

# UN Global Compact Communication on Progress

Report 2013/2014

Vip mobile, Republic of Serbia



A large, artistic photograph of a vine with green, heart-shaped leaves and small black berries is positioned on the left side of the page, extending from the top left towards the bottom center. The vine is set against a plain white background.

# Contents

## **1. Introduction**

1.1. Dejan Turk director/CEO address

## **2. Vip social responsibility**

- 2.1. Care for employees
  - 2.2. Responsibility towards community
  - 2.3. Sponsorships
  - 2.4. Responsibility towards compliance
-





# FROM THE ROOTS

## 1. Introduction

1.1. Dejan Turk director/CEO address



# 1. Introduction

**In 2013 Vip mobile grew in all segments of its operations and acquired over 2 million customers. We achieved sustainable growth quarter by quarter and strategic focus was shifted towards customer experience, adding to the best value for money and innovative offers and services. Vip is still the biggest greenfield investor in Serbia with EUR 800 million contributions to our operations, including the license fee.**

We keep following our customers' trends, habits and needs, and designing services tailored to fit. We are aware that every individual is unique and requires a unique approach. Vip was awarded by the Serbian Consumer Association "My Serbia" prize "My Choice" for providing the best telecommunications services in 2013.

We invested a lot in our employees, provided them with additional training adjusted to their development needs, and at the same time shown concern for their health and well-being, all of which yielded rich results. Vip was pronounced the second best employer in 2013 by the Serbian Association of Managers.

We are recognized as a leader in the social responsible business with many projects like "Be a Vip student", "Vip Ecomotivation", Belgrade Dance Festival, Vip Beach Masters tournaments and other.

We understand the customer and our business, and we believe that this is the right path to success. The ownership has extended us all the support in this; so, provided that we are prudent in our operations and management, and ready for all market challenges.

### 1.1. Dejan Turk director/CEO address

Committed to challenge Serbian telecommunications market and tell our “different stories” to the benefit of all Vip stakeholders.



Dejan Turk, director/CEO

Ever since our arrival to the Serbian market in 2007 we have been carefully listening to the needs of our environment and community and actively contributing to solving different social and environmental issues. Year after year these efforts have had a positive result and have contributed to tackling certain social and environmental issues that were recognized as serious and urgent. We cautiously monitor and recognize the most important issues that could be addressed in order to make a change and a difference in people’s lives.

Our CSR strategy in 2013/2014 has been mainly focused on our long-term projects related to support to higher

education in Serbia, environmental protection, development of entrepreneurship and children’s health. Recent catastrophic floods in Serbia gave us a chance to show our expertise and solidarity, primarily through fast network recovery and free traffic packages for affected population, but also through donations in goods and money.

We will continue with the implementation of corporate social responsibility based on UN Global Compact principles and lead other companies as a good example of permanent and stable CSR practice in the Serbian business sector.



Dejan Turk

director/CEO  
Vip mobile



# FOREVER GREEN

## **2. Vip social responsibility**

- 2.1. Care for employees
- 2.2. Responsibility towards community
- 2.3. Sponsorships
- 2.4. Responsibility towards compliance



## 2. Vip Social Responsibility

**Corporate social responsibility is one of Vip's strategic objectives. Company accepts its social responsibility by giving a strong support to its customers, employees, environment and the society.**

Vip has a clear vision of how to improve its activities in the social responsibility area and always acts as a socially responsible company. Corporate CSR activities are directed to youth, education, culture and sports with focus on activities targeting young population (15-35) which add true value. So far Vip invested substantial means in various CSR projects.

Vip is a member of UN Global Compact, the world's largest voluntary corporate citizenship initiative, which connects companies committed to CSR practices with UN agencies, governments and civil organizations. Company is also one of the founders of local Business Leaders Forum Serbia.

### 2.1. Care for employees

**In 2013, Vip mobile HR Sector focused on continuous professional employees development, talent management and employees engagement.**

Vip's treatment of employees is based on the principles of equal opportunities and respect for diversity and investment in education and professional development of employees is a strategic goal of the company.

Our goal is that every single employee feels passion for performance and that Vip is perceived as inspiring environment for career development.

In 2013 we had a strong focus on boosting the employees engagement, development of their competencies and performance and development of stimulating and inspiring working environment.

By using the most advanced human resource tools we have worked on identifying and development of the best individuals and Vip talents. We have been engaged in improvement of the working environment through strengthening of the corporate culture in line with the development stage of the company.

At the same time we have been engaged in positioning Vip as a desirable employer with a focus on the young generation and attracting promising talents.

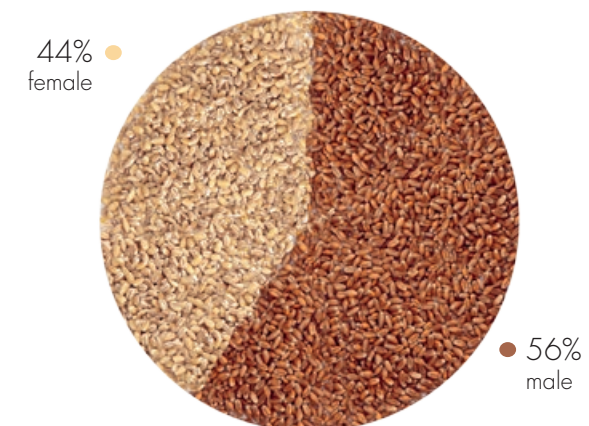
Success indicators are as follows:

- Vip Commitment index in the Telekom Austria Group survey was 85%, which is a remarkable result.
- Vip was pronounced the second best employer in 2013 by the Serbian Association of Managers. The following criteria were evaluated: working conditions and motivation of employees, possibility of professional development, talent management, reputation and social responsibility.
- High percentage of employee participation in internal projects and programs and an extremely high level of satisfaction both with the contents and the effect of programs.

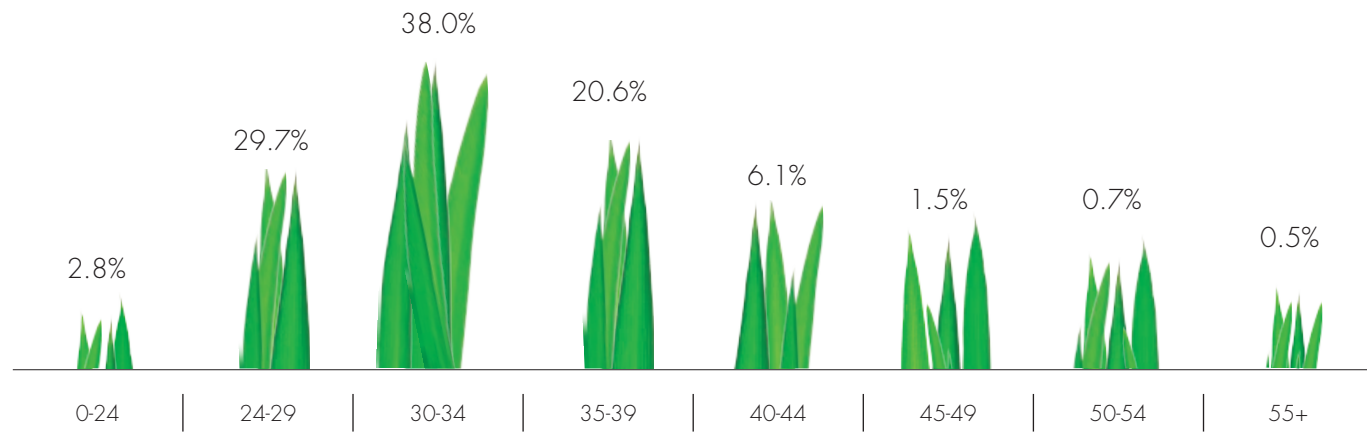
Gender structure



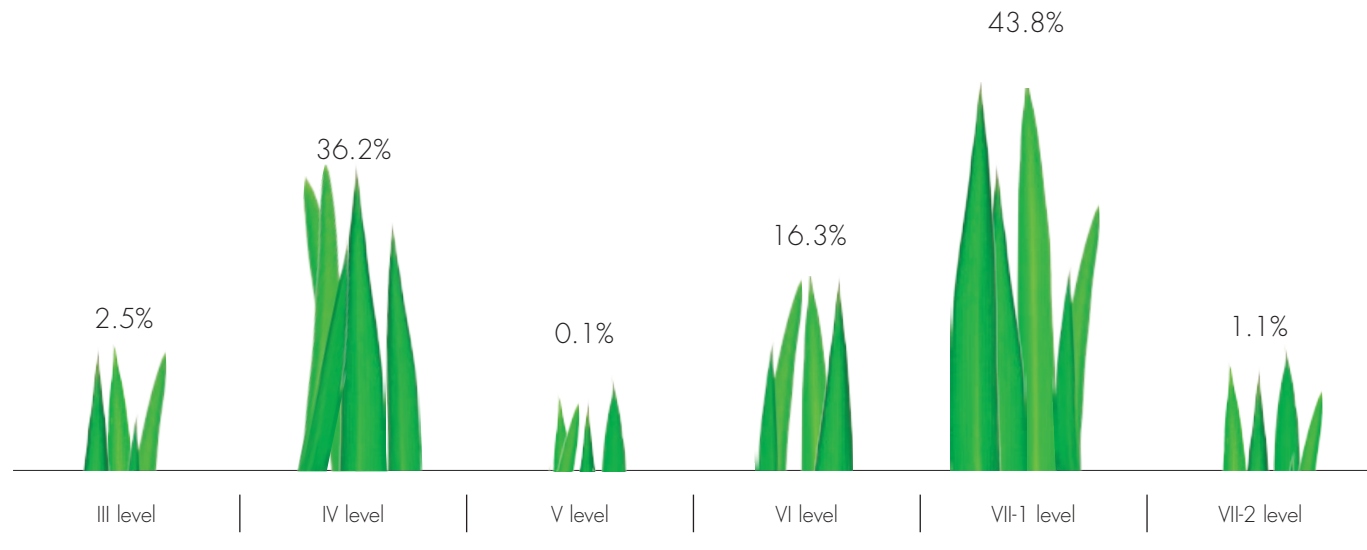
Management structure



Age structure



Educational structure



### 2.1.1. Investment in Employee Development

#### Investment in Employee Development and Benefits

Over the last year, Vip invested RSD 31.6 million in various employee development activities and in that manner achieved one of the strategic company goals. Improvement of relevant competencies of each employee is planned systematically, in accordance with the company strategy, targets of each department and professional interests of individuals. In 2013 employees took part in various training programs, for a total of 14,191 hours.

Introduction of new and improvement of the existing benefits for the employees is one of the important elements in efforts to raise the level of commitment and create a positive working environment. During 2013 the company invested RSD 14.5 million in various programs.

#### Vigor 2011-2013

The development program is focused on strengthening leadership and retention of top and second-level management in the company. Vigor was launched in 2011 and last year we focused on resonant and innovative leadership through various modules. The total number of training hours for Vigor in 2013 was 1,792 and 270 individual sessions with managers were held as well.

#### Talent Management

The content of this program in the first part consists of the identification and evaluation of talent, and the second is based on the analysis of their competencies, approaches to the development of recognized talent.

The first part of the program consisted of the identification and evaluation of talents and the second part is focused on later development of identified talents based on the analysis of their competencies. The talent development programs among experts and juniors were organized in several modules with various topics based on Vip corporate values, their implementation and importance.

### Vip Stars

It is a long-lasting program used to identify and reward colleagues who achieve the best results and serve as role models for other employees. Four Vip star generations have been selected since 2010 and 17 employees received this award last year.

#### Certification

Certification is a competency and talent management program within the Customer Service, Business and Residential Sales Departments. The main objective of the project is to provide the quality of service to our customers through the development of competencies of employees who directly take care of the customers. The program also identifies employees with high potential who are willing to take on more responsible roles. The total of 14 agents at the Customer Service Department, 92 employees at the Residential Sales Department and 8 employees at the Business Sales Department were certified during 2013.

#### Benefits for Employees

Vip offers a number of benefits to employees in order to improve their quality of life and health. Most often we provide discounts for purchase of consumer products and travel arrangements, but we also provide benefits for recreation, culture, entertainment and banking benefits.

Employees with three children receive a monthly benefit of RSD 10,000 gross which is payable until the youngest child reaches the age of 15.

#### Vip Kindergarten and Dr. Vip

In 2010 we opened a "Fairytale" kindergarten at the company's headquarters and young parents, while at work, are greatly relieved of their concerns about their children who are close to them, in a modern environment and under the supervision of professional and creative teachers.

In collaboration with the Health Care Center Novi Beograd, in 2012 we opened a Vip clinic, where employees and their family members can have all general practice examinations and obtain referrals for further treatment and therapy.



### 2.1.2. Projects Aimed at Strengthening of Corporate Culture

#### Simplicity in Everything

During the promotion of “Simplicity” as one of the key company values, we organized an internal competition aimed at simplification of work processes entitled “Simplicity in everything”. We collected as many as 41 proposals from our colleagues which aim at streamlining of work processes and the top-ranking proposal was an initiative of Danilo Bigović related to replacement of SIM cards and their returning through the register and it was immediately implemented.

#### Vip culture

In order to remind our employees of the important baselines of Vip corporate culture and of the important steps and achievements of our company, we organized a virtual quiz about Vip corporate culture and top 3 participants, with the fastest time and the most correct answers received prizes.

#### An afternoon with...

The personalities of 900 top experts and professionals at Vip hide hikers who know no boundaries, rafters on rapids, sailors on stormy seas, passionate cooks, dancers and singers from all genres, artists who bring color to the canvas (and business as well) and many other talents. In order to encourage our creative colleagues for us to enjoy their hobbies together, we launched an internal program entitled “An afternoon with...” and workshops, such as cooking classes, gardening, dancing, stand-up comedy and mini concerts featuring the talented Vip employees.

## 2.2. Responsibility towards community

**Vip is very much associated with an orientation towards the wishes and needs of customers and Serbian citizens because we take a lead in various corporate social responsibility activities.**

We provide emergency relief in the event of disasters and respond to requests for sponsorships, charitable and in-kind donations and volunteers. In special situations we open humanitarian SMS numbers to collect donations from Vip customers for children or other citizens in need.

### 2.2.1. Investing in education

#### “Be a Vip Student”

More than six years ago, Vip launched one of the biggest long-term projects of social responsibility in the field of high education under the name “Be a Vip student”, dedicated to development of future experts in telecommunications field in Serbia. The programme is officially supported by the Ministry of Foreign and Domestic Trade and Telecommunications and the Ministry of Education, Science and Technological Development, universities and faculties in Belgrade, Novi Sad, Niš, Kragujevac and Novi Pazar with the right of participation, as well as numerous student organizations. The “Be a Vip student” project provides students with a unique synergy of theoretical and practical knowledge in the field of telecommunications, enables them to share the expertise that Vip mobile possesses as a member of Telekom Austria Group and, at the same time it creates young experts who subsequently may easily be a part of Vip business processes.

From the previous six generations, around 900 talented students from 20 faculties all over Serbia, having average grade above 8.00, have applied for participation in the project. Out of them, 117 have been rewarded, out of whom 17 got jobs within Vip.

In 2009, “Be a Vip student” was awarded as the best marketing event by Taboo magazine and Serbian Chamber of Commerce. In 2010, the project won European award for employee volunteering at national level, as the best project in the innovation category.

#### Partnerships in education

Aiming to support development of young talents, Vip mobile company concluded in 2011 strategic partnerships with the Faculty of Organizational Sciences and the Faculty of Transport and Traffic Engineering, and as of 2013, cooperation was established also with a local group of Electrical Engineering Students’ European Association (EESTEC) in Belgrade. Strategic partnerships are being implemented through organization of students’ educational practice in Vip, lectures given by visiting Vip experts on faculties, as well as through providing students with an opportunity to write research and scientific papers in cooperation with mentors from Vip.

In 2009, Vip mobile became a member of Alpbach club and got involved with the program of investing in students and young experts from Serbia. Through scholarships, Vip enables prominent students of faculties in Serbia to take part in seminars and symposiums of the European Forum Alpbach and encourages gaining of new knowledge and sharing of experience with experts from all over the world.

### 2.2.2. Community Support

#### Vip New Year’s Donation

As of 2008, instead of distribution of corporate New Year’s presents to business partners and employees, Vip donates funds earmarked for that purpose to help the most vulnerable social groups, such as children without parental care, autistic children, blind and visually impaired persons, victims of human trafficking and asthmatic children.

### Pulmonary function testing for children in Serbia

Owing to New Year’s donation of Vip mobile and its customers to the Association for the rights of asthmatic children “Dašak” in the amount of 3 million dinars, it was possible to purchase the state-of-the-art spirometer, an instrument for testing of pulmonary function and to implement the project of testing of pulmonary function of children in Serbia, aged 6 to 18, in 8 cities in Serbia during 2013.

Results of testing will enable composition of standard parameters of pulmonary function of children in Serbia. The project is being implemented under auspices of the Ministry of Health and the Ministry of Education, Science and Technological Development, while thereof holders are pediatric pulmonologists from the cities covered by the research.

#### Humanitarian SMS numbers

According to the strategy of socially responsible business, Vip mobile enables, for charity purposes, implementation of SMS donations to raise funds for actions of general social interest, including philanthropy purposes. In 2013 only, over 20 million dinars were raised via humanitarian SMS numbers for various humanitarian purposes. Vip does not collect from administration of humanitarian SMS numbers, and all of the money raised is being transferred every month directly to the account of the organization which got the humanitarian number for use.



### Employee volunteer service

Employees of Vip often initiate and take part in numerous volunteering activities, putting in energy, time and knowledge for the welfare of other people and the community.

Every year, employees of Vip prepare New Year's presents for children without parental care, participate in the traditional volunteering action "Our Belgrade" organized by Forum of Business Leaders of Serbia, dedicated to mentoring work with students taking educational internship in Vip, participate in voluntary blood donation campaigns, as well as in environmental actions often organized by Vip Eco Team.

### Entrepreneurship development

Vip recognizes the significance of entrepreneurship for the development of Serbia and wishes to encourage owners of family companies to attain necessary knowledge and skills for successful management and market entry. Modern technologies, first of all telecommunications, help managers improve family business, because they enable business operation according to the latest standards, and they open new possibilities on domestic market, and provide better access to foreign markets.

In 2013, Vip awarded for the first time, in cooperation with the Chamber of Commerce of Serbia, a Vip Business Partner Award to the most successful young entrepreneurs, owners of three small and medium sized family enterprises from the field of production, trade and safety and protection at work.

The aim of Vip award is to stimulate young managers to improve family business, by operating according to the latest standards using modern technologies.

### 2.2.3. Vip Ecomotivation

#### About the project

Striving to incorporate environmental protection in all aspects of business, Vip Company introduced a long-term program "Vip Ecomotivation" which is dedicated to employees, customers and general public. Within the company, the employees are being constantly reminded of environmental care through messages regarding saving of energy, water, resources, recycling and other important issues. Aiming to diminish quantities of communal waste, bins for recycling of paper, plastic, glass and metal have been deployed. Electrical waste is collected separately and recycled in line with the legislation. Seeking to decrease emissions of greenhouse gases, there is an attempt to optimize the number of business travels, and there is an initiative to use video-conference offices for meetings with members of Telekom Austria Group. Vip's fleet, in line with Ecomotivation, is composed also of 27 hybrid Toyota Prius vehicles. By using alternative energy sources, these vehicles reduce CO2 emissions by as much as 45 tons a year.

In order to motivate its customers to behave responsibly, in 2012, Vip started the campaign of collecting old mobile phones. Within this action, more than 100,000 mobile phones were collected and handed over to the recycling centre for further treatment. By collecting old mobile phones from its customers, Vip impeded thereof negative impact and enabled for their components to be reused for some other functions.

#### Internal Campaigns

In order to bring the attention of the employees to the importance of a responsible relation towards the environment and smart management of natural resources at work, but also in everyday life, for few years now, various ecological motivation projects within Vip have been organized.

Supported by Vip's eco team, composed of employees from different departments who are voluntary Vip company ambassadors, various activities are organized aiming to celebrate important ecological dates: Planet Earth Day, Earth

Hour, World Environment Day and others. Employees are engaged in soft landscaping, planting and recycling activities. In 2013, premises of Vip head office were branded with ecological messages which remind of the importance of recycling and invite employees to enter Ecomotivation.

In addition to call for employees to be a part of Ecomotivation and give their own contribution, an internal photo competition was organized, where the employees had the chance to show their engagement in this regard through a photo. Author of the most inspiring photo was rewarded with a unique Vip bicycle.

#### Special Events

As another way to invite customers to take initiative and be a part of Ecomotivation, Vip organized an action in which "flying gardeners" embellished facades of old buildings in Belgrade with flowers and other greenery and thus motivated fellow citizens to adorn their balconies.



The busiest bus stops in Belgrade have been redecorated so as to represent spots for collection of plastic bottles for recycling, and on the stops it is presented how Belgrade should look like if everyone would participate in Ecomotivation.





In the organization of Vip company and the Centre for Protection of Babies, Children and Youth in Zvečanska Street in Belgrade, an ecological volunteer action was conducted regarding the completion of the first phase of works for construction of Therapeutic Garden. The construction is enabled by the program 'Vip Ecomotivation' within which Vip company donated 500 dinars for each phone its customers recycled during June 2013. With professional assistance of the famous "Guerrilla Gardeners", volunteers planted herbs and vegetables in a section of the Therapeutic Garden intended for cultivating of vegetables, and thus they helped the children to become more familiar with and connect to the nature and healthy habits in nutrition.

In addition to planting with "Guerrilla Gardeners", the participants took part in creative workshop "Musicycling", during which children made music instruments out of recyclable materials.



## Green Fest

For the second time in a row, Vip sponsored the green culture festival "Green Fest" where through workshops, lectures, debates and movies, attention is brought to daily problems of our environment and to possibilities for positive action of every individual. Within the frame of the festival, a competition was organized for the best movie shot using mobile phone, "Find an inspiration for Ecomotivation", where everybody could use their mobile phone and shoot a short video and state his/her own opinion about the problem and solution of the environmental problem. Within the festival, Vip organized collecting of old mobile phones, and all visitors had a chance to use interactive platform to post their ecological messages, along with a photo from the festival, on social networks, to use zen garden, or to charge their phone using special bank-bicycle.

In three days, Green Fest was visited by 9.000 people. Within the movie program, 123 movies were presented and twenty-one workshops were carried out and 19 companies participated in the exhibition part of the program. Vip recycling program collected 41 old mobile phones.

## Results

Within the company, paper collected on points of sale and in head office, recyclable packaging waste, as well as all electrical equipment no longer in use, are being delivered for recycling. In 2013, the following was collected and recycled:

- 6 tons of paper,
- 11 tons of packaging waste and
- 16 tons of electrical and electronic equipment.

Within the promotion of "Vip Ecomotivation", customers were able to bring their old mobile phones to Vip points of sale, and all collected phones were delivered to recycling center for further treatment. In 2013, a total of 81,000 of old mobile phones were collected.

Vip customers are also able to pay bills electronically, and in 2013, 135,000 customers have saved 27.6 tons of paper.

## 2.3. Sponsorships

**Vip's orientation is to support young people who achieve top results and have the competitive spirit; who are eager to succeed, daring, energetic and different - all features that perfectly match our brand's character.**

In accordance with the corporate business strategy, we established several long term sponsorships which are directed towards the young people striving for success in sports and culture as well as to once who are engaged in ecology actions.

### 2.3.1. Partnership with Serbian Volleyball Federation

Key to a successful long term brand partnership is focusing on growth. Vip has been investing into Serbian volleyball since 2008 in order to raise the sport profile while increasing positive effects that volleyball sponsorship has on the Vip brand.

With the support of Vip, our national teams successfully participated in various prestigious international competitions in 2013. Senior women's team won a bronze medal at World Grand Prix, 4th place at European Championship and 5th place at CEV European league. Senior men's team, on the other hand, won a bronze medal at European Championship and 8th place at World League. Junior teams came back from Balkan championship with two medals, gold and silver ones. In youth category, women won silver at European Youth Olympic festival and a bronze medal at Balkan Championship. CSR activities named "Volleyball Connects" were continued last summer, when our national teams visited and donated jerseys to mentally challenged children and those without parental care at "Kolevka" in Subotica, "Sremčica" in Belgrade and "SOS Village" in Novi Sad.

As a General Sponsor of Volleyball Federation of Serbia (VFS), apart from supporting indoor volleyball, Vip creates and develops professional and attractive beach volleyball tournaments, both national - Vip Beach Masters (VBM) and international - CEV European Championship.



National Championship Vip Beach Masters 13 was the largest to date since it included 10 cities across Serbia. Between June 21 - August 25, beach volleyball tournaments took place in Novi Sad, Bačka Palanka, Arandjelovac, Užice, Bač, Veliko Gradište, Kanjiža, Temerin, Kraljevo. Traditionally, National League Finals was preserved for Belgrade (August 28 - 31) as the culmination of the season and the place where Serbia got new beach volleyball champions. Total of 61 female and male teams competed in the Finals. In addition to national tournaments, VBM 2013 included organization of CEV Beach Volleyball European Championship - Novi Sad Masters, which hosted last summer 74 teams from 28 European countries.

Vip Beach Masters 2013 included Vip Beach Masters Volleyball School and Kids Beach Volleyball camp.



Vladimir Vanja Grbić, our renowned volleyball player, VFS Vice President, FIVB Development Commission Member and Special Olympics Volleyball Ambassador was VBM endorser for the third year in a row. Together with other professional trainers Vanja led beach volleyball school for kids up to 14 years in all cities where tournaments took place. The classes were held in 11 cities each day of the tournament and the total of 3150 kids participated. Over the past 3 years total of 6190 kids went to VBM volleyball school. The idea is to interest more kids in beach volleyball each year by giving them an opportunity to learn from the best.

During the National Finals in Belgrade, 40 most talented boys and girls from 10 cities were invited to train at the volleyball camp.



### 2.3.2. Belgrade Dance Festival

Last year, Belgrade Dance Festival celebrated its 10th anniversary and presented us with an exclusive jubilee worthy program. Over the years the Festival has gained a prominent position among the best European and worldwide dance events, becoming the most important manifestation of contemporary dance in the country and the region. Vip mobile, as an exclusive sponsor of the event, for the sixth year in a row, proudly supported the 10th Belgrade Dance Festival, which gathered the contemporary dance lovers in Belgrade, Novi Sad and Pančevo between April 5-19. The total of 18.700 visitors had seen 15 performances from 11 countries worldwide. The Festival's program and its parallel activities generated great publicity, while 119 accredited journalists from Serbia and abroad covered the performances.

Vip mobile and Belgrade Dance Festival, through their joint efforts, continuously improve the event program and accompanying activities contributing to popularization of contemporary dance in our country and in the region.

Owing to this cooperation Serbia became an indispensable stopping point to a large number of significant international dance performances.

Last year, for the third time in a row, we awarded the "Vip is inviting" plaque to a prominent dance artist who had built an impressive international career, promoting Serbia and our dance scene. The laureate was Vesna Orlić, Deputy Director of the Vienna State Opera Ballet and the Vienna National Opera.

Through the accompanying "Vip Talents" project, Belgrade Dance Festival and Vip mobile had the youngest ballet talents enrolled into the high quality educational and practical workshops held by top mentors. The project's goal was to contribute to children's orientation on their path of pursuing the professional artistic dance. During September 2012 and May, June 2013 theoretical classes were being held at 17 different elementary schools in Belgrade and Zemun, with the aim of raising interest in contemporary dance among children.





2.4. Responsibility towards Compliance

**Vip mobile, as member of Telekom Austria Group, complies with the highest corporate management standards, which are a foundation for establishing an excellent and long-term relationship with our customers, partners and relevant state institutions.**

Telekom Austria is listed on Vienna Stock Exchanges and operates in accordance with Austria security trade acts as well as with stock exchange regulations.

Vip mobile is conducting its operations in accordance with all laws and regulations in force in the Republic of Serbia and

with all business ethics principles. Vip is also fully committed to transparency in business reporting. Compliance is actively implemented and incorporated into existing processes and controls.

Right way - Right results. Compliance awareness through Code of Conduct, compliance management policies, regular compliance trainings to all level employees within Vip mobile, whistle-blower (local and group), Compliance Risk assessment sessions clearly shows that it is important not only to achieve our goals, but also how we achieve them. Our business partners, users of our services, shareholders, public, and our employees expect us to meet the highest standards, also in the sense of integrity.





# UN Global Compact Communication on Progress