÉ Group's women-to-men ratio of salary and remuneration was 93%, comparing jobs of equal value. The percentage of females in senior management level positions was 55%.

We have created a working environment where nobody is discriminated against or treated unfairly due to their gender, race, age, religion or nationality. Employees are provided with equal working conditions as well as opportunities to improve their qualifications, pursue professional development and gain practical work experience. These principles are included in our Equal Rights Policy.

Human Rights

The **BITÉ Group Code of Conduct** contains the principles according to which the BITÉ Group's values and standards are put into practice. We expect all our employees to act in a fair and ethical way, and to look out for each other and the environment on an everyday basis.

In 2021, BITÉ Group joined the **UN Global Compact** to officially declare its support for that initiative's **10 principles** in the areas of human rights, labour, the environment and anti-corruption.

Social

Customer Satisfaction

Measurements of customer satisfaction show how happy our customers are with our services. Based on a study by the Swiss organisation ICERTIAS, BITÉ received two Best Buy Awards in 2021 (see **Figure 6**), meaning that BITÉ provides the best value proposition for the customer as a mobile telecommunication operator and as an internet service provider. The award for BITÉ mobile internet services in Lithuania was granted for the third year in a row.

BITÉ Lithuania's customer service team won bronze at the prestigious international Stevie awards (see **Figure 7**). The award commission pointed out our quality and fast customer service, exceptionally high post-service customer ratings, efficient inquiry resolution during the first call or meeting, fast packing and delivery, and ability to improve rapidly during the pandemic. BITÉ Lithuania is the only company in continental Europe in this category.

In addition, the leading mystery shopping company Dive Lietuva acknowledged BITÉ as the telecommunications company in Lithuania with the best customer service.

We also create and further develop leading technologies that are delivering great satisfaction for our businesses and clients. That is why in 2021 BITÉ Lithuania was nominated as the strongest Lithuanian technology sector company by the business news portal Verslo Žinios (see **Figure 8**). BITÉ won this award for the fourth time in the last six years.

Furthermore, BITÉ organised Lithuania's first Chief Technology Officer of the Year awards. The project has helped other companies show off their technology experts and increase their professional prestige. BITÉ has also educated the public about the strategic importance of the CTO for the success of any modern organisation.

We use a four-level approach to quality monitoring and assurance. It includes: (1) direct monitoring by specially trained controllers who listen to calls and conduct additional training if needed; (2) ongoing tracking of basic parameters such as the wait time and handle rate; (3) measuring of a transactional net promoter score (NPS) via randomised surveying of a sample of the customers served by our call centres; and (4) regular extended customer satisfaction tracking.

The Net Promoter Score, or NPS, measures the customer experience and predicts business growth. This proven metric has transformed the business world and now provides the core measurement for customer experience management programmes. We aim to constantly increase the NPS values in all our segments, in order to secure our relationship with our key stakeholders – our customers.

Figure 6. Best Buy Awards



Figure 7. Stevie Award



Figure 8. Technology Sector Leader Award





Environment

Environment

About BITÉ Group's Environmental Responsibility

We understand that in order to attain sustainable growth, we must protect the planet and preserve its resources. That is why we are continuing to address our environmental footprint by identifying the risks and opportunities in relation to climate change. We set concrete targets to minimise waste, reduce emissions and spread awareness. We are committed to achieving the climate targets of the Paris Agreement. In addition, by varied actions, we are further dedicated to accomplishing the UN Sustainable Development Goals (SDGs) on climate action.

We have evaluated the group's environmental impact according to the key categories of climate-related risks and opportunities.

Policy and legal compliance

Currently, we are observing the evolving requirements at the international level regarding greener financial markets. The EU is launching the green taxonomy to foster transparency on ESG issues and climate-related elements:

- New EU disclosure rules will reduce greenwashing and speed up the green transition
- The EU Non-Financial Reporting Directive aims at greater transparency and accountability on social and environmental issues
- Green trends in the Nordics will affect the Baltic markets through ownership and competition

Mitigation: Preparing for shifts in public policy, NFRD, CSRD and the green taxonomy.

Reputation

Rising expectations for responsible conduct from stakeholders, including investors, lenders and consumers, may result in:

- An opportunity to enhance the company's reputation and brand value
- Risk of a loss of trust and confidence in the management

Mitigation: Building credibility and reputation with greater transparency and accountability on social and environmental issues, while strengthening business resilience and increasing competitiveness.

Market and technology shifts

Policies and investments to achieve a low carbon emission economy:

- Increased demand for energy-efficient, lower-carbon products and services
- Reduced market demand for higher-carbon products/commodities

Mitigation: Driving innovation and transforming business practices with our key suppliers.

Physical risks

More frequent and severe climate extremes:

- Increased business interruption and damage across operations and supply chains with consequences for input costs, revenue, asset values and insurance claims

Mitigation: Climate-related risk scenarios.



Environment

BITÉ Group's Climate-Related Risk Scenarios

The [UN Intergovernmental Panel on Climate Change \(IPCC\) report](#) released in August 2021 stated that global temperatures were likely to rise above the 1.5°C targets set at the Paris Agreement as soon as 2040. [Global emissions must be halved by 2030](#) in order to keep global warming at the Paris-agreed levels.

BITÉ Group's climate-related risk impact and actions were evaluated in terms of the TCFD recommendations for assessing business resilience under different climate-related scenarios, including a 2°C or lower scenario. These are summarised in [Table 5](#).



Table 5. Climate-related risk scenarios

Scenario	1.5°C	>2°C	>3°C
Actions	The Paris Agreement, limiting the average global temperature increase to 1.5°, as well as the European Green Deal and other initiatives are implemented by 2030.	Delayed implementation of the targets indicated in the Paris Agreement, limiting the average global temperature increase to 1.5°, according to the European Green Deal and other initiatives.	Governments and corporations fail to implement the targets set in the Paris agreement, limiting the average global temperature increase to 1.5°, according to the European Green Deal and other initiatives.
Impact	Limited increase in physical climate-related impacts causing limited exposure to the assessed risks.	Increase in physical climate-related impacts causing a higher probability of exposure to the assessed risks.	Extreme physical climate-related impacts causing a disruptive exposure to the assessed risks.

Environment

Climate change risk assessment

At BITÉ Group, we are focused on collecting better qualitative and quantitative data to respond to the identified threats. We are continuing to examine the impact and further manage the transitional risks. We have identified climate-related risks that have been assessed as having the potential to have a material impact on our business and we have indicated possible mitigation actions, as summarised in Table 6.



Table 6. Climate change risk assessment

Risk Description	Impact Assessment	Mitigation
Extreme weather (heavy rain, wind, snow) caused by climate change	Extreme weather causes interruptions in the BITÉ Group's services. Interruptions cause higher costs for personnel and the replacement of broken equipment.	Real-time monitoring and an escalation system for identifying problematic issues and restoring services in the shortest possible time. Back-ups and georedundancy to increase high availability.
Average temperature increase and heat waves caused by global warming	Increased need for cooling in the BITÉ Group's telecommunication network, data centres and other premises. Costs will increase due to higher electricity consumption by the cooling systems.	Free-cooling systems in base stations, with renewable energy used for the cooling systems.
Increase of energy costs	The average electricity price is expected to grow due to requirements regarding the production share of renewable energy.	Group-wide energy efficiency management and emission avoidance activities.
Carbon market price increase	The Paris Agreement, which aims to limit the average global temperature increase to 1.5°, and the European Green Deal and other initiatives with ambitions to eliminate GHG emissions, will lead to an increase of the offsetting cost.	Invest in carbon-free energy and energy efficiency projects.
Environmental awareness of stakeholders	Stakeholder demands for climate reporting and carbon-free operations are increasing. This results in additional complexity and costs for operations and investments.	Implement a reporting structure to transparently show the situation to stakeholders. Work on ways to reduce our own carbon footprint and enhance awareness of products such as ICT, IoT and other digital services that can reduce the carbon handprint and help build a lower carbon society.

Environment

EU Taxonomy

In 2021 we started examining our activities in accordance with the requirements of the EU taxonomy. We reviewed the EU taxonomy list of activities for climate mitigation and adaptation and concluded that some of our group activities can be attributed to the Information and Communication sector, as per **Table 7**.

These activities represent 30% of BITÉ Group's turnover. The proportion is relatively low because the major part is related to telecommunications and is not included in the sectors covered by EU taxonomy.

The physical climate risks that are material to the activities have been identified from those listed in the EU taxonomy by performing a climate risk and vulnerability assessment. All activities are expected to have a longer life-time than 10 years. Thus, the Intergovernmental Panel on Climate Change representative concentration pathways RCP2.6, RCP4.5, RCP6.0 and RCP8.5 were analysed. The RCP2.6 and RCP8.5 scenarios were selected for evaluation. The RCP 2.6 scenario is aligned with the Paris Agreement. RCP8.5 is the scenario that is expected if the world does not take any climate action.

RCP 2.6 will require significant emission reductions. Emission reductions will imply shifts in regulation and consumption patterns. Transition risk in the RCP 2.6 scenario is likely to be higher than the physical climate risks. However, due to comparatively low emissions in the media and data-driven solution sector, BITÉ Group's exposure to transition risk is expected to be moderate.

RCP 8.5 is the emissions reduction pathway implied by limited action on climate change. The physical effects are expected to be severe in this scenario, with a direct impact on the Baltic

Table 7. EU taxonomy activities

Activity	Climate mitigation	Climate adaptation	% of turnover
Data processing, hosting and related activities	✓	✓	0.1
Data-driven solutions for GHG emissions reductions	✓		0
Computer programming, consultancy and related activities		✓	2.1
Programming and broadcasting activities		✓	27.8

countries, where BITÉ Group operates, such as increasing heat, winds and precipitation. Sea levels are expected to rise and engulf coastal areas as well as lands around river basins and smaller estuaries. Even more severe impacts are expected in the supply chain.

The assessment of adaptation solutions that can reduce the identified physical climate risks, such as damage caused by flood or fire, was included in disaster recovery plans and foresees the means for increasing high availability through the development of geo-redundant back-up facilities for data centres and media services, as well as availability of stock for critical infrastructure parts.

We take a consistent approach to addressing risks, impacts and regulatory compliance through our Environmental Policy and environmental management. All BITÉ Group activities listed in the EU taxonomy adhere to the Guiding Principles on Business and Human Rights and meet 'do no significant harm' criteria. In 2021, Bite Latvija started the certification process for ISO14001. Both BITÉ Group telecommunication companies are ISO14001 certified in 2022, and BITÉ Group services are also certified under ISO50001. We consider that 30% of BITÉ Group's turnover should be taxonomy-aligned. However, the eligibility figures communicate only the percentage of BITÉ Group business linked to activities for which the EU taxonomy has established sustainability criteria. This percentage does not determine the overall sustainability of BITÉ Group's business, but rather the degree of coverage of the business under the activities proposed in the EU taxonomy.

Environment

Climate change opportunities

BITÉ Group is a provider of leading ICT services and the ICT sector is a key enabler for sustained climate protection. The addition of smart ICT solutions enables GHG reductions in the transport and logistics industry, as well as in agriculture, energy and building management. Environmentally friendly ICT solutions are gaining increasing momentum in the fight against climate change across all industrial sectors. Through dematerialisation, ICT is providing for further reduction of GHG emissions by:

- Benefiting from emerging business opportunities by creating new products and services that help individuals, businesses, cities and governments cope with the impacts of climate change (e.g., real-time weather monitoring and warning systems, mobile phone applications based on climate-related services, remote maintenance of equipment, etc.)
 - Strengthening the corporate social responsibility of BITÉ Group by offering digital benefits for users and communities.
 - Minimising potential disruptions and improving the efficiency of recovering after climatic impacts.
 - Strengthening the ability to do business in a variety of conditions, including the changing demand for goods/ services and future uncertainty.
-



Environment

Metrics and Targets

The environmental impact assessment started by measuring BITÉ Group's greenhouse gas (GHG) emissions in terms of Scopes 1, 2 and 3. The scopes were measured based on annual statistics and actual data for 2020 and 2021.

The year 2020 was used as a baseline from which progress is measured. The calculation methodology was based on the Greenhouse Gas Protocol developed by the World Resources Institute and World Business Council for Sustainable Development.

The tool is well recognised: The GHG Protocol provides companies with greenhouse gas accounting standards that are widely used and recognised globally. The standards and guidance enable companies to measure, manage and report on the greenhouse gas

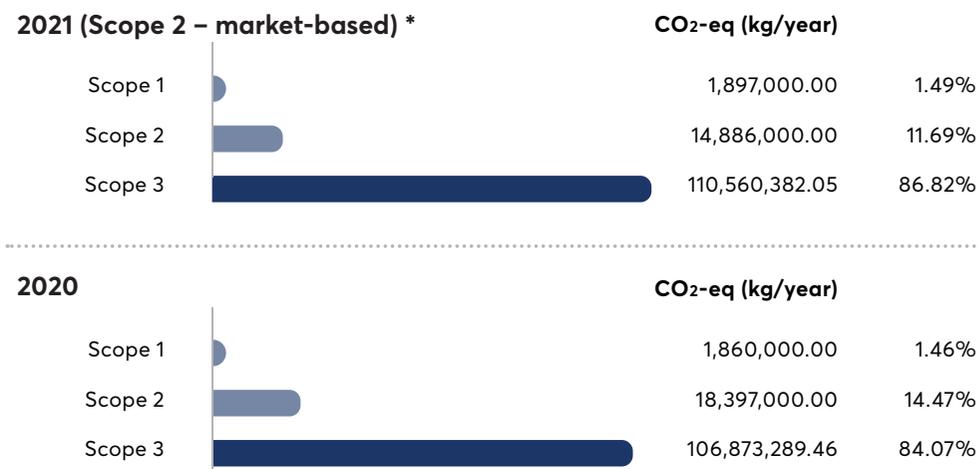
emissions resulting from their operations and value chains. The underlying principles of relevance, comprehensiveness, consistency, transparency and accuracy were used for the calculations and reporting of the GHG Protocol. The boundaries of the calculation were the BITÉ Group's companies. The calculation was carried out in such a way that the method is transparent and verifiable by a third party.

BITÉ Group's CO₂ emissions

Scope 1 and 2 GHG emissions were calculated using a tool developed by [GHG Protocol](#). The tool enables a comprehensive and reliable inventory of Scope 1 and 2 GHG emissions. Scope 2 emissions were calculated on both market and a location basis.

According to the GHG Protocol calculation tool, more than 80% of the CO₂ emissions occur in BITÉ Group's value chain. About 12-15% more are from the generation of the electricity and heating consumed by BITÉ Group. Less than 2% of emissions come from owned or controlled sources – basically purchased petrol, diesel and natural gas for heating. The year 2020 baseline was adjusted after the acquisition of Mezon.

Figure 8. Distribution of emission scopes



*Location-based Scope 2 emissions comprised 26,001,000 CO₂-eq (kg/year) in 2021 and 25,057,000 CO₂-eq (kg/year) in 2020.

Reporting principles for Scope 1 and 2 GHG emission factors: The GHG Protocol

Scope emission factors indicate the European residual mixes for 2018. For more accurate calculations, updated residual mixes for 2020 and 2021 were inserted into the tool from the following sources:

[European Residual Mixes 2020 \(aib-net.org\)](https://www.aib-net.org/european-residual-mixes-2020)

[European Residual Mixes 2021 \(aib-net.org\)](https://www.aib-net.org/european-residual-mixes-2021)

Other indicators used in the GHG Scope 1 and Scope 2 calculation tool, such as motor petrol, diesel fuel, natural gas, steam and heat emission factors, were checked against the latest available statistics in the Emission Factors for Greenhouse Gas Inventories, but updates were not needed as there was no changes since the year 2018.

Scope 3 GHG emissions were calculated using the **Quantis** Scope 3 screening tool, as recommended by the GHG Protocol, to make a first approximation of the full Scope 3 footprint. By linking the inputs to a combination of economic input-output and process life cycle inventory data, the tool provides a complete Scope 3 inventory, which was been used as an initial disclosure in the previous report. To ensure the consistency of the data, the same tool was used for the calculation for 2021. During the target validation process with SBTi, the emissions from the Downstream Transport category was reallocated to the Upstream Transport category. The breakdown of Scope 3 emissions for 2021 is presented in **Figure 8**.

Environment

Figure 8. Breakdown of Scope 3 emissions in 2021

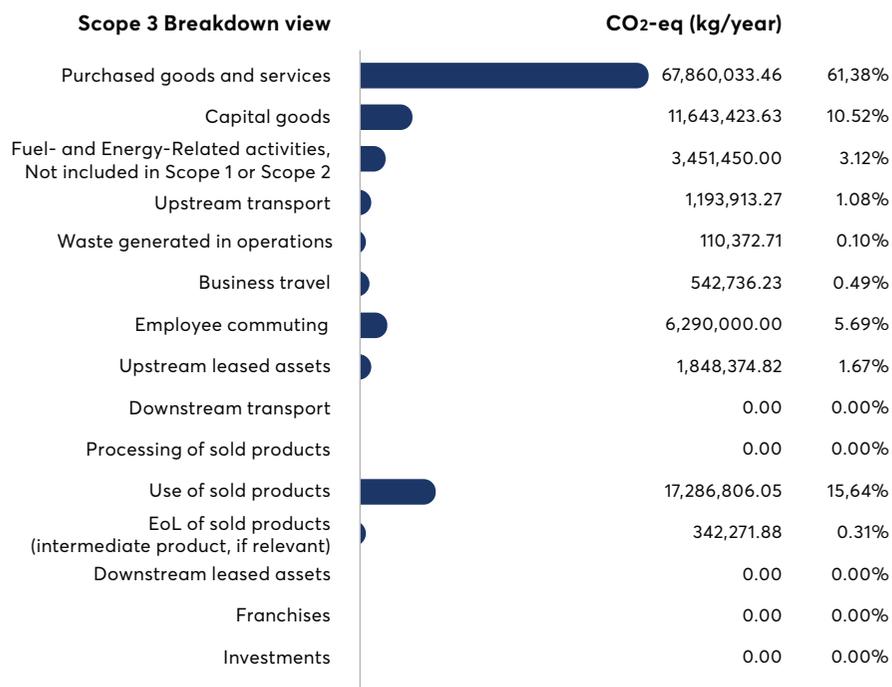
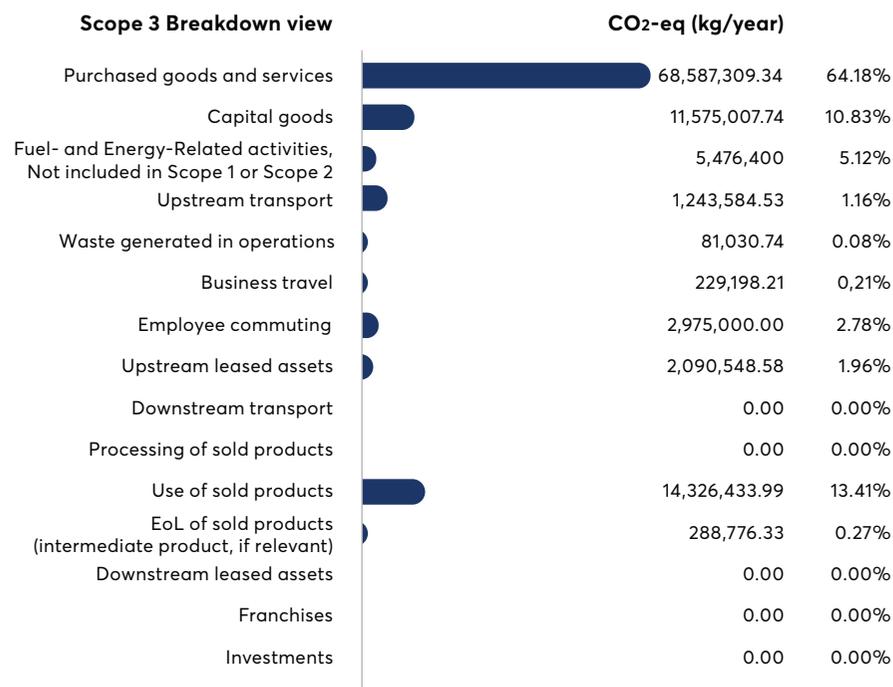


Figure 9. Breakdown of Scope 3 emissions in 2020



As calculated by the web-based tools from the GHG Protocol and Quantis, the largest share of greenhouse gas emissions both in 2020 and 2021 was generated by purchased goods and services and the use of sold products and capital goods. The screening results from the Quantis tool were verified against the actual emissions results reported by our key suppliers in 2020 and 2021. Due to a limited number of reporting suppliers, no adjustment of Scope 3 emissions was performed.

Environment

Reporting principles for Scope 3 GHG emission factors

For the conversion of euro amounts into US dollars for use in the [Quantis](#) Scope 3 screening tool, historical EUR-USD rates were taken from ECB's website at [US dollar \(USD\) \(europa.eu\)](#). The adjustment for inflation was based on the ECB's measurement of inflation in the Eurozone (Harmonised Index of Consumer Prices): [Euro Area Inflation Calculators \(statbureau.org\)](#).

Conservative methods of calculating Scope 3 emissions were used when granular data was not available:

Some of the BITÉ Group companies reported all business travel expenses on a single line. In such cases, 50% of the expenses were attributed to airplane travel and 50% to hotel expenses.

For calculating hotel room nights, an average price of 85 euros was used based on the average price paid by the biggest BITÉ Group company, BITÉ Lithuania.

For all imported products, weight per product sold was calculated based on reports from the Unified Product, Packaging and Waste Record Keeping Information System (PPWIS) and the Latvian Green Point. For locally acquired products, where weight data was not available, the unit weight was assumed to be 1 kg.

For the calculation of a product's emissions over its useful life, the depreciation period of the product was used to define its life expectancy in months.

When calculating the emissions for products with use-stage impacts, energy consumption information was taken from the Consumer Technology Association's study [Energy Consumption of Consumer Electronics in U.S. Homes in 2017](#).

Energy consumption for products not included in the CTA study was calculated by assuming average use time per day and multiplying by the actual kWh with the assumed days of monthly use.

GHG emissions intensity

BITÉ Group's GHG emissions intensity was calculated in tonnes per unit of revenue and tonnes per subscription for Scope 1 and 2 as well as Scope 3 emissions. Scope 2 figures use a market-based approach. The results are presented in [Table 8](#).

Table 8. Emissions intensity

Scope of emissions	2020	2021	%
Scope 1 and 2 carbon intensity (tonnes/mIn EUR) market-based	48.1	35.0	(27.3)
Scope 3 carbon intensity (tonnes/mIn EUR)	254	231	(9.2)
Scope 1 and 2 carbon intensity (tonnes/subscription) market-based	8.2	6.3	(23.4)
Scope 3 carbon intensity (tonnes/subscription)	43.1	41.2	(4.4)

The Scope 1 and 2 market-based carbon intensity (tonnes/mIn EUR) decreased by 27.3% in 2021 compared 2020. This was achieved by increased sourcing of renewable energy in BITÉ Group companies.

The Scope 3 carbon intensity (tonnes/mIn EUR) decreased by 9.2% in 2021 compared to the 2020 level due to growth of BITÉ Group's revenue.



Environment

Way to Net-Zero

According to the Intergovernmental Panel on Climate Change (IPCC), the world has until 2030 to cut human-caused carbon dioxide (CO₂) emissions in half (and cut other greenhouse gas emissions

considerably) to maintain a 50% chance of avoiding the worst effects of climate change. By 2050, CO₂ emissions will need to reach “net zero” – where emissions are in balance with removals.

To contribute to net-zero goals, BITÉ Group must deeply reduce emissions and neutralize the impact of any emissions that remain. The Net-Zero Standard sets out four key elements that make up a corporate net-zero target:

1. Near-term science-based targets (SBTs): Set 5–10 year emission reduction targets in line with 1.5 °C pathways.
2. Long-term SBTs: Aim to reduce emissions to a residual level in line with 1.5 °C scenarios by no later than 2050.
3. Beyond-value-chain mitigation: In the transition to net-zero, companies should act to mitigate emissions beyond their value chains. For example, by purchasing high-quality, jurisdictional REDD+ credits or investing in direct air capture (DAC) and geologic storage.
4. Neutralization of residual emissions: GHGs released into the atmosphere when the company has achieved their long-term SBT must be counterbalanced through permanent removal and storage of carbon from the atmosphere.

BITÉ Group is currently implementing the first key element on our way to net-zero.

GHG emissions reduction targets are considered “science-based” if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement – to limit warming to 1.5°C.

BITÉ Group follows the newest guidance for communication companies to set science-based targets for greenhouse gases (GHGs) according to a set of new decarbonisation pathways.



Environment

Science-based targets

BITÉ Group is committed to limiting warming to 1.5 °C. The following targets were submitted and validated by the SBTi:

BITÉ Group commits to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2020 base year.

BITÉ Group also commits to reduce scope 3 GHG emissions from purchased goods and services, capital goods and the use of sold products 51.6% per service subscription within the same timeframe.

BITÉ Group is progressing 4 times faster than is necessary to decarbonize on an annual basis and has managed to achieve 17% reduction of absolute scope 1 and 2 GHG emissions from the year 2020 baseline by sourcing renewable energy in its own operations. The progress on the science-based target achievement is depicted in **Table 9** below.

Table 9. Achievement of Science-based Scope 1 and 2 Absolute GHG Emissions Reduction Targets

	2021	2020
Scope 1 CO ₂ -eq (tonnes/year)	1,897	1,860
Scope 2 CO ₂ -eq (tonnes/year) market-based	14,886	18,397
Scope 2 CO ₂ -eq (tonnes/year) location-based	26,001	25,057
Scope 1_2 CO ₂ -eq (tonnes/year) market-based	16,783	20,257
Annual Reduction	(17%)	



Environment

Science-based targets

BITÉ Group successfully reached its commitment for scope 3 GHG emissions reduction intensity targets in the committed scope 3 categories as detailed in **Table 10**.

Table 10. Achievement of Science-based Scope 3 Intensity GHG Emission Reduction Targets

Scope 3 CO ₂ -eq (tonnes/year) for committed categories	2021	2020
Purchased goods and services CO ₂ -eq (tonnes/year)	67,860	68,587
Capital goods CO ₂ -eq (tonnes/year)	11,634	11,575
Use of sold products CO ₂ -eq (tonnes/year)	17,287	14,326
Total CO ₂ -eq (tonnes/year)	96,781	94,489
Intensity target CO ₂ -eq (tonnes/year) per sub-subscription	36	38
Annual Reduction	(5,3%)	

For the 2020–2030 period, the main strategy to decarbonise at the pace necessary to align with the 1.5 °C trajectories is simultaneous, vigorous and urgent actions in the following fields:

- Continued implementation of energy-efficiency plans – energy efficiency audit and annual renewal of ISO50001 is in progress
- Switch to renewable electricity supplies – in 2021 BITÉ Group signed a long-term contract for the purchase of renewable electricity
- Encouraging carbon consciousness among suppliers and end-users – **Supplier Code of Conduct** implemented and cooperation begun with key suppliers to reduce Scope 3 emissions.
- BITÉ Group has adopted an **Employee Code of Conduct** which lists the principles followed in practice to maintain the values and standards of the group.

- We integrated the Employee Code of Conduct into the newcomers' package and launched an e-learning course on the BeeSmart online platform.
- Introduced an automatic energy-saving mode for employee computers.
- Added bicycle and electric scooter storage for sustainable commuting.
- Reduced paper use by promoting electronic signatures.
- Introduced sustainable team-building sessions.
- Media company TV3 promoted **www.mysanctions.com**
- Incorporated emission-reduction targets into the annual remuneration schemes of the top management.

Positive impacts from products with sustainability characteristics

BITÉ Group provides services that assist our customers in reducing their CO₂ emissions. Our services help our customers and society to act effectively and reduce their environmental impact, for instance by reducing the amount of travel through digital services, ICT, IoT, mobile signatures and e-shops. Smart solutions for remote water supply are contributing to the saving of natural water resources. By winning a smart metering tender for heating systems, we became the leader of IoT solutions in Lithuania and the region. One important step enhancing the circular economy is the launch of a smartphone rental service.

In this report, we do not quantify the offset of the emissions generated by our sustainable products. However, we firmly believe that our mission to make peoples' lives easier by providing smart solutions for everyday life is contributing to our shared responsibility to protect the planet, the environment and the climate.



Figure 10.
The Board of BITĖ Group



Pranas Kuisys
Chief Executive Officer
of BITĖ Group



Gintas Butėnas
Chief Executive Officer
of BITE Lithuania



Arūnas Mickevičius
Chief Executive Officer
of BITE Latvija



Aurimas Kapočius
Chief Operating Officer
of BITĖ Lithuania



Arūnas Dūda
Group Chief
Financial Officer



Indrė Rakauskienė
Chief Financial Officer
of TV3 Group



Mindaugas Rauba
Group Chief
Technology Officer



Christian Anting
Chief Executive Officer
of TV3 Group

The background is a dense, vibrant green forest scene. The leaves are in various shades of green, from bright lime to deep forest green. A prominent green graphic element is on the right side, consisting of a vertical line that curves at the top and bottom into a shape resembling a stylized 'L' or a bracket. The word 'Indexes' is centered in the middle of the image in a white, bold, sans-serif font.

Indexes

Indexes

Sustainability Disclosure Topics and Accounting Metrics (SASB)

Sustainability Accounting Standard for the TELECOMMUNICATION SERVICES
INDUSTRY STANDARD | VERSION 2018-10

Table 11. SASB accounting metric disclosures

Topic	Accounting metric	Disclosure	Code
Environmental Footprint of Operations	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	(1) 2021 – 264,366 GJ (2) 2021 – 100%, (3) 2021 – 39%	TC-TL-130a.1
Data Privacy	Description of policies and practices relating to behavioural advertising and customer privacy	Every BITÉ Group company has a privacy policy including advertising and customer privacy clauses. These policies are communicated on the official websites of the products.	TC-TL-220a.1
	Number of customers whose information is used for secondary purposes	BITÉ Group uses all customer information in accordance with the rules and obligations described in the privacy policy and does not use information for secondary purposes.	TC-TL-220a.2
	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	BITÉ Group had no monetary losses that resulted from legal proceedings associated with customer privacy during the reporting period.	TC-TL-220a.3
	(1) Number of law enforcement requests for customer information (2) Number of customers whose information was requested (3) Percentage resulting in a disclosure	(1) Law enforcement requests in Latvia 2021 – 10,738 Law enforcement requests in Lithuania (including automatic requests) 2021–211,020 (2) As it is not possible to verify whether two records belong to the same customer, all requests are considered as individual customers. (3) 100% of the requests resulted in full or partial compliance with the disclosure request within the reporting period.	TC-TL-220a.4

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Table 11. SASB Accounting Metric Disclosures

Topic	Accounting metric	Disclosure	Code
Data Security	(1) Number of data breaches (2) Percentage involving personally identifiable information (3) Number of customers affected	BITÉ Group did not have any disclosures of sensitive information to unauthorised parties during the reporting period.	TC-TL-230a.1
	Description of the approach to identifying and addressing data security risks, including the use of third-party cybersecurity standards	BITÉ Group follows an Information Security Policy which is based on ISO27001. The principal operations were evaluated by a third-party audit in accordance with the National Institute of Standards and Technology's (NIST) Framework for Improving Critical Infrastructure Cybersecurity. Security Scorecard, the global leader in cybersecurity ratings, increased our rating in 2021 to A95, which is well above the industry average. Several cybersecurity parameters, including information leakage prevention, received the highest rating of A100.	TC-TL-230a.2
Product End-of-Life Management	1) Materials recovered through takeback programmes, and the percentage of recovered materials that were: (2) reused, (3) recycled, and (4) landfilled	(1) In 2021 BITÉ Group actively participated in a Samsung takeback programme promoting the return of used Samsung devices when purchasing new ones. The monetary value of the returned devices is not available as Samsung paid the amounts for the returned equipment directly to the account of the returned equipment owner. (2) In 2021, BITÉ Group sold 60,000 euros of dismantled equipment for secondary use. (3) 0 (4) 0	TC-TL-440a.1

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Table 11. SASB Accounting Metric Disclosures

Topic	Accounting metric	Disclosure	Code
Competitive Behaviour & Open Internet	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	BITÉ Group had no cases of anti-competitive behaviour during the reporting period.	TC-TL-520a.1
	Average actual sustained download speed of: (1) owned and commercially associated content; and (2) non-associated content	Average actual sustained download speed is not differentiated based on the content type: 2021–48.51Mbps	TC-TL-520a.2
	Description of the risks and opportunities associated with net neutrality, paid peering, zero rating and the related practices	BITÉ Group follows the regulations regarding net neutrality and does not apply paid peering. There were no issues with zero rating during the reporting period.	TC-TL-520a.3
Managing Systemic Risks	(1) System average interruption frequency (2) Customer's average interruption duration	A service interruption is considered significant if it meets the thresholds set out in Part 4 of the U.S. Federal Communication Commission's (FCC) rules (47 C.F.R. Part 4) for reporting as part of the Network Outage Reporting System (NORS). https://www.law.cornell.edu/cfr/text/47/4.9 : BITÉ Group had no significant disruptions, i.e., none that resulted in 30 minutes of MSC downtime or a loss of 900,000 minutes.	TC-TL-550a.1
Technology Disruptions	Discussion of systems to provide unimpeded services during service interruptions	BITÉ Group identifies its critical business operations and provides geo-redundancy for its critical telecommunication services. The resilience of the systems is enhanced by back-ups. The impact is reduced by insurance against loss. We maintain insurance for our principal network facilities and other assets. Our insurance coverage protects us in the event that we suffer certain losses resulting from property damage and a business interruption or become subject to certain liabilities, such as product liability, employer's liability or professional liability, including as a result of cybercrime, machinery breakdown or other similar events.	TC-TL-550a.2

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Table 12. SASB activity metric disclosures

ACTIVITY METRIC	DISCLOSURE 2020 (thousand)	DISCLOSURE 2021 (thousand)	Code
Number of wireless subscribers	1,978	2,095	TC-TL-000.A
Number of wireline subscribers			TC-TL-000.B
Number of broadband subscribers	109	198	TC-TL-000.C
Number of PayTV subscribers	601	730	
Network traffic	299	434	TC-TL-000.D

Non-Financial Reporting Directive

This report includes the information mentioned in the Non-Financial Reporting Directive. The NFRD index is provided in **Table 13**.

Table 13. NFRD Index

NFRD Disclosures	Page reference
BITÉ Group business model	SR p. 9, 10, 11
Policies pursued by BITÉ Group	SR p. 5, 23, 25, 30
Outcome of the policies	Policies adopted in 2021 served as guiding principles for sustainability development at BITÉ Group and helped to achieve the results disclosed in this SR.
Principal risks and their management	SR p. 29
Non-financial key performance Indicators	SR p. 5
Reporting frameworks	NFRD, TCFD, SASB, GRI
Board's diversity disclosure	SR p. 23

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Task Force on Climate-Related Financial Disclosure – TCFD

Table 14. TCFD Index

Core elements	Recommendations	Page reference
Governance	a. Describe the board's overseeing of the climate-related risks and opportunities	24
	b. Describe the management's role in assessing and managing the climate-related risks and opportunities	24
Risk Management	a. Describe the organisation's processes for identifying and assessing the climate-related risks	40
	b. Describe the organisation's processes for managing the climate-related risks	41
	c. Describe how the processes for identifying, assessing and managing the climate-related risks are integrated into the organisations's overall risk management	29
Strategy	a. Describe the climate-related risks and opportunities the organisations has identified over the short, medium and long term	41-44
	b. Describe the impact of the climate-related risks and opportunities on the organisations's, businesses, strategy and financial planning	41-44
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario	41-44
Metrics and Targets	a. Disclose the metrics used by the organisation to assess the climate-related risks and opportunities in line with its strategy and risk management process	45
	b. Disclose the Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	45
	c. Describe the targets used by the organisation to manage the climate-related risks and opportunities and its performance against the targets	49-50

Indexes

GRI Index

Table 15. Abbreviations used in the GRI Index

AR	PLT VII FINANCE S.à r.l. ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021
SI	Shareholder Information available on https://www.bitegroup.net
SR	BITÉ Group Sustainability Report 2021

Table 16. GRI Index

GRI No	Item	Source of Information
GRI 102: GENERAL DISCLOSURES (GRI 102, 2016 standard)		
1. Organisational Profile		
102-1	Name of the organisation: BITÉ Group is an operational name officially managed by the parent company PLT VII International S.à r.l.	SI https://www.bitegroup.net/group/about
102-2	Activities, brands, products and services BITÉ, Labas, Go3, Home3, MEZON, Dautcom, Microlines, TV3, TV6, TV8, TV3 Play, TV3 Film, TV3 Sport, , TV3Mini, TV3Life, 3+, StarFM, PWR Hit Radio, Top radio, Buduaar, Artist3, 360Artist, Skaties.lv and TV3.lt	SI https://www.bitegroup.net/group/about SR p. 8
102-3	Location of the headquarters: The headquarters of BITÉ Group is in Vilnius, Lithuania (EU).	AR p. 6 General Information SR p. 9
102-4	Number of countries: 3	AR Table on p. 60 SR p. 8
102-5	Ownership and legal form	AR p. 6 General Information
102-6	Markets served: Lithuania, Latvia and Estonia	AR Table on p. 60 SR p. 8

102-7	Scale of the organisation	AR p. 16 Consolidated Financial Statements SR p. 9
102-8	Information on the employees and other workers	SR p. 9, 36
102-9	Supply chain	SR p. 26
102-10	Significant changes to the organisation and its supply chain	AR p. 7 Acquisitions in 2021, Group restructurings in 2021 – SR p. 26-27
102-11	Precautionary principles or approach	AR p. 12 Risk management and financial instruments – SR p. 29
102-12	External initiatives: SBTi, ambition to limit global warming to 1.5 degrees, UN Global Compact.	SR p. 5 https://sciencebasedtargets.org/ https://www.unglobalcompact.org/
102-13	Membership of associations: GSMA, InfoBalt, First	SR p. 28 https://www.gsma.com/ https://infobalt.lt/ https://www.first.org/
2. Strategy		
102-14	Statement from the senior decision-maker	SR p. 4
102-15	Key impacts, risks and opportunities	SR p. 29, 40
3. Ethics and Integrity		
102-16	Values, principles, standards and norms of behaviour	BITÉ Group Code of Conduct , Equal Opportunities Policy – AR p. 14
102-17	Mechanisms for advice and concerns about ethics	Transparency policy Whistleblowing System

4. Governance

102-18	Governance structure	SR p. 22
102-19	Delegating authority	SR p. 23
102-20	Executive-level responsibility for economic, environmental and social topics	SR p. 24
102-21	Consulting stakeholders on economic, environmental and social topics	SR p. 13–15
102-22	Composition of the highest governance body and its committees: Supervisory Council, Audit Committee, Remuneration Committee.	SR p. 22
102-23	Chair of the highest governance body	SR p. 22
102-24	Nominating and selecting the highest governance body	SR p. 22
102-25	Conflicts of interest	SR p. 30 (BITÉ Group Code of Conduct)
102-26	Role of the highest governance body in setting the purpose, values and strategy	SR p. 24
102-27	Collective knowledge of the highest governance body	SR p. 23
102-28	Evaluating the highest governance body's performance	SR p. 23
102-29	Identifying and managing the economic, environmental and social impacts	SR p. 24
102-30	Effectiveness of the risk management processes	AR p. 12 Risk management and financial instruments SR p. 29
102-31	Review of economic, environmental and social topics	SR p. 16, 32, 40
102-32	Highest governance body's role in sustainability reporting	SR p. 24
102-33	Communicating critical concerns	SR p. 24
102-34	Nature and total number of critical concerns	SR p. 24
102-35	Remuneration policies	SR p. 25
102-36	Process for determining remuneration	SR p. 25
102-37	Stakeholders' involvement in remuneration	SR p. 25

5. Stakeholder Engagement

102-40	List of stakeholder groups	SR p. 13
102-41	Collective bargaining agreements	SR p. 37
102-42	Identifying and selecting stakeholders	SR p. 13
102-43	Approach to stakeholder engagement	SR p. 14
102-44	Key topics and concerns raised	SR p. 14

6. Reporting Practice

102-45	Entities included in the consolidated financial statements	AR Table on p. 60
102-46	Defining the report content and topic boundaries	AR Table on p. 60 The BITÉ Group Sustainability Report covers all the Group's activities and controlled companies, including its holding and financing companies.
102-47	List of material topics	SR p. 16
102-48	Restatements of information	The 2020 inventory of GHG emissions does not align with the data in BITÉ Group's sustainability report 2019-2020, because the inventory here is a baseline which incorporates emissions from acquisition of MEZON made since 2020. Scope 1 GHG emissions increased 3.4%, Scope 2 – 13.9%, Scope 3 – 3.0%.
102-49	Changes in the reporting	No changes in reporting
102-50	Reporting period	2021
102-51	Date of the most recent report	2019-2020
102-52	Reporting cycle	Calendar year
102-53	Contact point for questions regarding the report	ESG Officer Jolita Kurtinaitiene Jolita.kurtinaitiene@bite.lt +370 699 23530
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.

102-55	GRI content index	SR p. 58
102-56	External assurance	Approved science-based targets The Science Based Targets initiative has validated that the corporate greenhouse gas emissions reduction target(s) submitted by BITE Group have been deemed to be in conformance with the SBTi Criteria and Recommendations (version 5). Certificate Number: BITE-LIT-001-OFF
GRI 103: MANAGEMENT APPROACH (GRI 103, 2016 standard)		
103-1	Explanation of the material topics and their boundaries	SR p. 16
103-2	Management approach and its components	<ul style="list-style-type: none"> i. Policies – SR p. 23, 25, 30 BITÉ Group Code of Conduct ii. Commitments – SR p. 5 iii. Goals and targets – SR p. 5, 49-50 iv. Responsibilities – SR p. 24 v. Resources – SR p. 23, 24, 35 vi. Grievance mechanisms – SR p. 30 vii. Specific actions, such as processes, projects, programmes and initiatives – SR p. 5
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> i. Mechanisms for evaluating the effectiveness of the management approach – SR p. 23 ii. Results of the evaluation of the management approach will be disclosed in the next SR report <p>Any related adjustments to the management approach will be disclosed in the next SR report.</p>

TOPIC SPECIFIC CONTENT
GRI 203: INDIRECT ECONOMIC IMPACTS (GRI 203, 2016 standard)

203-1	Infrastructure investments and services supported	Infrastructure investments and the services supported are listed as capital expenditures and are specified in the table. AR p. 71
203-2	Significant indirect economic impacts	SR p. 16

GRI 205: ANTI-CORRUPTION (GRI 205, 2016 standard)

205-2	Communication and training about anti-corruption policies and procedures	SR p. 30
205-3	Confirmed incidents of corruption and actions taken	The BITÉ Group had no incidents of corruption during the reporting period.

GRI 305: EMISSIONS (GRI 305, 2016 standard)

305-1	Direct (Scope 1) GHG emissions	SR p. 45
305-2	Energy indirect (Scope 2) GHG emissions	SR p. 45
305-3	Other indirect (Scope 3) GHG emissions	SR p. 46
305-4	GHG emissions intensity	SR p. 47
305-5	Reduction of GHG emissions	SR p. 48–50

GRI 307: ENVIRONMENTAL COMPLIANCE (GRI 307, 2016 standard)

307-1	Non-compliance with environmental laws and regulations	The BITÉ Group had no cases of non-compliance with environmental laws or regulations during the reporting period.
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GRI 401: EMPLOYMENT (GRI 401, 2016 standard)

401-1	New employee hires and employee turnover	SR p. 36
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR p. 32

GRI 406: NON-DISCRIMINATION (GRI 406, 2016 standard)

406-1	Incidents of discrimination and corrective actions taken	The BITÉ Group had no cases of discrimination during the reporting period.
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GRI 418: CUSTOMER PRIVACY (GRI 418, 2016 standard)

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	The BITÉ Group had no substantiated complaints concerning breaches of customer privacy or losses of customer data during the reporting period.
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