

O2 Czech Republic a.s.

# ESG Report 2020



World of technologies for a better life

# Contents

<b>1. Letter from the CEO</b>	<b>3</b>
<b>2. About O<sub>2</sub> Group</b> Our mission, vision and values Business overview Our journey External initiatives, memberships and participations	<b>6</b>
<b>3. ESG at O<sub>2</sub> Group</b> ESG pillars Stakeholder engagement Materiality analysis	<b>18</b>
<b>4. Environment – We think about the environment</b> Carbon footprint – Carbon, greenhouse gases and other polluting emissions	<b>25</b>
<b>5. Social – We think about people</b> Employment and labour conditions Cyber security, digital and personal data protection “Technology for Good” – services and products which address social and environmental challenges	<b>33</b>
<b>6. Governance – We think in a fair manner</b> Corporate governance, business ethics and regulatory compliance	<b>51</b>
<b>7. Appendices</b> About O <sub>2</sub> Group’s ESG Report GRI Content Index	<b>54</b>

# Letter from the CEO

01

# Foreword

The year 2020 tested our company from every conceivable angle – we experienced a significant increase in fixed network traffic as a result of remote work and learning, and our call centres and online services saw a marked increase in use as a consequence of a steep decline in traffic at our brand stores. Our technology and services became an essential part of everyday life, and the entire society and economy depended on them. We confirmed our readiness and ability to withstand challenging and unexpected situations.

I am satisfied that our network, O<sub>2</sub> Chytrá síť, also showed resilience and handled the increased traffic without any problems. With this knowledge and experience, we will continue working on improving and strengthening it.

The adverse impact of the unprecedented and extremely long period of school closures compared to other countries cannot yet be quantified. Work, and to some extent also schools, have moved online. Internet connectivity has therefore confirmed its position as a service which is essential to the functioning of Czech families and businesses. However, some families did not have access to the internet for social and economic reasons. For us, this was a test of being prepared on how quickly we could offer a helping hand. After the first lockdown was announced in mid-March, we immediately provided all our contract customers with unlimited internet connectivity so that children from socially disadvantaged families could participate in online classes. But that was just the beginning of our campaign in the fight against Covid. We helped the government distribute information about epidemic measures and the eRouška tracing app; with the help of our employees,

we donated hundreds of wireless modems and dozens of PCs to families in need. We also helped business owners with quick integration of their businesses into the digital environment.

We did not forget schools which were struggling with implementing remote learning without sufficient central support. We therefore launched a section dedicated to remote learning (#UčímeSeNaDálku) on the O2ChytraSkola.cz portal, which teachers could use as an interactive guide showing how to quickly go online, what applications to use, how to work with online repositories, and discover tips from educational websites and thematic videos. Along with the new “Technology in Education” section made available on the O2ChytraSkola.cz portal, we supplied schools with a number of useful guidelines on how to make online learning genuinely effective and interesting.

In 2020, as in previous years, we focused intensively on reducing our carbon footprint and protecting the environment. Our technology is helping us digitize an increasing number of our services and processes. In many cases, we no longer need paper documents or physical deliveries. We have used the sudden move online to make more efficient use of our office space and optimize our energy consumption.

Under our volunteer program SazejStromy.cz (Plant Trees), which focuses on helping employees restore vegetation decimated by bark beetle outbreak, we were unfortunately unable to contribute much physical assistance in 2020 because of social distancing and travel restrictions. We therefore concentrated heavily on online communication and outreach.

Together, our educational videos have been played over 5 million times and viewed by more than 80,000 people. We currently have



more than 10,000 followers on Facebook, and our content has been viewed 1.1 million times on Instagram. It is already clear that we will be ramping up our SázejStromy.cz activities significantly in 2021.

We are also planning to further reduce our carbon footprint and aim to attain complete carbon neutrality.

I believe that we will soon see better times again. However, the challenges of the pandemic have also created many business opportunities. We have recognized and taken advantage of these to develop and bring new services and products to the market. I look forward to the time when, even in the area of sustainability, we will need to focus less on acute relief for people and once again be able to concentrate on systemic transformation of the education system, conservation of forests and nature, and cultivation of the social environment.

### **Jindřich Fremuth**

CEO and Chairman  
of the Board  
of O2 Czech Republic



# About O<sub>2</sub> Group

O<sub>2</sub>

**O2 Czech Republic a.s.** is the parent company of several companies which it owns directly or through other members of the O<sub>2</sub> Group. The major subsidiaries in which O<sub>2</sub> directly holds 100 % of shares and with whom it forms a concern, in accordance with Section 79 et seq. of the Business Corporations Act (O2 CZ holds the position of the dominant entity), include the following companies:

With registered headquarters in the Czech Republic<sup>1</sup>

- O2 Family, s.r.o.
- O2 TV s.r.o.
- O2 IT Services s.r.o.
- Bolt Start Up Development a.s.
- eKasa s.r.o.
- O2 Financial Services s.r.o.

With registered headquarters in Slovakia<sup>2</sup>

- O2 Slovakia, s.r.o.
- O2 Business Services, a. s.<sup>3</sup>

**The O<sub>2</sub> Group** consists of O2 Czech Republic a.s., the above-mentioned major subsidiaries forming the O2 Czech Republic concern, Emeldi Technologies s.r.o., and subsidiaries owned by other members of the O2 Czech Republic concern, specifically: mluvi.com s.r.o., Smart home security s.r.o. and INTENS Corporation s.r.o.

**O2 Czech Republic a.s.** hereby presents this boldem, as required by Part Eight, Sections 32f–32i of Act No. 563/1991 Coll., on accounting, which substitutes the European Parliament and the Council Directive 2014/95/EU. In compiling this report, O2 Czech Republic a.s. acted in accordance with Part 3, Section 32g of Act No. 563/1991 Coll., using the recommended methodology of **GRI Standards (“in accordance-core option”) and United Nations’ Sustainable Development Goals.**

<sup>1</sup>The headquarters of all companies is Praha 4 – Michle, Za Brumlovkou 266/2, Postal Code 140 22.

<sup>2</sup>The headquarters of both companies is Bratislava, Einsteinova 24, Postal Code 851 01.

<sup>3</sup>Owned through the subsidiary O2 Slovakia, s.r.o.

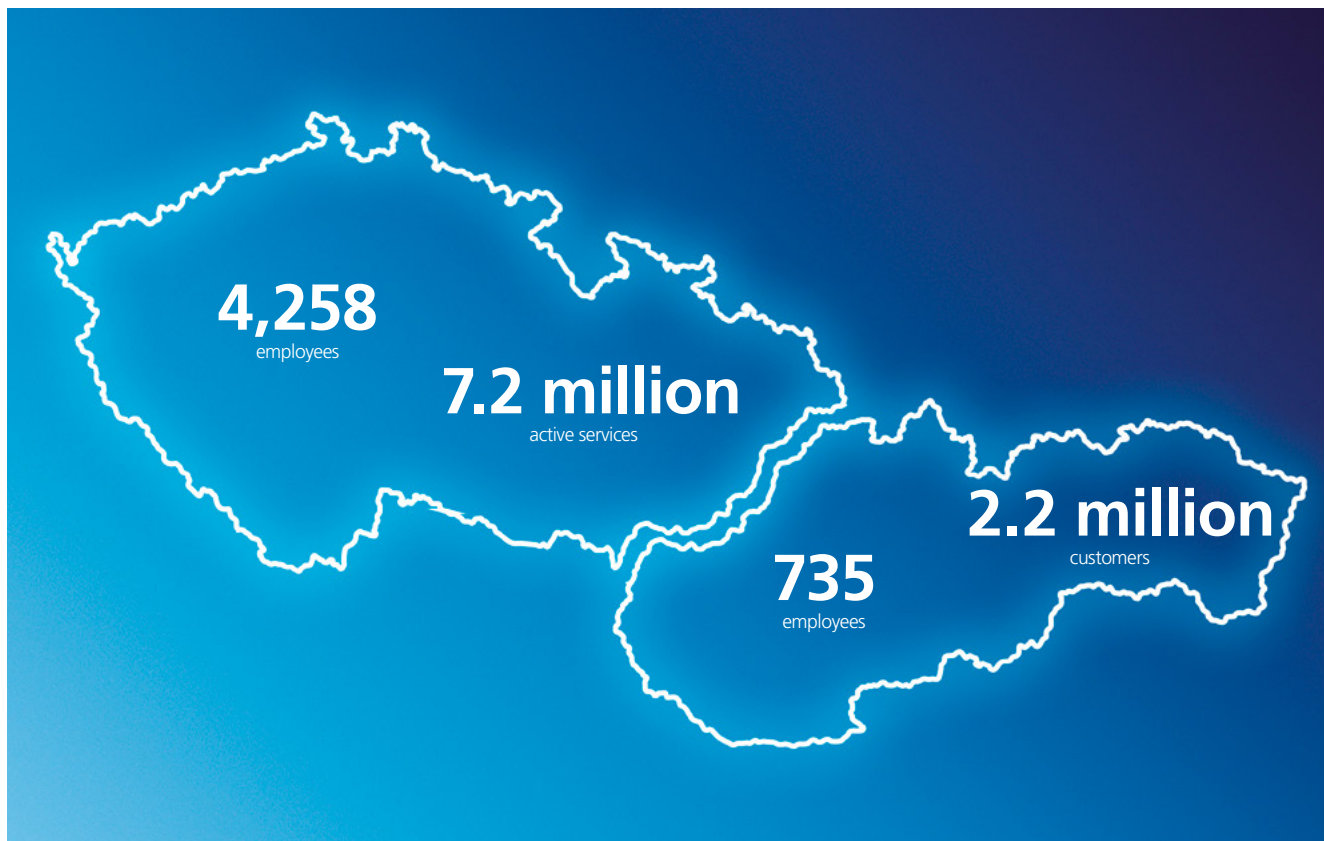
# Our mission, vision and values

We are the largest provider of telecommunications services in the Czech Republic. O<sub>2</sub>'s smart network (Chytrá síť) makes life easier for the millions of people in the Czech Republic and Slovakia. We contribute to the development of society and prepare it for the future, not only in the area of technology but especially in its application for people.

*Our mission is to introduce **technology**,  
which improves people's everyday lives.*

Technology is changing rapidly, and we want to be able to offer people the latest and the best.

We do this through **three main drivers – our employees, our customers and the environment in which we operate**, i.e., the most important stakeholders which drive our company forward and shape our **priorities**.



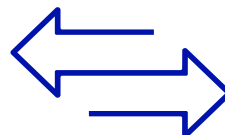
## Our first mission is our employees

Behind every product, project and service are individual people and their daily work, which is guided by our **four principles**. Because of these principles, we can react flexibly to new trends or be trendsetters ourselves.



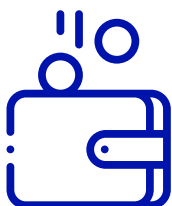
### We constantly think how to make things better

We do not give up at the first hurdle, we keep on trying!



### We give constructive feedback

When we have something to say, we say it. It is our responsibility to establish understanding.



### We are committed to efficiency

We make economically responsible decisions as individuals as well as a company.



### We appreciate achievements and we have a positive approach

We recognize and reward individual and team success.



## Our second mission is our customers

They include you, your neighbour, your second cousin, your office supplies vendor, your gym trainer and your government minister. These also include small business owners, small or large companies, and large multinational corporations.

We help them all fulfil their desire for a good life through our work and the technology we bring to them.





## **And last but not least, the environment in which we operate.**

We all share the environment in which we live. We want to contribute to the whole of society. We have been active on the Czech market via the company's previous owners throughout the entire country's modern history, and in Slovakia since 2002. We know both regions very well: they are our home, and we share a common historical experience.

## **Our priorities reflect what is important to our key stakeholders.**

They help us keep our business on track and sustainable in the long term.

We want to be a successful and trustworthy company, and therefore we do things simply, with an emphasis on meaningfulness, personal responsibility and fairness.

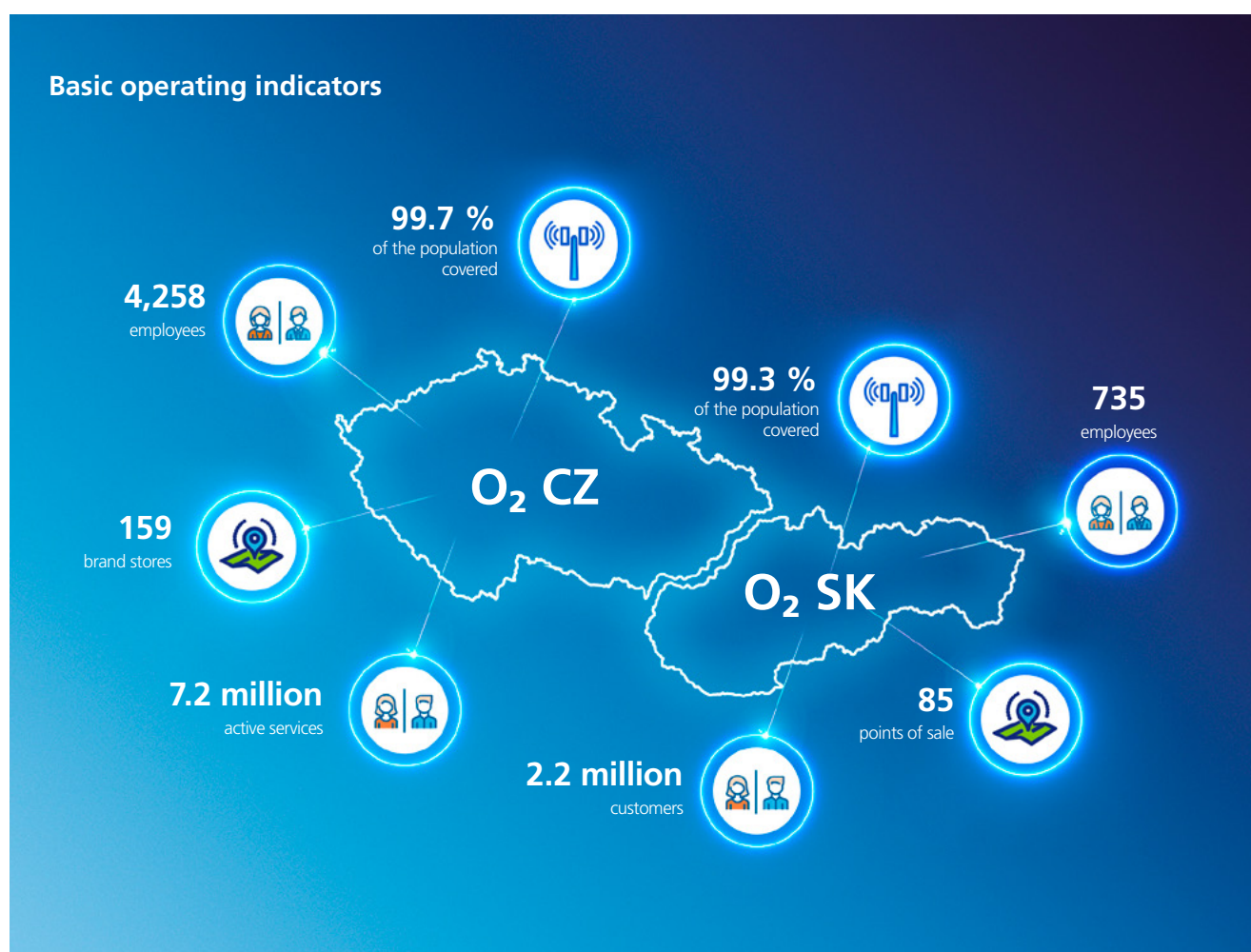
- **We offer technology which improves the daily lives of the whole society and selected disadvantaged groups.**
- **We promote digital literacy for the entire population and care about digital security.**
- **We contribute to the fight against climate change.**
- **We behave fairly and in compliance with business ethics.**

# Business model

Our business model is based on the benefit for all individuals and society.

We bring solutions and provide digital communications technology to all people: from the public and small and medium-sized businesses to large corporations and government. We offer and sell terminal equipment and accessories. We lease data centres and offer custom ICT solutions for business. Our O<sub>2</sub> TV is the number one internet television service in the Czech Republic.

For more details about our business, including products and services, please see our [Annual Report](#). The Annual Report includes details of the O<sub>2</sub> Group's financial and operational performance.



# Our journey

Company	<b>1991</b>	– SPT Telecom established
Company		– Eurotel's first cellular mobile network
		– The first Czechoslovak telephone call in the mobile network took place on 12 September 1991 in a live transmission between Bratislava and Prague
Mobile network		– <b>The first mobile NMT network</b> Cost of a phone: CZK 60,000 Activation: CZK 10,000 Monthly flat rate: CZK 8,290 1,000 free minutes Average salary at the time CZK 3,792 (gross)
	<b>1994</b>	– IBM's first smartphone named Simon weighed around half a kilo – O <sub>2</sub> started using metering cars to check network quality and coverage
We are helping	<b>1995</b>	– We are the first company in the country to partner with a non-profit organization. As a result, the Safety Line is still able to help children in need every year.
	<b>1996</b>	– Beginning of the use of SIM cards.
Mobile network		– <b>The GSM network arrives – True mobility</b> (Pegas arrived after three months and Oskar four years later)
Mobile		– Nokia's popular ringtone <a href="https://www.youtube.com/watch?v=QgjVxFcBO0c">https://www.youtube.com/watch?v=QgjVxFcBO0c</a> rings 20,000 times per second every day, all over the world
	<b>1997</b>	– Start of the GO pre-paid mobile service
	<b>1999</b>	– WAP Mobile internet
	<b>2001</b>	– Eurotel GSM banking
	<b>2002</b>	– First mobile phone with colour display – Ericsson T68 – MMS – Wi-Fi – The last analogue exchange, located at Bílá Hora, was switched off in June 2002.



We are helping	2002	– Eurotel Foundation established
We are helping	2003	– We take it seriously – we join the Donors Forum. We are still a member of the Association of Corporate Foundations and Endowments today.
Internet	2004	– The first unlimited internet in the Czech Republic for CZK 1,000
We are helping		– We launch the very first DMS – Donor SMS. Through this, you can contribute simply to a good cause by sending a single SMS.
Mobile network	2005	– <b>The era of mobile data begins with the arrival of 3G networks</b> The first MMS, images Video calls Mobile data
	2006	– ADSL fixed service platform – the end of dial-up <a href="https://www.youtube.com/watch?v=gsNaR6FRuO0">https://www.youtube.com/watch?v=gsNaR6FRuO0</a> – Launch of O <sub>2</sub> TV
We are helping		– Our foundation with a new owner gets the new name O <sub>2</sub> Foundation
We are helping	2007	– We are the first operator to give people with disabilities cheaper landlines and mobile networks.
	2008	– ADSL 8 Mbit service gets a boost with previously unprovided speeds of 16 Mbit/s.
We are helping		– We set up a Blind and Deaf Line to help people with hearing and visual impairments stay connected to the world.
We are helping	2009	– We connect the youngest and oldest generations. We support the Senior Line, where the elderly and their loved ones can call for free.
We are helping	2010	– Together, we raise an incredible CZK 2,540,216 of emergency aid for victims of the earthquake in Haiti and floods in the Czech Republic.
We are helping	2011	– We join Telefónica's Think Big programme. Through the programme, young people across Europe set their ideas for a better and friendlier world into action right in their own communities.
Mobile network	2012	– We launch the revolutionary 4G LTE network. – O <sub>2</sub> Guru has been helping people in branded stores since April 2012, and online for a year longer.
Company	2013	– Changes in ownership, PPF is the new owner
Company	2015	– Two worlds again: the company splits into O <sub>2</sub> (operator) and CETIN (infrastructure)



- |                |   |             |   |
|----------------|---|-------------|---|
| We are helping | • | <b>2015</b> | – SmartUp – a new separate O <sub>2</sub> Foundation programme for young people who have an original idea how to improve their environment.   |
| We are helping | • | <b>2017</b> | – We start an ongoing project which reminds us all that freedom is not a given:<br>( <a href="http://www.svobodanenisamozrejmost.cz">www.svobodanenisamozrejmost.cz</a> )   |
| We are helping | • | <b>2018</b> | – O <sub>2</sub> SOS ( <a href="https://www.o2.cz/firmy-a-organizace/o2-sos">https://www.o2.cz/firmy-a-organizace/o2-sos</a> ) – mobile application helping to save lives is already available free of charge in seven regions of the Czech Republic. |
|                | • | <b>2019</b> | – Launch of a 5G network in a real environment for the first time   |
|                | • |             | – Unlimited data with new NEO tariffs   |
| We are helping | • |             | – We launch the O <sub>2</sub> Smart School project <a href="http://www.o2chytraskola.cz">www.o2chytraskola.cz</a> portal for teachers and parents and a grant scheme for elementary schools to develop digital competencies                          |
|                | • | <b>2020</b> | – Launch of Dataclair.ai, a research and development centre for artificial intelligence   |
|                | • |             | – Helping in the pandemic – giving free unlimited data to all our customers   |
|                | • |             | – The RE:START package – we support business owners and self-employed people in getting off the ground after the crisis   |
|                | • |             | – We give away advertising worth a million crowns to businesses ( <a href="http://www.davamemilion.cz">www.davamemilion.cz</a> )  |
| We are helping | • |             | – We help schools with distance learning and children from disadvantaged backgrounds to get online  |
| We are helping | • |             | – CAUGHT IN THE NET, a very successful feature-length documentary film which we were a catalyst for arrives in cinemas  |

# External initiatives, memberships, and participations

## Professional associations:

- Association of Mobile Networks Operators (APMS)
- Czech Association of Electronic Communications (ČAEK)
- GSM Association (GSMA)
- ICT Union
- Réseaux IP Européens Network Coordination Centre (RIPE NCC)
- Association of Chartered Certified Accountants (ACCA)
- SOLUS, interest association of legal persons
- People Management Forum, z.s.
- Czech FinTech Association, z.s. (ČEFTAS)
- ISACA Czech Republic Chapter
- IT Service management Forum Czech Republic, z.s. (itSMF CZ)
- Prague Chamber of Commerce
- APVTS
- CZ.NIC, z.s.p.o.
- CFO Club
- Z-Wave Alliance, Inc.
- NIX.CZ, z.s.p.o.

## Non-profit and non-governmental partnerships:

- Palacký University in Olomouc (Faculty of Education – E-Safety Project)
- Masaryk University in Brno (Faculty of Social Studies)
- University of West Bohemia in Plzeň
- Diversity Charter
- Business Leaders Forum, z.s.
- Donors Forum, z.s.
- Eduzměna Endowment Fund
- EDUin, o.p.s.
- Post Bellum, z.ú.
- People in Need o.p.s.
- Safety Line, z.s.
- Elpida, o.p.s.
- Nelež z.s.



# Awards



**TOP 2020** – An independent rating for large companies which strategically develop their business on sustainability principles and engage in all major CSR areas.  
In 2020, we were awarded the title of Responsible Large Company.



**Cena LEMUR 2020** – Czech Public Relations Award – absolute winner for the project Czech Children in the Cyber World



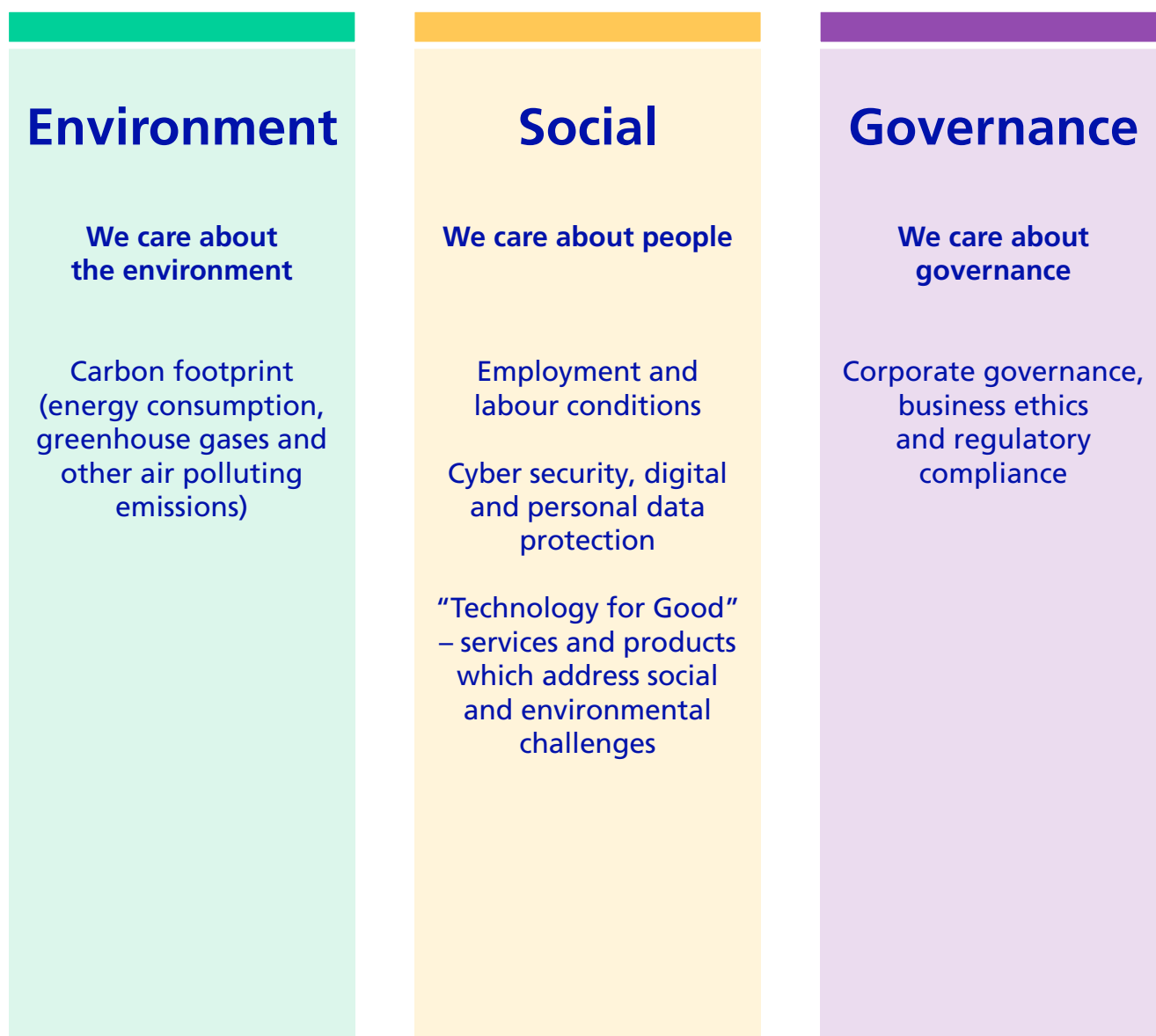
**ČSN ISO 26000 (010390)** – in 2020 we obtained a certificate of completion of the review and assessment of activities in the area of corporate social responsibility at the GOLD level.

# ESG in O<sub>2</sub> Group

# 03

# ESG pillars

These pillars are the foundations on which our sustainable business is built. Each pillar contains supporting themes and non-financial information which shows the development, performance, position and impact of our activities in the areas of environment, employment and social issues, and business ethics.



# UN Sustainable development goals

O<sub>2</sub> Group's approach to sustainable business contributes to achieving the UN sustainable development goals.



# Stakeholder engagement

## Materiality analysis

We take our stakeholders seriously. We are interested in their wishes and needs, and we therefore conducted a materiality analysis which incorporated the views of the following stakeholder groups:



Stakeholder groups	Type of engagement	Frequency of engagement	Key topics raised
Shareholders	General Meeting, face-to-face meetings, website, annual reports	Regularly, at least once a year	Financial results, dividend, ESG
Investors, analysts and capital providers	General Meeting, face-to-face meetings, website, annual reports, half-yearly reports, quarterly results, conference calls	Regularly, min. quarterly	Financial results, trends, strategy commentary, ESG
Suppliers and partners	Website, conferences, tenders, audits	Regularly	Transparent terms and fair access, payment discipline
National government and regulators	Participation in corporate meetings, meetings with representatives of state administration, government, ministries and regulators	Regularly, min. monthly	Compliance with legal obligations, product and service safety, ESG
Society and local community	Through our patronage and services, cooperation on non-profit and charitable projects, partnership through the O <sub>2</sub> Foundation, conferences, seminars	Daily contact	Promoting topical issues, long-term cooperation, awareness raising, education
Business community	Associations, consumer organisations	Regularly, min. quarterly	Business ethics and standards, security, public affairs
Customers (B2B/B2C)	Points of sale, call centres, consultants and salespeople, digital channels (website, social networks, My O <sub>2</sub> app, etc.)	Daily contact	Quality of services and products, privacy, security
Management/ Employees	Regular management-employee meetings, intranet pages, electronic communication, employee assessment process (360°)	Daily contact	Fair remuneration, benefits, training, work conditions, health protection



# **This process was accomplished in the following three phases:**

## **1. Identification of the most relevant ESG topics**

To identify the most relevant ESG topics, we reviewed the following:

- a. Best practices of peers at the international and national levels for the identification of industry related topics.
- b. International sustainable development standards and sector-specific standards (such as GRI, SASB, MSCI).
- c. Publications, documents, reports and information related to O<sub>2</sub> Group.
- d. Internal corporate documents of O<sub>2</sub> Group, e.g., Publications, documents, reports and information

## **2. Prioritization of identified ESG topics**

To prioritize the most material ESG topics, we conducted a survey which addressed our stakeholders, based on the following two assessment criteria:

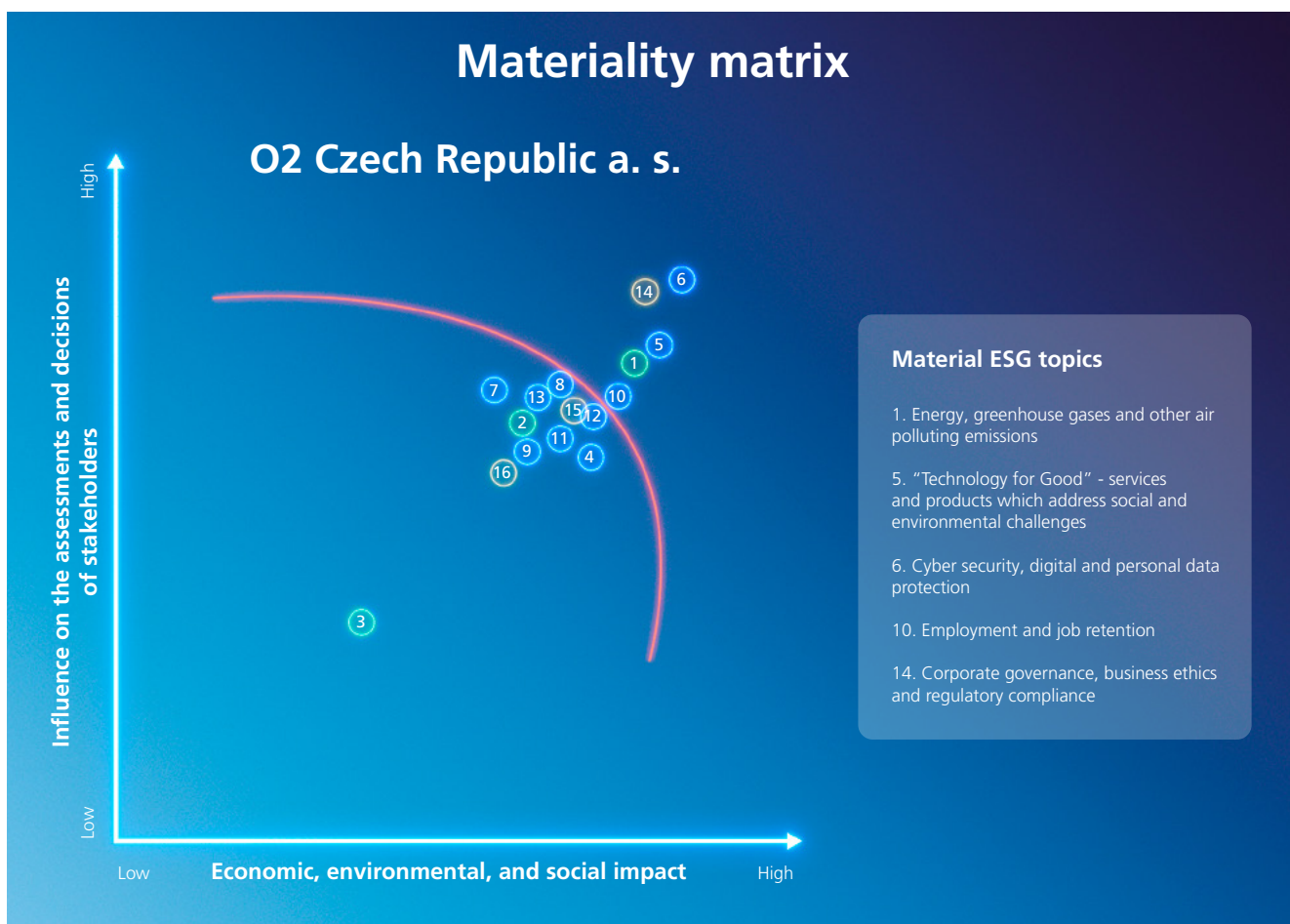
- a. To what extent does O<sub>2</sub> Group's management of a specific ESG topic affect the selected stakeholder's decisions and actions towards O<sub>2</sub> Group?
- b. To what extent does O<sub>2</sub> Group's management of a specific ESG topic create economic, social or environmental value for the region where O<sub>2</sub> Group operates?

## **3. Validation of results**

The results of this survey were validated and approved by O<sub>2</sub> Group's management team. The analysis led to identifying five material topics where O<sub>2</sub> Group focuses its strategy, and which are included in this report. The material topics were grouped according to the three ESG pillars: Environment, Social and Governance. The following materiality map presents these results.

# We have chosen the material ESG topics from the group of 16 sector related topics:

- 1. Energy consumption and carbon footprint**
- Input materials and waste
- Water and wastewater
- Direct and indirect economic value
- 5. “Technology for Good” – services and products which address social and environmental challenges**
- 6. Cyber security, digital and personal data protection**
- Network deployment
- Marketing practices
- Charitable initiatives and social investments
- 10. Employment and labour conditions**
- Employee training and development
- Occupational health and safety and wellbeing
- Human rights at work
- 14. Corporate governance, business ethics and regulatory compliance**
- Business continuity and emergency preparedness
- Partners and suppliers ESG assessment



# Environment

04

# We care about the environment

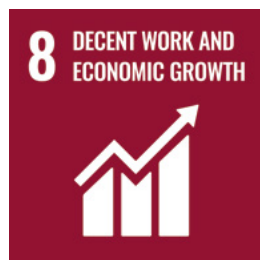
O<sub>2</sub> Group is fully aware of its environmental responsibilities and strictly complies with all applicable legal regulations which regulate environmental protection.

O<sub>2</sub> Group regularly analyses the effects of its activities on the environment and adopts corresponding measures to protect the environment. The Group regularly updates these measures.

O<sub>2</sub> Group minimizes the use of toxic or other hazardous substances and materials in its activities and ensures the relevant management of toxic or other hazardous substances and materials. O<sub>2</sub> Group attempts to use only procedures and technologies which are environmentally friendly.

In case respective employee registers an event at the workplace which could have an adverse effect on the environment, he/she is obliged to report this event without undue delay to Internal Audit Department.

## Carbon footprint – energy, greenhouse gases and other air polluting emissions



O<sub>2</sub> Group regards the topic of energy, greenhouse gases and other air polluting emissions as material, not only because it is important for efficient operation but primarily for the protection of the environment and the well-being of people. The topic is also crucial since through its position in this segment, the Group contributes to fulfilling UN sustainability development goals..

## Our approach

O<sub>2</sub> Group wants to contribute to preserving a healthy and undamaged environment for current and future generations. We therefore continuously strive to reduce the adverse effects of our activities on the environment and closely monitor our energy efficiency. To manage and measure our best efforts, we have implemented and certified an environmental management system according to the ISO 14001<sup>4</sup> international standard and ISO 50001<sup>5</sup> energy management system.

## International standards and certifications in place:

- Environmental management system as per [EN ISO 14001:2015](#)
- Energy management system as per [EN ISO 50001:2018](#)

## Our performance

### Energy consumption and emissions (Scope 1 and 2)

All modern services, including ours, affect the environment. Network technology, data centres, shops, call centres and office buildings consume energy. We closely monitor our yearly energy consumption.

CO<sub>2</sub> emissions calculated according to purchased electricity (60,977 MWh, down 10 % year-on-year)<sup>6</sup> and heat (4,850 MWh, down 6.7 % year-on-year)<sup>7</sup> reached 30,760 tonnes of CO<sub>2</sub> (down 10.4 % year-on-year)<sup>8</sup>.

	2020	2019	2018	2017
Electricity (MWh)	60,977	68,166	63,376	64,262
Heat (MWh)	4,850	5,198	5,609	5,061
CO <sub>2</sub> Emissions (t)	30,760	34,335	32,102	32,405

<sup>4</sup>Concerns O<sub>2</sub> CZ and O<sub>2</sub> IT Services.

<sup>5</sup>Concerns O<sub>2</sub> CZ.

<sup>6</sup>Includes electricity consumption at O<sub>2</sub> CZ, O<sub>2</sub> SK, O<sub>2</sub> TV, O<sub>2</sub> Business Services, O<sub>2</sub> IT Services, O<sub>2</sub> Family a Emeldi Technologies.

<sup>7</sup>Includes heat consumption at O<sub>2</sub> CZ, O<sub>2</sub> IT Services and O<sub>2</sub> Family.

<sup>8</sup>Emission factors used: electricity 0.486 t carbon dioxide / MWh, heat 0.232 t carbon dioxide / MWh.

CO<sub>2</sub> emissions generated from 734,030 litres of fuel consumption (down 30 % year-on-year)<sup>9</sup> and natural gas for heat production (784 MWh, down 9 % year-on-year)<sup>10</sup> reached 1,711 tonnes of CO<sub>2</sub> in 2020 (down 20 % year-on-year).<sup>11</sup>

	2020	2019	2018	2017
Fuel Consumption (l)	734,030	1,042,249	1,070,764	1,039,985
Natural gas for heat production (MWh)	784	862	1,096	1,188
CO <sub>2</sub> Emissions (t)	1,711	2,151	2,017	2,017

O2 CZ sets goals in energy consumption. Our goal in 2020 was to reduce electricity consumption by 2 % year-on-year. The reduction has actually been several times higher thanks to,, for example, renovating our stores and technical and administrative facilities, but also as a result of the coronavirus pandemic, when most employees worked from home. The reduction of power consumption at data centres was achieved through the introduction of new technologies and relocation to new facilities. The PUE achieved at the target sites is around 1.4.

In 2020, O2 Slovakia completely ceased the use of plastic bottles in offices and stores. This initiative will save up to 160,000 PET bottles per year. It has also abolished all advertising on big boards and billboards on motorways. Not only because they distract from driving, but also for environmental reasons.

## Recycling and ecological waste disposal

Regarding product sales (mobile phones, modems, set-top boxes, etc.) to our customers, we placed 231 tonnes of packaging (consisting of 207 tonnes of paper and 20 tonnes of plastics) into circulation.<sup>12</sup> Our total amount of waste produced in 2020 was 386 tonnes.<sup>13</sup> We sorted 155 tonnes of waste from our municipal waste for further use (e.g., paper, plastic), which is 40 % of our total waste production.<sup>14</sup> O2 CZ is involved in a packaging take-back and re-use scheme. We have reduced our production of greenhouse gases by 228.4 tonnes of CO<sub>2</sub> equivalent (18 % year-on-year) saving 5,418.4 GJ of energy (increase in savings by 18 %).

<sup>9</sup> Includes fuel consumption in O2 CZ, O2 SK, O2 TV, O2 Business Services a Emeldi Technologies and fuel consumption of O2 CZ fleet vehicles used by subsidiaries.

<sup>10</sup> Only O2 CZ purchases a significant amount of natural gas; the figure includes O2 IT Services and Emeldi Technologies.

<sup>11</sup> Emission factors used: Motor gasoline 2 kg carbon dioxide / l, diesel 2.66 kg carbon dioxide / l, natural gas 198 kg carbon dioxide / MWh. For vehicles, the manufacturer's indication in grams of carbon dioxide per km and the number of registered business km was applied.

<sup>12</sup> Includes values for O2 CZ, O2 SK and O2 Business Services. In addition to plastic and paper packaging, the value indicates other materials (e.g., wood).

<sup>13</sup> Includes values for O2 CZ, O2 IT Services, O2 Family and Emeldi Technologies.



	2020	2019	2018	2017
Packaging (in connection with product sales) (t)	231	198.5	178	n/a
Total waste (t)	386	358	326	350
Waste sorted for further use (t)	155	136	117	121

In 2020, we abolished plastic water bottles in our stores. We now use only paper carrying bags made from recycled material, and we are gradually renovating all O<sub>2</sub> stores to give them a more sustainable and economical format.

To fulfil our take-back and waste separation obligations and cooperation with the collective system, 51 tonnes<sup>14</sup> of electrical equipment and batteries were handed over in 2020 for ecological disposal. By recycling materials contained in the electrical equipment handed over to O2 CZ, more than 25 tonnes of CO<sub>2</sub> equivalent were prevented, corresponding, for example, to 154,700 km driven in a car with a small petrol engine (up to 1.4 l).<sup>15</sup>

We continued to allow employees and customers to bring used electrical equipment and batteries from their homes and deposit them free of charge at workplaces and stores. In 2020, they handed over 11,417 mobile phones and 2,400 kg of phone sets. Every device handed over in our stores in the Czech Republic for recycling will also support the counselling emergency number Linka bezpečí (Safety Line). This scheme eventually raised over CZK 289,130 in 2020, in addition to O2 CZ's usual support.

	2020	2019	2018	2017
Electrical equipment and batteries (t)	51	94	43	50

<sup>14</sup>Includes values for O2 CZ, O2 IT Services, O2 Family and Emeldi Technologies.

<sup>15</sup>Includes values for O2 CZ and O2 SK.

## EMISSION SAVINGS CERTIFICATE

FOR

**2020**

**O2 Czech Republic a.s.**

VAT: 60193336

EKO-KOM ID: F00027677

Through participation in the system of associated compliance obligations of take back and recovery of packaging waste, operated by the authorized packaging company EKO-KOM, a.s., you contributed to the environment and helped reduce carbon footprint.

• Your help allowed us to reduce the production of greenhouse gases by:

CO<sub>2</sub>-emission-equivalent  
**of 228,39 tons**

which represents energy savings  
**of 5 418,42 GJ**

In Prague, 15 June 2021



Ing. Zbyněk Kozel  
CEO EKO-KOM, a.s.

**EKO KOM**  
AUTORIZOVANÁ OBALOVÁ SPOLEČNOST

Emission savings from recycled packaging waste in 2020

ESG Report 2020 | O2 Czech Republic a.s.



# Company

**O2 Czech Republic a.s.**

**CIN: 60193336**

fulfilled the requirements imposed for WEEE in the European Parliament and Council directive No. 2012/19/EU in the Green Company® project.

The directive stipulates an obligation to recycle at least 8,8 kg of electrical waste per person and year for the calendar year 2018.

**In 2020, O2 Czech Republic a.s. company handed over for ecological disposal 37 358 kg of discarded electrical equipment and batteries.**

Recycling of the WEEE material handed over avoided emissions of 24 773,1 kg of CO<sub>2</sub> eq.

This corresponds, for example, to the emissions released into the atmosphere during a 154 700 km long trip in a small petrol car (with engine size up to 1.4 l).

The certificate was issued by the project operator:

 **REMA**

 **REMA**

REMA System, a.s.  
Budějovická 1667/64, 140 00 Praha 4  
www.rema.cloud  
IČ: 64510263  
-1-

Ing. David Beneš,  
Chairman of the Board  
Ing. David Vandrovec  
REMA CEO

# We educate and engage employees and the public

## Internal educational campaigns

We regularly train our employees in sustainability and how to behave in a manner which does not harm the environment. We organize company-wide internal campaigns which provide employees with new skills and knowledge and offer tips and ways to lead an environmentally friendly life. We motivate employees and give them the opportunity to participate and be responsible themselves.

Campaigns to promote environmentally friendly living			
2020	2019	2018	2017
Pass it on	Do not waste food	Give household waste a second chance	Waste and its impact on environment
Minimalism and eco-friendly life	Use of food after expiry date	Composting and urban gardening	Sorting waste, tips and tricks



## We care about forests

Forest preservation is a part of the company's long-term concept under its sustainable corporate approach to nature. We have been saving paper, using less various printed forms, for several years now. We are digitizing our processes, and almost everything can be handled electronically.

In 2019, O<sub>2</sub> employees volunteered to highlight the problem of deforestation and contributed to improving forest conditions under the [SázejStromy.cz](https://www.sazejstromy.cz) project. In the first four months of the project alone, we managed to give two lectures to more than 200 listeners and had more than 100 people in the field. In 2019, we planted 9,800 new seedlings in six locations across the country.

Unfortunately, our planned work and events in 2020 were interrupted by the global coronavirus pandemic and quarantine measures. We have therefore continued mainly with education and have been active in communicating on Facebook, Instagram and YouTube. We are still in contact with forest owners and managers and are planning work and events for the next phase of the project.

We prepared regular and varied content for social media with a frequency of two posts per week. We promoted two videos on YouTube, one about the forest and one recruitment video for volunteers. Together, the videos have been viewed over 5 million times and by more than 80,000 people. On Facebook, we currently have more than 10,000 followers, and on Instagram, our content has been viewed 1.1 million times. There are 2,286 people signed up to our newsletter.

We connect and engage with the public (lay and professional), other businesses and foresters. We want to start a wave which reaches the whole society and gives everyone in the Czech Republic the opportunity to get involved and contribute to the restoration of forests.

# Social

05

# We care about people

Our business aspires to benefit all individuals and society as a whole. People have always been at the heart of everything we do. They are always there, at each step of our business processes and at the beginning and the end of all our business solutions. Our employees are people. Our customers are people – people who share a natural space and live as a community.

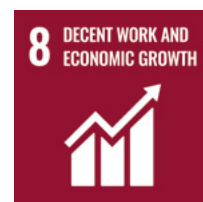
## Employment and labour conditions



## Cyber security, digital and personal data protection



## “Technology for Good” – services and products which address social and environmental challenges





# Employment and labour conditions

O<sub>2</sub> Group's growth and establishment has been achieved mainly through its people's abilities to plan and implement its corporate mission. The Group's human capital constitutes the driving force which actively contributes to the achievement of its vision, values and culture. The Group therefore recognizes this effort and fosters continuous employment and job retention.

## Our approach

We are one of the largest employers in the Czech Republic, which is proof of how our business affects the economic and social environment of our country. The satisfaction and stability of our employees is a key value and priority for us. Positive, consistent, and effective corporate culture is a crucial element of our work. Therefore, we continuously concentrate on good employment conditions, not only offering employee rewards and benefits but also applying fair behaviour and a range of other benefits.

### International standards and certifications in place:

- [Management system as per ISO 45001:2018](#) concerning health and safety at work
- Signatory of the [European Union's Diversity Charter](#) in the Czech Republic



# Our performance

## Diversity

Although the high-tech industry is traditionally considered a “male stronghold”, the numbers show a different picture. O<sub>2</sub> Group also cares about the stability of employment relationships, as indicated by their average duration. Our figures are very stable for such a dynamic field, and we are constantly improving them. The figures below show the representation of men and women and age indicators. Diversity is an important part of sustainability, and we consider excessive employee turnover as a fundamental risk in the human resources area. This is why we value the loyalty of our employees.



Our internal policies also address **anti-discrimination** and include various measures. The company's rules directly oblige the employer not to permit anything in any employment relationship which could be construed as direct or indirect discrimination. When we select employees, conclude employment contracts, and train and develop employee careers, we operate with clear criteria such as ability, skills, experience and performance.

**Trade unions** play an important role in protecting employees and their rights in O<sub>2</sub> CZ. First, employees negotiate a collective agreement with company-wide remuneration terms and conditions, benefits and working conditions.

We not only embrace the principles of diversity internally but we also make this approach visible externally. We identify and engage in new areas which may arise in a rapidly evolving and changing society. We were one of the first in the Czech Republic to join the European Union's Diversity Charter and become a founding signatory.

New employee hires	2020
Total number of new employees	1,122
men	567
• Under 30 years old	382
• 30-50 years old	168
• Over 50 years old	17
women	555
• Under 30 years old	327
• 30-50 years old	199
• Over 50 years old	29

Includes data for O2 CZ

Because of the company's size, the number of employees and growing average wages, we are aware of the risks arising from Section 81 (1) of the Employment Act concerning the **obligation to employ persons with disabilities** (PWDs). Therefore, we implemented and have been proceeding in accordance with our internal strategy for employing PWDs, which allows us to better identify these people in the company, obtain potential candidates from this group in the labour market, ensure their quicker integration, and prepare other employees for their arrival and improve mutual cooperation.

In the reporting period, no cases of discrimination were reported.

## Occupational health and safety

O<sub>2</sub> Group recognises the high value of the lives and health of all its employees and others affected by its activities or who use its products and services. It therefore strives to achieve the highest standards of health and safety in all areas of its operations.

Employees must undergo mandatory training upon joining the company and every two years thereafter.

- [Management system as per ISO 45001:2018](#) concerning health and safety at work

Work-related injuries	2020
Total number of fatalities	0
Total number of reported work-related injuries	7

# Remuneration and Benefits

Our employee remuneration system is established in the **collective agreement** negotiated with the trade union organization operating at O2 CZ. Remuneration rules are further specified in the **Internal Remuneration Policy**. Employee remuneration is derived from the **basic salary**. In addition to the basic salary, employees (in accordance with the rules and terms of their remuneration) are granted incentives as bonuses or commissions.

Employees are, of course, also motivated with a wide range of benefits:

- Benefits in the value specified in the collective agreement, which can be drawn by the employee at their discretion
- Discounts on O2 CZ products and services
- Five weeks of vacation, three days of sick leave
- Company meals
- Discount card for fuel
- O2 CZ operating lease

The full range of benefits which all our employees can claim and enjoy is detailed in an [on-line guide](#).

# Learning and Development

O<sub>2</sub> Group employees enjoy a wide range of opportunities for personal and professional development. We believe that in today's rapidly changing and evolving world, continually working on our knowledge and skills is the best way to be successful as individuals.

We offer a variety of educational activities:

- Courses
- Workshops
- Development programmes
- Corporate and intercompany mentoring
- Meetings with inspirational personalities

We have a top training and personal development team which includes high quality in-house trainers.

The year 2020 was exceptional for training not just because of the coronavirus pandemic. Across the O<sub>2</sub> Group, we transferred all initial training and external training online practically overnight. Our suppliers had to adapt not only the format but also the workshop methodology for the new requirements. We continued to provide standard training for all divisions, with a company-wide focus on digitalisation (design thinking, UX design) and the development of agile teams. We also did not forget to support employees in managing the job and mental health issues so that they would be able to cope in the best possible way with the rapid changes to their personal and working lives.

At O2 CZ, we are proud of our new **O<sub>2</sub> Learning** intranet site, which functions inter alia as an e-learning platform with a permanent range of **over 150 courses**.

Training at O2 CZ	2020
Number of training courses	314
Number of training hours	131,637
Total number of participants	8,630
Completion of at least one training course	2,645

Percentage of employees receiving regular performance and career development reviews	
Women	100 %
Men	100 %
Employees in leadership positions	100 %
Employees	100 %

O2 SK conducted an annual ECHO employee survey which indicated that employees regard O<sub>2</sub> as a good employer, value its activities and are proud to be a part of the company. The survey's engagement index was over 80 % in 2020. The survey also revealed that despite the coronavirus crisis, the O2 SK team strengthened.

## Employee engagement

At O2 CZ, we were unable to conduct all our planned activities in 2020 because of the Covid-19 pandemic and either limited the number of activities or moved their date. This concerned, for example, the annual Teambuilding for a Good Cause and the regular and popular Baking for a Good Cause. In the past, we raised money for specific organisations through these events. We hope to resume these activities in 2021.

Nevertheless, the **employee fundraiser "Retail for Loono"** for the Loono organization aimed at preventing serious diseases was successful. We supported Loono with a total of **CZK 68,588**. We were required to adapt the traditional **"Sheltered Workshop Markets"** to government restriction measures. Instead of Easter, the markets were held in summer and then again before Christmas. This gave employees the opportunity to support the work of people with physical or other disabilities by purchasing handmade gifts, jewellery, ceramic decorations, refreshments and other products from sheltered workshops in our company buildings. At the summer markets, the workshops raised **CZK 88,177**, and the Christmas markets fetched **CZK 91,761**. In September 2020, the first Charity Bazaar was held on the ground floor of our Prague headquarters. Thanks to our employees, we raised and donated a total of **CZK 92,670** to the children's non-profit organisation Děti patří domů.

Our internal grant programmes, which help people and organizations recommended by our employees, also continued. We supported three individuals through the **Hand on Heart for Personal Story**. Employees donated a total of **CZK 101,120**. The Foundation contributed **CZK 72,740**. These funds allowed the purchase of a new mechanical wheelchair for a girl with muscular dystrophy. A senior citizen who has been dependent on the help of others since he was young due to polio was reimbursed for the costs of personal assistance and nursing care. We enabled a young man suffering from Becker muscular dystrophy to purchase a wheelchair scooter. The programme **Hand on Heart for a Non-profit** received **34 applications** for grant support for projects aimed at educating the staff of organisations, their clients or creating support content. The grant committee selected 17 projects, to which the O<sub>2</sub> Foundation distributed **CZK 1,000,000**. As part of the selection process, we focused on the personal involvement of employees in the non-profit sector.

In 2020, in cooperation with the mobile blood transfusion station of the Central Military Hospital in Prague, we conducted **three planned blood donations** in the company's main building. Employees donated **66 litres of blood** during these events.

In the pandemic year 2020, O<sub>2</sub> SK also supported the volunteer activities of its employees, who helped, for example, in full-scale testing. The Fair Foundation Employee Grant Programme continued, with dozens of employees participating. Employees also contributed through various Christmas charity activities, such as a collection for the community centre and fundraising for selected organisations.

## Cyber security, digital and personal data protection

Cyber security, digital and personal data protection is a very important topic for the company, all our people and business operations. In a constantly changing regulatory environment, O<sub>2</sub> Group considers it essential to take all the necessary measures to protect its stakeholders from potential breaches which may harm them or the Group's business continuity.

### Our approach

O<sub>2</sub> Group is aware of the important role which information plays in today's business world and our professional and private lives. It has therefore built and is continually improving an established and certified Information Security Management System (ISMS) to protect its information assets and to provide an appropriate level of assurance to its customers and partners. The ISMS (and this policy) covers all activities and applies to the entire organisational structure, all buildings and technologies.

The company's management supports and motivates employees to ensure all relevant information security requirements, even beyond the requirements of applicable legislation.



Based on careful consideration of all the available information and experience, it initiates change in the processes, activities and relationships with all stakeholders to meet the company's declared information security strategy over the long term.

## **International standards and certification**

- IT service management system ISO/IEC 20000-1:2018
- Information security system according to ISO 27001:2013

## **Our performance**

We take consistent care to ensure that information is protected at the necessary level and only allows authorised persons to gain access to it (confidentiality principle), that information is accurate and complete, that powers and rights to amend it are clearly defined (integrity principle) and that information is accessible to users when they need it (availability principle).

We systematically monitor, evaluate and continually improve our information protection processes and activities. We meet individual security objectives through suitable measures which are identified during the risk management process and will enhance information security. Our measures cover all relevant areas of the company's life: organisation of security, classification of information, personnel and physical security, communications security and traffic management, access control, system development security and maintenance, and business continuity management.

We manage our processes and activities to ensure continuity and compliance with applicable Czech and European Union legislation, international treaties and other information security requirements.

## **We have the following systems and programmes in place to achieve the above:**

- Intrusion Detection and Prevention System
- Data Leakage Prevention
- Endpoint Detection and Response
- Mobile Device Management
- Security Information and Event Management
- Vulnerability Management
- Privileged Account Management
- Security Awareness Program
- Multifactor Authentication
- Security Risk Management
- Asset Management

Most of these initiatives are based on systematic planning and a well-developed cybersecurity strategy. However, we are also responding to current needs and threats. We monitor various indicators, especially technical vulnerabilities, the security risk register and the number of security incidents, and we focus on assessing trends rather than absolute numbers. We also compare actual findings to plans, conduct internal audits and provide coverage for the MITRE Att@ck framework.

We have mechanisms in place for reporting complaints. Anyone may contact us in this area through standard contact tools such as customer helplines and forms. A dedicated internal secure line and special internal applications are available to employees. We deal with all complaints, findings and suggestions regarding cybersecurity and the protection of digital and personal data.

## **Beyond the scope of applicable legislation and regulation, we have the following international standards and certifications:**

- IT service management system ISO/IEC 20000-1:2018
- Information security system according to ISO 27001:2013
- Tailor-made systems, preventive and educational programmes for our customers, partners and the public

We recognize that the subject of cybersecurity and protection of digital and personal data is important to all our customers today, the public and the whole of society. We therefore focus on this area not only within our internal systems but also when we develop new products and services for our customers. We offer tailor-made systems which meet all their needs in securing their mobile phones, home computers or corporate networks. We also care about their security from a preventive point of view so that they can take advantage of our free educational activities.

## **How we manage cybersecurity and data protection for our stakeholders**

### **Customers:**

- **O2.cz CERT**

At O2 CZ, we have established the O2.cz CERT (Computer Emergency Response Team) to assist customers in dealing with security incidents on the internet. The team manages incidents which threaten the availability or confidentiality of online services. To effectively manage security incidents and to prepare effective preventive measures, O2.cz CERT also cooperates with the CERT and CSIRT teams of other companies and Internet connection providers.

### **O2.cz CERT team protects autonomous systems registered by O2 CZ:**

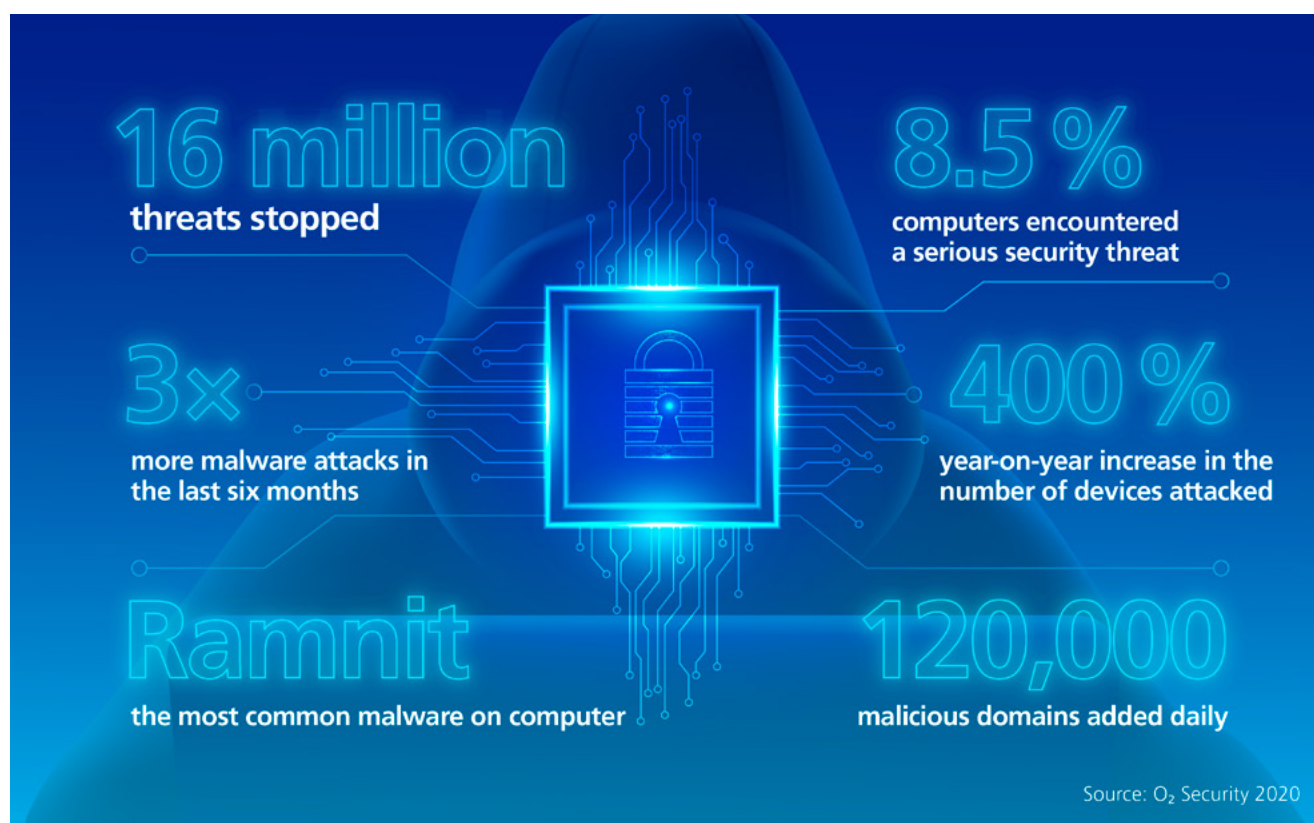
- AS5610 – O2.cz networks
- AS20884 – O2.cz networks
- AS28725 – Eurotel networks
- AS51154 – InternetHome networks

To report a security incident, contact O2.cz CERT at [abuse@o2.cz](mailto:abuse@o2.cz).

- **O<sub>2</sub> Security**

This service is designed for our residential customers and regular internet users to protect their phones, computers and all home devices from fraudulent and infected sites. It also prevents phones, computers or tablets from becoming part of a botnet, which is a large group of enslaved devices under an attacker's control and used without the user's knowledge, for example, to mine bitcoins or send spam. This dramatically slows down a device. The O<sub>2</sub> Security service works directly on the network and therefore does not slow down device performance.

In 2020, O<sub>2</sub> Security halted more than 16 million threats, 13 million of which targeted PCs and another 3 million which targeted smart mobile devices. Of all the devices using the service, a total of 8.5 % of computers and 3 % of mobile devices encountered a serious online security threat. The statistics also showed that an increasing number of devices are being exposed to these threats. Year on year, the number has increased by almost 400 %. In January 2020, this number was 3,000 devices, but by the end of the year, it was already over 11,000.



- **Network security for our corporate and institutional customers**

We have prepared a comprehensive network security program for our customers. They can use our O<sub>2</sub> Security Expert Centre services. This continuously monitors all IT infrastructure in real time and helps eliminate the risks associated with cyber threats, including the loss, misuse or theft of data and information. We also offer security for corporate connections through the O<sub>2</sub> Next Generation Firewall. Protection from DDoS and hacker attacks is provided by O<sub>2</sub> AntiDDoS, email domains are protected by O<sub>2</sub> Antispam, mobile phones and tablets are kept safe with O<sub>2</sub> Mobile Device Management, and O<sub>2</sub> Security DNS protects devices from fraudulent and infected sites.

## Employees:

- **Internal O<sub>2</sub> Security**

Our employees have available extensive internal guidelines, advice and recommendations on how to act and protect themselves regarding cybersecurity and the protection of digital and personal data. Every employee receives mandatory training upon joining the company and every two years thereafter. Because we manage sensitive customer data, we require our employees to strictly adhere to our security policies. We have summarized these into the “Ten Commandments of Security”, which we believe will help them protect their own and the company’s data and devices.

### Ten Commandments of good security

1.	I protect sensitive data and never pass it on to unauthorized persons.		6.	I always verify the identity of every unknown person I communicate with.	
2.	I use secure long passwords and don't share them with anyone.		7.	I store company data only on company disks.	
3.	I always connect to public Wi-Fi via a VPN.		8.	I don't download unknown programs, documents, or browser plugins.	
4.	I indicate the sensitivity of the documents I send.		9.	I don't use company accounts for private communication.	
5.	I don't open suspicious emails.		10.	I always have all my devices under control, and I don't lend them to anyone.	

## The public:

- **O<sub>2</sub> Smart School**

We respond to current social developments not only by developing technology. We strive to ensure that technological progress moves forward in combination with education. In our opinion, this is what moves Czech society in the right direction.

Modern technology is an integral part of our daily lives. It forms the basis for the functioning of the economy, and the future of the whole society depends on its responsible use. Digital literacy is thus becoming an essential skill. But we are aware that the digitalisation of society also entails certain risks, which is why we respond to current social demand and attempt to solve these problematic issues.

With the [O<sub>2</sub> Smart School](#) project, we help the public to better navigate the opportunities and pitfalls of the digital world. Our public portal provides comprehensive and useful information for safe use of the internet and digital technologies – and it is free of charge.

- **What do we do?**  
We educate, inform and influence the Czech society in a positive manner.
- **Who do we do it for?**  
For young people, children and their parents, for teachers.  
We want to have a positive influence on the public.
- **What do we focus on the most?**  
We are deeply passionate about safe behaviour on the internet, media literacy and critical thinking, and positive, responsible and meaningful use of mobile devices and modern communications technology.

## Data protection and processing of personal information

O<sub>2</sub> Group fully respects the right to privacy and the need to protect all personal data and data it receives, processes and collects in the course of its business. O<sub>2</sub> Group strictly complies with all the legal standards which regulate the processing of personal, operational and location data. It has processes in place which comply with international and ISO standards and security measures to prevent breaches of confidentiality of the personal data processed.

O<sub>2</sub> Group imposes similarly stringent requirements on its suppliers whose activities involve the processing of personal data. Suppliers must have an overview of their processes and systems where processing takes place, conduct risk analyses and have a direct contact for dealing with security incidents.

Detailed information about the processing of our customers' personal data in accordance with Article 13 of the GDPR and Article 14 of the GDPR is clearly and comprehensibly available in the Privacy Policy document, which is available at the following link <https://www.o2.cz/osobni/zasady-zpracovani-osobnich-udaju>.

We have appointed a Data Protection Officer. We have detailed organisational arrangements in place to ensure the protection of personal data by O<sub>2</sub> Group employees and external personnel. O<sub>2</sub> Group employees and external staff are required to undergo mandatory training for Employee Information Protection and GDPR Data Protection each time they join the company and every three years thereafter. The intranet features a special section where they can find a wealth of advice, guidance and recommendations for cybersecurity and the protection of data and personal information.

Requests and complaints from data subjects concerning the protection of personal data or any suspected data breaches are handled by the Data Protection Officer in cooperation with the Information Security Department.

### In 2020, we registered:

- One valid complaint of a personal data breach in relation to the transfer of a customer to the Solus debtors' register. This was resolved by entering a settlement agreement and compensation for the data subject.
- One administrative procedure raised by the Data Protection Oversight Authority in relation to the distribution of commercial messages.
- Two reports of data breaches to the Data Protection Oversight Authority under Article 33 of the GDPR, following the sending of a bulk email without a hidden copy and following unauthorised access to a user account in an online self-service application.

# **“Technology for Good” – services and products which address social and environmental challenges**

Addressing social and environmental challenges through our services and products is one of the Group's utmost priorities. The Group believes it is its moral obligation to actively contribute to the efforts of not just international organizations and initiatives to fight climate change and social inequality. Specifically, by exploiting the business opportunities which arise from this topic, we ensure our business continuity and long-term prosperity.

## **Our approach**

As a Czech telecommunications company, we focus primarily on our immediate territory and areas related to our business. From the beginning, we have tried to help mainly through what we do, i.e., providing technology and services to support and help in our communities and improve the quality of life of various, especially disadvantaged groups.

In general, as a telecommunications operator, the Group contributes to society positively by connecting people at a level previously not possible, offering uninterrupted mobile voice and data connections anytime and in almost any location, and providing means of communication, increased security, convenience, education and entertainment to ever larger groups of the population. This enables software and solutions developers to invent and deliver still new solutions which are profoundly transforming the way of life for individuals and how companies and entrepreneurs conduct business. These new solutions often call for new advances in telecommunications, and the two industries operate in a virtuous cycle, driving further innovation and growth of the telecommunications business.

Society has concerns about telecommunications which mainly focus on privacy and security. The Group continuously works on improving the privacy of its customers' data and increasing the resilience of the network against cyber-attack and cyber-fraud. It also cooperates with the respective national law enforcement authorities on issues which focus on the safety of individuals and the public from crime and terrorism.

The Group segments operate within the national and international supply chains for telecommunications equipment, software, and network construction materials. The Group closely observes the selection of its suppliers, choosing from the world's most reputable providers, and requires certificates of quality and compliance with all standards and regulations relevant to the import and operation of its products.



# Our performance

2020 introduced circumstances which have struck our society and all areas of the economy and human life in an unprecedented manner. The crisis caused by the global Covid-19 pandemic has shown how important telecommunications networks are for economic functioning and society.

High-quality and stable internet connectivity has enabled hundreds of thousands of people in the Czech Republic and hundreds of millions of people around the world to switch – virtually overnight – to working from home and communicating remotely, even in situations they were not accustomed to in the past. The existence of telecommunications networks has allowed at least part of the economy to operate while keeping people safe and preventing the spread of the virus.

The quality and robustness of telecommunications networks in the Czech Republic also proved a great advantage in no restriction to telecommunications services, unlike in some other countries. O<sub>2</sub>'s mobile and fixed network handled the heavier than usual traffic without any problems.

## Coronavirus crisis

O<sub>2</sub> Group became involved in the fight against coronavirus in 2020 and provided support to the value of hundreds of millions crowns through these specific cases:

- In mid-March over a single weekend, O<sub>2</sub> and Mluvii (our subsidiary) set up **a special info-line (1212)** for the Ministry of Industry and Trade and Ministry of Health. The info-line **handled around 100,000 calls** concerning the pandemic during its first month of operation.
- We assisted business owners and sole traders during the crisis and quarantine measures with the **special O<sub>2</sub> Restart offer**, which, in addition to discounted services, also offered tools to restart their business quickly.
- We gave all our customers a mobile data tariff of **free unlimited data and O<sub>2</sub> TV for CZK 1 for 1.5 months** to show support for quarantine measures and secure long-distance communications.
- We offered municipalities **free SMS distribution of information** for residents (Market Locator service).
- For regions using our services, we provided **tablets for elderly people in retirement homes and children in children's homes**. We made the difficult situation easier for them and allowed them to stay in touch.
- We distributed information from the Ministry of Health and the Government by SMS, free of charge. We also removed the data charges for viewing the information pages of these institutions.
- At the request of the Ministry of the Interior, we **bolstered the network capacity** around the warehouse in Opočinec near Pardubice **using a mobile transmitter**, free of charge. This is the location where police and firefighters distribute medical supplies for the entire Czech Republic.
- The Association of Mobile Network Operators (APMS), which O<sub>2</sub> is a member of, provided significant **support for smart quarantine** measures with retrospective maps containing data on movement within the mobile network. This solution for Czech Health Ministry was implemented in just a few days.
- APMS also gave customers **access to the vlada.cz and mzcrcz websites free of**

**charge** (no charge for data usage) so that citizens could easily access current and correct information.

- We convened a crisis staff and were ready to keep critical infrastructure and services functioning if circumstances further deteriorated.
- O<sub>2</sub> allocated **a part of its call centre capacity to public health officers** to help with tracing contacts of the infected. The staff made approximately 5,000 tracing calls.
- eRouška – **SMS distribution** – O<sub>2</sub> actively participated in the distribution of the government's call for the installation of the contact tracing application eRouška 2.0. O<sub>2</sub> sent out an SMS appeal to all its mobile customers in the consumer segment.
- We provided **free connectivity to hundreds of students from socio-economically disadvantaged families for remote learning**. This support was done in collaboration with Česko.digital, Člověk v tísni, Eduzměna and Women for Women, thus providing meaningful and impactful assistance.
- The O<sub>2</sub> Foundation expanded the O<sub>2</sub> Chytrá škola (O<sub>2</sub> Smart School) website and added content regarding online teaching and the O<sub>2</sub> Smart School grant programme with **projects aimed at incorporating digital technologies in teaching**. The Foundation also presented Učíme se na dálku, a comprehensive remote learning guide. We also launched the free online helpdesk O<sub>2</sub> Guru Assistant for schools which wanted to commence online teaching in the Microsoft Teams or Google Classroom environment.
- We prepared a **special offer for schools** to help them cope with the closure and equip their students and teachers with high-quality laptops and modems with mobile internet connections. The offer allowed the mobile connection to be activated only when it was actually needed, thus not requiring the payment of monthly flat rates.
- **Keeping culture going** – Cirk La Putyka (Ústředna78 / Ústředna89) – O<sub>2</sub> supported the theatre company **Cirk La Putyka** and its project Ústředna78, which helps alleviate feelings of loneliness through live interviews with artists. O<sub>2</sub> partnered with **Film NAŽIVO**, a cultural platform which supported artists during the coronavirus pandemic and broadcast live culture to audiences on their screens. O<sub>2</sub> TV added the culture channel **Televize NAŽIVO** to its range of programs.

## Universal service

We were the only entity in the Czech Republic which continued to operate all three partial universal services in 2020:

- Operation of public payphones
- Provision of special pricing plans for people with disabilities
- Sale of special terminal equipment at subsidized prices

These services have helped hundreds of thousands of people call the emergency number outside their homes without needing a mobile phone, save on telecommunications services, and purchase telecommunications equipment to help them communicate with their loved ones remotely.

## O<sub>2</sub> SOS

We have developed the O<sub>2</sub> SOS application helps save lives, especially in cases of cardiac arrest. It automatically contacts trained volunteers located near the patient to administer first aid before an ambulance or helicopter can reach the patient. The availability and quality of emergency medical services in the Czech Republic are among the best in Europe. However, for cases such as heart

attack, every minute counts. A trained volunteer closest to the patient can be contacted by the O<sub>2</sub> SOS mobile application and significantly improve the chances of saving a human life. Further development of the application can thus contribute to increasing the number of patients who survive a coronary incident.

The Medical Rescue Service of the Hradec Králové Region, which was also the first active user, played a significant role in developing the application. In 2020, **eight regions were actively using the application**: Central Bohemia, South Bohemia, Liberec, Plzeň, Karlovy Vary, Moravian-Silesian, Ústí nad Labem and Hradec Králové.

You can see how O<sub>2</sub> SOS works in this video: <https://youtu.be/R0XkDGaRhJk>

## Helplines

Our technology can mediate communication with the outside world for those who would otherwise remain at the peripheral or outside society, or even be the very means of delivering much needed help.

- **Deaf and Blind Helpline** – helps people with hearing and visual impairments communicate with the world through technology. Currently, the line has 862 clients who are O<sub>2</sub> customers. In 2020, the operators of the Deaf and Blind Line handled **35,220 requests** from clients with hearing or visual impairments. We set up the line in 1997 and have been operating it free of charge ever since.
- **Safety Line** – a free crisis line for children and young people. The helpline is available 24 hours a day and in 2020 handled **116,702 calls**, the email advice line **received 3,243 enquiries and helped with 2,203 cases** via chat. We have supported the helpline since it was launched in 1994.
- **Senior Line** – helps seniors, people who care for them, and people in crisis. It provides them with support and assistance in finding solutions for difficult life situations. The line is operated by Elpida, o.p.s.

## Donor SMS

Together with the Donors Forum and the Association of Mobile Network Providers (which brings together O<sub>2</sub>, T-Mobile and Vodafone), we support a unique and purely Czech project for mobile donation. Customers of mobile operators in the Czech Republic can also contribute to charitable projects by sending an SMS billed at a certain rate, a so-called DMS. Mobile operators provide their services free of charge.

**Donor SMS** is a popular donation tool, used by 7 out of 10 donors. In 2020, **donors sent 968,391 DMS with a total value of over CZK 56 million**.

## O<sub>2</sub> Smart School

O<sub>2</sub> Group is committed to the promotion of digital literacy throughout society. Our goal is to ensure that people know how to use digital technology to their advantage and thus improve their lives. For this reason, we run the free educational web portal [www.o2chytraskola.cz](http://www.o2chytraskola.cz), which contains a wealth of information for online safety, computer and media literacy and the use of

technology in education in one place.

Since its launch, the portal has received over **154,000 visitors**, has **114,000 users** and is regularly used by around **500 schools** across the country. Users have downloaded over **13,000 educational documents**, e-books and methodologies. Over **88,000 views of educational topics** have been recorded. The O<sub>2</sub> Smart School videos have been a great success with users. They have over **2.1 million views** on the portal and the YouTube and Facebook social networks. These include educational spots, videos for computer and media literacy and online safety.

The O<sub>2</sub> Smart School programme also offers **grant support for primary schools and children's homes** in the Czech Republic. Project applications are aimed at supporting the development of digital skills of teachers and pupils. In 2020, 202 organisations applied. In total, we distributed CZK 4,534,978 among 74 organisations.



# Governance

06



# We care about governance

For us, being a responsible company means playing a fair and clean game. We make the same demands on ourselves that we make on our business partners. We listen to all stakeholder groups and engage in dialogue. This is why our business is based on a solid, responsible foundation.

**We do business according to clear rules** and follow a **strict code of ethics**, which, for us, are vested in **our Business Principles**.

## Corporate governance, business ethics and regulatory compliance



In an ever-changing regulatory and business context (international, European, national), the continuous promotion of business ethics and regulatory compliance is a critical pillar of the Group's operations since these components permeate across a range of activities and influence its people's professional behaviour.

## Our approach

We are aware that our market presence impacts the world around us. We are therefore committed to high standards of corporate governance. We aspire to be a leading example in our industry and in all the regions where we operate.

Our Business Principles is a fundamental document which summarizes the rules we follow in the course of our business. Our Business Principles govern the Group's relationship to customers, employees, shareholders, suppliers and the world beyond. The Principles act as practical guide to our daily work, and we are committed to respecting and following these rules. They form a part of the work regulations and are the foundation for the entire system of our internal policies. All employees familiarize themselves with the Business Principles during their induction training. They are obliged to complete this training every three years.

The Company follows the recommendations of the 2018 Czech Code of Corporate Governance (the "Code"). The general principles contained in the Code are primarily based in the applicable legislation of the Czech Republic. They are also inspired by comparable national corporate governance codes (in particular the German and Austrian codes) and international corporate governance standards (in particular, the G20 / OECD Countries Corporate Governance Principles

from 2015). The 2018 Code of Corporate Governance of the Czech Republic is available on the website of the Ministry of Finance of the Czech Republic: [https://www.mfcr.cz/assets/cs/media/2018\\_Kodex-spravy-a-rizeni-spolecnosti-CR.pdf](https://www.mfcr.cz/assets/cs/media/2018_Kodex-spravy-a-rizeni-spolecnosti-CR.pdf).

## Our performance

### Business ethics

When our employees feel that they have witnessed conduct that may have conflicted with our Business Principles, need guidance for a difficult situation or feel vulnerable for any reason, we have an internal electronic application in place for reporting these concerns. This allows employees to report suspicions of misconduct or violations of our business principles, even anonymously under strict confidentiality. Of course, reports can be made using other means, even in person to respective manager. O<sub>2</sub> emphasizes internal rules to approve contracts, resolve potential conflicts of interest and check mechanisms. O<sub>2</sub> considers these as practical tools to prevent misconduct.

### Anti-corruption measures

O<sub>2</sub> is a responsible company and expects the same of its employees. As a part of their mandatory training, employees are made aware of the importance of anti-corruption rules and the possible implications of illegal conduct. O<sub>2</sub> has established rules for receiving and offering gifts. If an employee accepts or offers a gift to someone in the course of business, they are required to register the gift for transparency purposes. In certain situations, internal policies expressly forbid accepting and donating gifts, especially if the gift could influence someone's decision or be interpreted as doing such. We consider the rules governing conflict of interest equally important.

**Whistleblowing and reports** in the area of ethical business conduct and corruption are considered confidential and treated accordingly. We deal with and investigate any information relating to such misconduct.

Risks of corrupt behaviour are monitored and evaluated internally across O<sub>2</sub> Group. All new employees receive mandatory training on business ethics and compliance with anti-corruption regulations. All employees receive this training at least once every three years.

In 2020, no incidents were reported involving violations of the law or our internal rules or operating and organizational regulations in the area of business ethics and corruption.

# Appendices

07

# Appendices

## About the Report

In compiling this Report, we acted in accordance with Part Eight, Sections 32f-32i of Act No. 563/1991 Coll., on accounting, which incorporates the European Parliament and Council Directive 2014/95/EU, and with the GRI Standards (“In accordance-core option”) and the UN’s Sustainable Development Goals.

The Report focuses on our management approach to sustainability and our performance related to environmental, social and governance topics, covering the reporting period from January 1<sup>st</sup> to December 31<sup>st</sup>, 2020.

O<sub>2</sub> Group values the opinion of every stakeholder in the Report for initiating dialogue. For this reason, please contact us regarding the contents of this Report at [esg@o2.cz](mailto:esg@o2.cz) or [investor\\_relations@o2.cz](mailto:investor_relations@o2.cz).

The Report is available electronically at the [O2.cz](https://www.o2.cz) website.

## GRI Content Index

GRI Standard	Disclosure	Page(s)/URLs/source
<b>General Disclosures (“Core” option)</b>		
<b>GRI 102: GENERAL STANDARD DISCLOSURES</b>	<b>Organizational Profile</b>	
	102-1 Name of the organization	p. 7
	102-2 Activities, brands, products, and services	p. 12, Annual Report chapter 3, <a href="http://www.o2.cz">www.o2.cz</a>
	102-3 Location of headquarters	p. 7
	102-4 Location of operations	p. 7, 12
	102-5 Ownership and legal form	p. 7, Annual Report chapter 2
	102-6 Markets served	p. 7, 12
	102-7 Scale of the organization	p. 12
	102-8 Information about employees and other workers	p. 34–40
	102-10 Significant changes to the organization and its supply chain	p. 12
	102-11 Precautionary principle	p. 26
	102-12 External Initiatives	p. 16–17
	102-13 Membership of association	p. 16
	<b>Strategy</b>	
	102-14 Statement from the senior decision-maker	p. 4
	<b>Ethics and Integrity</b>	
	102-16 Values, principles, standards, and norms of behaviour	p. 8–11
	<b>Governance</b>	
	102-18 Governance structure	p. 7, Annual Report chapter 4

	<b>Stakeholder engagement</b>	
	<b>102-40</b> List of stakeholder groups	p. 21-22
	<b>102-41</b> Collective bargaining agreements	p. 36
	<b>102-42</b> Identifying and selecting stakeholders	p. 23
	<b>102-43</b> Approach to stakeholder engagement	p. 23
	<b>102-44</b> Key topics	p. 22
	<b>Reporting practice</b>	
	<b>102-45</b> Entities included in the consolidated financial statements	p. 7, Annual Report chapter 2 and 3
	<b>102-46</b> Defining report content and topic boundaries	p. 21–24, 54
	<b>102-47</b> List of material topics	p. 24
	<b>102-48</b> Restatements of information (fusions, acquisitions, changes)	Annual Report chapter 3
	<b>102-49</b> Changes in reporting	GRI framework and UN Sustainable Development Goals added
	<b>102-50</b> Reporting period	1. 1. – 31. 12. 2020
	<b>102-51</b> Date of most recent report	30. 6. 2020
	<b>102-52</b> Reporting cycle	annual
	<b>102-53</b> Contact point for questions regarding the report	esg@o2.cz, investor_relations@o2.cz
	<b>102-54</b> Claims of reporting in accordance with the GRI Standards	p. 55
	<b>102-55</b> GRI content index	p. 56-59
	<b>102-56</b> External audit	The Report is not externally verified as a whole.



## GRI Content Index

Material Topics		
Carbon footprint – energy consumption, greenhouse gases and other air polluting emissions		
<b>GRI 103: MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary	p. 26
	103-2 Management approach and its components	p. 27
	103-3 Evaluation of the management approach	p. 27–29
<b>GRI Topic-Specific disclosure</b>	302-1 Energy consumption within the organization	p. 27
	302-4 Reduction of energy consumption	p. 27
	305-1 Direct (Scope 1) GHG emissions	p. 27
	305-2 Energy indirect (Scope 2) GHG emissions	p. 27–28
	306-2 Waste by type and disposal method	p. 28–29
“Technology for Good” initiative – services and products which address social and environmental challenges		
<b>GRI 103: MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary	p. 46
	103-2 Management approach and its components	p. 46
	103-3 Evaluation of the management approach	p. 46–49
<b>GRI Topic-Specific disclosure</b>	O <sub>2</sub> Smart School	p. 49
	Help lines	p. 48
Cyber security, digital and personal data protection		
<b>GRI 103: MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary	p. 40
	103-2 Management approach and its components	p. 40
	103-3 Evaluation of the management approach	p. 41–45
<b>GRI Topic-Specific disclosure</b>	418-1 Substantiated complaints concerning breach of customer privacy and of customer data	p. 45

Employment and labour conditions		
<b>GRI 103: MANAGEMENT APPROACH</b>	<b>103-1</b> Explanation of the material topic and its boundary	p. 34
	<b>103-2</b> Management approach and its components	p. 35
	<b>103-3</b> Evaluation of the management approach	p. 36
<b>GRI Topic-Specific disclosure</b>	<b>401-1</b> New employee hires and employee turnover	p. 37
	<b>401-2</b> Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 38
	<b>403-1</b> Occupational health and safety management system	p. 37
	<b>403-9</b> Work-related injuries	p. 37
	<b>404-1</b> Average hours of training per year per employee	p. 38
	<b>404-3</b> Percentage of employees receiving regular performance and career development reviews	p. 38–39
	<b>405-1</b> Diversity of governance bodies and employees	p. 36–39
	<b>406-1</b> Incidents of discrimination and corrective actions taken	p. 36–37
Corporate governance, business ethics and regulatory compliance		
<b>GRI 103: MANAGEMENT APPROACH</b>	<b>103-1</b> Explanation of the material topic and its boundary	p. 52
	<b>103-2</b> Management approach and its components	p. 52
	<b>103-3</b> Evaluation of the management approach	p. 52
<b>GRI Topic-Specific disclosure</b>	<b>205-1</b> Operations assessed for risks related to corruption	p. 53
	<b>205-2</b> Communication and training about anti-corruption policies and procedures	p. 53
	<b>205-3</b> Confirmed incidents of corruption and actions taken	p. 53

O2 Czech Republic a.s.  
Za Brumlovkou 266/2, 140 22 Praha 4  
t.: 800 02 02 02

[www.o2.cz](http://www.o2.cz)