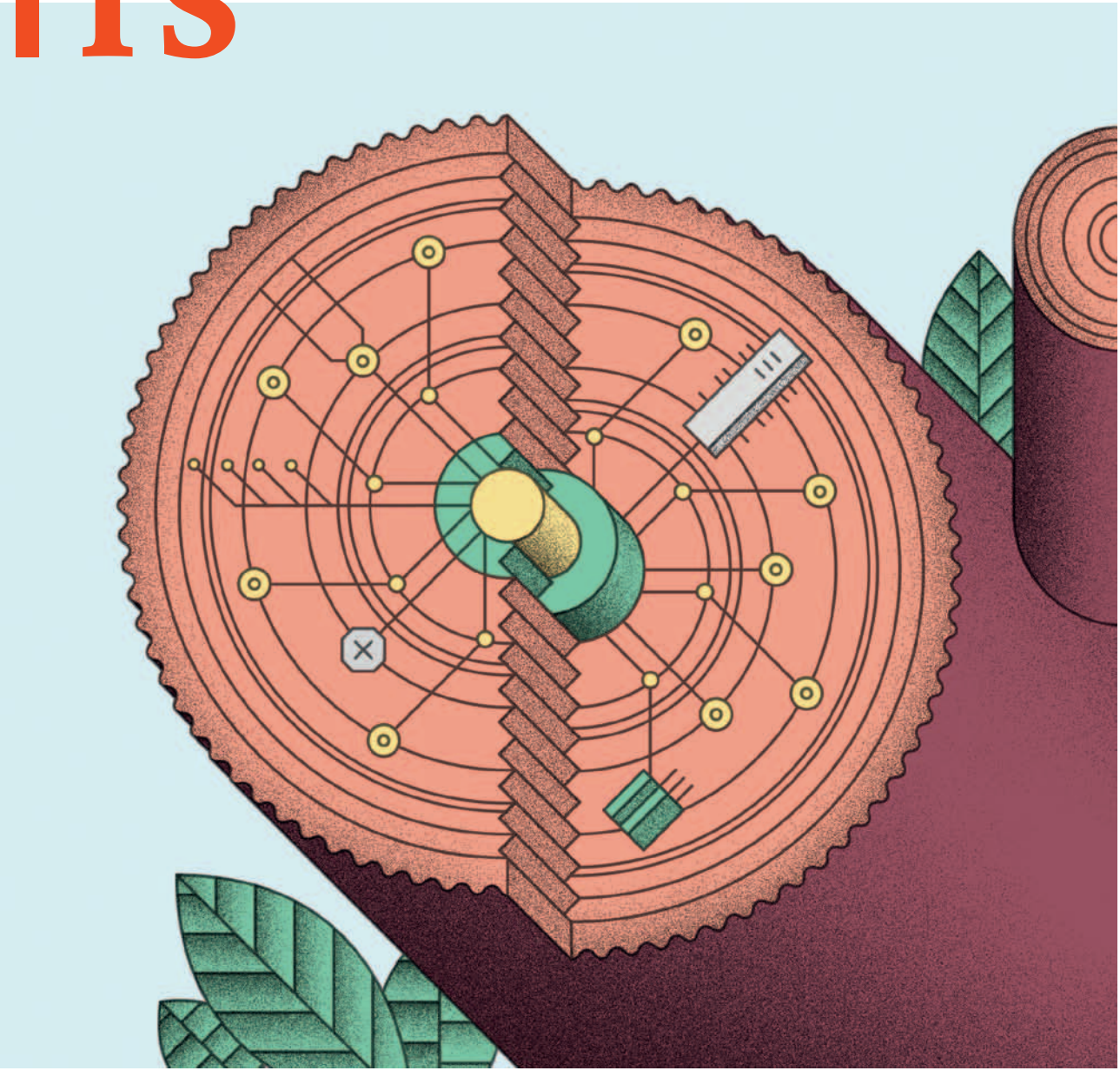
INSIGHTS

SUSTAINABILITY REPORT 2013/2014



TELEKOM AUSTRIA GROUP

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Key Figures Telekom Austria Group

ECONOMY (IN EUR MN)	2013	CHANGE IN %	2012
REVENUES	4,183.9	-3.4	4,329.7
EBITDA COMPARABLE[1]	1,287.4	-11.6	1,455.7
EBITDA INCLUDING EFFECTS FROM RESTRUCTURING AND IMPAIRMENT TESTS	1,242.2	-12.6	1,421.1
OPERATING INCOME	377.6	-17.4	457.1
NET RESULT	109.7	5.5	104.0
EQUITY	1,512.6	84.7	819.1
MARKET CAPITALISATION AS OF 31 DEC. 2012 (IN EUR BN)	2.4	-4.1	2.5

[1] Defined as EBITDA, excluding effects from restructuring and impairment tests

PRODUCTS: PROVIDING RESPONSIBLE PRODUCTS	2013	CHANGE IN %	2012
MOBILE COMMUNICATION CUSTOMERS (IN '000)[1]	20,117.4	2.5	19,625.6
FIXED ACCESS LINES (IN '000)[1]	2,636.9	1.3	2,602.9
CUSTOMER CONTACTS IN CUSTOMER SERVICE (IN '000)[1]	40,640	-11	45,569
EMPLOYEES IN CUSTOMER SERVICE (IN FTE)[1]	3,627	-1	3,650

[1] In Q4 the methodology for counting mobile and fixed-line subscribers in Austria and Bulgaria was changed
Previous quarters of 2012 and 2013 were adjusted retrospectively

ENVIRONMENT: LIVING GREEN[1,2]	2013	CHANGE IN %	2012
TOTAL CO_2 EMISSIONS (SCOPE 1 + 2 IN TONNES)	222,722	1	219,571
CO_2 INTENSITY (IN TONNES PER FTE)	14	n.m.	13
TOTAL ENERGY CONSUMPTION (IN MWH)	695,493	0	697,937
ENERGY EFFICIENCY INDEX (IN MWH/ TERABYTE)	1.1	n.m.	2.1
SHARE OF RENEWABLE ENERGY (IN %)	45	n.m.	56
TOTAL PAPER CONSUMPTION (IN TONNES)	1,777	-6	1,890
RECYCLING QUOTA (IN %)	71	n.m.	55
OLD MOBILE PHONES COLLECTED (IN PCS)	107,353	45	73,877
E-BILLING SHARE (IN %)	64	n.m.	29

[1] Figures for 2012 were adjusted
[2] For definitions of the individual KPI and further explanations please refer to to the Data Appendix on page 78 ff

EMPLOYEES: EMPOWERING PEOPLE	2013	CHANGE IN %	2012
EMPLOYEES (IN FTE)	16,045	-2	16,446
SHARE OF FEMALE EMPLOYEES (IN %)	37	n.m.	38
SHARE OF FEMALE EXECUTIVES (IN %) [1]	31	n.m.	32
SHARE OF LOCAL MANAGERS (IN %)[1]	98	n.m.	98
EXPENSES FOR PROFESSIONAL TRAINING AND FURTHER EDUCATION PER FTE (IN EUR)	492	-19	604
INTERNALLY HIRED POSITIONS	631	-5	666
ENGAGEMENT INDEX (% SHARE OF SATISFIED EMPLOYEES)	79	n.m.	79

[1] Of total Headcount (HC)

SOCIETY: CREATING EQUAL OPPORTUNITIES	2013	CHANGE IN %	2012
PARTICIPANTS IN TRAINING ON MEDIA LITERACY (VISITORS)	24,483	1	24,292
THEREOF A1 (A1 INTERNET FOR ALL)	19,397	4	18,592
THEREOF SI.MOBIL	4,926	-14	5,700
THEREOF VIP MOBILE[1]	60	n.m.	-
THEREOF VIP OPERATOR[1]	100	n.m.	-
LOCAL EDUCATIONAL PROJECTS	over 30		over 30

[1] Initiatives started in 2013

Telekom Austria Group Geographical Presence *(G4.6, 4.8, 4.9)*

Figures as of 31.12.2013

Scope 1 includes direct emissions from combustion of fossil fuels for heating, electricity production and mobility but not including cooling agents

Scope 2 measures indirect emissions from electric energy and district heating

A1

AUSTRIA

Revenues: 2,658.6 EUR mn
Employees: 8,804
CO_2 (Scope 1 + 2): 80,657 Tonnes

Mobiltel

BULGARIA

Revenues: 399.4 EUR mn
Employees: 2,647
CO_2 (Scope 1 + 2): 42,349 Tonnes

Vipnet

CROATIA

Revenues: 389.2 EUR mn
Employees: 1,138
CO_2 (Scope 1 + 2): 19,434 Tonnes

velcom

BELARUS

Revenues: 331.7 EUR mn
Employees: 1,749
CO_2 (Scope 1 + 2): 31,356 Tonnes

Si.mobil

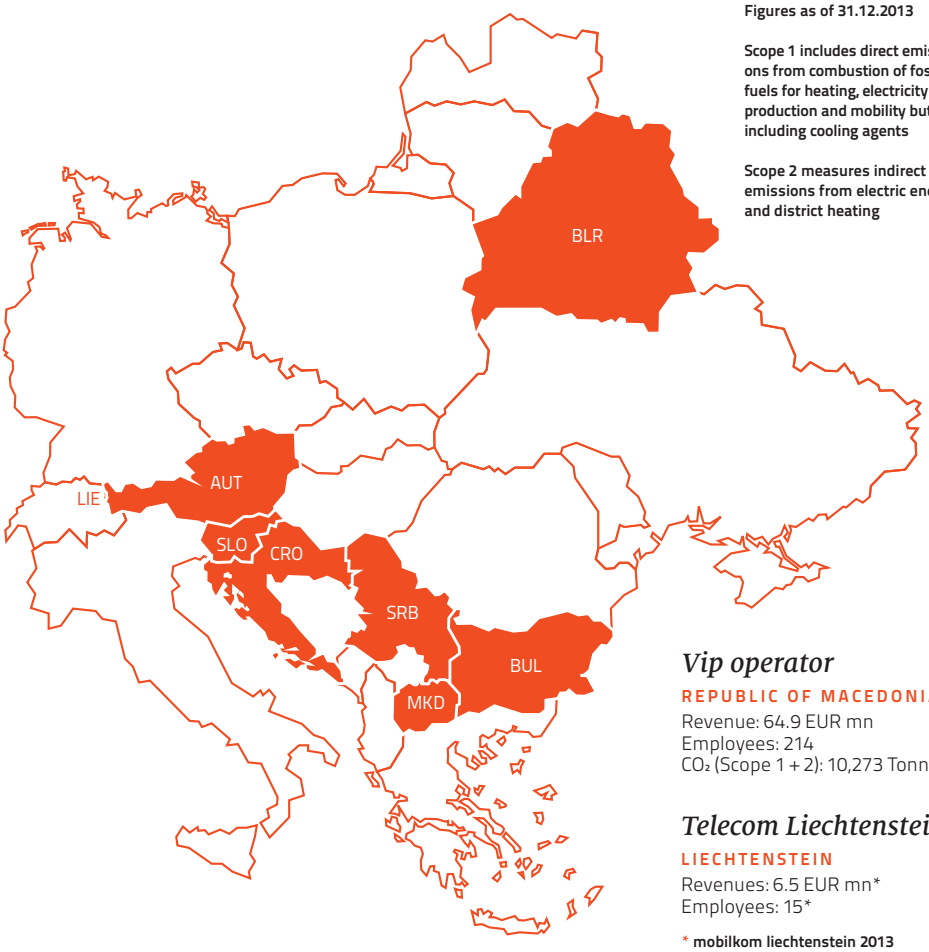
SLOVENIA

Revenues: 198.9 EUR mn
Employees: 396
CO_2 (Scope 1 + 2): 10,231 Tonnes

Vip mobile

REPUBLIC OF SERBIA

Revenues: 182.6 EUR mn
Employees: 918
CO_2 (Scope 1 + 2): 28,421 Tonnes



Vip operator

REPUBLIC OF MACEDONIA

Revenue: 64.9 EUR mn
Employees: 214
CO_2 (Scope 1 + 2): 10,273 Tonnes

Telecom Liechtenstein

LIECHTENSTEIN

Revenues: 6.5 EUR mn*
Employees: 15*

* mobilkom liechtenstein 2013

THE FOUR STRATEGIC CORPORATE SUSTAINABILITY AREAS OF ACTIVITY

In 2012 the Telekom Austria Group carried out an extensive and multi-stage materiality analysis to identify focal points that are key to the company's sustainability activities from both an internal and external perspective. The priority focal points that were identified on the basis of the materiality matrix were then grouped into four areas of activity:

PRODUCTS: PROVIDING RESPONSIBLE PRODUCTS

DEVELOP PRODUCTS IN A FUTURE-ORIENTED AND RESPONSIBLE WAY

ENVIRONMENT: LIVING GREEN

MANAGE RESOURCES IN AN EFFICIENT AND SUSTAINABLE WAY

EMPLOYEES: EMPOWERING PEOPLE

SYSTEMATICALLY PROMOTE EMPLOYEES' SKILLS AND UTILISE THEM

SOCIETY: CREATING EQUAL OPPORTUNITIES

CREATING EQUAL OPPORTUNITIES IN THE DIGITAL SOCIETY

The structure of the present sustainability report is based on these areas of activity, which are symbolised by the icons.
For further details on the materiality analysis, please refer to page 12ff.

Insights

It takes profound insight – particularly for a listed company – to move away from the primacy of purely economic performance towards more broadly defined measures of success. This insight must be established across all interest groups, from the management to the shareholders to the employees. Namely, the insight that companies like the Telekom Austria Group have a multi-faceted role to play at a social and environmental level. And it takes the farsightedness to recognise that a company's own chances of economic success can only be secured in the long term by making an active and valuable social contribution.

The Telekom Austria Group already identified the action areas in which it can make a specific contribution of this kind in a materiality analysis back in 2012. The initiatives currently under way and the progress being made are described in the relevant main chapters of this sustainability report, produced in the style of a magazine ("Providing Responsible Products": page 24; "Living Green": page 36; "Empowering People": page 50; "Creating Equal Opportunities": page 60).

As such, this publication also offers you, its readers, insights in terms of the transparent disclosure of the Telekom Austria Group's sustainability concept and management (page 12). In the interview with the management board on page 8, you can find out which beliefs and objectives motivate the management.

Because observations from different perspectives often lead to inspiring insights, we not only let voices from within the company have a say – such as Compliance Officer Martin Walter on the successful certification of the Telekom Austria Group's compliance management system and his next objectives (page 19). Or Group Chief HR Officer Silvia Buchinger on equal development opportunities for employees and other aspects of diversity in action within the Group (page 57).

Insights and views from an external perspective are provided by specialists such as the renowned meteorologist and climate researcher Helga Kromp-Kolb in her expert commentary on global challenges and approaches for climate protection (page 42). And in his editorial (page 4), Franz Josef Radermacher, Member of the Club of Rome, Director of the Research Institute for Applied Knowledge Processing and Professor of Informatics at Ulm University, explains why sustainability is not only worthwhile for companies but is also increasingly necessary to gain legitimacy for participation on the markets.

Whether and to what extent a company can create and maintain value in the longer term – "sustainably", so to speak – is therefore becoming an increasing focus of corporate reporting. A possible reorientation with a uniform global framework for end-to-end – but also simplified and streamlined – reporting in this sense ("integrated reporting") is discussed by the auditor and Senior Partner of PwC Austria, Aslan Milla, in his guest article on page 22.

We hope this "sustainability magazine" will encourage you to delve into the the "colourful" world of sustainability at the Telekom Austria Group, and wish you many interesting insights.

The editorial team

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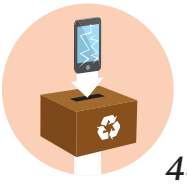

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Is sustainability worthwhile for companies?

AUTHOR
F. J. Radermacher

PHOTOGRAPHY
Thomas Klink (bild der wissenschaft)

PREFACE

Can companies use their core processes to contribute to greater sustainability? And is such a focus on sustainability really worthwhile? Or is it just another megatrend? According to Franz Josef Radermacher from the University of Ulm, sustainability is not only worthwhile, it is increasingly becoming a precondition for the “licence to operate”.

The world in 2014 is in a difficult situation. Globalisation means that the world's economic system is increasingly free to pursue its own path without being subject to the old boundaries and restrictions. The situation is being exacerbated by the rapid growth in the global population towards 10 billion, and the hundreds of millions of people who are joining those already pursuing resource-intensive lifestyles.

Sustainable solutions for the foreseeable challenges need to address the question of limiting the consumption of non-renewable resources and reducing the environmental impact while seeking a parallel solution to the global climate and energy problems from a worldwide perspective. At the same time, they should also tackle the social aspects of these issues in their global form. Although technical progress alone can substantially reduce the environmental impact per unit produced (dematerialisation/increased eco-efficiency) and help to increase prosperity in absolute terms, the so called "boomerang effect" means that it often leads to a greater overall impact on ecological systems and more, not less, inequality. We find ourselves in the same predicament as the sorcerer's apprentice, lamenting: "The spirits I have cited my commands ignore".

If starting from this situation we look ahead to the next 50 years, we can identify three potential scenarios. Two are extremely threatening and cannot be reconciled with the principles of sustainability, namely ecological collapse or alternatively the emergence of a two-tier global society. The only way to achieve sustainable development and a balanced world would appear to be tight-knit international cooperation with the aims of prosperity and sustainability in the form of a global ecosocial market economy (i.e. a green and inclusive capitalism) as a viable alternative to today's turbo and casino capitalism.

One key question is how likely it is that such a balance can be achieved. Are there hopeful signs? Certainly! For example, take the wide-ranging social progress that has been made since the Second World War, primarily in the developed world, but very much also elsewhere. Or the surprising closing of ranks among the OECD and G20 member states against aggressive tax planning and tax havens in the wake of the latest financial crisis. Hope is also provided by consumers and investors, who are increasingly reflecting global developments, focusing on more than just financial benefit and applying ethical standards in evaluating economic activity (so-called "moralisation of the markets"). The latter development is closely linked to the serious efforts undertaken by many companies in the area of corporate social responsibility (CSR).

The main difficulty, however, is satisfying all of the demands that are emerging around the world within the existing global regulatory framework (the "rules of the game", so to speak). This will require strong global growth over a number of decades – but, as we know already, this growth must be green and inclusive. In other words, growth that does not involve a further rise in the consumption of critical resources, that allows the 2°C climate limit to be upheld while enabling a move towards global social balance rather than a two-tier society.

Although this is a complex objective, the situation is far from hopeless. The goal is a challenging one, but one that we can still attain. However, this requires harnessing the best past experience in terms of what innovative technology and organisation can achieve. We need dramatic technical progress to produce better solutions, particularly in the area of green technology. More specifically, we need to increase the availability of energy throughout the world while using fewer resources, and in particular while significantly reducing the use of fossil fuels – and we need to achieve this at a reasonable cost in order to facilitate social inclusion globally. This is the key task in terms of technical innovation. However, the realisation of this programme requires the right price signals within the markets. None of this can be achieved if, all around the world, it pays to act in a manner that is incompatible with sustainability. It should not be possible for companies to earn good money by destroying the environment in other countries, by exacerbating the climate problem, by tolerating child slave labour at suppliers within their value chains, by circumventing the ILO's social standards in this way, or by using globalisation as a means of aggressively reducing their tax bill. Many international corporations have done this with great success, with national budgets and the SME sector suffering further as a result – an entirely counterproductive development. Starting to make a difference in this area, i.e. by introducing innovations in global governance, is a difficult task – but certainly not a hopeless one. And it is successful companies in particular, that can, and should, take up a position and go on the offensive.

The starting point for commitment on the part of companies is the wholly unsatisfactory situation in terms of the global development of sustainability. This situation means that companies are subject to growing pressure to make a major contribution to the development of sustainability in their own right. This is shaped by the main theorem of business ethics: "the systematic place of morality in a market economy is the framework", and of corporate ethics: "in the case of deficits in the framework, responsibility for legitimation falls upon the companies". As a result, companies are coming under ever-greater pressure. Their "licence to operate" is put under question. Something needs to be done. There is undeniable pressure on them to act. One illustration of the potential consequences is provided by investors in prestigious properties who are seeking to attract DAX companies in Germany as tenants. Nowadays, these investors only construct "green buildings", irrespective of whether this is worthwhile from an energy efficiency perspective or not. They are motivated by a simple perception that no DAX company would be able to move into a new property that is not a green building. In other words, offering green buildings is a question of elementary business economics: any investor that fails to do so will also fail to find a tenant.

As a result of these developments, companies are responding to market conditions by intensifying their

commitment to sustainability. In some cases, their actions are also driven by an inherent motivation or because of what their owners want. This applies in particular to brand companies and family-owned enterprises. Among other things, this is due to the name recognition and intrinsic value of brand companies and the corresponding expectations of customers and lenders, employees and suppliers, NGOs and the public – but self-motivation is often also a reason. Consumer behaviour is also directly noticeable. One particularly important consumer group in this respect is "LOHAS", which describes a group of the population that is committed to a "lifestyle of health and sustainability". Members of this group are generally well-educated, economically well-positioned people who like to consume but seek to avoid causing damage through their consumption. They want to be part of the solution, not part of the problem. Where problems are not resolved at a political level, they expect companies to step in (as per the main theorem of business ethics cited above).

All of this explains why companies are increasingly becoming involved in sustainability, whether as part of the UN Global Compact, the Global Reporting Initiative or their own CSR strategies. Companies around the world are becoming active in the fight against poverty and for environmental protection, reducing and reporting on their carbon footprint, and striving to make a varied contribution to protecting the climate and the environment.

Companies can also make a considerable difference in their core processes in order to ensure greater sustainability, e.g. in selecting technologies and primary products and the way in which they deal with customers, suppliers and employees. Companies can ensure that they are climate-neutral, by, for example, supporting major global reforestation projects so that their net carbon emissions are zero. By exercising an influence over public opinion and the political process, companies can help to ensure that sustainability is enshrined in the financial system to a greater extent than it is today, by means, among other things, of a financial transaction tax or the introduction of a "roadworthiness test" for new financial products, to prevent our society from being surprised again by opaque, dangerous structures with consequences we are unable to comprehend.It is essential that, in their role as clients, companies support other companies that are seeking to adopt a focus on sustainability, even if this could result in somewhat higher costs. Achieving a balance is what matters. As the buyers of new products, it is also important that they support those companies that are developing technologies that help to ensure a better future for all humanity. The aim should be to achieve all of this in a manner that is economically adequate for the companies concerned, as operating within adequate economic parameters is the only way to enable companies to act sustainably in the long term and on a broad basis while also improving their own future.

In a competitive environment, then, the aforementioned can only apply to the extent that companies have or can develop an appropriate business model or other parties act in a similar manner (e.g. on the basis of agreements), for example by observing industry codes. If premium providers are subject to equal pressure, conditions will move in the right direction and exceptions will relate to "no-names", both as competitors and as suppliers along (global) value chains. Scandals often take place along these chains, with one example being the serious incidents involving numerous fatalities at textile factories in Bangladesh and Pakistan in recent times. Problems like this keep occurring and there are always calls for action in the aftermath, but the situation is difficult. The regulatory framework - the rules of the game - also imposes limits on well-intentioned companies.

At the ceremony for the 2013 German Sustainability Award, Björn Stigson, formerly President of the World Business Council for Sustainable Development, had some words to say on the matter: "We do what we can to promote sustainability, but we have reached a limit. We are reaching a point where the regulatory conditions will need to improve in order for us to continue – which is something that is urgently required. Without structural change, there will be little room for further improvement on the part of companies." Since late 2013, the website of the German Council for Sustainable Development has contained the following news item: "Sustainability managers call for political action: Pioneers from the world of business are largely disillusioned by the lack of speed when it comes to sustainable development and would like to see clearer guidelines on the political front."

All in all, then, the findings when it comes to the question in the title of this editorial can be summed up as follows. Today, a certain degree of commitment to sustainability is a matter of course for premium companies, companies in the public eye and companies with high standards: corporate social responsibility is a megatrend. Being a part of this trend is not only worthwhile; that would be too little. In fact, being a part of it is an essential condition for having a "licence to operate". These days, a brand company would be unable to survive on the market in the long term without positioning itself accordingly. This is also one of the basic theses of sustainable marketing management.

But how will things proceed from here? Companies must become active within the possibilities available to them. They must talk publicly about the systemic barriers to what they can achieve. They must also seek to pass the pressure along the value chain. Above, it was described how DAX-listed corporations in Germany can shift many of the challenges relating to their carbon footprint onto their upstream suppliers, e.g. in the case of green buildings, logistics or business flights. This is changing the world. It means that the changes in terms of the "demand" for sustainability are also reaching companies in the supply chain, whose "no-name" status prevents them from being subject to direct pressure from watchful consumers – but who are now increasingly coming under pressure from brand companies insofar as they are their suppliers. This is a good thing. And it is even better if brand companies discuss these relationships publicly and help politicians to change the economic conditions in order to promote the trend towards behaviour that is compatible with sustainability among all com-

panies. Encouragingly, this process has now begun. The pressure on companies, the measures that have been initiated, competition from "no-names" that are not subject to scrutiny on the market – all of these factors are encouraging commitment at a meta-level. The relevant topics are being discussed. Something is happening in the triangle of informed consumers, brand companies and politicians. This is important and should be welcomed.

At the same time, however, sustainability as a whole is becoming ever more of a hot topic around the world. One of the main sources of motivation for good entrepreneurs is reputational risk and the risk of scandals arising from business activity – including along global value chains. After all, in addition to the aforementioned LOHAS, there are many critical NGOs who play a watchdog role, closely observing proceedings along corporate value chains, analysing companies' behaviour in detail and publicising anything that they consider to be wrong - from measures that fail to comply with the relevant legislation to company announcements that they dispute. The same applies for global value chains. If people within the value chain die or are poisoned, if products become associated with faults affecting consumers in the rich world, if even wide-scale product recalls are necessary, things can get expensive for companies. This can place a heavy burden on them, diminish their internal value or potentially lead to insolvency. In this way, the "moralisation of markets" is combining with globalisation in a favourable manner to become a driver of sustainable development.

> "Sustainability as a whole is becoming ever more of a hot topic around the world."

Many companies have learned that becoming involved in supposedly low-cost operations somewhere on the "other side" of the world, or using suppliers who primarily work in such environments, can end up being an expensive endeavour. This affects their reputation, market value, customer and supplier relationships and more besides, and hence has become an explicit element of corporate risk management that is regularly discussed at management board and supervisory board meetings.

Employee loyalty is another important aspect. Good employees are vital for any company seeking to position itself successfully on the market in the long term. The central question is how to attract and retain ambitious employees. Another question is how to find such employees in a world where demographic problems are becoming increasingly relevant. There will be attempts to find employees around the world under the mottos of global recruiting, diversity and diversity management. Incidentally, this also touches on an important component of the social side of sustainability. But the limited local pool of talent will naturally remain an issue. Succeeding in this environment and attracting and retaining good employees requires a credible focus on the major social and ecological topics, both today and with a view to the future. This is particularly relevant when it comes to encouraging employees to do more than just work by the rulebook. Tapping into this potential can be vital for companies seeking to enjoy success in future markets. Here, too, ensuring that corporate policy is geared towards sustainability criteria is important, just as it is for motivating existing employees.

To answer the question as to whether sustainability is worthwhile, it is true that – as discussed above – the certain degree of focus on sustainability that has become part of the process of equilibrium at brand companies is not only worthwhile, but absolutely necessary for a company to act on the market and retain its "licence to operate".

Going above and beyond this requirement is a different matter, and one that depends on the adequacy of the company's business model and the long-term nature of their approach. Of course, companies cannot be expected to do everything that observers and other stakeholders might wish them to do in order to secure sustainability for the world. But there is a great deal they can do – and they are increasingly acknowledging their responsibility and doing exactly that. One company displaying such a commitment is the Telekom Austria Group, as this report demonstrates once again. ■

Prof. Dr. Dr. Franz Josef Radermacher, Director of the Research Institute for Applied Knowledge Processing (FAW/n) and Professor of Informatics, Ulm University, President of Senat der Wirtschaft e.V., Bonn, Vice President of the Ecosocial Forum Europe, Vienna, and Member of the Club of Rome.

Sustainability: a must or an optional extra?

PHOTOGRAPHY
Klaus Vyhnalek

The Management Board explains why the Telekom Austria Group's commitment to sustainability is not following a fashionable megatrend, but rather is based on well-founded principles of corporate responsibility.

The word "sustainability" is on everybody's lips. Does its increasing ubiquity undermine the credibility of related activities?

AMETSREITER The truth is that there is no such thing as too much serious sustainability work – regardless of whether you are taking on responsibility for the environment and society as a private individual or as a company. Rather, it's about whether your words are also followed by actions. And actions with a clear plan and comprehensible benefits.

What is the aim of the Telekom Austria Group's plan?

AMETSREITER On one hand, our sustainability strategy results from the wishes and requirements of our stakeholders, for example our customers, employees, suppliers and shareholders. We systematically collected their ideas about key sustainability aspects and incorporated these in our four associated action areas.[1] At the same time, we have explicitly undertaken to comply with global principles such as those of the UN Global Compact. Secondly, the objectives are of course geared towards our core business.

How can the Telekom Austria Group create social or ecological benefits with its products and services?

AMETSREITER We see responsibility as meaning that we organise our core business in a way that creates the greatest possible benefit for society, customers, employees and the environment. Specifically, this means investing in the central infrastructure of the knowledge society, advancing energy-efficient technologies, supporting safe media use, and contributing to equal access to information, education and knowledge. And last but not least, promoting employee development and active diversity within the Group as a fundamental basis for success.

1
For further information on sustainability management please refer to page 12ff, for action areas please refer to pages 24ff, 36ff, 50ff and 60ff.

Who benefits from such investments in sustainability?

MAYRHOFER It is not as though the Telekom Austria Group is just any company. We hold significant positions in our markets, and in our opinion this also brings responsibilities. We are therefore making investments in Austria and beyond to give people access to new technologies, including outside major urban areas. Of course, these are ostensibly investments in our own future, but they also bring huge benefits for the business locations and the people who live there – for example, with the associated added value and employment effects.

OTTENDORFER The expansion of forward-looking technologies with high bandwidth such as fibre-optic cables and LTE promotes future prosperity at an economic and social level. They are an enormous catalyser for innovative solutions in the key areas of education, health, energy and the environment. And it is for precisely these reasons that the expansion of fibre-optic networks – which is very cost-intensive in rural or mountainous regions in particular – should not only be advanced by companies like ours, but also supported by the public sector. This is currently referred to as "broadband network promotion".

What are the benefits at an individual level?

AMETSREITER In addition to development potential for business and society in general, our information and communication technologies also open up opportunities for individual success. In an increasingly digital world, the key to education and the associated career opportunities, exchange of information and democratic participation lies in free and equal access to the Internet – irrespective of a person's age, gender and social, regional, cultural or ethnic background.

HANNES AMETSREITER,
CHAIRMAN OF THE MANAGEMENT BOARD

And how do you promote equal opportunities for the use of new media?

AMETSREITER Firstly, we aim for "technical" equal opportunities by advancing broadband expansion everywhere in our markets. However, in this respect – as Günther Ottendorfer quite rightly said earlier – it is essential that government and European institutions also provide support.

At the same time, since autumn 2011 we have been running an Internet initiative in Austria that can indisputably be declared a success story and which will therefore in future be extended to other countries where we have operations: "A1 Internet for All" implements a wide range of activities including free workshops at its own campus in Vienna, Klagenfurt and Salzburg, education programmes at social institutions and nationwide information tours. These provide equal opportunities for participation for people who were previously excluded from the digital knowledge society and help develop their media literacy skills. The fact that more than 50,000 people throughout Austria have participated in over 4,000 courses speaks for itself as regards the demand for and acceptance of such courses.

MAYRHOFER "A1 Internet for All" is a particularly pertinent example of how we are investing in more than just infrastructure expansion and attractive product portfolios. We also see involvement in social issues as a good investment. Our brands are associated with authentic responsibility and value, which is increasingly positively noticed by employees as well as customers.

Is your environmental positioning guided by the same conviction?

AMETSREITER Yes, as a pioneer and innovation leader in many areas, we want to take up a position like this in an environmental context, too. For example, since the beginning of 2014 we have been the first and only communications operator in Austria to operate a "green", 100% carbon-neutral network. Our aim is not only to offer customers the best network, but we are also explicitly committed to sustainable and sparing use of resources.

OTTENDORFER At communication companies like the Telekom Austria Group, the majority of their environmental impact is attributable to the energy consumption of the infrastructure. And the extremely dynamic development of data communication points to the utilisation that is to be expected in the future. This makes it all the more important to focus on the efficient use of resources and renewable energies in the energy supply strategy. In this way, we plan to reduce our CO_2 emissions by 25 percent by 2020 despite rising data volumes.

"We are willing to invest in responsibility"

Can you give some more examples?

AMETSREITER Our photovoltaic farm at the earth station in Aflenz also makes a major contribution. It supplies solar energy for data transmission at the speed of light by satellite. With our second expansion phase here, we have achieved something that normally takes around 7,000 trees: a reduction in the environmental impact of 90 tonnes of CO_2 per year.

OTTENDORFER As a network operator, we also set clear requirements for our suppliers with regard to reducing the energy consumption of network components. We expect that energy per bit must decrease dramatically overall. In addition, the upcoming network virtualisation can be considered another important step towards such goals. It involves a key paradigm shift, in the sense that network elements can be completely redesigned. It will bring about an increase in energy efficiency by means of a higher level of utilisation and demand-based activation and deactivation.

GÜNTHER OTTENDORFER, CHIEF TECHNOLOGY OFFICER

MAYRHOFER The exclusive use of electricity from renewable energy sources for our "green network" in Austria – like the photovoltaic farm in Aflenz and, for example, the hybrid, 99.9 percent self-sufficient energy supply of Vipnet's mobile base stations in Croatia – should be seen as a component of an overall concept. It comes under the heading, "We are willing to invest in responsibility".

SIEGFRIED MAYRHOFER, CHIEF FINANCIAL OFFICER

And where does the environmental potential lie as far as products and solutions are concerned?

AMETSREITER In the area of machine-to-machine communication, for example. Networking machines and devices by means of Internet technologies holds huge potential for making processes more efficient – and therefore also more environmentally friendly.

OTTENDORFER Exactly, M2M opens up a new world of potential applications. And it also serves as an "enabler" for more sparing use of energy and other valuable resources – just think of water consumption monitoring or intelligent energy management with smart metering. The environmental contribution that we can make as a communication company is not insignificant. Firstly, there is the obvious fact that phone calls and video conferences help avoid journeys. And there's better to come: for example HD video streaming.

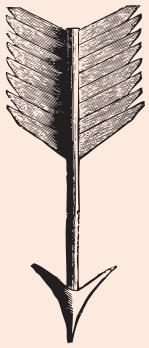
Do you also associate the Telekom Austria Group's sustainability initiatives with personal matters?

OTTENDORFER My personal sense of connection with nature arises not only from my background growing up in a rural region of Austria, the "Waldviertel". I also find many fascinating aspects from the perspective of a technician in terms of how the apparent discrepancy between the concepts of "innovation" and "sustainability" is overturned: energy efficiency can be enhanced with every new network generation. For instance, LTE already has significantly lower values for energy requirements – and thus also costs – per bit in comparison to 3G. And the next evolutionary step, 5G, is already being described as the "5th generation towards green networks".

MAYRHOFER It is often the case that the CFO is expected to have a generally reserved attitude towards sustainability initiatives. After all, projects of this kind often entail costs, at least to begin with. But when – as in the case of A1's "green network" – the measures are well thought-out and fit authentically into a coherent overall concept that combines corporate responsibility with high-quality brand positioning, then the CFO also supports them.

AMETSREITER In this respect, I would agree with Professor Radermacher's opinion when he writes in his leading article for the current sustainability report that – for brand companies at least – a certain focus on sustainability is increasingly becoming a prerequisite for what he calls a "licence to operate". Companies that do not think and act in a "green" and socially responsible way will not be able to survive in the future. And this insight makes it clear once and for all that sustainability must be seen not just as an "optional extra" but rather as an essential part of business. *(G4.1, 4.2)* ■

MANAGING SUSTAINABILITY



If sustainability is to be more than just a buzzword, the issue needs the full support of the management and a firmly established sustainability management system.

Strategic conditions

The Telekom Austria Group, based in Vienna, is a leading provider of fixed and mobile telecommunication with almost 23 million customers in eight countries across Central and Eastern Europe. These markets are characterised by fierce competition, regulatory effects and rapid technological change. In this challenging environment, the top strategic priority is to bring the Group back onto a growth path, improving both revenues and earnings. The Telekom Austria Group's strategy is based on the four key pillars on the right.

When pursuing these strategic objectives, it is essential to maintain a conservative financial strategy in which ensuring an investment grade rating of at least BBB (stable outlook) is the top priority. For 2014 as a whole, the Telekom Austria Group anticipates a decline in revenues of around 3,5%[1]. Capital expenditures, excluding investments in licenses, product range and acquisitions, are expected to amount to approximately EUR 700 million. Based on these forecasts, the management of the Telekom Austria Group aims to distribute a dividend of EUR 0.05 per share for the 2014 financial year. *(G4.2 – 4.6, 4.9)*

Detailed information on the Telekom Austria Group's operational and economic performance can be found in the 2013 annual report (at http://ar2013.telekomaustria.com).

Leveraging strategic opportunities

Take steps to further in-market consolidation and expand our convergent offerings, while maintaining a conservative financial strategy.

Operational excellence

Continue to improve every aspect of our operational efficiency.

Convergence

Provide cusotmers with both mobile and fixed-line services, wherever feasible.

Optimisation of the core business

Fully leverage the potential of each of the markets in which we operate.

KEY FINANCIAL DATA – TELEKOM AUSTRIA GROUP

(IN EUR MN)	REVENUES	EBITDA COMPARABLE*	EBITDA**	OPERATING INCOME	NET RESULT	EQUITY	MARKET CAPITALISATION***
2013	4,183.9	1,287.4	1,242.2	377.6	109.7	1,512.6	2.4
2012	4,329.7	1,455.7	1,421.1	457.1	104.0	819.1	2.5
CHANGE (IN %)	-3.4	-11.6	-12.6	-17.4	5.5	84.7	-4.1

* Defined as EBITDA, excluding effects from restructuring and impairment tests
** Including effects from restructuring and impairment tests
*** As of 31 Dec. 2013 (in EUR bn)

Sustainability strategy: It starts with questions

"Yes, of course. New media are a good thing. The question is just for whom. From the point of view of communication companies, certainly. But do they really also promote equality of opportunity in society in the long-term? And is 'society' even interested in this?" Or: "What is the Telekom Austria Group's stance on energy efficiency or a quota for women at the company?" This is the kind of dialogue that can happen when you ask people about sustainability. And the Telekom Austria Group is asking.

It does this so that it can use the answers to develop a sustainability strategy with defined action areas and targets based on specific suggestions made by customers, employees, suppliers and other stakeholders. To this end, an ongoing dialogue and exchange takes place at three different levels: Firstly, information is systematically obtained via a number of different communication channels. Secondly, discussions are held and surveys conducted. And thirdly, the Telekom Austria Group helps shape developments in organisations of which it is a member and with which it collaborates.

1 Correction of the decline in revenues by approximately 3.5%, compared to approximately 3.0% in the print version. Adjusted on 13/08/2014. www.telekomaustria.com/en/ir/outlook

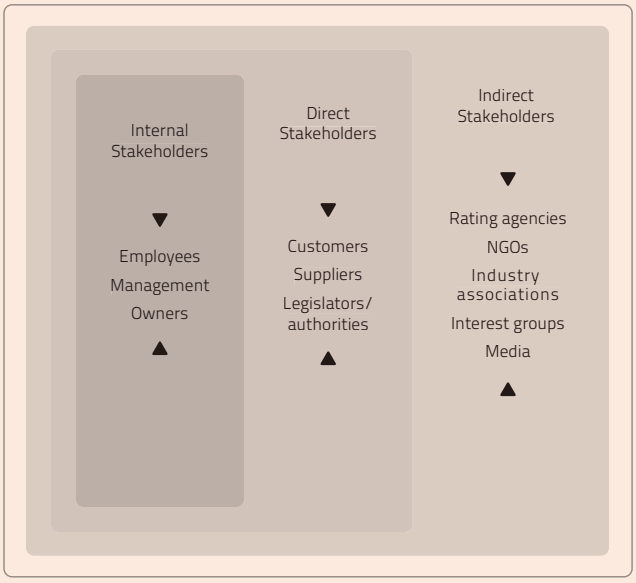
At every organisation, there is an internal and an external point of view. The latter is often uncomfortable, since it does not make any allowance for organisational peculiarities or constraints. The external perception voices expectations bluntly. While it perhaps fails to address what the organisation considers to be the real issues, it is nonetheless helpful as it gives an impression of how the organisation comes across to others – or fails to come across.

At large companies, there is even an external perception within the organisation itself, since each department has an external perception of all others. This can also be uncomfortable – after all, it comes from colleagues who, as experts in a wide range of disciplines, bring a particular quality of sometimes critical evaluation to the discussion. However, since "uncomfortable" is not an evaluation criterion for sustainability, this "internal external perception" gains a special significance.

For this reason, surveys of the employees and the management play a key role in gathering information to develop a sustainability strategy for the Telekom Austria Group. Expectations, questions, opportunities, risks and critical perspectives are recorded in this process so that they can subsequently be taken into account in specific measures.

Most of the opinions are gathered in the departments so as to ensure intensive and efficient dialogue with the specific stakeholder groups (see illustration below). Depending on the topic and the group, different formats are used here, such as information events, idea competitions or surveys – and of course face-to-face discussions are also held. There is a similar situation when it comes to surveys of customers, suppliers and other stakeholders such as NGOs – meetings, conferences and roadshows, etc. also provide a suitable framework for this. *(G4.26, 4.37)*

TELEKOM AUSTRIA GROUP - STAKEHOLDER GROUPS



(G4.24)

SELECTION OF VOLUNTARY MEMBERSHIPS

TELEKOM AUSTRIA GROUP

- UN Global Compact (since 2012)
- respACT (since 2008)
- ETNO (since 1996)
- Transparency International
- GSMA

A1

- UN Global Compact (since 2012)
- klima:aktiv (since 2005)
- Austrian Mobile Power (since 2010)
- Electric Mobility Model Region Vienna (since 2010)
- Code of Conduct on Data Centres Energy Efficiency (since 2009)
- RespACT (since 2008)

MOBILTEL

- CSR Academy (since 2008)
- Bulgarian Red Cross (since 2010)
- Bulgarian Charities Aid Foundation (since 2009)
- Bulgarian Donor Forum (since 2009)

VIPNET

- UN Global Compact (since 2007)

SI.MOBIL

- UN Global Compact (since 2008)
- EMS Forum (since 2008)
- Founder of the independent "Si.voda" fund (since 2009)
- Green Network (since 2001)

VIP MOBILE

- UN Global Compact (since 2008)
- Co-founder of the Business Leaders Forum (since 2008)

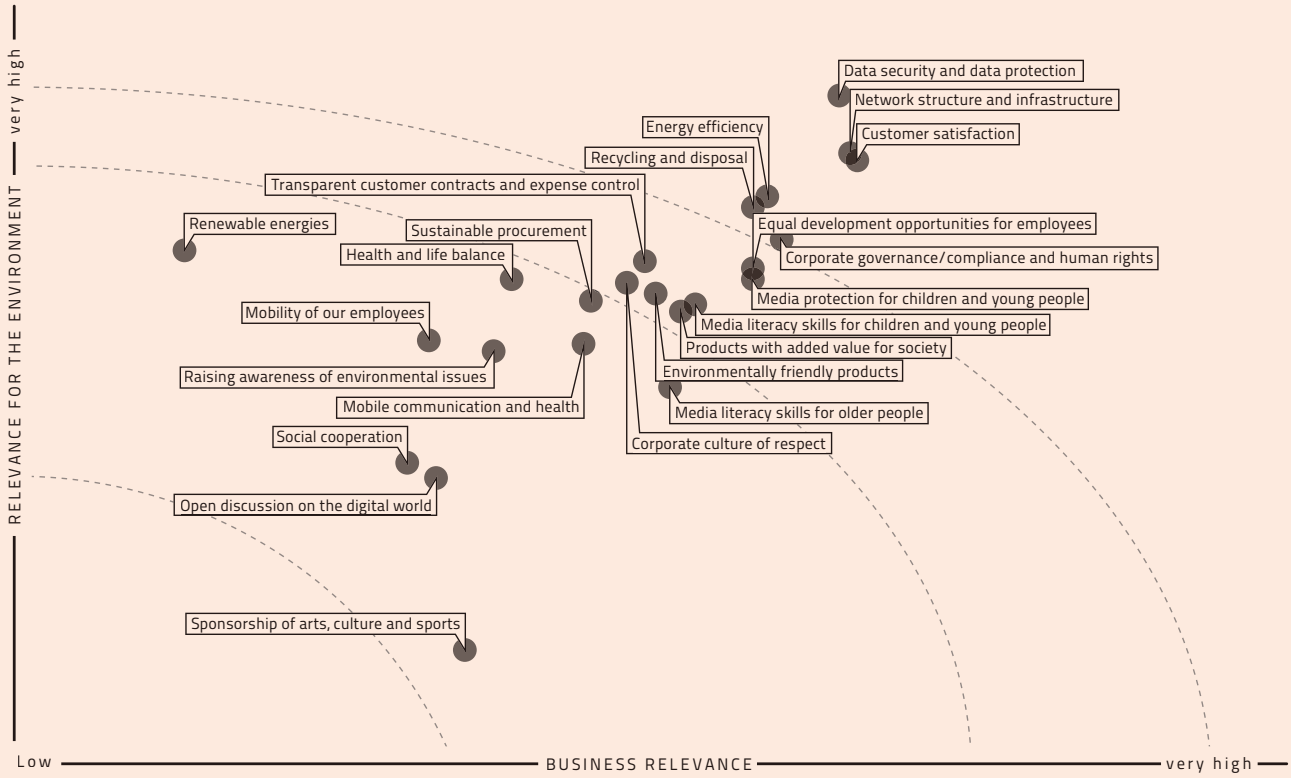
(G4.15, 4.16)

Step by step to the material aspects

In 2012 the Telekom Austria Group decided to radically revise its sustainability strategy. This was determined in the internal strategy programme "RE.THINK". The sustainability strategy stipulates a focus on the essentials and an increased orientation towards the company's core business. How does this work? What are the essentials when it comes to sustainability at a company? And how can it best be applied to the core business? Answers to these questions are provided in a matrix based on a materiality analysis.

How can a materiality matrix like this be envisaged? Its content results from the analysis steps described below. As mentioned above, people inside and outside the company were surveyed to begin with. But what exactly were they asked?

TELEKOM AUSTRIA GROUP – MATERIALITY ANALYSIS



To figure this out, the first step was to determine and assess social and environmental issues in the individual stages of the value-added chain. This was done with the management of the Telekom Austria Group, thereby ensuring that the materiality analysis is consistent with the company's business and capital market strategy and that opportunities and risks are taken into account appropriately. In addition, an assessment of the relevance of all aspects and topics within and outside the company was performed internally and was reflected accordingly in the evaluation of priorities. This first step therefore involved both gathering the internal views of the management and creating a sound basis for the questions.

In the second step, additional stakeholder groups were involved. That is, the questions prepared were presented to them – online. Over 300 customers, employees, interest group representatives, suppliers and NGOs assessed the relevance of various social and environmental topics from their perspective. The requirements of international standards, rankings and rating agencies as well as the sustainability activities of other telecommunication companies were also incorporated in the survey.

In the third step of the materiality analysis, which is ultimately intended to specify the main requirements for a sustainability strategy, the material collected was analysed. The results of the internal and external priorities were combined, resulting in the materiality matrix (see illustration above) as the basis for the content of the sustainability strategy. This matrix provides focal points from which specific action areas were derived. *(G4.2, 4.18 – 4.21, 4.24, 4.25)*

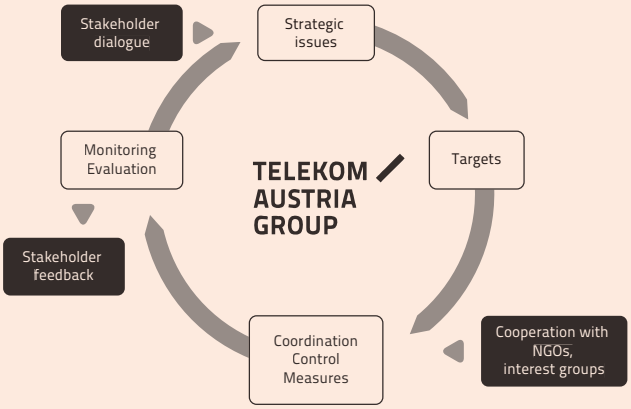
The material results

The materiality matrix shows at a glance the topics that were attributed the most importance by all stakeholders. Unsurprisingly for a telecommunication company, the issue of "Data protection and data security" and "Network and Infrastructure" are among those that come right at the top of the list. Viewed in terms of the individual stakeholder groups, relevance varies slightly:

For customers of the Telekom Austria Group, for example, "network and infrastructure" and "customer satisfaction" are important (second and third place). These two topics were also cited by the employees – albeit only in third and fourth place. Customer satisfaction is the mantra of every service provider, but of course "network and infrastructure" is the basis of Telekom Austria Group's core business. It is also noteworthy that what is important to the suppliers is "recycling and disposal" – probably because this has a significant impact on their business opportunities with a company that operates sustainably. But there are also topics that generally seem less important to all parties, such as sponsorship and open discussion on the digital world.

Based on the topics in the materiality matrix, four action areas were derived. These constitute the operational focal points of the Telekom Austria Group's sustainability strategy, and measurable targets and key indicators have been determined for each action area. They make it possible to clearly control the development of sustainability at the company and to ascertain whether it is on track to achieve its targets. Details on the specific targets, measures and key figures can be found in the respective chapters on the action areas. *(G4.27)*

SUSTAINABILITY AS A DYNAMIC PROCESS



An overview of the four action areas:

PROVIDING RESPONSIBLE PRODUCTS

What does this term actually mean? Products per se are generally neutral. Responsibility for their use ultimately always lies with people. However, this also means that a company like the Telekom Austria Group must examine what social or ecological disadvantages its products and services could bring. Or conversely, what added value or benefits products from its portfolio could create for people and the environment – for instance by enabling mobile working or improved medical care. For example, video conferences can help cut down on flights to meetings, thereby contributing to environmental and climate protection. Data protection and security, provision of a failsafe network infrastructure and investment in innovative technologies are also at the heart of this action area.

LIVING GREEN

This action area relates to a topic for which a group of scientists at Graz University of Technology headed by Michael Narodoslawsky developed the "Sustainable Process Index" (SPI) in the 1990s. The SPI determines the environmental impact of regions, as well as of business and services. Because it maps every part of the earth that is needed to make an activity possible on a long-term basis, it has led to the common expression "environmental footprint", for which an individual "footprint calculator" has also been developed. There are now a large number of other such calculators, including ones that show the efficiency of travel, food and agriculture. Companies also leave an environmental footprint. The Telekom Austria Group's declared objective in this action area is to keep this footprint as small as possible. Extensive and sustainable environmental procedures are therefore intended to further reduce the resources used in the company's business activities. Energy-efficient technologies, the use of renewable energies, climate-friendly mobility and preservation of raw materials through optimised recycling and disposal processes all help to achieve this.

EMPOWERING PEOPLE

This action area focuses on respect for and development of employees and their performance. Targeted programmes are used to make them aware of their own strengths, to systematically develop their skills and to enable these skills to be used for the benefit of the company. In this context, health promotion and a good life balance are given high priority at the Telekom Austria Group. The same applies to maintaining and increasing employees' personal satisfaction at work by means of in-depth further education and professional training, targeted use of diversity at the company and a corporate culture of respect.

CREATING EQUAL OPPORTUNITIES

One of the key features of European identity is the attempt to make conditions in politics and business as fair as possible for all people. But particularly in our current service and knowledge society, many people are not given the same fair conditions for their social and professional life. Technological and economic changes are taking place extremely rapidly in the modern world, and social development cannot keep pace with this equally beneficially everywhere and for everyone. The Telekom Austria Group firmly believes that equal opportunities for participation in the knowledge society play a key role in individual opportunities and must therefore be open to all people, both today and in the future. On the basis of this belief, the Group uses local initiatives to systematically promote the skills that are necessary for active and responsible participation in an increasingly digital world. Such initiatives aim to ensure equal access to information, education and knowledge, as Internet use is no longer just a technical issue but also a social one.

How sustainability is managed

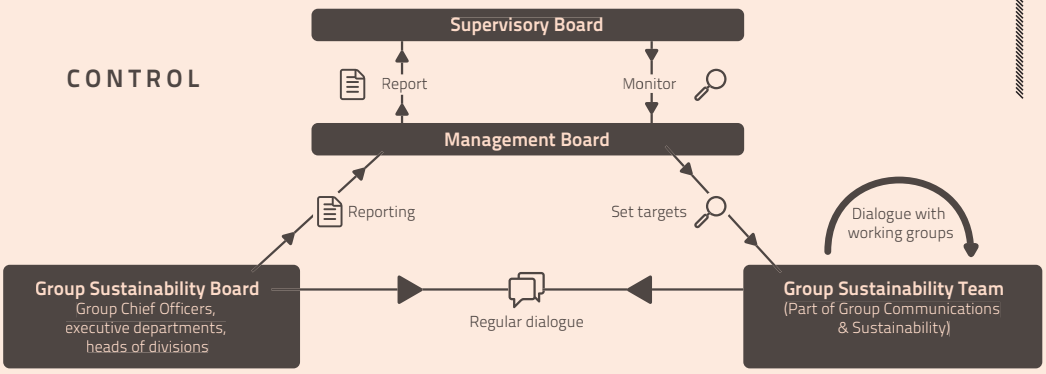
How sustainable are a company's sustainability efforts really? This depends not least on the commitment of its top management. If, for example, the management relies on mountaintop removal mining, as in the case of coal mining companies in the Appalachians, this will change the landscape on a sustained basis. However, this is a sustainable procedure that conflicts with the environmentally responsible form of sustainability to which the Management Board of the Telekom Austria Group is committed. This commitment is also clear from the fact that a Group-wide, integrated sustainability management system was set up in 2010 and has been enhanced in stages ever since. The principal and patron of the sustainability agenda is CEO Hannes Ametsreiter, supported by CFO Siegfried Mayrhofer and CTO Günther Ottendorfer. Representatives of top management meet at least three times a year in the Group Sustainability Board to discuss the focal points and the enhancement of the sustainability strategy and to decide on new measures. The Management Board and top management themselves therefore ensure that sustainability aspects are also included in the Group strategy and the brand strategy. The members of the Group Sustainability Board also assume responsibility for all sustainability aspects in their respective field, and promote international exchange within the Telekom Austria Group.

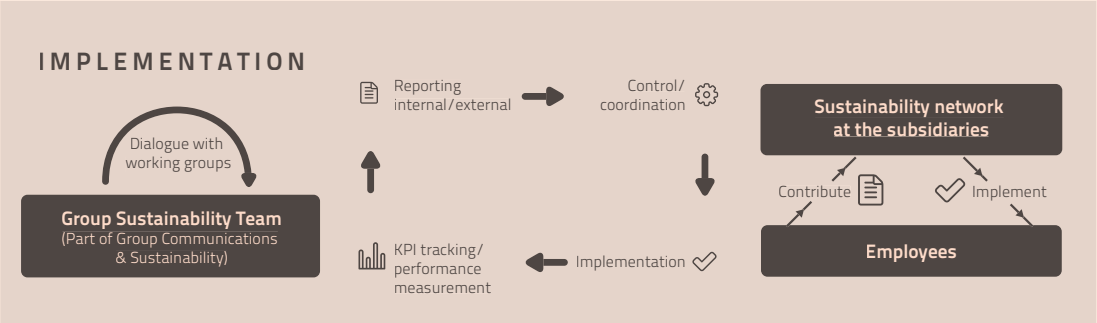
To emphasise the importance of the topic for the Management Board even more clearly, a separate corporate sustainability team that forms part of the "Group Communications and Sustainability" unit reports directly to CEO Hannes Ametsreiter. This team controls and coordinates implementation of the sustainability strategy with the relevant officers in the subsidiaries. The cross-border approach ensures compliance with the overriding group targets. At the same time, this organisational structure creates the necessary flexibility for taking regional differences into account. *(G4.34 – 4.36,4.42, 4.43, 4.46 – 4.48)*

AWARDS 2013

- Austrian Sustainability Reporting Award (2013); winner in the "Large Companies" category
- Positive certification of the compliance management system in accordance with IDW PS 980
- Communication Excellence Award from the Verband für Integrierte Kommunikation (VIKOM) for sustainable communication in the area of Compliance
- Winner of the Global Telecom Business Innovation Award 2013 and Capacity Global Carrier Award 2013 in the "Campaign of the Year" category for SIM Box Detection Service for fraud prevention

ORGANISATIONAL STRUCTURE OF THE SUSTAINABILITY MANAGEMENT





Commitment to social and environmental standards

The Telekom Austria Group is a signatory of the UN Global Compact. As such, it has voluntarily undertaken to comply with the ten principles of this memorandum. An environmental policy also provides clear orientation with regard to climate and environmental protection. But how is compliance with such guidelines ensured? By implementing international environmental management systems such as ISO 14001, ISO 50001 and EMAS, the Telekom Austria Group ensures that all environmental aspects are monitored, the planned measures are systematically implemented and potential for improvements is highlighted. Responsibility for managing these processes lies with the sustainability departments of the subsidiaries of the Telekom Austria Group. Measured in terms of headcount, around 64% of all business units are certified in line with an environmental management system.

Purposeful sustainability is not an abstract concept, but rather a strategy for action that relates to the respective context. At a company like the Telekom Austria Group, it must therefore be ensured that sustainability aspects are incorporated and advanced within the various topic areas. This is the task of the sustainability experts. To this end, they maintain regular dialogue with the individual departments internally, raise employees' awareness in training courses and get them directly involved in sustainable organisation by means of idea platforms. Risks are evaluated together and subsequently analysed by the relevant departments with the Telekom Austria Group's risk management organisation. The risk management organisation assesses the company's overall risk situation and implements corresponding measures to minimise this. A detailed description of the risk management system and the risks identified as material can be found in the management report and in the notes to the consolidated financial statements in the 2013 annual report at http://ar2013.telekomaustria.com *(G4.2, 4.15)*

CERTIFIED MANAGEMENT SYSTEMS

AUSTRIA

- ISO 14001 for environmental management (since 2004)
- ISO 50001 for energy management (since 2008)
- EMAS (since 2013)

SLOVENIA

- ISO 14001 (since 2007)
- EMAS (since 2013)

REPUBLIC OF SERBIA

- oekoprofit

Clear requirements for conduct: honest, fair and transparent

As a responsible company, the Telekom Austria Group has committed itself to a code of conduct that is intended to ensure integrity and corporate management in compliance with the law and all relevant regulations as the basis for all activities of the Telekom Austria Group. This mandatory code of conduct is available to all employees on the website in the respective local language at all times. Guidelines on topics that are particularly important for the company, the employees and external stakeholders – such as fighting corruption and anti-trust law, or avoiding conflicts of interest – and processes and controls that support compliance ensure that the corporate value of integrity is a self-evident part of day-to-day work. The annual compliance risk assessment aims to ensure that the Telekom Austria Group's compliance programme contains the right measures to guarantee correct conduct. Furthermore, the effectiveness of the compliance management system is supported by regular communication measures and training courses, the helpdesk "ask.me" and audits and the anonymous whistleblowing platform "tell.me". In 2013, the compliance management system was also certified in line with the standard IDW PS 980 by an external auditor. Further information on this can be found at: www.telekomaustria.com/en/group/compliance

Sustainability in this area goes to the heart of every company, since acting in compliance with regulations secures its existence just like far-sighted economic management. Seen in this light, the question of a company's sustainability is always a question of its economic performance, too – and this can certainly benefit from doing business socially, ecologically and in compliance with regulations. *(G4.2, 4.14, 4.56 - 4.58)* ■

Mission accomplished?

AUTHOR
Martin Walter

PHOTOGRAPHY
Klaus Vyhnalek

PREFACE

Compliance Officer Martin Walter about the successful certification of Telekom Austria Group's compliance management system and the new targets of his "Mission Compliance".

So are you out of a job now?" could be a pointed question to a Compliance Officer after successful external certification of his compliance management system. And we did in fact achieve a key objective when we were issued a positive audit report without proposals for improvement by the auditing and consultancy company PwC (in accordance with the standard IDW PS 980 of the Institute of Public Auditors in Germany). The Telekom Austria Group is thus one of the first Austrian companies with a Group-wide certified compliance management system. This certification involved auditing the appropriate design and implementation of the associated structures and processes. All "critical" topic areas – such as anti-corruption/integrity, capital market compliance and anti-trust law – were taken into account in this process. In addition, the effectiveness of the system in normal operations in Austria was evaluated in a six-month auditing period.

But even after the establishment of a state-of-the-art system like this on an international level, there is still plenty of work to do for "Mission Compliance". After the great effort involved in obtaining certification, it is now a matter of continuing to send clear signals both internally and externally. The focus will now be on optimising normal operations and continuing to embed the principle of integrity in day-to-day business on a sustainable basis. This firstly means evaluating the efficiency of the processes that have already been implemented and simplifying them where necessary. Secondly, ongoing continuation of normal operations – for example with compliance training – and targeted internal communication activities will ensure that the level achieved is also maintained. In general, active communication on compliance activities and results (such as those of the whistleblower system) should contribute to maintaining and increasing awareness of how important this issue is.

In terms of the internal impact, what is ultimately decisive is that the standards set are actively put into practice and integrity becomes natural attitude in all corporate divisions and hierarchies. In terms of the external impact, the high compliance standards also have a beneficial effect on the Telekom Austria Group's reputation. It has thereby credibly demonstrated that it has dealt with a "historical" problem area with the appropriate seriousness and consistency and ensured that this really is a thing of the past. ■

Dr. Martin Walter graduated from the University of Erlangen-Nürnberg with a major in physics. His appointment as Compliance Officer at the Telekom Austria Group in November 2011 was the starting signal for the introduction of a clearly defined and professional Group-wide compliance management system. A new Group-wide Code of Conduct, the implementation of a whistleblowing platform and the successful completion of a certification process in 2013 are just some of his achievements. Since July 2013 he has also held the position of Data Protection Officer at A1, the Austrian subsidiary.

Before joining the Telekom Austria Group, Walter was employed for 18 years at Deutsche Telekom, where he held various management positions, most recently that of Chief Compliance Officer. In this position he was responsible for building a compliance system with an appropriate organisational structure for the Group as a whole.

Sustainability does not start (and end) with the product

Sustainable activity on the part of companies is measured by more than just the direct economic, environmental and social impact of their business processes. As a link in supply chains, some of which are global, they are now increasingly also taking responsibility for the actions of their suppliers and business partners. This is reflected to a growing extent in corresponding customer requirements and various international guidelines and directives, such as the UN Global Compact, International Labour Organization and the Global Reporting Initiative (GRI).

RELEVANCE TO THE TELECOMMUNICATIONS INDUSTRY

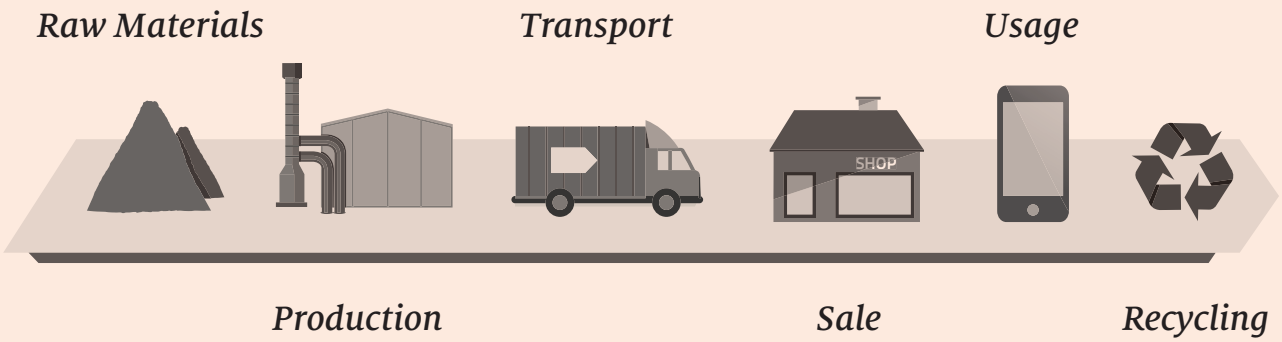
In recent years, aspects of sustainability in the supply chain have become increasingly important in the telecommunications industry. According to a 2013 study by GreenBiz.com that was conducted in cooperation with Trucost, upstream processes such as the mining of raw materials, manufacturing, transportation and packaging account for 85% of all effects on the environment and society.[1]

Technology companies are increasingly also dealing with "conflict minerals" such as tin, tantalum, tungsten and gold, which are often mined in China or in Central African nations where they are frequently linked with armed conflicts. Since 2010, listed US companies have been subject to the "Dodd-Frank Act", Title 15 (Section 1502) of which requires that companies using certain conflict materials make corresponding disclosures in their annual financial statements. This is intended to ensure that no raw materials are used that could help finance armed conflict in the Democratic Republic of the Congo or neighbouring countries. At a European level, too, there are growing discussions concerning a mandatory proof of origin requirement for conflict minerals. A public consultation held in March 2013 is now being used by the EU as the basis for its decision on the strategy and features of a European initiative on conflict materials.

Alongside these risks, however, supply chains also offer great opportunities. For example, leading telecommunications companies use sustainable purchasing practices to reduce their energy consumption – and hence also their costs – and to optimise processes while saving resources and even realising product innovations by working in closer cooperation with suppliers.

REQUIREMENTS OF THE SUPPLIER CODE OF CONDUCT AT A1 (AUSTRIA)

- Requirements on employee protection and working conditions in accordance with the provisions of the International Labour Organization (ILO)
- Requirements on environmental protection and resource efficiency based on established environmental management systems (such as EMAS, ISO 14001)
- Social and environmental requirements for products and services (with a lifecycle perspective)



1 The State of Green Business 2013, GreenBiz and Trucost

IMPLEMENTATION AT THE TELEKOM AUSTRIA GROUP'S SUBSIDIARIES

In 2012, the Telekom Austria Group launched a long-term project aimed at promoting sustainability in the supply chain. This project focuses on selected key aspects of Group-wide purchasing (particularly devices, network technology and IT) and purchasing at the Austrian subsidiary A1.

Considerable progress has been made since the project was launched, particularly at the largest operating subsidiary, A1. In addition to defining a Supplier Code of Conduct, A1 has advanced the environmental and social criteria for the regular vendor rating of its major suppliers. In 2013, the voluntary information provided by suppliers was also extended to include social and environmental topics, and sustainability criteria have been developed and implemented for certain tender categories. Another important step in shaping a sustainable supply chain is the amendment of A1's energy procurement to purchase only electricity from renewable sources from 2014 as part of the "carbon-neutral network" initiative (please see page 46 for further details).

The Telekom Austria Group is also currently examining the possibility of joining the international Joint Audit Cooperation (JAC), an association of telecommunication companies that works to promote sustainability at suppliers in Asia and Latin America and conducts audits based on uniform procedures. *(G4.12, 4.13)* ■

IMPLEMENTED MEASURES IN THE PROCUREMENT OF TELEKOM AUSTRIA GROUP AND A1

- ✓ Sustainability Code of Conduct for A1 suppliers developed
- ✓ Internal Purchasing Guidelines for purchasing employees updated
- ✓ ILO provisions integrated into Code of Conduct, general purchasing conditions and master agreements
- ✓ Environmental and social criteria enhanced for regular vendor rating at A1
- ✓ Voluntary information from suppliers extended
- ✓ Sustainability criteria integrated into tenders to a greater extent
- ✓ Energy procurement at A1 altered to include only electricity from renewable sources
- ✓ Business Partner Compliance *(SO4)*

USEFUL INFORMATION FOR GRI EXPERTS

- G4.14: The Telekom Austria Group observes the precautionary principle in its actions by taking potential future developments and findings into account when making decisions
- G4.22, G4.23: Changes in comparison to the previous year's report result from the changeover from GRI 3.1 to GRI G4. Restatement of information provided in pervious reports have not taken place
- G4.25: The selection of stakeholders is based on prioritisation using internal databases
- G4.26: A stakeholder dialogue is held on an ongoing basis and the results are also incorporated in the preparation of reports
- G4.49: Critical concerns are communicated to the Supervisory Board at meetings, which are also held on an ad hoc basis when necessary
- G4.50: There were no critical concerns with regard to sustainability in the year under review
- G4.52: No remuneration consultants were involved in the year under review
- G4.53: The remuneration of the Supervisory Board is determined at the Annual General Meeting, where stakeholders can express their opinions
- EC1: Net-value added 2013: EUR 852 million to employees, EUR 1,799 million investments, EUR 250 million to investors, EUR 2,942 million to public bodies
- SO3: 100% (18) of the consolidated operating companies were evaluated internally with regard to corruption risks in 2013, also taking account of risks relating to non-operating companies. An external review was performed for eight companies that generate 98% of the Telekom Austria Group's external revenue. As part of the risk analysis, 17 different corruption scenarios were assessed and mitigating measures were defined. Taking account of the measures already implemented, no significant residual risks were identified
- SO4: Information on compliance and anti-corruption is made available to 100% of the employees and all business partners (see online at www.telekomaustria.com). The entire Supervisory Board is informed about corruption at least once a year and the entire Management Board is given annual training. A total of 3,406 employees have been trained in corruption prevention

Who's expected to read it all anyway?

AUTHOR
Aslan Milla

PHOTOGRAPHY
PwC

PREFACE

A critical appraisal of the flood of reporting – and a proposal for an alternative model.

Dr. Aslan Milla is Senior Partner at PwC Austria and a key player among Austrian auditors. He has been chairman of the professional guild of the auditors of the Austrian Chamber of Auditors since 2010 and is a member of various national and international committees. Milla has played an active role in the development of the Austrian Corporate Governance Codex and in the development of several standards which are relevant for accounting and financial reporting for listed Austrian companies.

Hundreds of pages long, sometimes confusing, often redundant: corporate reports take up a great deal of time for their authors and their readers alike. When faced with this flood of information, the question inevitably arises as to how extensive a report really needs to be. Which data is required by which target group? And what does the law say?

According to the statutory requirements, companies are currently required to prepare various reports: single-entity financial statements and a management report, consolidated financial statements and a Group management report as well as a corporate governance report. In future, these will be supplemented by a remuneration report, as well as country-by-country reporting in certain cases. Companies can also prepare additional reports on a voluntary basis, such as a sustainability report. For the auditor, the single-entity and consolidated financial statements, including the notes, are what is most important. This is the part that is audited and signed. Most reports are aimed, among other things, at capital market participants who track a company's development or may be interested in investing in the company. Other recipients include unions, NGOs, legislators and other organisations.

The best way to determine whether a report is informative (enough) is to put yourself in the place of an investor. My basic rule is that 20 pages of reading should be enough for you to tell how a company is positioned within society, what objectives it pursues and what risks and opportunities it is confronted with. This is the benchmark by which corporate reports should be measured. Transparency is another important factor. If the reader of a 600-page report has to read between the lines and perform a semantic analysis just to find out whether a company is doing well or not, the aim of transparency has been well and truly missed.

The International Integrated Reporting Council (IIRC) has placed a global reorientation of corporate reporting on the agenda. In December 2013, the IIRC published "The International <IR> Framework" with the aim of establishing a uniform global framework for end-to-end corporate reporting. The IIRC defines integrated reporting as reporting on a company's business model, business strategy and performance in such a way as to allow shareholders and stakeholders to assess whether the company can create and maintain value in the longer term. The objective is a considerably smaller report that still contains exactly the relevant key financial and non-financial information.

Speed is also an issue when it comes to corporate reporting: the quicker a report is required to be submitted after the end of the financial year, the more it may be necessary to use estimated data, with the consequence that the content becomes less accurate. A further (internal) consequence is that reporting processes are becoming shorter and shorter. Companies have to set priorities and make value judgements if certain key figures are not yet available at the annual report publication date: how relevant is the corresponding information for corporate management?

Sustainability represents a particular challenge when it comes to reporting. Companies which have integrated sustainability into their business model require valid KPIs as a basis for decision-making. These figures must be available at the end of the financial year and included in the report. But be careful: Steer clear of artificially generated KPIs! Performance indicators that are solely intended to fulfil a certain assumed reporting requirement without actually being used in decision-

making are dispensable. The only way for a company to have a real chance of setting change in motion and reporting authentically on this process is if sustainability parameters are integrated into the daily processes and carried down from the overarching corporate strategy to the operational level. This is closely linked to the question of credibility: the public is more likely to trust a report if it has been independently audited. At present, however, this only works if companies voluntarily choose to commission an auditor – there is no statutory requirement for them to do so.

This is where integrated reporting comes full circle. The concept is ready; however, ensuring its systematic implementation and orientation will require clear guidelines in order for integrated reporting to become a central medium of corporate communication alongside streamlined regulatory (financial) reports at some point in the future. It is time not just for legislators and regulators but also for companies and their stakeholders to step up: if the statutory and market-driven conditions do not move away from highly regulated corporate reporting in favour of streamlining and simplification, there is little hope of things improving in the long term. ■

Roadmap – Sustainability Management

FACTS, MEASURES AND TARGETS

In the following you will find an overview of selected targets and measures.
Further details can be found at: www.telekomaustria.com

SAID IN 2012

- Improvement of reporting systems
- Expansion of the audit include an independent auditor
- Development of a supply chain strategy
- Completion of the certification of the Group-wide compliance management system
- Expansion of training on the topic of sustainability

DONE IN 2013

- Improvement of the internal reporting systems, adaption to GRI G4, successful shifting of publication to the middle of the year
- Improvement in international ratings, for example in the case of CDP: C, 74/100 points
- Extension of the scope of the review to include further indicators in the 2013 report
- Development and step-by-step implementation of social and ecological criteria in the supply chain of the Telekom Austria Group and A1
- Successful completion of the review of the compliance management system in accordance with IDW PS 980
- Integration of training courses on sustainability at the Telekom Austria Group Business School
- Successful audit of environmental management systems, introduction of EMAS in Slovenia and Austria

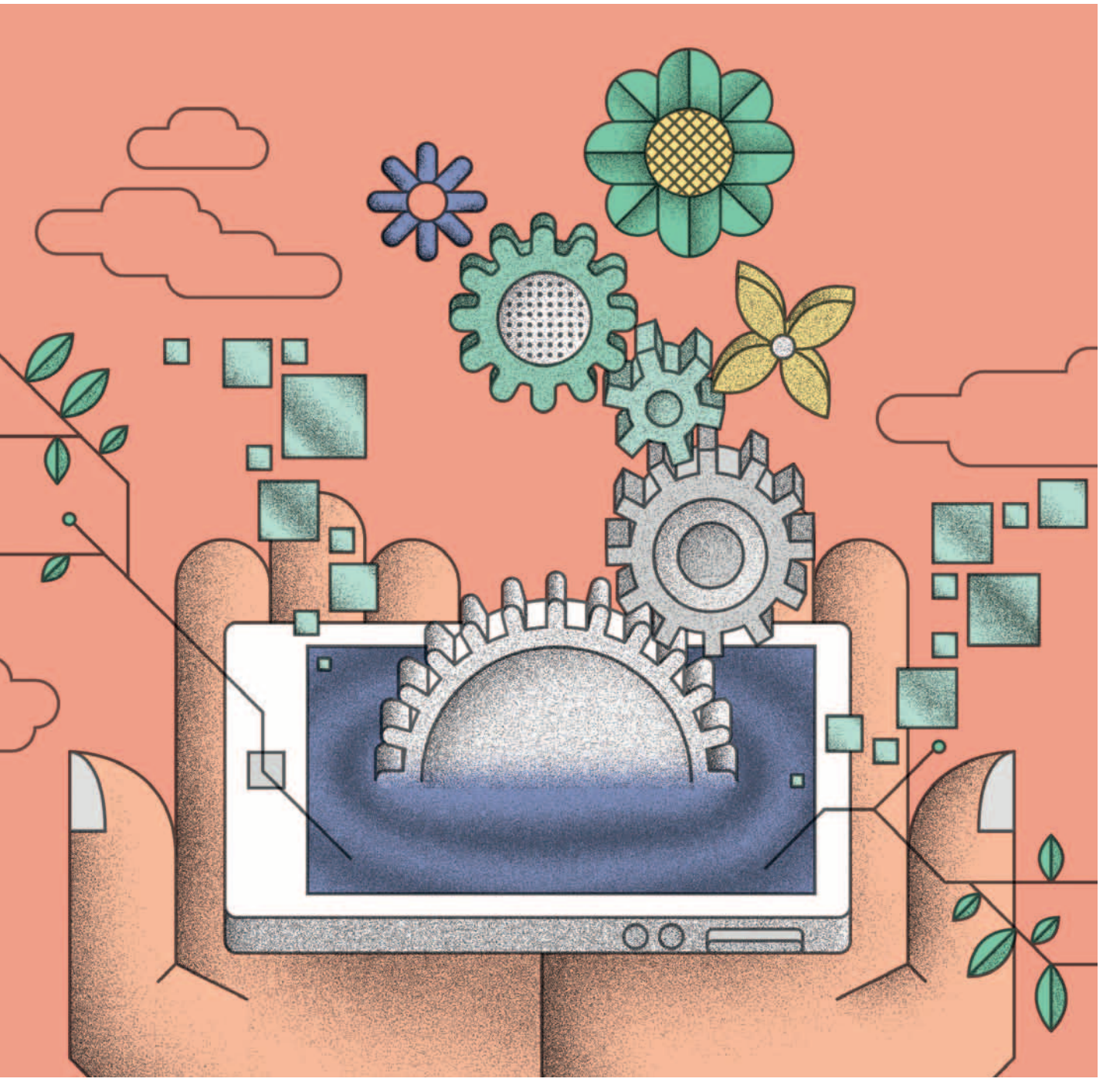
PLANNED FOR 2014

- Further adaption and improvement of reporting systems with a focus on publication dates and reporting quality
- Establishment of a focus group for human rights
- Continuation of the step-by-step implementation of sustainability aspects in the Telekom Austria Group's supply chain
- Carrying out another stakeholder survey in the context of updating the sustainability strategy (end of 2014/start of 2015)
- Continuation of external audit of environmental management systems and introduction in the Republic of Serbia (2014/2015)

PROVIDING RESPONSIBLE PRODUCTS

ACTION AREA: PRODUCTS

State-of-the-art communication infrastructure, highest standards of data protection, fail-safe systems as well as ICT products and solutions with a clear value added for customers, society and the environment are core elements of today's digital knowledge society.



Because it makes our lives easier

PREFACE

Developments in communication technology are constantly giving rise to new products that create simplifications and new opportunities for virtually all areas of life. This is also the objective pursued by the Telekom Austria Group with the products and services it offers.

So, do you still have to fly as much?" The headhunter from Vienna shakes his head. "No, we do a lot by video conference now." His conversational partner, a retired manager of a company from Lower Austria that manufactures solar systems, comments: "Well, in my day they were rather unreliable." – "That's changed a lot," says the headhunter. "It works very well now. Of course, the airlines aren't particularly pleased about it, they have lost a lot of business passengers. But for me, life has become much easier."

Business people value reliability and confidentiality in their professional communication. They want to be able to rely on telephones, e-mail and other electronic media working securely. Communication infrastructure has taken on a key role in shaping our day-to-day lives – in fact, it has become practically indispensable. The headhunter's online video conferences with partners in Europe, the USA, Australia and India replace face-to-face meetings and save him from having to waste time at airports and in aeroplanes. He can also send negotiation documents to his business partners quickly by by electronic means. New forms of communication are thus radically changing business life.

When he is on business trips, the headhunter communicates with his children via social media. But they have since given up their Facebook pages – after all, their dad doesn't need to know everything they share with their friends. Now they use another social media platform.

WILL ICT ALSO CREATE JOBS ON A SUSTAINABLE BASIS IN THE FUTURE?

The investor Peter Thiel, born in Frankfurt, whose early investment in Facebook made him rich and famous, expressed his disappointment at the development of the software sector in the magazine "The New Yorker". Unlike the nineteenth-century Industrial Revolution, he wrote, it is not creating enough jobs. Nonetheless, it cannot be denied that software and information and communication technologies are significant drivers of economic development. For example, a study by the consultancy Strategy& (formerly Booz & Co.) ascribes additional global added value of USD 193 billion to digitisation. And refers to the fact that it created some 6 million jobs worldwide in 2011. According to the World Economic Forum, the more rapid expansion of broadband in Europe has created a million new jobs.[1] This is not on a scale with the Industrial Revolution, but on the other hand the new communication technologies also have less of a negative impact on society and individuals. They too are changing the world permanently but in a much more environmentally and socially acceptable way. And unlike the beginnings of the Industrial Revolution, they are not creating a low-grade workforce but rather are contributing to the development of a middle class in countries where this has so far been lacking. They also promote values such as stability and legal compliance as well as reliable institutions and political participation. *(EC8)*

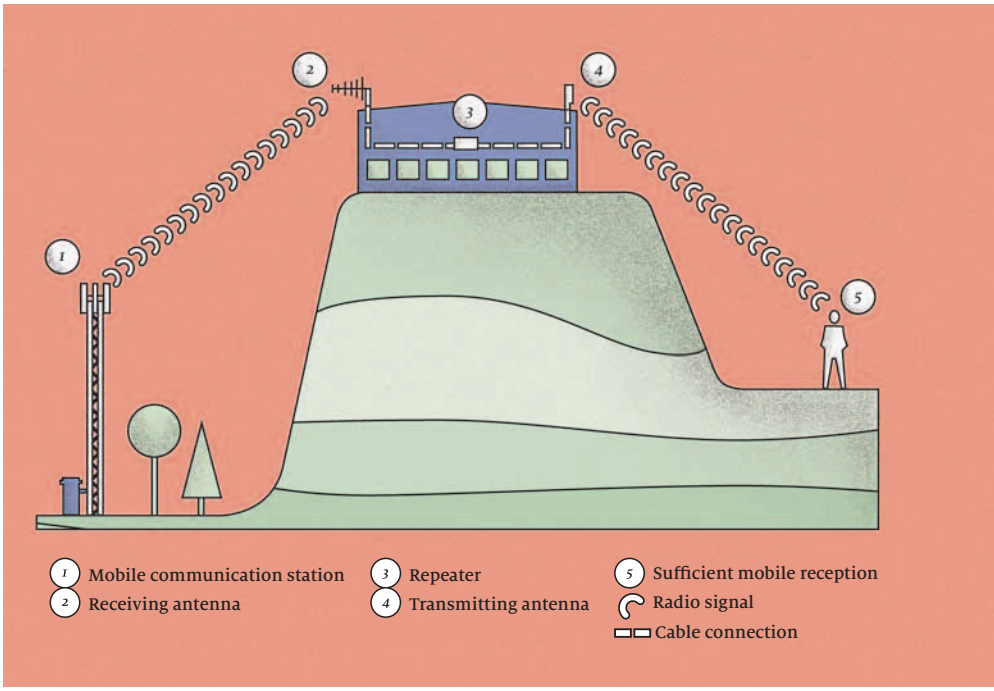
NETWORK READINESS INDEX

COUNTRY	*2013* SCORE/RANKING	*2012* RANKING
AUSTRIA	5.25 / 19	19
BULGARIA	3.87 / 71	70
CROATIA	4.17 / 51	45
BELARUS	n.a.	n.a.
SLOVENIA	4.53 / 37	37
REPUBLIC OF SERBIA	3.70 / 87	85
REPUBLIC OF MACEDONIA	3.89 / 67	66

The Networked Readiness Index measures, on a scale from 1 (worst) to 7 (best), the performance of 148 economies in leveraging information and communications technologies to boost competitiveness and well-being. Source: World Economic Forum, The Global Information Technology Report 2013

Of course, communication companies are also constantly facing new challenges as a result of the changes triggered by their own technologies. The effects this can have are demonstrated by several prominent examples of technology companies that failed to pick up on trends and consequently not only lost their leading market positions within a few years but in

REPEATER ENABLE MOBILE COMMUNICATION IN REMOTE AREAS. THE SIGNAL FROM A DISTANT MOBILE COMMUNICATION STATION IS RECEIVED, AMPLIFIED AND RETRANSMITTED VIA AN ANTENNA.



(PA1)

some cases even disappeared from the market. Existing communication infrastructure is coming under pressure as a result of increasingly complex applications and more and more intensive use. Telecommunication companies must react to this fast and efficiently in order to continue ensuring connectivity in the future and remain on the market. Meanwhile, the volume of data transported is growing rapidly: In 2013 alone, global mobile data traffic increased by 81%. Anyone who has ever travelled on the underground and seen half of the passengers hunched over their smartphones will know that mobile data services are extremely popular and fulfil a need for many people: the need for ever faster and more extensive electronic communication. This need means that the current mobile data volume can be expected to increase by a factor of eleven by 2018.

When the growing need for communication meets with a new, high-performance technology such as LTE, the development accelerates enormously since both factors encourage more intensive use of mobile devices. In 2013, LTE already accounted for 30% of total global traffic – with a share of 2.9% of customers. The average transmission rate of the networks almost doubled in the same year and is expected to double again by 2018.[2]

So the question is how the communication infrastructure will continue to deal with these rapidly increasing data volumes and speeds in the future. The key to this lies in the convergence of mobile communication and fixed line technologies. Fibre-optic and copper cables alongside state-of-the-art mobile communication technologies such as LTE provide a solid foundation for this – and thus also form the basis for the gigantic data stream of the future.

THE FUTURE COSTS MONEY – AND A LOT OF IT

Every type of infrastructure – not just in the field of communications – is constantly evolving and needs to be modernised, requiring high investments. Those who fail to recognise this fact risk stifling economic and social development. On this basis, we can conclude that only investments in existing and new infrastructure can ensure a thriving future development – and, in the case of communication technologies, connectivity. For this reason, in the 2013 financial year alone the Telekom Austria Group invested EUR 650 million in regular operations, more than EUR 400 million in acquisitions and EUR 1.03 billion in the Austrian mobile spectrum. Demand-driven network expansion, optimisation of copper and fibre-optic networks and investments in new fixed line and mobile communication technologies ensure the quality, availability and connectivity of the networks in the future, too. *(IO1, EC7)*

In contrast to the laissez-faire situation during the Industrial Revolution, the development of communication technologies is taking place under highly regulated conditions. Each expansion must take into account the legal provisions of a country, and also of the EU where relevant, and very different approval procedures. Although the responsible institutions are at least verbally striving for deregulation and simplification, every company that supposedly operates on free markets, such as the Telekom Austria Group, must deal with regulatory aspects in relation to pricing (e.g. roaming) as well as neighbours' rights, physical stability, land use planning, landscape preservation and compliance with the WHO's limits for emissions. These constitute strict conditions and tasks for core business but also clear indicators of sustainable business.

The requirements for companies in today's communication sector and their investors are fundamentally different

1 Booz&Co, Digitalization for Economic Growth and Job Creation, 2013

2 Cisco Visual Networking Index, 2014

from those of the Industrial Revolution. They demand much more of the kind of thing that is only inadequately covered by the term "sustainability". For example, public participation – a completely unknown concept back then - is now a key aspect. The Telekom Austria Group thus voluntarily informs the population about the construction of mobile communication stations and provides extensive information on planned mobile communication stations to the communities affected. In addition, it is applying new expansion concepts in rural regions. Digitisation is also being advanced here by supplying repeaters (see illustration page 27). *(EC7, IO1)*

Such activities are rarely covered by media reports on the communication sector. However, it does hit the headlines when there is a lot of money involved, for example at the frequency auction in autumn 2013. At this auction, A1, the Austrian subsidiary of the Telekom Austria Group, acquired two thirds of the spectrum in the new 800 MHz range ("digital dividend"). This is also worthy of media attention in that rural regions will benefit in particular from it.

Why? Is that where the money is going? Indirectly, at least part of it is, as the newly acquired spectrum makes it possible to use LTE nationwide. And, in line with the communication technology doctrine of convergence of mobile communication and fixed lines, new technologies are also called for in the latter. The Telekom Austria Group uses methods such as vectoring here. This minimises bandwidth loss due to interferences in copper cable by up to 90%. Another speed-increasing transmission technology for copper cable, known as "G.fast", is used in the last mile. In addition, the fibre-optic network is being expanded further so that all channels will be available for convergence in the future, too, and the growing demand for connectivity and data communication can be satisfied on a sustainable basis. *(PA1)*

MANY SECURITY ISSUES

All of those hunched over their favourite mobile devices on public transport or elsewhere (in cars, common sense and traffic regulations limit the driver to making calls using a hands-free system) rely on their communication needs always being met perfectly and securely wherever they happen to be. And with the Telekom Austria Group, they are in good hands in this respect. After all, it had set itself the target of ensuring coverage for 99% of the population with the 2G network and for 90% with the 3G network everywhere its services are offered. And both of these target were achieved in 2013. In technical terms, this means that, with the exception of Liechtenstein, mobile communication achieves a transmission rate of up to 42 Mbit/s via 3G/HSPA+. With regard to the fixed line network, next-generation access (NGA) infrastructure enables coverage of 60% of households in Austria with speeds of up to 16 Mbit/s, and in some places even up to 100 Mbit/s at the end of 2013. *(PA4)*

The conversion of the fixed line network to the voice-over-IP (VoIP) network in Austria was also completed in 2013. In the same year, the Croatian subsidiary Vipnet achieved a transmission rate of 5 Gbit/s with a hybrid fibre-coaxial network – the world record for fixed line data transmission, although customers are more interested in reliability than world records in this area. And of course in security. Two names come up in this context: Julian Assange and Edward Snowden.

They are among the most famous people in the world. They owe their fame to what some call betrayal of secrets and others call whistle-blowing. People like them are a nightmare not only for government agencies but also for companies in the communication sector. These companies have a great deal to safeguard - namely, their customers' data. Only if they do this well can they earn the trust of their customers.

Trust and security are seen as core elements of a healthy digital society. It's not just anybody who says this but the EU in its "Digital Agenda". Among other goals, it aims to make the online environment in the EU states the most secure in the world.

This is facilitated by a cybersecurity plan and a Commission proposal with measures that ensure a high level of common network and information security. The cybersecurity plan sets out specific points for increasing the resilience of information

EU CYBERSECURITY PLAN TO PROTECT OPEN INTERNET AND ONLINE FREEDOM AND OPPORTUNITY

- Achieving cyber resilience
- Drastically reducing cybercrime
- Developing cyber defence policy and capabilities related to the Common Security and Defence Policy (CSDP)
- Developing the industrial and technological resources for cybersecurity
- Establishing a coherent international cyberspace strategy for the EU and promoting core EU values

SUBSIDIARIES AUDITED IN LINE WITH ISO 27001 (INFORMATION SECURITY)

- ✓ A1
- ✓ MOBILTEL
- ✓ VIPNET

systems in cyberspace. The aim here is to drastically reduce cybercrime and strengthen international cybersecurity policy – and not least the cyber defence of the EU.[3] As shown by the leaks by Assange and Snowden, cyber defence (or the lack of it) plays a decisive role in emergency situations. *(PA3)*

Cyber defence by "civil institutions" such as the Telekom Austria Group means repelling attacks on their sensitive data or not allowing such attacks to happen in the first place. Data protection is the top priority; this is facilitated at all subsidiaries by the "Information Security Policy" developed specially for this purpose and its supplementary "Information Security Standards". To demonstrate its high security standards and thereby strengthen trust, A1, the Austrian subsidiary of the Telekom Austria Group, plans to publish a data protection report for the first time in 2014/2015. Because hackers pose a threat to this security, the company itself also employs professional hackers to identify any weak spots in the Telekom Austria Group's network.

The most famous hackers in the world are Assange and Snowden. Assange used data hacked by a member of the US armed forces in his own institution, while Snowden hacked his institution himself. As you can see, the human factor in a security system plays a role that is difficult to control. So how do the employees see data protection? Are they ready to ensure it in the interests of customers? Since 2013, one of the Telekom Austria Group's key campaigns has been to raise awareness of and provide training in data protection at all subsidiaries. So far, more than 2,700 employees have completed specially designed training using an e-learning tool (Austria) or in workshops or individual training sessions.

To provide clarity for customers regarding how their data is used, information on the storage duration and the type of stored data forms part of the Telekom Austria Group's customer contracts. Customer portals and websites make further information available. At the Austrian subsidiary A1, a Data Privacy unit headed by Group Compliance Officer Martin Walter was set up in mid-2013. Walter and his team developed a data protection policy and an in-house e-learning tool. (Information on safe Internet use at Creating Equal Opportunities page 60ff).

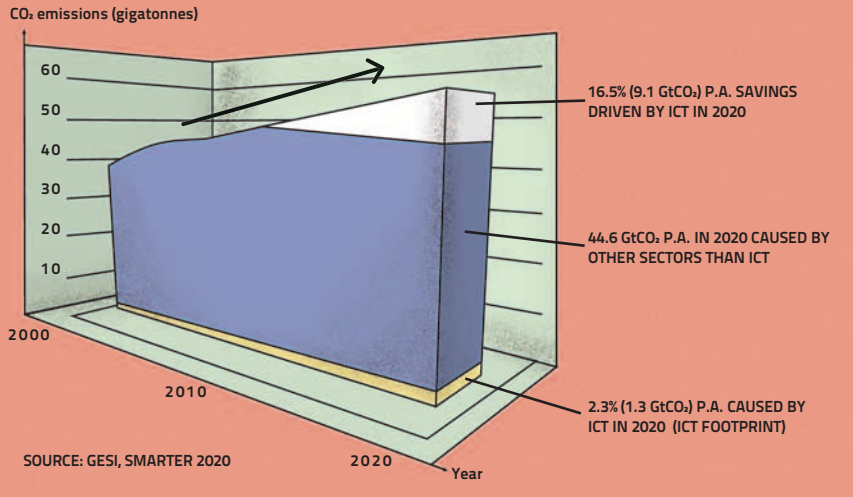
Another aspect of security is the secure availability of communication networks in crisis situations. At the Telekom Austria Group, specially trained crisis management teams are used for this purpose. They have technical equipment such as emergency power generators and satellite phones, and the Austrian subsidiary A1 even has a mobile, satellite-linked base station in a shipping container for emergencies. This enables the Telekom Austria Group to ensure a professional and rapid response in emergency situations. Phone calls to official emergency numbers are free at all subsidiaries. *(PA6, 7)*

SMARTER 2.0!

The headhunter from Vienna experiences the purpose of telecommunication products in a very practical way in his everyday life: simplification. Whether it's for business or private use, "smart devices" in a reliable infrastructure allow him to run different applications more or less simultaneously wherever he happens to be. Of course, he owns more than a smartphone - specifically, he also has a tablet, a notebook and a Kindle - and as such he is in line with the trend. Studies indicate that by 2018, the share of smart devices will have increased to over 54%.[4] This also means that such products are increasingly replacing physical objects. Overall, this development contributes to reducing environmental effects such as CO_2 emissions (see also Living Green page 36ff) and paper consumption. "Smart" solutions have the potential to save seven times their own greenhouse gas emissions by 2020.[5] Positive side effects include cost reduction, enhanced efficiency and an improved quality of life.

Looking at the world's major cities and their constant expansion seems to confirm the assumption that by 2050, 70% of the world's population will be living in cities. This will require new concepts for administration, transport and facilities for the inhabitants. Today, between 60% and 80% of energy worldwide is already consumed in cities. They produce roughly 70% of greenhouse gas emissions. Communication technologies offer solutions here. For example, new business areas such as the Telekom Austria Group's M2M can optimise transport systems and water, energy

DEVELOPMENT OF THE GLOBAL CO_2 EMISSIONS AND YEARLY SAVINGS DRIVEN BY ICT IN 2020



SOURCE: GESI, SMARTER 2020

3 www.europa.eu

4 Cisco Visual Networking Index 2014

5 GESI, SMARTer 2020

and waste management so as to preserve resources and thereby reduce the environmental impact.[6] Electronic signature systems, contracts and archives allow for faster and more efficient processing. They also provide support for people with disabilities and allow for a better quality of care, security and individual support for patients and older people.[7] *(TA1, 2, EN27)*

M2M, the Telekom Austria Group's division for machine-to-machine communication, also supports efforts to create climate-friendly products and added value for society. In 2013, significant progress was made in machine communication, and a range of services were made available to the energy sector, such as the cloud-based smart metering platform "SMARTify". Services for industrial automation technology and fleet management were expanded further. With real-time communication systems such as unified communications and collaboration solutions, previously physical activities can be performed virtually, considerably reducing CO_2 emissions. In addition to their product-specific benefits, the cloud services and the housing and hosting services offered by the Telekom Austria Group also create positive side effects such as energy efficiency and reduced emissions in both a private and a business context. (For further information see Online Measures Programme at www.telekomaustria.com and Living Green page 36ff and Creating Equal Opportunties page 60ff). *(PA5, EN27, TA1)*

All of these smart technologies are clearly aimed at customers and their satisfaction. So – are they satisfied with them? To measure the satisfaction of its subsidiaries' customers, the Telekom Austria Group has launched a project that uses the tools "Net Promoter Score"(NPS) and "Touchpoint Net Promoter Score" (tpNPS). Starting from 2014, an external survey on this will be conducted twice a year. NPS determines the loyalty of customer relationships and provides information on customers' attitudes to the subsidiary in question. tpNPS measures customer loyalty via various channels such as telephone, online and sales. If necessary, more in-depth surveys are conducted in addition to this. Qualitative interviews, analysis of online platforms and external studies are also used. Based on the results, potential improvements for products and services are derived and implemented on an ongoing basis. So that it's not just Viennese headhunters whose (working) lives are made easier. *(PR5)* ■

CUSTOMER CONTACTS IN CUSTOMER SERVICE	2013	2012
AUSTRIA	22,300	26,545
BULGARIA	4,375	5,656
CROATIA	3,412	3,147
BELARUS	5,125	5,382
SLOVENIA	907	999
REPUBLIC OF SERBIA	3,091	1,817
REPUBLIC OF MACEDONIA	1,429	2,023
TELEKOM AUSTRIA GROUP	**40,640**	**45,569**

USEFUL INFORMATION FOR GRI EXPERTS

- PR3: The Telekom Austria Group is not subject to any special labelling requirements
- PR8: In 2013, A1 reported one complaint to the Austrian Data Protection Commission. The disruption, which was caused by a defective system component, affected 25 customers and was rectified within 45 minutes
- I08: 70% exclusive use of transmitter locations, 30% shared use
- SO7: The companies of the Telekom Austria Group are committed to fair competition and follow the competition law provisions of the applicable legislation
- PA10: Each subsidiary of the Telekom Austria Group offers different cost-control tools. These range from text messages to special apps or the throttling of data rates. Further measures can be found online at www.telekomaustria.com

6 ITU, Focus Group on Smart Sustainable Cities

7 World Economic Forum, Global Information Technology Report 2013

The future of data protection: Cloud computing

AUTHOR
Udo Helmbrecht

PHOTOGRAPHY
ENISA

PREFACE

Udo Helmbrecht, ENISA, on the data protection challenges and expectations European telecommunications providers are currently facing.

The debate regarding security, privacy and confidentiality in cyberspace has been rekindled by recent reports on surveillance scandals. As a result of this debate, a loss of trust in information technology can be observed. In addition, it must be noted that effective protection under national law is not possible due to the multinational nature of Internet services. Ultimately, this has created the impression that intelligence services can easily circumvent technical protection mechanisms whenever they like.

There is a risk that this debate may negatively impact the business model of cloud computing providers. ENISA therefore considers it to be its responsibility to overcome the mistrust that has arisen. Sound risk analysis[1] can support cloud providers and consumers in selecting suitable data protection strategies. Furthermore, the increased demand for secure solutions will encourage the development of new protective mechanisms and speed up the implementation of existing cryptographic procedures with different methods of generating, storing and transferring the codes required for authorised data access. In addition, mechanisms that allow encrypted data to be processed without being able to read them ("homomorphic encryption") are planned. Cryptographic solutions must also constantly be adapted to current technological standards. The mechanisms used (protocols, algorithms, parameters) are therefore monitored and evaluated by ENISA at regular intervals with regard to their security features[2].

In addition to technical requirements, service level agreements should also include data protection aspects. Furthermore, current legislation must be adapted to reflect new technologies and business models. ENISA supports the amendment process for the Data Protection Directive 95/46/EC of the European Community to protect the privacy of individuals when processing personal data. In this context, it is involved with the "Article 29 Working Party", which gives particular attention to user rights (data minimisation, right to access and deletion). However, it has also become clear that it is almost impossible to integrate these rights in existing systems. They must therefore be included in the design stage already, and new IT systems must be supplied with privacy-enhancing factory settings ("privacy by design and default") in the interests of the users.

Cloud computing may currently be perceived as involving risks in relation to data protection law, but it can also be part of the solution. Small and medium-sized companies in particular are increasingly unable to protect their IT infrastructure adequately, as the staff resources for the required protection are not available in practical terms. Infrastructure providers can provide privacy-enhancing "plug and play" solutions for this purpose. However, neither technical methods nor laws alone are sufficient to restore lost trust. Rather, the legislator must create incentives for using technologically sophisticated solutions. ENISA plays an intermediary and advisory role in this context. ■

ENISA safeguards Europe's information societies by supporting and advising legal authorities, European institutions and companies on network and information security issues and, where necessary, by acting as a mediator.

Prof. Udo Helmbrecht is a physicist who has been working in the IT sector for 30 years. Before becoming the executive director of the European agency ENISA in October 2009, he was president of the Federal Office for Information Security in Bonn, a position he held from 2003 onward.

1 Good Practice Guide for securely deploying Governmental Clouds

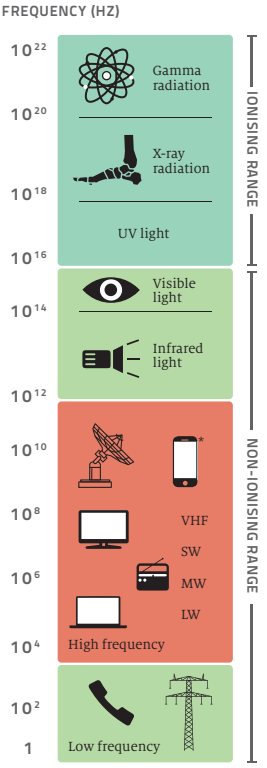
2 Recommended cryptographic measures – Securing personal data https://www.enisa.europa.eu/activities/identity-and-trust/library/deliverables/recommended-cryptographic-measures-securing-personal-data

Q&A: Mobile communication and health

EVERYTHING YOU ALWAYS WANTED TO KNOW ABOUT ELECTROMAGNETIC FIELDS.

1 HOW DO RADIO WAVES AFFECT THE ORGANISM?

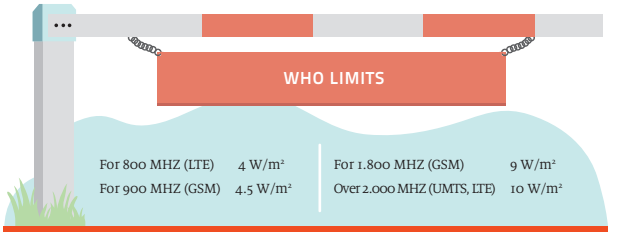
Electromagnetic waves are used in many different areas of life, such as medicine and television and radio reception. So there are radio waves practically everywhere – with different effects depending on their frequency. In the high-frequency range, electromagnetic waves lead to a minimal, barely measurable increase in the temperature of the human body. In the case of mobile communication, the level of energy is so low that even long conversations on a mobile phone cause the human body to heat up by only less than 0.1 degrees Celsius. By comparison, human body temperature rises by up to 2 degrees Celsius when doing sport.



* Frequency ranges 800, 900 1800, 2100 und 2600 MHz of mobile base stations

2 DOES USING MOBILE PHONES DAMAGE YOUR HEALTH?

No, no harmful effects or health risks have been identified as yet. "A large number of studies have been performed over the last two decades to assess whether mobile phones pose a potential health risk. To date, no adverse health effects have been established as being caused by mobile phone use," stated the WHO (World Health Organisation) in an information sheet.[1]



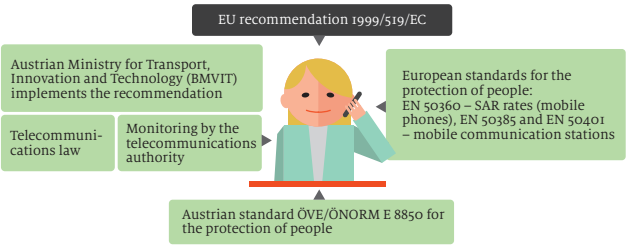
[1] WHO fact sheet no. 193, June 2011

3 ARE THERE LEGAL LIMITS FOR USE?

To protect our health, the International Commission on Non-Ionizing Radiation Protection (ICNIRP) reviews scientific studies and makes recommendations for limits. Many national and international expert committees, including those of the WHO, the EU and in the respective countries, use these limits as a basis. In the Telekom Austria Group, the limits recommended by the ICNIRP/WHO for base stations and mobile devices are adhered to and the actual levels are even several times lower in day-to-day operations. In addition, the various national laws and guidelines in the countries where the Telekom Austria Group operates are strictly observed. *(IO4, 5, 6)*

AS THE DISTANCE BETWEEN THE MOBILE PHONE AND THE MOBILE COMMUNICATION STATION INCREASES, THE IMMISSIONS ALSO INCREASE

LIMITS FOR A SAFE ENVIRONMENT IN AUSTRIA

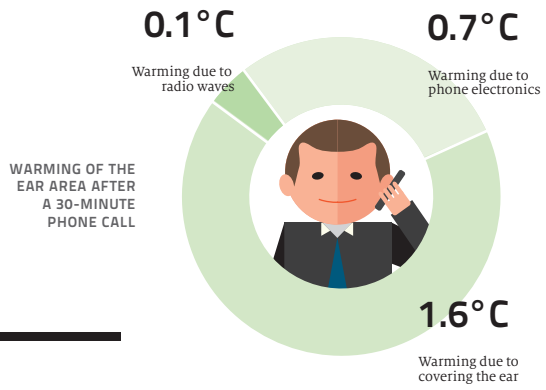


4 WHAT IS THE SAR?

The specific absorption rate (SAR) shows how much of the mobile phone's transmitting power is absorbed by the body when making a phone call. The SAR rate ensures that the heating effect caused by radio waves in the head area does not exceed 0.1 degree Celsius. The SAR of a mobile phone is determined based on its maximum technically possible transmitting power and is included in the description for all mobiles. However, low SAR rates do not automatically mean more safety when using the phone. Rather, it depends how far away the closest base station is from the mobile phone. The better the connection between a mobile phone and a base station, the less energy the mobile phone needs. A well-developed mobile network therefore means a lower level of exposure when making phone calls. *(IO6)*

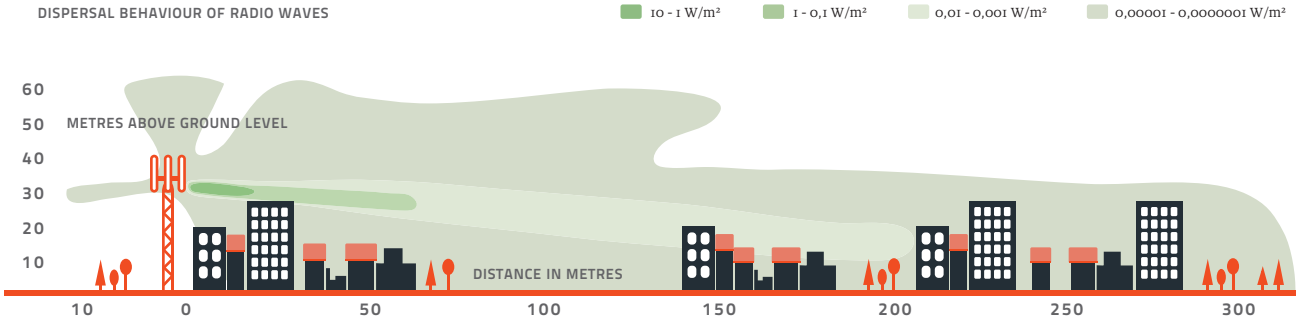
5 WHY DOES MY EAR GET HOT WHEN I MAKE PHONE CALLS?

The ear heats up mostly due to the outer ear being covered. The electronics in the phone (e.g. the battery) also contribute to heating up the ear when the phone is used. Only a small part of the heating effect is caused by the radio waves.



6 ARE BASE STATIONS HARMFUL TO PEOPLE AND THE ENVIRONMENT?

In this context, emissions are understood to mean the exposure to radio waves at a particular location. This can already be calculated precisely when a base station is installed. As an installer of these transmitters, the Telekom Austria Group performs emission calculations as a free service. This ensures that the applicable limits of the World Health Organisation are not exceeded. In general, the emissions already fall below these limits from a distance of around 2 – 8 metres. In any case, there is no public access to the areas directly around the base station. Furthermore, local EMF teams engage in dialogue with the local residents to answer any questions and they perform emission measurements free of charge on request. *(IO7)*



7 WHAT IS THE TELEKOM AUSTRIA GROUP DOING TO ADHERE TO THE GUIDELINES?

- A Group-wide EMF (electromagnetic fields) policy ensures that all subsidiaries without exception adhere to the guidelines on health and safety with regard to electromagnetic fields.
- Information is exchanged between the regional companies on a regular basis in the context of the Group EMF Board. This ensures a consistently high standard of adherence to the limits even when expanding the local networks.
- Only devices that adhere to national and international guidelines can be included in the Telekom Austria Group's product portfolio. Continuous testing ensures reliable adherence to the limits issued by the World Health Organisation (WHO).
- The emission levels of the mobile base stations are tested by the authorities in the respective countries on an ongoing basis. In Austria, for example, a test was performed by TÜV in 2012 and showed levels considerably below the limits. *(IO6, 7)*

FURTHER INFORMATION

The Telekom Austria Group maintains cooperation and intensive dialogue with local industry associations and holds talks with regional administrative authorities, interest group representatives and citizens' initiatives in order to advance research in the field of EMF. Brochures and further information are available in the local language on the websites of the respective subsidiaries. Information material is also available in Telekom Austria Group shops and the EMF team can be contacted at any time at emf@a1.net. *(PA8, IO7)* ■

GRI

USEFUL INFORMATION FOR GRI EXPERTS

- PR1: 100% of products have been tested
- PR2: No incidents in the reporting period

Roadmap – Products

FACTS, MEASURES AND TARGETS

In the following you will find of overview of selected targets and measures.
Further details can be found at: www.telekomaustria.com

→ BEING MAINTAINED
✔ ACHIEVED
IN PLANNING
IN IMPLEMENTATION

TARGETS 2015

- ENSURING GROUP-WIDE NETWORK COVERAGE OF AT LEAST 99% WITH 2G AND AT LEAST 90% WITH 3G ..... →
- MAINTAINING THE HIGHEST POSSIBLE DATA PROTECTION AND DATA SECURITY STANDARDS IN ALL COUNTRIES ... →
- PUBLISHING AN ANNUAL DATA PROTECTION REPORT FOR A1 (STARTING IN 2014/2015) ..... IN PLANNING
- MAINTENANCE OF ISO 27001 CERTIFICATION ..... →
- DEVELOPMENT OF INNOVATIVE SOLUTIONS IN THE HEALTHCARE, EDUCATION AND ADMINISTRATION SECTORS ... IN IMPLEMENTATION
- PROMOTION OF CLIMATE-FRIENDLY PRODUCTS AND SOLUTIONS ..... IN IMPLEMENTATION
- INCREASE IN CUSTOMER SATISFACTION ..... IN IMPLEMENTATION

BASELINE FOR TARGETS IS 2012.

SAID 2012

- Demand-driven expansion of infrastructure in the Telekom Austria Group
- Publication of a data protection report in 2014 (A1)
- Implementation of measures to raise awareness among employees, with a focus on data protection
- Maintenance of ISO 27001 certification
- Promotion of green ICT products and development of key figures for reporting

DONE 2013

- Capital expenditure of EUR 650 million, more than EUR 400 million for acquisitions and EUR 1.03 billion for mobile spectrum in Austria
- Data protection and data security:
  - *Maintenance of ISO 27001 certification in Austria, Bulgaria and Croatia*
  - *Awareness-raising campaigns for employees*
  - *Development of an e-learning tool in Austria*
  - *New data protection policy at A1*
- Implementation of a uniform tool for measuring customer satisfaction
- Green ICT product portfolio expanded further, collection of green ICT key figures for reporting begun in the year under review

For further measures, please refer to the measures programme online at www.telekomaustria.com

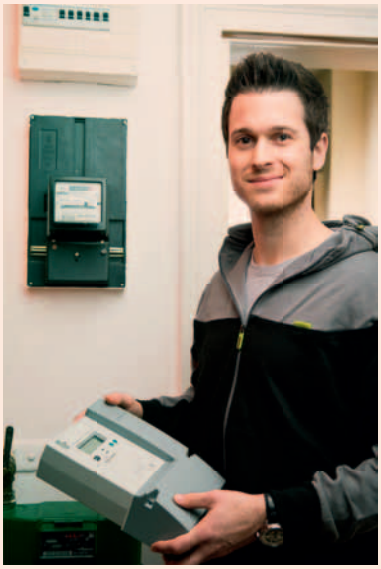
PLANNED 2014

- Demand-driven expansion of network infrastructure using new technologies
- Publishing an annual data protection report for A1 (starting in 2014/2015)
- Increased integration of environmental aspects in the Telekom Austria Group's product portfolio
- Further development of green ICT products with focus on M2M solutions (e.g. special solutions in the field of energy efficiency, eco-driving, e-mobility and smart-fleet)

Flagship Projects

1

1 The Bulgarian subsidiary Mobiltel launched the self-service app "My Mtel", which allows for fast and convenient administration of tarifs, cost etc. Cost-control tools and apps are available at all subsidiaries of the Telekom Austria Group, and Vodafone Consumer Services is offered in Austria, Bulgaria and Croatia.



2

2 The SMARTify application from Telekom Austria Group M2M enables efficient meter data management. In addition to automated meter reading, it also offers extensive business management and alarm functions.

3 Vipnet initiated the crowdsourcing platform "Vip forum", where anyone interested can engage in dialogue about issues in the telecommunication sector, give tips and share their experiences. This project focuses on forming an online community and a publicly available source of information.

4

4 With G.fast, the Austrian subsidiary A1 can achieve data rates of over 1 Gbit/s in the existing copper wire network for the first time, allowing for a new expansion option in the fibre-optic network.

5 A1's network was named the overall winner for the best network in German-speaking countries by the specialist magazine connect in early 2014. In 2013, the Bulgarian subsidiary Mobiltel achieved the highest 3G network coverage and the Serbian subsidiary Vip mobile received an award for its network coverage.

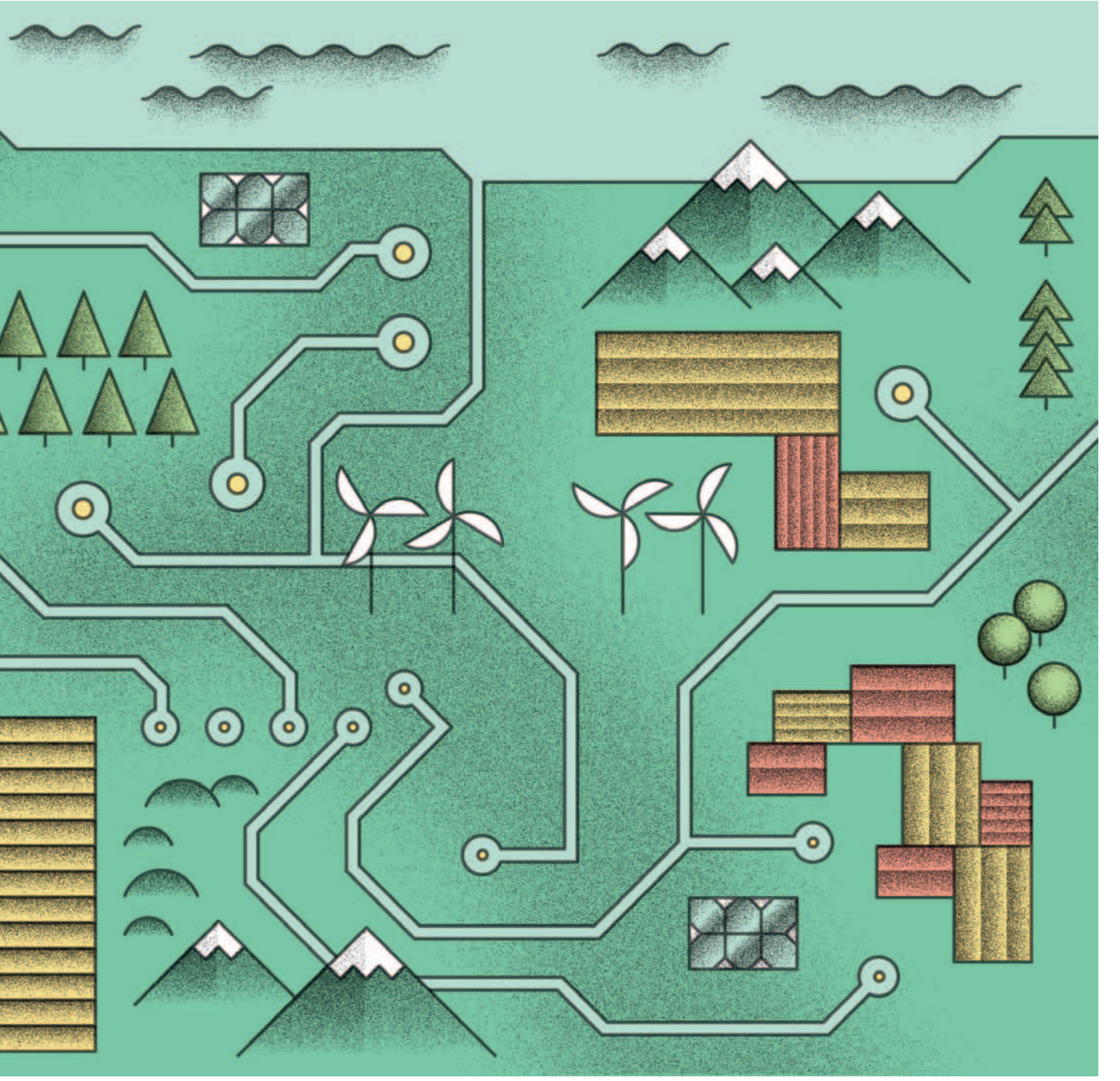
5

6 With the pilot project "eCall", the Bulgarian subsidiary Mobiltel has introduced a safety system for the whole of Europe. "eCall" is an additional service to supplement the emergency number 122. In the event of a car accident, an automatic connection is established in order to transmit location and vehicle data via MNO networks to the 122 emergency centre.

LIVING GREEN

ACTION AREA: ENVIRONMENT

The Telekom Austria Group actively embraces its ecological responsibility with an energy-efficient infrastructure, greater use of renewable energies, climate-friendly mobility and the protection of raw materials by means of optimised recycling and waste management systems.



Active contribution in the fight against climate change

PREFACE

The Telekom Austria Group uses targeted steps and programmes to continuously reduce its environmental footprint.

Climate change is considered the biggest global challenge of our time. In this context, the Intergovernmental Panel on Climate Change (IPCC) confirms the causal link between released greenhouse gases, such as CO_2, and global warming.

The consequences of the accumulation of CO_2 are an acidification of the world's oceans, and also an increase in extreme weather such as droughts and flooding also results. The economic damage is estimated to total trillions of US dollars. According to the IPCC, a rise in temperature of two degrees Celsius could wipe out up to 2% of global economic output.[1]

WHAT CAN BE DONE TO COMBAT CLIMATE CHANGE?

New energy and climate targets for reducing such greenhouse gas emissions were also presented by the European Commission in January 2014: Emissions are to be reduced by 40% by 2030 in comparison to their level in 1990. No new specific targets have been set with regard to energy efficiency. However, the EU Energy Efficiency Directive already stipulates that, starting from 2014, utility companies must generate savings of 1.5% of the quantity of energy sold to end customers each year.[2]

With regard to the share of renewable energies in power consumption, the European Commission will aim for a level of 27% throughout the EU by 2030. This is intended to replace mandatory individual targets for the EU member states. In the online version of the weekly newspaper "Die Zeit", the EU energy policy expert Severin Fischer comments on this as follows: "An explicit EU-wide target creates an incentive for closer cooperation on energy policy within Europe – and for a stronger European focus in the (...) change in energy policy. (...) In this way, fluctuations in the system and varying local conditions for energy generation can be balanced out better and the conversion of the energy system can be made more cost-efficient for Europe as a whole."

1 Fifth Assessment Report of the IPCC, Part 2, March 2014

2 European Commission, press release dated 22 January 2014

CLIMATE-FRIENDLY COMMUNICATION TECHNOLOGIES

Innovative technologies like those developed by the telecommunication sector offer encouraging approaches for climate protection. Advancing digitisation and smart solutions can increasingly replace physical products and services and contribute to a 16% reduction in global CO_2 emissions[3] (see also Providing Responsible Products, page 24ff). They therefore have an important role to play in the development of a "low-carbon economy".

However, the huge rise in the volume of data transported via network infrastructure and the expansion of new technologies also contribute to an increase in the networks' energy consumption. According to current studies, approximately 2% of global energy requirements are attributable to ICT companies.[4] At the Telekom Austria Group, an estimated 80% of its energy use is attributable to its networks. Networks are therefore also a key aspect when it comes to the question of how a communication company can become energy-efficient and contribute to protecting the environment and the climate.

The Telekom Austria Group aims to generate further operating growth without a rise in CO_2 emissions to the greatest extent possible. It has therefore set itself the Group-wide target of reducing its CO_2 emissions by 25% by 2020 and has taken corresponding measures in all of the countries where it operates. These include environmental management systems, a Group-wide environmental policy, clear environmental targets and measures and the collection of environmental key figures throughout the Group. These are to be used to measure, control and ultimately reduce the Telekom Austria Group's environmental impact in the respective countries.

In line with the principle "avoid and reduce", the Telekom Austria Group already set itself specific targets in 2012 for effectively reducing its environmental footprint. Starting from 2012, energy efficiency throughout the Group is to be increased by 20% by 2015. In order to achieve this, a range of measures have been and will be implemented to optimise energy efficiency with regard to network infrastructure

PHOTOVOLTAIC PARK AT THE EARTH STATION IN AFLENZ, AUSTRIA

(see also Online Measures Programme at www.telekomaustria.com). For example, energy savings of around 10% can be achieved at mobile base stations by means of utilisation-dependent activation and deactivation of GSM resources for each activated location. *(EN6 , 7)*

There are also possibilities for reducing consumption at data centres with energy-intensive cooling. The Telekom Austria Group uses innovative cooling systems such as cold aisle containment, hot spot suction extraction, hybrid ventilation systems and heat recovery systems for this purpose. Such systems allow for energy consumption to be reduced by up to 75% compared to conventional cooling systems. In this way, the Group managed to reduce power consumption by 1% in 2013 despite rising data volumes and to increase efficiency accordingly. *(EN6 , 7)*

USE OF RENEWABLE ENERGY SOURCES

In addition to measures to reduce energy needs and to optimise energy efficiency, the use of renewable energy is the key method for reducing CO_2 emissions. Whereas burning fossil fuels represents one of the biggest sources of CO_2 emissions worldwide, the use of electricity from renewable energy sources is considered to be climate-neutral. For this reason, the Telekom Austria Group has, for some years, been constructing its own facilities for the production of renewable energy that work with photovoltaics – the conversion of sunlight into electricity. Furthermore, the company chooses to purchase electricity from renewable energy sources where possible.

In 2013, a photovoltaic farm measuring 2,800 square metres with 462 photovoltaic modules was constructed for the Austrian subsidiary A1 at the earth station in Aflenz. This ground-mounted photovoltaic farm feeds the electricity generated directly into the Aflenz satellite station, produces a peak output of 113 kilowatts (kWp) annually in the first expansion phase and enables CO_2 to be reduced by up to 50 tonnes. In the first half of 2014, there was an expansion to 195 kWp, increasing the CO_2 savings to approximately 90 tonnes. In addition, starting from 2014 A1 will be sending a clear signal with regard to climate protection by using 100% electricity from renewable energy sources.

COOPERATIONS

- ETNO (Telekom Austria Group)
- klima:aktiv (A1)
- Austrian Mobile Power (A1)
- Code of Conduct on Data Centers Energy Efficiency (A1)
- Green Network (Si.mobil)
- Ecologists Without Borders (Si.mobil)

(G4.15)

3, 4
SMARTer 2020

SIGNIFICANT IMPROVEMENT IN THE ANNUAL CDP ASSESSMENT WITH REGARD TO CLIMATE PROTECTION FOR THE SECOND TIME IN A ROW

2013: DISCLOSURE SCORE OF 74 (OUT OF 100) POINTS, PERFORMANCE SCORE C (2012:54 POINTS, SCORE E)

The company also chooses alternative energy sources for its mobile base stations, where hybrid ventilation systems operated by wind power and hybrid energy supply systems are used. In the sunny areas of Croatia and in some cases also in Slovenia, more than 50 mobile base stations are now operated using solar and wind energy or, as some of them, are almost energy self-sufficient thanks to the use of hydrogen fuel cells.

An important milestone was achieved in 2014 with regard to reducing the Telekom Austria Group's environmental footprint: A1 became the first Austrian company and the first company in the Telekom Austria Group to operate its entire telecommunication network on a carbon-neutral basis. (Further details on page 46f).

ENVIRONMENTALLY-FRIENDLY VEHICLE FLEET AND PRESERVATION OF RESOURCES

Employee mobility plays a not inconsiderable role in the Group's commitment to reducing energy consumption and thus also CO_2 emissions. Due to ongoing maintenance of the network infrastructure and on-site customer support, many of them have to travel a great deal to service customers. A total fleet of almost 5,000 vehicles of different types in all countries is available to Telekom Austria Group employees for this purpose.

Increased use of hybrid and electric cars and natural gas–powered vehicles enabled a reduction in fossil fuel consumption of approximately 110,000 litres in 2013 despite an almost constant mileage in comparison to the previous year. For example, the subsidiary A1 uses almost 50 vehicles with alternative drive technologies throughout Austria, in Slovenia almost the entire vehicle fleet environmentally friendly.

However, the first step must be to achieve the best possible reduction in the number of kilometres driven. Travel routes are therefore optimised using innovative logistics concepts. This can save around 1 million kilometres or 200 tonnes of CO_2 emissions per year. Another option for reducing the number of kilometres driven is available to employees in the form of 38 video conference rooms. These were used more than 16,200 times in 2013. *(EN30)*

It is not just fossil fuels that the Telekom Austria Group endeavours to use sparingly but also other non-renewable resources.

For the Group, preservation of resources not only means ensuring appropriate disposal or recycling; it also means avoiding waste wherever possible. In its environmental strategy, the Telekom Austria Group has specified a number of measures for achieving its environmental targets. For example, the recycling rate in the Group amounted to 55% in 2012 and was increased to 71% in 2013. It is to be raised by 10% by 2015.

At the same time, the Group also intends to reduce its own paper consumption by 10% by 2015. In 2013, the amount of paper used was cut by 1% to 313,000 tonnes, a reduction of almost 4 tonnes compared to 2012 - equivalent to an 80-metre-high stack of paper. This was primarily attributable to the decreases in paper consumption in Austria, Slovenia and the Republic of Macedonia. To reduce customers' paper consumption, too, a target has been set for reducing paper invoices: In 2013, 64% of all invoices were issued in the form of e-bills, already well above the 50% target set for 2015.

In the process of technological change, new technical components are continuously being used to optimise efficiency and performance. The Telekom Austria Group uses efficient life cycle management to ensure that the best possible use is made of technical devices over the course of their life cycle and that they are also reused or recycled where possible. At the end of their life cycle, devices are removed, separated into printed circuit boards, copper, iron, sheet metal and recycled appropriately. Most Telekom Austria Group subsidiaries offer their customers free take-back and specialist disposal of old personal mobile phones as well as batteries and chargers. (For further details on mobile phone recycling, see page 44f).

ENVIRONMENTAL PROGRAMMES AT THE SUBSIDIARIES

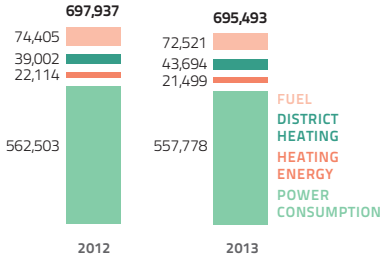
Some subsidiaries of the Telekom Austria Group have developed their own environmental programmes on the basis of international environmental management systems. For example, the Re.misli environmental programme has been running at Si.mobil in Slovenia since 2008 (see also page 43) and the "Vip Ecomotivation" programme at Vip mobile in Serbia has been in place since 2012. These programmes group together all environmental measures while also ensuring active involvement and motivation of the employees.

These measures underscore and demonstrate the Telekom Austria Group's clear commitment to making its contribution to environmental and climate protection. The challenges that face us all as a result of climate change are formidable. But as one of the most important commentators on global climate change, Elizabeth Kolbert, puts it: "This only makes the imperative to act that much greater." ■

Facts about environmental topics

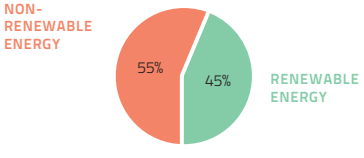
ENERGY

TOTAL ENERGY CONSUMPTION (IN MWH)



In 2013, the Telekom Austria Group's total energy consumption remained stable or declined modestly in spite of the rising data volume. This was particularly due to a 1% decrease in power consumption. This was followed by an improvement in the energy efficiency index to 1.1 MWh per terabyte. *(EN3, 5 ,6)*

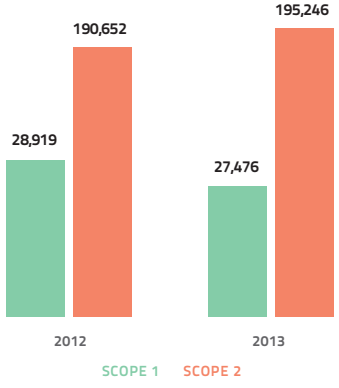
RENEWABLE ENERGY AS A PROPORTION OF POWER CONSUMPTION IN 2013 (IN %)



The proportion of renewable energy of electricity fell from 56% in 2012 to around 45% in 2013. This was driven by the purchased energy mix in 2013. Suitable countermeasures, such as the purchase of green electricity at A1, have already been put in place for 2014.

CLIMATE-RELEVANT EMISSIONS

CO_2 EMISSIONS (IN T CO_2 EQU.)



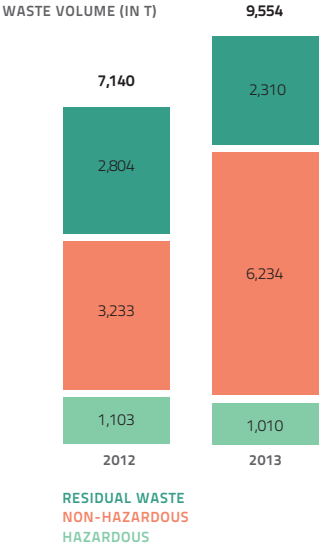
Whereas direct emissions[1] were reduced by 5% in 2013, indirect emissions[2] climbed by 2%. This increase was mainly due to the purchased energy mix in 2013. Biogenic scope 1 emissions amount to 1,230 tonnes of CO_2. For scope 2 and scope 3, no emissions of this kind are known. *(EN15, 16, 19)*

[1] From the burning of fossil fuels for heating and mobility (scope 1)

[2] From power consumption and district heating (scope 2)

WASTE MANAGEMENT AND RECYCLING

WASTE VOLUME (IN T)



The total volume of waste grew by 34% in 2013 primarily driven by network renewal programmes. Due to improved recycling processes, in particular for technical equipment, the recylcling rate increased to 71% from 55% in the previous year. *(EN23)*

AWARDS IN 2013

- EMAS Price 2014 for environmental management of A1 awarded by the Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management (A1)
- The Bulgarian Ministry of the Environment presented the Green Business Award 2013 for the "Mtel eco grant" project (Mobiltel)
- Named the "greenest company" in the Bulgarian telecommunication industry in 2013 by b2b magazine (Mobiltel)
- "velocity" project named the best CSR project with local involvement in Belarus (velcom)
- Award for the environmentally friendly fleet in Slovenia by Finance magazine (Si.mobil)

USEFUL INFORMATION FOR GRI EXPERTS

- EN4: Energy consumption outside the organisation amounted to 41,106 MWh in 2013 and comprises the energy consumption of the mobile phones issued to customers and business trips by taxi, rail or aeroplane at the Telekom Austria Group
- EN15, 16, 17: 2012 is used as the base year as this is when the targets of the strategy were defined
- EN23: The Telekom Austria Group is committed to appropriate disposal and complies with the provisions of the respective countries
- EN25: Hazardous waste was disposed of appropriately, mostly within the respective country.
- EN29: No fines were paid in relation to environmental issues in 2013
- EN34: There were no complaints with regard to environmental effects in the year under review

Climate change – what do we need to do?

AUTHOR
Helga Kromp-Kolb

PHOTOGRAPHY
Universum Magazin/ R. Hügli

PREFACE

That climate change caused by greenhouse gas emissions exists is beyond question for climate scientists like Helga Kromp-Kolb. To counter this, there needs to be a greater emphasis on the quality of life instead of life standard.

To an increasing extent, climate researchers are no longer meeting one another in person for project meetings or conferences at scenic but far-flung locations – instead, they are communicating by telephone or using webcasts. A pan-European project with the name "Climate-Friendly Climate Research" aims to help reduce greenhouse gas emissions in research. What often starts with reluctant consent to give it a try once, soon wins over supporters. What applies to researchers can also be applied to business meetings. Of course you want to and should get to know your project partners in person, too, but many trips are simply superfluous. Telephone, video or other forms of teleconferencing are easier to organise, as you no longer have to set aside a whole day but rather just an hour or two. You can communicate more often, save any travel time and can spend the evenings with your family. The discussions are better prepared and are shorter because a great deal of image cultivation is no longer needed. And last but not least, you save energy and cause less greenhouse gas emissions.

Admittedly, the latter factor was the main reason why the Centre for Global Change and Sustainability at BOKU instigated this project. It has long been clear to climate researchers that climate change really does exist and that to a significant extent it is attributable to the release of greenhouse gases as a result of burning coal, oil and gas, and to the clearance of rainforests. The Fifth Assessment Report of the IPCC (Intergovernmental Panel on Climate Change), published at the end of 2013, states that the quantity of greenhouse gases that can still be released into the atmosphere – if the rise in temperature as against the pre-industrial level is not to exceed 2 degrees – is limited to around 750 gigatonnes of CO_2. With a global population of 7 to 9 billion, this does not leave any leeway, for example for flights that are not absolutely necessary. A fair level of emissions in industrialised countries would thus be around one tonne of CO_2 per year – the average Austrian currently emits around 10 tonnes per year.

But why does it have to be 2 degrees Celsius, wouldn't 3 degrees Celsius be manageable, too? Firstly, 2 degrees Celsius is a global average; at a regional level, and this includes Austria, the degree of warming might be much higher. The global temperature increase currently amounts to 0.8 degrees Celsius, but in Austria we have recorded a rise of almost 2 degrees Celsius in the same period. Extreme events – heat waves and probably also heavy precipitation – would increase at a disproportionate rate, glaciers would melt, forests would die, agriculture and people would suffer from pests and illnesses previously unfamiliar to us, we would no longer be able to count on there being snow for winter tourism, and many more effects would materialise. Secondly, there are fears that if the temperature were to rise by more than 2 degrees Celsius the climate would be dangerously destabilised. In geological eras with higher temperatures, millions of years ago, the background conditions – for example, the global distribution of land and water – were different. Past eras are no guarantee that stability can be achieved. This would mean that the temperature would continue to rise, regardless of any measures that were then initiated to reduce emissions. We cannot let our children and grandchildren face a situation like this!

The good news is that most of the measures that we need to take to protect the climate – such as those described at the beginning of this article – are also desirable for other reasons: Instead of just focussing on the standard of living, they offer a better quality of life. We just need to be open enough to change our habits and recognise real benefits that go beyond convenience. ■

Univ. Prof. Dr. Helga Kromp-Kolb, meteorologist and climate scientist, leads the Center for Global Change and Sustainability at the University of Natural Resources and Life Sciences Vienna.

Si.mobil: top of the class for environmental protection

PREFACE

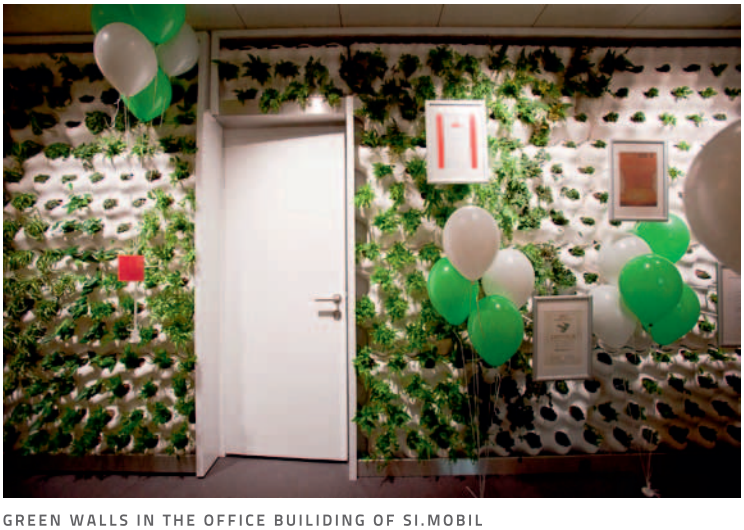
The Slovenian company Si.mobil is a pioneer of active environmental protection within the Telekom Austria Group. For six years it has been running a multi-award winning project, in which the name says it all: Re.misli (Re.think) calls on us to rethink all actions that have an impact on the environment and to act with greater awareness.

Back in 2008, the Telekom Austria Group's Slovenian subsidiary, Si.mobil, asked itself how a company can minimise its environmental impact to the greatest extent possible. What started as a small internal project is now a company-wide flagship programme called "Re.misli", which has since become an actively applied standard at Si.mobil and was awarded a number of prices, including the ECO Fleet price 2013.

Re.misli means "rethink" and is based on three key pillars: reduce, reuse and recycle. As the name indicates, it actively calls on each individual in the company to reconsider how his or her actions affect the environment and therefore to act with greater awareness. The programme no longer just relates to environmental activities but it now encompasses all of the company's social and sustainability measures and is firmly embedded in Si.mobil's corporate strategy.

Re.misli particularly focuses on reducing environmental impact – mainly by means of efficient environmental management and recycling systems and a large number of energy efficiency measures in network planning and in office buildings, which have led to energy savings of up to 40%. Si.mobil also successfully implemented a number of additional measures in 2013 in order to achieve the medium-term and long-term goals of its environmental programme. These included introducing low-energy cooling and controlling technologies for the mobile communication stations and new waste recycling stations in the offices. In addition, back in 2009 Si.mobil created the Si.voda Fund, an institution for the protection of clean water, in order to tackle one of Slovenia's biggest environmental challenges. Support has now been provided for eight different projects with a total volume of more than EUR 150,000.

In 2013 Si.mobil launched the gradual renovation of its entire headquarter. During the course of this the renovation, work spaces were adapted to meet the needs of Si.mobil employees, assuring offices that provide a friendly and relaxing work environment, improve work efficiency, and promote collaboration between colleagues. In this almost 3-year long project, Si.mobil followed contemporary trends in the field of interior design and office planning, focusing on ergonomics, color scheme, and also natural materials. ■



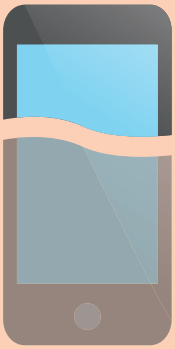
GREEN WALLS IN THE OFFICE BUILIDING OF SI.MOBIL

remisli

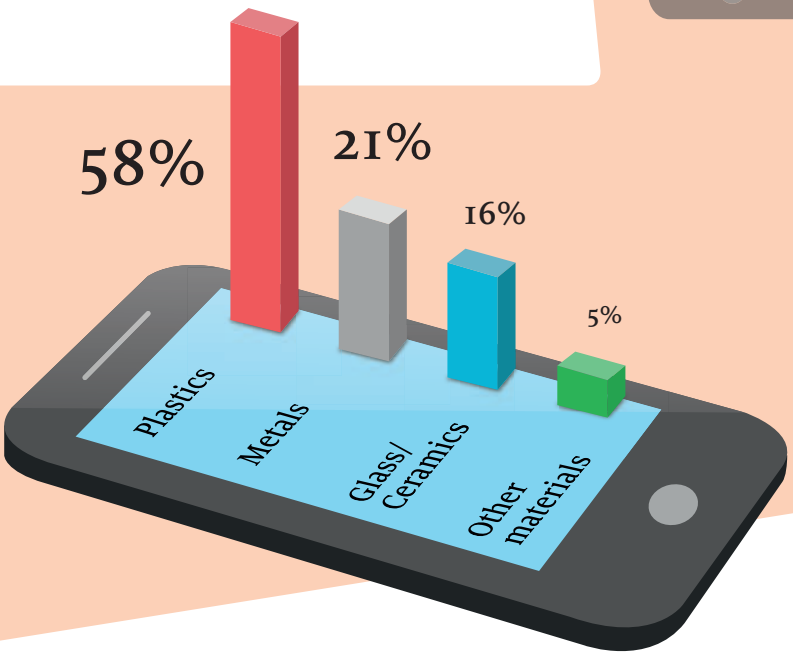
Valuing raw materials – mobile phone recycling at the Telekom Austria Group

Did you know that an old mobile phone contains many valuable and often rare raw materials such as gold, silver, palladium, copper, aluminium, tin or coltan? Instead of ending up in the hazardous waste stream, these valuable resources should be recovered using expert recycling processes and reused in production. Recycling also cuts down on the energy and resources used in manufacturing new mobile phones, thereby reducing the level of greenhouse gas emissions. An average mobile phone is used for approximately 18 months, but as is the case for Austria for example, only around 15% of old phones are recycled – even though 40% of mobile phone components can be reused.

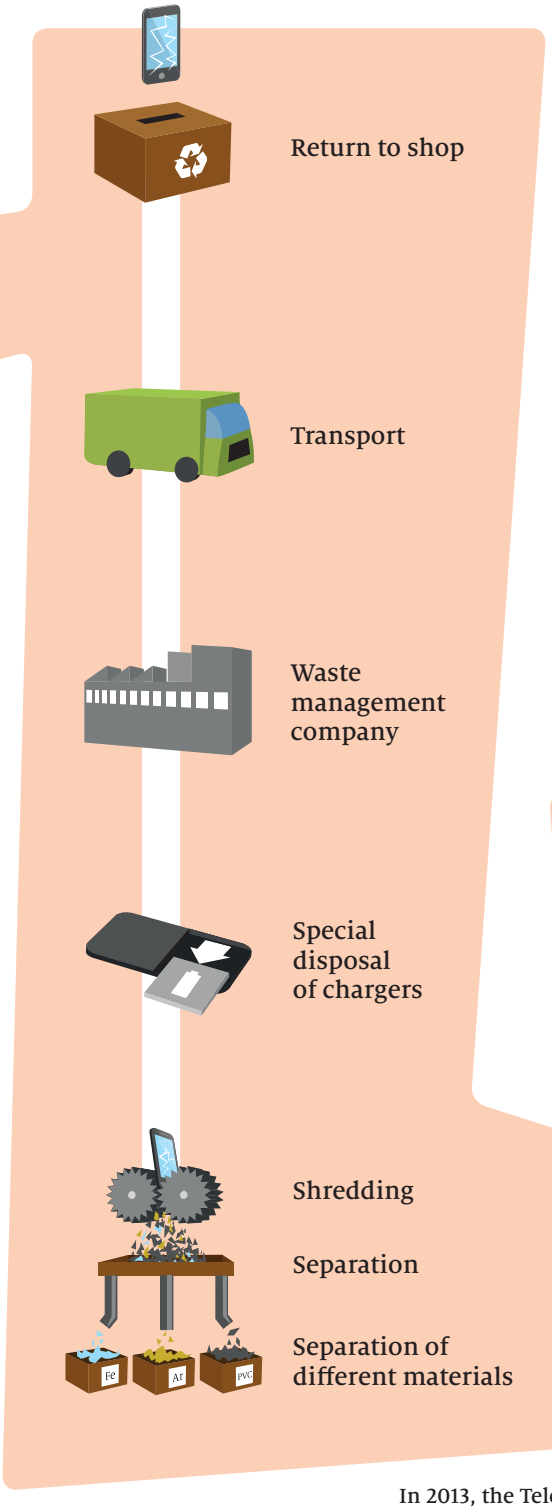
40%
of a mobile phone can be recycled



Components of a mobile phone

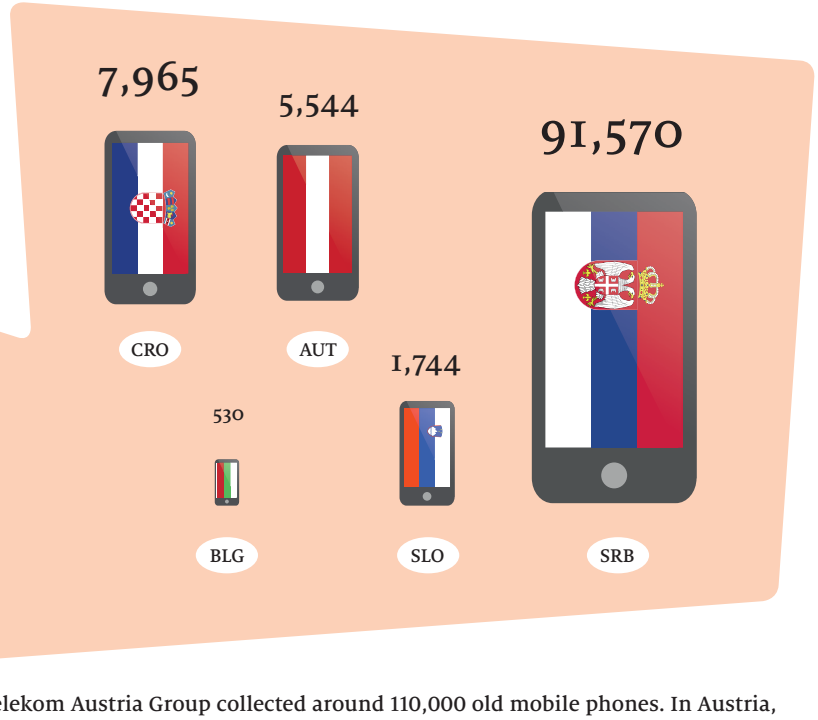


Recycling process



Although the Telekom Austria Group only sells mobile devices rather than manufacturing them itself, it is still committed to making an active contribution towards conserving resources. In schemes that have, in some cases, been in place since 2004, Telekom Austria Group subsidiaries (with the exception of Vip operator in the Republic of Macedonia and velcom in Belarus) give users the opportunity to drop their old devices into collection boxes in their stores free of charge so that the valuable materials can be recycled. The old devices are passed on to specialist recycling firms who check to see whether they still work. Around half of the old devices handed in for recycling are still fully or partially functional and can be reused once they have been tested and any necessary repairs have been performed. Any data that is still stored on them is carefully deleted before the devices are reused. Devices that no longer work are broken up, and the shredded parts are either disposed of or fed back into the material cycle depending on their composition. Recycling takes place locally in the respective countries and proper disposal is ensured. The proceeds from mobile phone recycling are used for climate protection and social projects or passed on directly to the customer.

Collected old mobile phones in the countries (2013)



In 2013, the Telekom Austria Group collected around 110,000 old mobile phones. In Austria, for example, EUR 4 per mobile phone handed in was donated to the non-profit association "Kinderhände". In Slovenia, the Si.voda fund for water protection receives EUR 1 for every device collected. In the Republic of Serbia, mobile phone collection was part of an incentive campaign for customers. *(EN27, 28)* ■

A1 is Austria's first carbon-neutral network

PREFACE

You can now make phone calls, surf the net and watch television in a climate-friendly way. A1 is the first and only communication provider in Austria with a 100% carbon-neutral network, thus making a clear contribution to global climate protection.

A1 IS A PIONEER IN CLIMATE PROTECTION

Buying regional food products, travelling by bicycle, saving electricity – more and more people want to do something to reduce their carbon footprint and thereby counter global climate change. What many of them don't realise is that telecommunications plays a major role here as it, for example, shifts road traffic to the data highway via videoconferencing solutions. But to ensure that increasing digitisation does not cause energy use and CO_2 emissions to rise, timely action is required. For over 10 years, A1 has been taking measures to stabilise its energy consumption and has introduced the environmental management system according to ISO 140001. And it has been successful: in the past years energy consumption has been reduced in spite of increasing data volumes. But it doesn't stop there: since 2014 A1 has been operating a carbon-neutral network.

CO_2

-40%

CO_2-EMISSIONS SINCE 2008

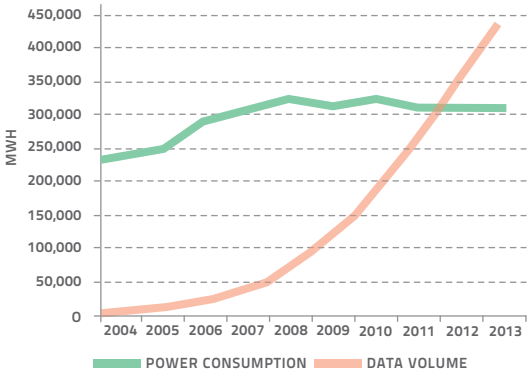
THE PATH TO A CARBON-NEUTRAL NETWORK

As part of the "carbon-neutral network" initiative, A1 is reducing all emissions resulting from network operation to zero. The most important step in this process is reducing power and fuel consumption, ensuring energy-efficient operation of the data centres and mobile base stations and using the state-of-the-art technologies. Because power production from burning fossil fuels represents one of the biggest sources of CO_2 emissions, A1 also uses 100% power from renewable energy. For instance, at the A1 earth station in Aflenz, it constructed a photovoltaic farm that saves 90 tonnes of CO_2 per year. To offset the remaining 25% of CO_2 emissions, A1 supports national and international climate protection projects. As a result, A1's status as a carbon-neutral network has been confirmed by TÜV SÜD (Standard PAS 2060).

PHONING, SURFING AND WORKING SUSTAINABLY

A1 not only offers its customers excellent reception and top-speed internet, but also numerous products and solutions that help protect the environment. With video conferences, working from home and working on the move, A1 business customers not only save time but also reduce travel-related CO_2 emissions. Housing and hosting solutions and the A1 cloud service are operated on a climate-neutral basis at the A1 data centres. The conversion of telephone booths to electricity charging stations helps promote e-mobility. Recycling is also made easy for A1 customers, as broken or old mobile phones can be disposed of at all A1 shops. A1 also concerns itself with recycling of valuable raw materials and environmentally-friendly disposal. For a better future with the best network. ■

DEVELOPMENT OF A1'S POWER CONSUMPTION AND DATA VOLUME



Where are CO_2 emissions generated in the A1 network?

TOTAL[1]

63,827 t CO_2[2]

ELECTRICITY 75%

308 GWh – equivalent to the annual electricity consumption of all households in Salzburg city

47,579 t CO_2[2]

VEHICLE FLEET 15%

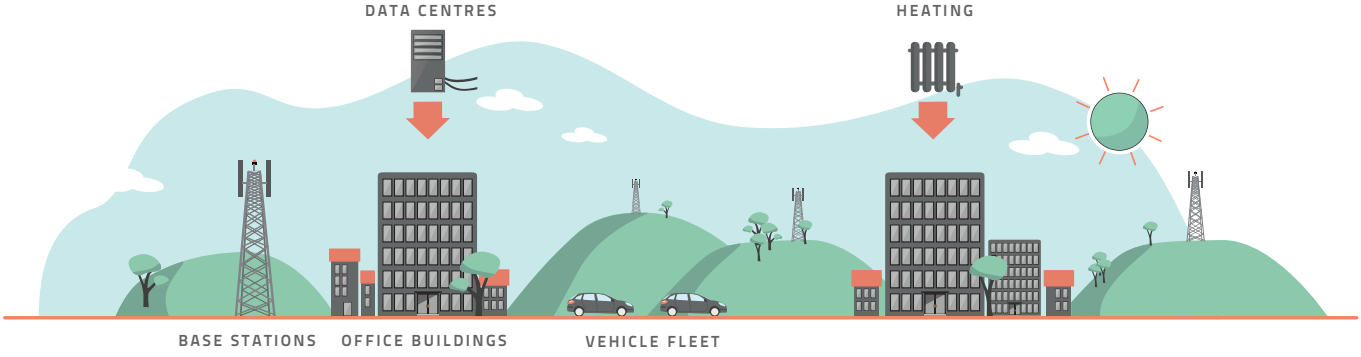
44 Million driven kilometers – that is 1,100 times around the equator

9,529 t CO_2[2]

HEATING 10%

17.6 GWh – equivalent to the average consumption of 3,509 households

6,719 t CO_2[2]



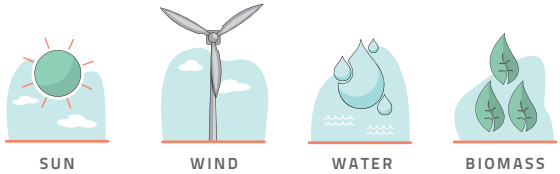
The way to a carbon-neutral network

1 Avoid emissions & increase efficiency

Reduce energy consumption of

2 Use of renewable energy

100% electricity from renewable energy



3 Compensation

Support of climate protection projects

The remaining 25% of carbon emissions that cannot be reduced through the measures that have been implemented will be offset by support for high-quality climate protection projects.

4

The Green Network
Carbon Neutral

THE CARBON CALCULATION WAS CONFIRMED BY "TÜV SÜD". SOURCE: A1

1 Network relevant emissions

2 Figures for 2012

Roadmap – Environment

FACTS, MEASURES AND TARGETS

In the following you will find an overview of selected targets and measures.
Further details can be found at: www.telekomaustria.com

→ BEING MAINTAINED
✔ ACHIEVED
IN PLANNING
IN IMPLEMENTATION

TARGET 2020

- 25% REDUCTION IN CO_2 EMISSIONS

TARGETS 2015

- 20% INCREASE IN ENERGY EFFICIENCY
- EXPANSION OF PROJECTS RELATING TO RENEWABLE ENERGY
- 10% IMPROVEMENT IN THE RECYCLING RATE
- 10% REDUCTION IN THE GROUP'S OWN PAPER CONSUMPTION
- INCREASE GROUP-WIDE E-BILLING RATE TO 50% ✔

BASELINE FOR TARGETS IS 2012.

SAID 2012

- Continuously improve environmental data collection and performance
- Integrate environmental criteria such as the energy efficiency of devices in the supply chain
- Build up a new waste system in Austria, Belarus, Bulgaria and the Republic of Macedonia
- Promote photovoltaic projects
- Internal campaigns on paper reduction

DONE 2013

- Workshops held to improve the quality of data at the subsidiaries, improvement of internal reporting systems
- Integration of environmental criteria in the supply chain
- Promotion of the use of alternative energy sources, for example by opening photovoltaic farms in Aflenz (Austria) and on the roof of the Vipnet office building (Croatia), equipping a mobile phone mast with photovoltaics as a field test, converting telephone booths to photovoltaic electricity charging stations, expanding wind and solar-operated mobile base stations in Croatia and Slovenia
- Raising awareness of environmental issues among Telekom Austria Group employees by means of numerous internal campaigns
- Reducing internal consumption of resources by introducing "follow me"/smart printers, optimising packaging and packaging systems
- Implementation of new waste systems and measures to increase the recycling rate at the subsidiaries

For further measures, please refer to the measures programme online at www.telekomaustria.com

PLANNED 2014

- Successful conversion of A1's network on a 100% carbon-neutral basis (already implemented)
- Roll-out of broad energy efficiency measures throughout the Group
- Further expansion of photovoltaic projects within the Telekom Austria Group
- Increase the number of old mobile phones collected in the Telekom Austria Group
- Increased implementation of projects for an eco-friendly vehicle fleet
- Promotion of measures to reduce internal paper consumption
- Internal campaigns to improve waste separation

Flagship Projects

1 Si.mobil received an award for its environmentally friendly fleet in 2013. It is seen as one of the most sustainable companies in Slovenia. The aim of the fleet project is to reduce fuel consumption and CO_2 emissions. To this end, the company implemented measures such as buying energy-efficient vehicles, forming car pools for business trips and providing environmental training for its employees.

2 In 2013 A1 opened its own photovoltaic farm at the earth station in Aflenz. A total of 462 modules were installed on 2,800 m^2. This will enable CO_2 emissions to be reduced by around 50,000 kg each year. A second extension was realised in 2014.

3 As part of the environmental programme "Vip Ecomotivation", the Serbian subsidiary Vip mobile collected over 91,000 old mobile phones in 2013. For each recycled device, it donated a certain sum to the regional organisation "Healing Garden".

4 In 2013, "velocity" was named the best CSR project of the year in Belarus. "velocity", a cycling initiative by velcom, aims to develop cycling infrastructure in the major cities of Belarus, set up functional bicycle parking facilities and organise cycling tours around interesting areas.

5 The croatian Vipnet placed an increased focus on renewable energy again in 2013. Another three base stations were equipped with a hybrid energy supply system consisting of photovoltaics, wind turbines, energy-optimised container ventilation systems and hydrogen fuel cells, allowing for an almost completely self-sufficient energy supply. In addition, another 13 base stations and 50 repeaters were supplied with electricity from wind and solar energy and 145 energy-saving "free cooling" systems were installed.

6 The Bulgarian subsidiary Mobiltel supports local environmental projects with the annual charity programme "Mtel eco-grant". The focus areas in 2013 were restoring and conserving natural habitats and promoting ecological agriculture. The Bulgarian Environment Ministry presented Mobiltel with the "Green Business Award" for this project.

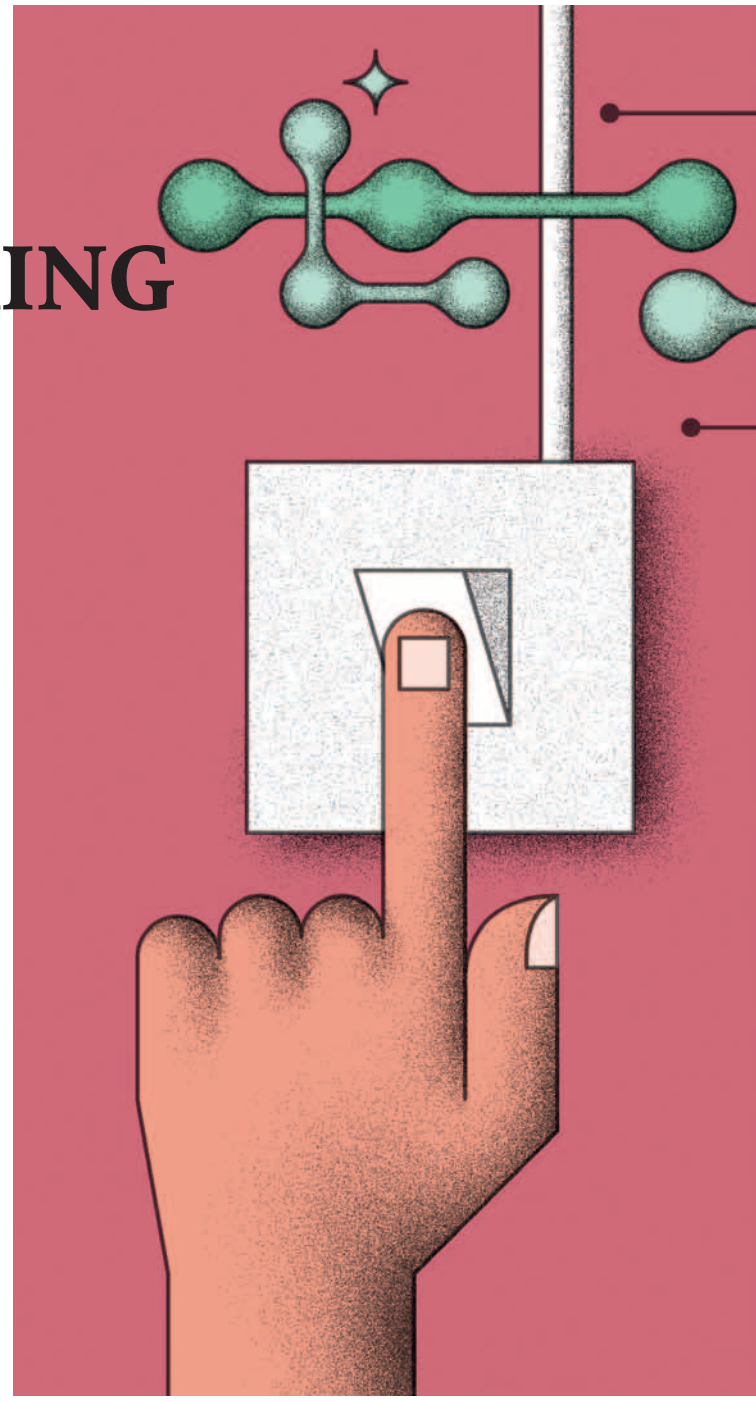
2

3

4

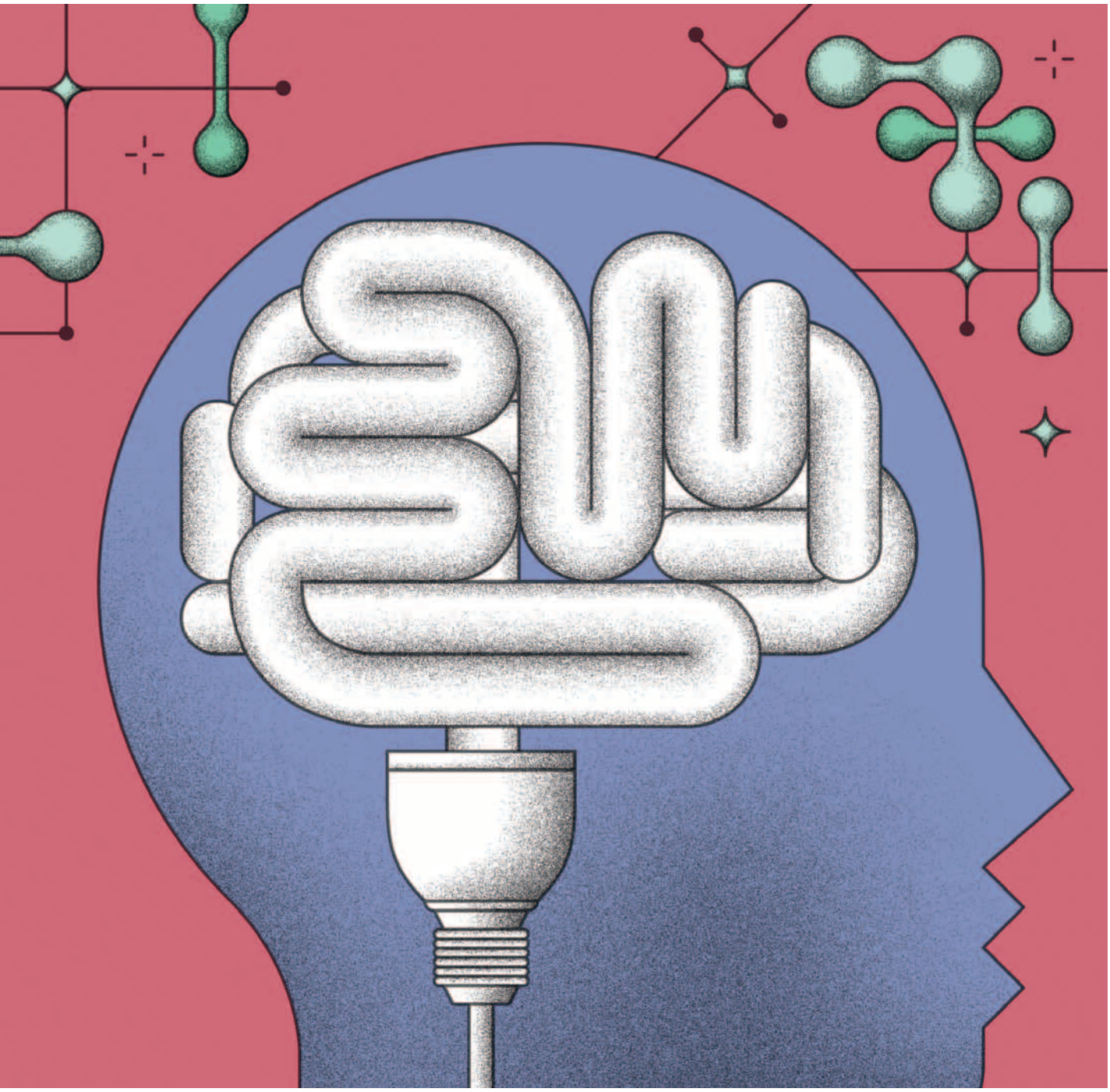
6

EMPOWERING PEOPLE



ACTION AREA: EMPLOYEES

Dedicated, professional employees who think and act like entrepreneurs are essential for corporate success. That's why focused development, diversity and a respectful corporate culture play a central role.



Employees make the difference

PREFACE

When it comes to the success, culture and values of a company like the Telekom Austria Group, employees have a crucial role to play. This is reflected by modern human resources management with a clear agenda.

When a company is successful in the long term, this is usually due to a variety of factors. Not least of these is forward-looking management that recognises risks and opportunities in the market environment. Naturally, the company ultimately lives from its products and services. But you need the right employees in order to be able to offer these. Because behind every innovative product and every inspired business strategy there is human dedication, creativity and hard work. This makes it all the more important to develop and foster expertise within the company itself.

In addition to development opportunities, fair pay and even-handed, healthy and innovative working conditions also play a key role in whether employees with potential come to a company and deliver their optimum performance there. Only a balanced give and take between employees and a company allows for both sides to give their best and create sustainable value added.

Good human resources management is sometimes not easy. In intensive competition, times of economic turbulence and rising cost pressure, time and the corresponding resources have to be invested to train and develop one's staff accordingly. Efficient HR management means ensuring an attractive working environment, fair pay and equal opportunities for development despite all the challenges. And an international company must also observe the legal and cultural differences in its markets. At the same time, it has to create flexible yet uniform conditions for its employees throughout the entire Group.

* percentage of Headcount

THE "DEAL" WITH EMPLOYEES

Companies have a goal. For the Telekom Austria Group, this is to be the most efficient and most innovative communications provider in Central and Eastern Europe. This is a region with strong local traditions and different cultures. To achieve its intended goal, the company also has to be able to count on expert employees who have an acute knowledge of these differences, and the risks and opportunities they present.

TELEKOM AUSTRIA GROUP VALUES

Innovation	*Diversity*
Responsibility & Integrity	*Quality*

It is therefore essential for the human resource strategy of the Telekom Austria Group to discover and promote talented employees who can identify with the company's values and who display leadership and top performance. This can work in the long term only if, in addition to fostering personal talent, cultural specificities are also taken into account.

In searching for talented people, the Telekom Austria Group looks to school leavers, university graduates and apprentices. People with talent are expected to become future leaders. Developing this potential is therefore a highly significant part of the human resources management strategy.

A1

AUSTRIA 2013

EMPLOYEES (FTE): 8,804
WOMEN*: 27%
AVERAGE AGE: 43
ACCIDENTS: 125
(LA12)

MOBILTEL

BULGARIA 2013

EMPLOYEES (FTE): 2,647
WOMEN*: 50%
AVERAGE AGE: 33
ACCIDENTS: 5
(LA12)

Talented employees can also take advantage of Group-wide programmes such as the "Group Young Potential Programme" or the "Graduates" programmes. Moreover, they are supported by local programmes such as the "A1 Trainee" programme in Austria. In these programmes they get to experience different areas of the Telekom Austria Group for a defined period during or after their studies. At the end of the programme, it is possible they will be taken on as permanent employees. In Austria and Bulgaria, A1 and Mobiltel offer the opportunity of completing an apprenticeship – in 2013, 57 apprentices at A1 and 56 at Mobiltel successfully completed their training.

The Telekom Austria Group's HR strategy is closely interwoven with its corporate strategy and its business plan. It is therefore a valuable driver in the implementation of the overall strategy of the company.

THE "DEAL" WITH THE EMPLOYEES

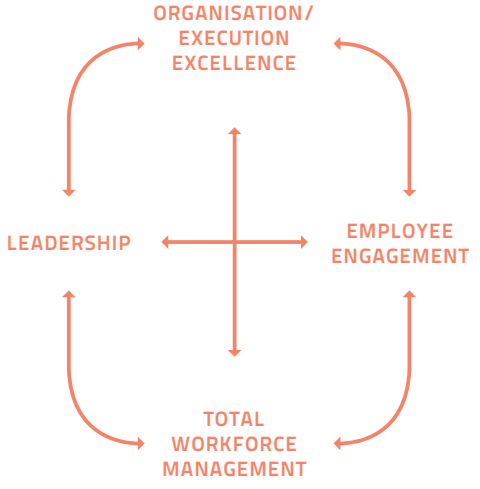
OUR EMPLOYEES CONTRIBUTE

- Performance & commitment
- Responsibility & integrity
- Personal leadership
- Curiosity & drive

WE OFFER OUR EMPLOYEES

- Career opportunities in an innovative and international company
- Development through top performance
- An innovative, flexible and varied working environment

ELEMENTS OF HUMAN RESOURCES STRATEGY AT THE TELEKOM AUSTRIA GROUP



The establishment of a strong corporate culture with leadership standards will strengthen employee engagement and lead to corporate success.

The human resources management "driver" above all sees itself as a value generator within the company. It ultimately guarantees a continuous supply of talented staff, promotes leadership among managers and employees and ensures well-founded and ongoing development. It sets a suitable framework for a fair, responsible and performance-oriented enterprise. Thanks to the targeted networking of experts within the Telekom Austria Group, it fosters the exchange of expertise and increases knowledge within the Group. The goal of these efforts is the steady, ongoing development of innovative and efficient working methods to safeguard the future of the company. To this end, a "deal" was struck with employees.

Its content was set out in a human resources agenda. Several key areas were defined and worked on as part of the implementation of this agenda in 2013. As already indicated, there was a focus on finding and developing talented staff – for which independent talent & performance management is responsible. The ability of this to recognise and promote talented employees plays a crucial part in determining whether they can provide this performance for the company in the long term. To support their development sustainably and thereby consolidate their sense of identity with the company, both the individual subsidiaries and the specially created Telekom Austria Group Business School offer advanced and further training at a national and international level.

At a local level the focus is on teaching individual skills in the context of a specific area of activity. In turn, the Telekom Austria Group Business School focuses on the leadership and innovation skills of employees and managers. Moreover, it imparts the corporate values and culture of the Telekom Austria Group and also offers separate modules highlighting sustainability. It advances the international exchange between employees and provides them with the right tools for a further successful career within the Group. *(LA10)*

VIPNET

CROATIA 2013

EMPLOYEES (FTE): 1,138
WOMEN*: 41%
AVERAGE AGE: 38
ACCIDENTS: 11
(LA12)

VELCOM

BELARUS 2013

EMPLOYEES: 1,749
WOMEN*: 60%
AVERAGE AGE: 32
ACCIDENTS: 0
(LA12)

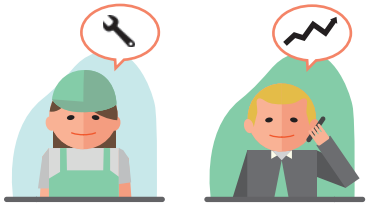
18,944 HOURS OF TRAINING AT THE TELEKOM AUSTRIA GROUP BUSINESS SCHOOL IN 2013 *(LA9)*

230 APPRENTICES IN 2013 (16% WOMEN)

180
APPRENTICES IN TECHNICAL AREAS (9% WOMEN)

50
APPRENTICES IN COMMERCIAL AREAS (38% WOMEN)

227 APPRENTICES IN 2012 (16% WOMEN)



176
APPRENTICES IN TECHNICAL AREAS (7% WOMEN)

51
APPRENTICES IN COMMERCIAL AREAS (49% WOMEN)

INTERNAL MOBILITY AND LEADERSHIP STANDARDS

Economic and social developments require flexibility and mobility from both the workforce and the company. International operating companies such as the Telekom Austria Group, benefit from intercultural exchange and experience as well as diverse teams within the workforce. Therefore the Telekom Austria Group encourages talents and high potentials to advance their careers abroad via the expat programme, where employees stay for a predefined period of time in a different subsidiary. In addition, the "x.change" programme offers employees a short term (one to eight weeks) best-practice sharing period within the Telekom Austria Group. In 2013, 81 employees participated in the "x.change" programme. But mobility is not only required on an international level, but also within the respective subsidiaries. To offer employees the prospect of further development within their company an internal job market informs employees about job opportunities. In 2013, some 631 vacancies were filled internally in 2013. This way the diversity of cultures and skills within the Group is consciously and specifically leveraged as a valuable resource.

Based on the results of the 2012 employee survey, which identified leadership as an area in which action was needed, Group-wide leadership standards were devised and introduced in 2013. These standards prescribe values for managers who are expected to live up to them both in their team and vis-a-vis customers. Employees and managers were able to gain a better understanding of what these leadership standards entail at a series of events arranged specifically for this purpose.

LEADERSHIP STANDARDS AT THE TELEKOM AUSTRIA GROUP

EMPLOYEE OPINION COUNTS

If you wish to engage employees, you must first know what they want and what they expect – in order to then try to live up to this as much as possible. Once a year, the Telekom Austria Group therefore carries out a company-wide employee survey entitled "TAGisfaction". In "TAGisfaction", an online survey in all national languages, employees rated and commented on their job satisfaction, their sense of identity with the company, its strategy and their career development on a scale of one to five. The survey was open to all employees (including agency staff) currently and actively employed at the end of April 2013 with a Telekom Austria Group e-mail account. The results were analysed in cooperation with the market research institute CEB Valtera. This guaranteed the independence and neutrality of the assessment.

SI.MOBIL

SLOVENIA 2013

EMPLOYEES (FTE): 396
WOMEN*: 48%
AVERAGE AGE: 36
ACCIDENTS: 3
(LA12)

A total of 12,227 employees took part in TAGisfaction. Participation was significantly higher than in the previous year at around 64% (57%). In particular, the findings will be applied with regard to management requirements, HR work, strategy planning and implementation and employee communication.

The company was particularly pleased by the relatively high score in the engagement index compared to industry standards. This shows employees' attachment to the company and, as in the previous year, was at 79%. It was also gratifying that the company improved its ratings in the action areas that were identified as being in greatest need of improvement in the previous year: strategy communication and leadership. Measures to improve these areas further will be implemented in 2014 as well. Specific action plans are being prepared for the individual subsidiaries. And a new survey has been conducted in July 2014. *(LA4)*

MAKE A CONTRIBUTION – LOCALLY AND GROUP-WIDE

In a modern company such as the Telekom Austria Group, employees have the chance to contribute towards the company's development.

In Group-wide and local idea contests and knowledge platforms, every individual employee has the opportunity to put forward ideas or suggest improvements and possibly to implement them as well in coordination with the specialist departments. Interaction between employees and their sense of identity with the company are promoted by various corporate volunteering programmes.

A vital aspect of human resources management at the Telekom Austria Group is naturally the fair remuneration and assessment of employees. It is a top priority to establish a state-of-the-art remuneration system that defines clear and understandable goals and that proves flexible enough to reward individual performance accordingly. Corresponding performance-oriented models have been introduced at all operating subsidiaries. At least once a year, each employee receives feedback and a target agreement for the following year. Furthermore, managers are called on to engage with their employees as often as possible to discuss their working methods and the achievement of their goals. Remuneration is geared to market levels in compliance with the collective and master agreements of the subsidiaries, technical qualifications and professional experience to date. No distinction is made on the basis of gender. *(LA11, EC5)*

Parents should also feel that they still have career opportunities. To guarantee this and to help them re-enter the workforce after parental leave in particular, the subsidiaries of the Telekom Austria Group offer various forms of support: work kindergartens like those at Mobiltel, Vipnet and Vip mobile or A1's "Flying Nanny" day care service for school-free days and holidays. There are also flexible work time models and support measures, some of which are financial (see also the Online Measures Programme at www.telekomaustria.com). The result: Around 77% of employees returned to their jobs after taking parental leave in 2013. *(LA3)*

EQUAL OPPORTUNITIES

In its human resources activities, a company like the Telekom Austria Group also pursues the goal of equal opportunities for men and women. It has therefore committed itself to having 35% of all positions in the company as a whole and 35% of management positions at all operating subsidiaries filled by women by 2016. In 2013 the share throughout the Group was 37% (in the company) and 31% in management positions. At A1 in Austria in particular, flexible working hours, a diversity focus within the talent and recruting process as well as mentoring and coaching programmes are helping to increase the percentage of women. ■

VIP MOBILE

REPUBLIC OF SERBIA 2013

EMPLOYEES (FTE): 918
WOMEN*: 54%
AVERAGE AGE: 33
ACCIDENTS: 8
(LA12)

VIP OPERATOR

REPUBLIC OF MACEDONIA 2013

EMPLOYEES (FTE): 214
WOMEN*: 60%
AVERAGE AGE: 34
ACCIDENTS: 0
(LA12)

USEFUL INFORMATION FOR GRI EXPERTS

- G4.11: In Austria, 100% of all employees are covered by collective bargaining agreements; at the international subsidiaries national regulations are complied with
- LA2: Concessions are available equally to all employees
- LA4: Statutory provisions are complied with, the corresponding regulations can be found in the collective bargaining agreement
- LA9: Training hours at the Telekom Austria Group Business School in 2013: men: 11,840, women: 7,104
- LA10: Where necessary coaching and other supportive measures are offered
- HR3: None known to Group head office in 2013
- HR4: No significant incidents reported in 2013
- IO3: Employees receive regular training and appropriate further training in workshops

* Percentage of Headcount

Healthy management creates passion to perform

AUTHOR
Bernd Hufnagl

PHOTOGRAPHY
Fotostudio Wilke, Vienna

PREFACE

In a healthy, performance-driven culture, leadership has to be shaped by interest in other people. They are developed by individual challenges, reassurance and motivation.

Dr. Bernd Hufnagl, neurobiologist, management trainer and consultant, spent 10 years working in the field of brain research. Since 2003 he has focused on the relationship between health and work. He is the author of the book "Besser fix als fertig" (Molden Verlag). In addition, Hufnagl is a sought-after speaker and offers management training programmes both at home and abroad.

Today more than ever before, working – particularly in management roles – means "functioning" in a permanent "multi-tasking mode". This may sound appealing and lead us to hope that we will thereby achieve top performance sustainably and efficiently. However, the findings of recent studies and my own observations over many years reveal a very different picture. Precisely due to fragmentation and multitasking in our work processes, negative effects on our performance and on our health are becoming increasingly clear. Our brains have already adapted to the new challenges and are showing the effects: we are increasingly suffering from impatience, difficulties concentrating and an inability to "switch off" mentally. Managers are struggling with the health effects of being permanently available and should make sure they are aware of the causes and consequences of constant distraction and interruption. In multitasking mode, the changed perception makes it almost impossible to help other people develop by means of individual challenges while also reassuring and motivating them. An "unhealthy" management style like this may lead directly to individual overwork and collective demotivation. This management style, which is strongly influenced by a culture of success, focuses entirely on the success of the system. Unlike in a healthy performance culture, the daily effort of the individual is almost forgotten. Rather than smoothing out and "cushioning" pressure, managers pass it on in an unfiltered form; employees are pushed instead of being reassured and developed.

If you understand the basic principles of how our brains function, you can recognise the central problem of management: for millions of years, the satisfying sense of reward and willingness to invest energy (motivation) through effort have arisen automatically among mammals, provided that in the short term we also see what we have put in the effort for. Our memory plays a key role here: if yesterday we felt that our efforts were not successful (and therefore not worthwhile), then today we will tend to talk negatively about this and will thus "overwrite" the memories with increasingly negative emotions. We start to dramatise things. Negative (threatening) aspects are emphasised, whereas positive aspects are not mentioned. This behaviour affects managers and employees alike, who pass it on to one another and set a fatal process in motion: suddenly, our reward system no longer interprets work as worthwhile and only feels it to be strenuous. The purpose of the work is no longer "understood" on an emotional level. In this way, the culture of complaints, cynicism and motivation problems (and consequently symptoms of overwork such as burnout) are demonstrably increasing.

It is not the quantity of work but rather the sense of heteronomy that can make us ill. And demotivation and overwork-related illnesses particularly affect those employees and colleagues who are particularly susceptible on account of their personality or the situation in their private life. In this context, it is also important for us to be aware that employees will take on the goals of their supervisors only if one thing is clear: that their boss also wants to achieve these goals. Only if this precondition is met will employees make their supervisor's goals their own, start to feel enthusiastic about them, think proactively and be willing to invest energy. They understand the purpose while also staying healthy.

A healthy management style requires interest in other people. Developing managers' ability to take on a "cushioning role" instead of passing on pressure unfiltered is equally as important as promoting willingness to identify with the defined objectives. Only in this way can "passion to perform" be ensured on a sustainable basis. ■

A balanced give and take

AUTHOR
Silvia Buchinger

PHOTOGRAPHY
Daniel Hinterramskogler

PREFACE

The Telekom Austria Group sees attractive working conditions and equal development opportunities as part of a "fair deal" with its employees.

Diversity is a valuable resource, but it also entails the challenge of being "fair" to different needs in the literal sense of the word. The Telekom Austria Group's code of values also contains a clear commitment to this principle: our goal is to utilise and safeguard the wealth of cultural strengths, traditions and skills in our eight markets in Central and Eastern Europe.

Diversity also plays an important role in our human resources strategy. On the one hand, we encourage an open, cross-market exchange of expertise that allows us to learn from each other and establish Group-wide synergies. On the other hand, we also focus on ensuring equal development opportunities at an individual level – regardless of cultural background, age or gender.

However, it would be wrong to interpret this equality of opportunity as a non-performance-related commitment. And initiatives like this are not aimed at fulfilling any kind of quota. For example, although the Telekom Austria Group has undertaken to achieve a proportion of women at all of its operating subsidiaries - throughout the Group, including in management positions – of 35% by 2016, results-oriented criteria are also applied: anyone who wishes to benefit from the equal development opportunities provided must also be prepared to make their contribution to the aforementioned "fair deal".

In other words, we expect our employees to be self-motivated, committed, and ready to generate innovative, creative ideas with a business benefit. And in return we are happy to offer attractive development opportunities to anyone who meets these performance-related criteria. In the end, the aim is to identify individual strengths and promote skills in a targeted manner – including, of course, so that they can be optimally utilised for the company.

With the relevant further education and professional training opportunities – including at the Telekom Austria Group Business School – and a talent management programme aimed at identifying and supporting potential managers, human resources management is positioned as a value generator. Ultimately, these measures and its Group-wide leadership standards help to provide the foundations for a fair performance-oriented company. ■

Silvia Buchinger studied information technology at the technical university of Vienna. From 2001 to 2010 she worked at Hewlett Packard where she first held the position of Director of Human Resources and was a member of the Austrian management board. As of 2007 she was responsible for international human resources work in Central and Eastern Europe, and was later given responsibility for North and Western Europe. In April 2010 she joined the Telekom Austria Group as Group Chief Human Resources Officer, a position in which she is responsible for human resources throughout the entire Group.

The Roadmap – Employees

FACTS, MEASURES AND TARGETS

In the following you will find an overview of selected targets and measures.
Further details can be found at: www.telekomaustria.com

→ BEING MAINTAINED
✔ ACHIEVED
IN PLANNING
IN IMPLEMENTATION

TARGETS 2015

- 35% WOMEN IN THE GROUP AND IN MANAGEMENT POSITIONS (BY 2016)
- PROMOTION OF INTERNAL APPOINTMENTS
- MAINTAINING A HIGH ENGAGEMENT INDEX
- INCREASING INTERNATIONAL EXCHANGES

BASELINE FOR TARGETS IS 2012.

SAID 2012

- Establishment of a leadership framework to promote leadership culture in the Group
- Advancing talent management and internal career development
- Continuing the Group-wide employee survey "TAGisfaction"
- Greater promotion of new working methods in the Telekom Austria Group

DONE 2013

- Devising and introduction of a leadership framework in the Telekom Austria Group and local programmes to aid the leadership culture
- More than 60 different training programmes at the Telekom Austria Group Business School with more than 1,000 participants in 2013
- Establishing talent management by promoting targeted career talks and designing central development measures
- Organising various womens' networking events at the subsidiaries
- Performance of another Group-wide "TAGisfaction" employee survey with the participation of 64% of employees
- Communications focus on new working methods such as mobile office for employees and managers

For further measures, please refer to the measures programme online at www.telekomaustria.com

PLANNED 2014

- Establishment of the leadership standard within the Telekom Austria Group and promoting the management culture as well as corporate values
- Stronger initiatives in Talent Acquisition & Management; including the use of shared-leadership concepts
- Further expansion of new working methods in the Telekom Austria Group and creation of expert platforms
- Continuation of the Group-wide employee survey "TAGisfaction"
- Increased measures in the area of health via the implementation of a workplace health promotion programme or stress- and burnout-prevention workshops
- Continuation of Group-wide programmes to promote international exchange
- Drive internal mobility

1

3

Flagship Projects

1 The Group-wide "x.change" programme enables employees to spend between one and eight weeks working at a different subsidiary, thereby promoting specialist expertise and intercultural exchange. A total of 81 employees took part in this programme in 2013.

2 More than 60 different training programmes were held at the company's in-house training platform Telekom Austria Group Business School with over 1,000 participants in 2013. In addition, the "Business School Impact" event series was launched.

3 The Group-wide "TAGisfaction" employee survey was conducted for the third time with a participation rate of 64%.

4 The Croatian subsidiary Vipnet provides a company nursery school on its premises. A1 offers free childcare during the holidays and on "bridge days" in cooperation with the "Flying Nannies".

5 To promote women's career development in a targeted manner, A1 has a special mentoring programme for women. Various initiatives are used to provide special support for women in technical professions and to target women when advertising job vacancies.

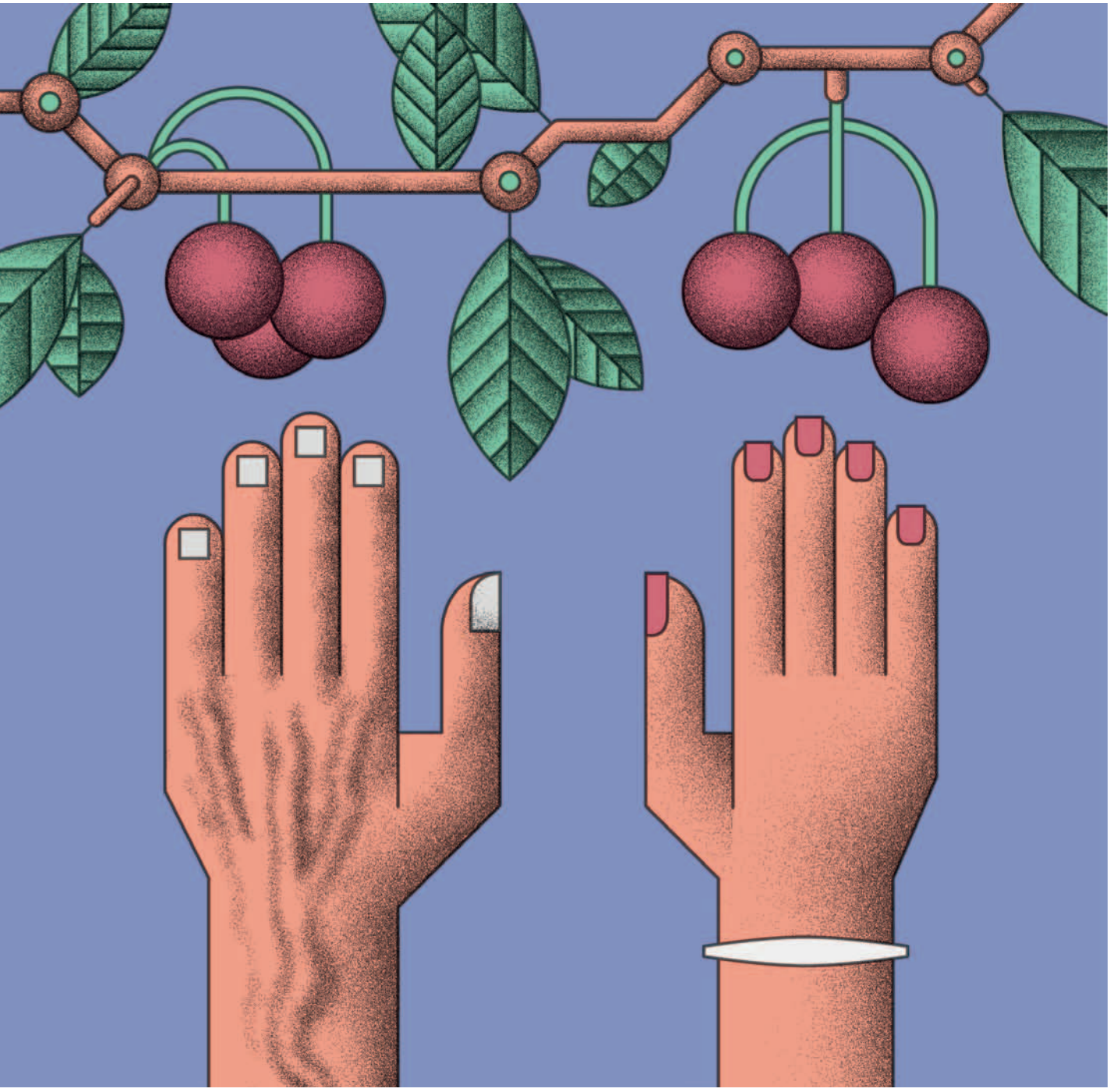
4

5

CREATING EQUAL OPPORTUNITIES

ACTION AREA: SOCIETY

In the knowledge society of the 21st century, the exchange of information, equal opportunities to education and employment as well as active democratic participation are increasingly linked to the usage of new media.



More opportunities for everyone

PREFACE

Free and equal access to information, education and knowledge is the key to overcoming social and economic barriers.

FACTS ABOUT A1 INTERNET FOR ALL

MORE THAN

1,500

COURSES IN 2013

ALMOST

19,400

PARTICIPANTS IN 2013

Andrew Ng and Daphne Koller are both on Time magazine's list of the hundred most influential people in the world. The reason for this is their company Coursera, an education platform that works with top universities around the world to offer online courses – free of charge. "We envision a future where everyone has access to a world-class education. We aim to empower people with education that will improve their lives, the lives of their families, and the communities they live in," is the mission statement of the education platform.

Ng, an associate professor at Stanford, started in 2011 with a MOOC (massive open online courses) platform of his university that was used by more than 104,000 students worldwide. This enormous success led to the foundation of Coursera, whose courses are now taken by over three million students. One example of how education can be provided worldwide in today's knowledge society. The Internet and new media make this possible.

BRIDGING THE "DIGITAL GAP"

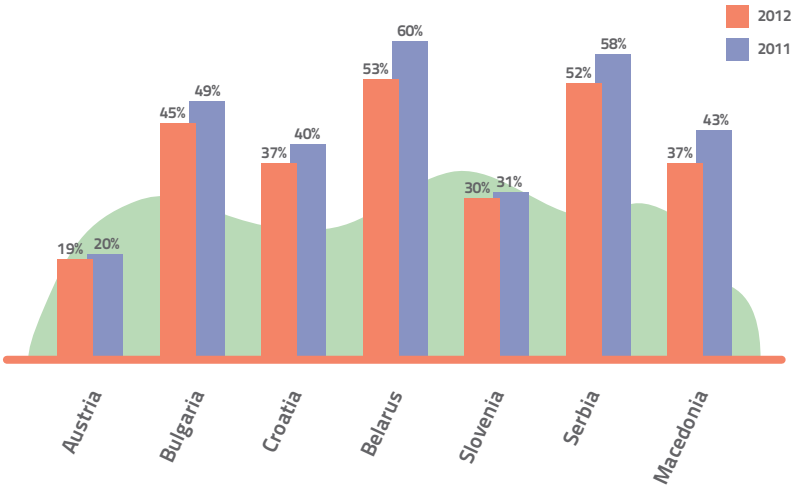
In the above example, the Internet progresses from being a medium for exchanging information to acting as a provider of education as well. But to be able to take advantage of the emerging education opportunities, people need access to this medium. Although the Internet is part of everyday life for many people, we must not forget that, according to an estimate by the International Telecommunication Union (ITU), around 4 billion people are currently not yet "online", 90% of whom are in developing countries. There are also considerable differences in Internet use within Europe. This also applies to the countries where the Telekom Austria Group operates. In Austria, more than 80% of people use the Internet, whereas in countries such as Belarus and the Republic of Serbia the proportion of people who have never used the Internet was over 50% in 2012 (see chart).

In addition to the technical infrastructure, criteria such as age, income and education also play a role in determining whether a person uses the Internet. "Digital exclusion" is caused by a lack of knowledge about how to deal with the Internet proficiently. According to a survey by Eurostat, around 37% of private households in the EU 28 countries state that they do not have the necessary skills and therefore do not have Internet access.[1]

So whether or not a person uses the Internet is no longer just a technical issue, but also a social one. And where there is a lack of Internet skills, there is also a risk that social divides could deepen further. Those who are excluded from the digital world also do not have any connection to the online information and education opportunities that are developing all around the world. As a result, they keep falling further behind. Because education is also a criterion for democratic participation and of course plays a major role on the employment market, lack of Internet access also has a negative impact in these areas. The term "digital gap" has become established to describe these consequences of different levels of Internet use.

While some people do not have enough access to the Internet, others may experience the opposite problem. Children and young people in particular are

PEOPLE WHO HAVE NEVER USED THE INTERNET



Source: ITU

at risk of losing perspective in the virtual world. As "digital natives", they surf and chat online from an early age and later do the research for their schoolwork on the Internet. This undoubtedly makes things much easier when it comes to personal communication, including over long distances, and day-to-day (school)work. But how can they integrate these new technologies, which they use as a matter of course, into their daily life in a purposeful and responsible way?

It is therefore important to make sure that children and young people in particular are adequately prepared for their future with the Internet. The best possible conditions for their development must be established so as to ensure that they can handle the opportunities offered by the digital society in a sensible and proficient way.

PROMOTING DIGITAL MEDIA LITERACY SKILLS

The Telekom Austria Group is tackling both issues. It wants to make a clear and active contribution to closing the "digital gap" in the countries where it operates. At the same time, it promotes proficient and safe Internet use by children and young people – the "digital natives".

Its aim, firmly anchored in its sustainability strategy, is to provide training to promote media literacy skills to a total of 100,000 participants by 2016. In addition, cooperation to promote safe and proficient media use by children and young people is to be expanded further in all countries.

As such, the Group is not only committed to setting up and expanding communication infrastructure in the eight countries in which it has operations (see also Providing Responsible Products page 24ff). It has also launched several social initiatives that enable people to obtain more sophisticated access to the digital knowledge society and give them equal opportunities in interacting with the digital world.

1
Eurostat, statistics on the information society as of April 2014

DIGITAL SKILLS, MARC PRENSKY 2012

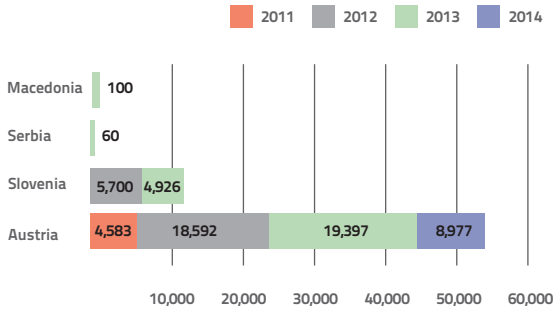
Yesterday's Literate Person	Today's Literate Person	Tomorrow's Literate Person
Write a letter	*Write an E-Mail*	*Work in a virtual community*
Write a report	*Write a Powerpoint*	*Make a video*
Write an essay	*Write a blog post*	*Write a programme*

INTERNET FOR EVERYONE

The first and biggest initiative in this area was launched in Austria in October 2011 with the title "A1 Internet for All". As of June 2014, more than 50,000 participants have already been given training as part of this initiative. A1 offers free Internet training courses for young and old alike at three permanent locations and "on tour" in 40 Austrian municipalities and in social institutions. The programme covers more than 40 different workshop topics from "First steps" or "Communicating simply by e-mail" to safety workshops for children and information evenings for parents. Close cooperation with more than 30 different social and educational institutions ensures that marginal groups are also able to attend these training courses.

The "A1 Internet for All" initiative is supported by a corporate volunteering programme in which more than 700 A1 employees participated in 2013 alone. In addition to professional media coaches, these employees also pass on their knowledge in the training courses. The success of the initiative is evaluated by the NPO Competence Centre at the Vienna University of Economics and Business on an ongoing basis. In this context, the NPO Competence Centre has confirmed that "A1 Internet for All" is making a key contribution to closing the digital gap in Austria.

PARTICIPATION IN MEDIA LITERACY TRAINING PROGRAMMES



FACTS ABOUT A1 INTERNET FOR ALL

98 %

OF VISITORS WERE SATISFIED

94 %

OF PARTICIPANTS LEARN SOMETHING NEW

Similar programmes and initiatives are also offered by other subsidiaries of the Telekom Austria Group. These range from training courses for school classes of employees' children in the Republic of Macedonia, which were held for the first time in 2013, to cooperation with nationwide initiatives such as Symbiozia for senior citizens in Slovenia. In the Republic of Serbia, trainings for children have been held since 2011 in the course of the cooperation with the Children Cultural Center in Belgrade. Furthermore a training programme will be launched in 2014 which will focus on senior citizens: multi-day courses will be held in the form of a roadshow in five different Serbian cities to make a nationwide contribution. (For details, see Online Measures Programme at www.telekomaustria.com).

Over the course of 2014, the Telekom Austria Group plans to expand the individual initiatives even further and incorporate them in a Group-wide framework. Based on the experience already gained from the existing local programmes, a Group-wide programme including scientific evaluation is to be established at all subsidiaries (see also the interview with the management board on page 8ff). *(PA2)*

SERVICES FOR SAFE INTERNET USE

To promote the safe use of new media, the Telekom Austria Group not only offers brochures such as the "A1 Internet Guide for Kids" and its own free information events for children, parents and teachers. It also offers services for safe Internet use and cost control – especially for children – at a technical level. Children see smartphones and the Internet as an integral part of everyday life. Surfing the net, listening to music, taking photos and sending or sharing them, sending text messages and networking on Facebook, Twitter and other social media sites are activities that they take for granted as part of their daily life. But they rarely think about the resulting costs or about protecting their personal data and privacy. To help avoid unpleasant surprises in this respect, all Telekom Austria Group companies offer cost control tools. In addition, special tariffs for children and young people are available at several subsidiaries, as well as the free Vodafone Guardian app, which provides special safety settings for telephone and Internet (see also Providing Responsible Products, page 24ff). *(PA7)*

PRODUCTS THAT MAKE LIFE EASIER

New media and the associated technology can help make everyday life considerably easier. This includes, for example, medical technology solutions that enable doctors to provide long-distance diagnostic or therapeutic assistance. New media are also extremely useful for people with special needs, particularly with regard to communicating with other people – for blind and severely visually impaired people, for instance, the Internet plays a major role in making their life and work easier. Meanwhile, text and chat messages have become an important form of communication for deaf people.

The subsidiaries of the Telekom Austria Group offer these people tariffs that are specially tailored to their needs, as well as providing free training sessions. The offers range from discounts for socially deprived groups to higher allocations of text messages and/or data.

Innovative solutions for administration and health, such as electronic archives, signature systems and medical data network systems, save on travel time and optimise healthcare. These systems also contribute to enhancing efficiency, thereby also reducing costs (see also Providing Responsible Products, page 24ff). And last but not least, Internet access also gives these people the opportunity to participate in education platforms like the one created by Andrew Ng and Daphne Koller. *(PA2, 5, 7, EC8)* ■

5 TIPS FOR THE SAFE USE OF THE INTERNET

1. Nothing is for free. If there is anything at a very low price or even for free, be skeptical – even on the Internet no one gives anything away without wanting something in return.
2. Read first, then buy. Before placing an order, first read the full product description and details of all costs.
3. Be careful about passing on data. Treat personal data such as your name, address, phone number etc. with great care on the Internet. Never let anyone else have your passwords.
4. Protect your privacy. Use the privacy settings on social networking sites and use a nickname instead of your real name in forums and chats.
5. Use secure passwords. Strong passwords comprise a minimum of eight letters, numbers and special characters. Use a different password for every Internet service and change it on a regular basis.

SELECTED INITIATIVES AND SOCIAL COOPERATIONS

- Specialisterne (A1) – integration of people on the autism spectrum into employment market
- Foster a child. Create a Future (Mobiltel) – support for socially disadvantaged children
- "Mobility.Communication.Life" (Vipnet) – programme for mine clearance in Croatia
- "It's so easy to make good things" (velcom) – charity campaign to support children's medical institutions
- Party with a cause (Si.mobil) – charity event to support projects that combat youth unemployment
- New Year's Donation (Vip mobile) – fundraising campaign at New Year
- University Clinic of Gynaecology and Obstetrics (Vip operator) – donation of special equipment for monitoring pregnancy

(G4.15)

AWARDS IN 2013

- Golden Apple for the "Foster a Child. Create a Future" project from the Bulgarian Business Leaders Forum (Mobiltel)
- Golden Medal in the "Socially Responsible Brand" category for "Ethical Market Behaviour" (velcom)
- Award for the "Sensor Room" project from the Macedonian Ministry of Economic Affairs (Vip operator)

SELECTED COOPERATIONS FOR SAFE INTERNET USE

- Saferinternet (A1, Mobiltel)
- Vienna University Children's Office (A1)
- Stopline.at (A1)
- Hrabri telefon (Brave phone) (Vipnet)
- Zavod Y, initiator of the Simbioza project (Si.mobil)
- Faculty of Criminal Justice and Security (Si.mobil)
- Safe.si (Si.mobil)
- Children's Cultural Centre Belgrade (Vip mobile)

(G4.15)

USEFUL INFORMATION FOR GRI EXPERTS

- PA5: The Telekom Austria Group is obliged to provide voice telephony services at reduced tariffs for low-income households and other eligible customers in Austria for which it receives compensation payments from the Republic of Austria on a contractual basis

Children and young people on the Internet

AUTHOR
Bernhard Jungwirth

PHOTOGRAPHY
Saferinternet.at

PREFACE

To help young people become proficient in the use of new media and to raise awareness of the risks in the digital world is the declared aim of the initiative Saferinternet.at.

Digital media have become an essential part of everyday life for children and young people. Yet, parents and educators face some challenging questions: What are the dangers of the digital world and what do I need to know about them? How can I ensure my children's safety online? How can I teach them the necessary skills? What can I do to make sure that my children aren't overburdened by the Internet, mobile phones, etc.? And there are many more questions that could be added to the list.

As part of the EU initiative Saferinternet.at, we offer a wide range of information and support, from workshops to teaching material, advice for parents and an extensive information website through to consultations. We want to help young people in particular to take advantage of the benefits of digital media. At the same time, we also pass on tips and strategies for dealing with risks. We know from our day-to-day work that particular attention should be paid to the following risks:

Cyber-Mobbing causes considerable psychological disstress to those affected. Cyberbullying refers to the intentional, systematic and sustained abuse, embarrassment and exclusion of other people using digital media. Of course, bullying existed before the Internet too. But in the digital world there is a much larger audience, once something has been posted it often cannot be removed, and the perpetrators do not have to look the victims in the eye.

Sexting, a coinage that combines the words "sex" and "texting", means exchanging intimate photos by mobile phone. This is usually done as a way of demonstrating love and trust between partners. When the relationship ends, it is not uncommon for inappropriate use of the photos to occur. There is no such thing as "safer sexting"!

Keeping control of personal data online and presenting a "digital self" are also perennial issues in our work.

At Saferinternet.at, we will also focus on the question "True or false on the Internet" in the future. In view of the overwhelming volume of information on the Internet, the ability to critically assess sources has become a key skill. This includes being able to judge how trustworthy information from the Internet is and what interests lie behind a publication. This is important not only for the next presentation the child has to give at school, but also for their development into a responsible citizen.

Unfortunately, there is no simple solution for a safer Internet. There is no switch and no programme we can install that can deal with all of the concerns. Media education cannot be outsourced. In the digital world, as with all matters to do with bringing up children, we need to pay due attention to our children and the world they live in and be good role models for them. So take an interest in how your children use media, make sure you are Internet-savvy yourself and talk to your children about the risks!

However, frequently cited "media literacy skills" cannot be used as an excuse to shift responsibility to parents and teachers alone. It is also the responsibility of companies to offer safe products and play a leading role in raising awareness. The major players in particular have the expertise and resources to adequately reach parents, teachers and young people. And of course the public sector must also take the issue seriously – from creating the legal framework to promoting relevant education measures. ■

Mag. Bernhard Jungwirth is managing director of the Austrian Institute for Applied Telecommunications (ÖIAT) and an expert for internet safety, media literacy, e-learning and evaluation. He is project coordinator of the Internet Ombudsmann and Saferinternet.at.

A1.net/gruenesnetz

Austria's first green network.

The Green Network
CO_2 Neutral

We're investing in the environment.

- A1 is the first and only Austrian communications provider to operate a 100% carbon neutral network.
- Ongoing reductions of energy consumption via modern, environmentally-friendly solutions.
- A1 uses 100% renewable electricity.
- Phone, surf and watch TV with a clear conscience in the A1 carbon neutral network.

Simply A1.

Carbon neutral network, certified by TÜV SÜD, May 2014

The Roadmap – Society

FACTS, MEASURES AND TARGETS

In the following you will find an overview on selected targets and measures.
Further details can be found at: www.telekomaustria.com

→ BEING MAINTAINED
✔ ACHIEVED
IN PLANNING
IN IMPLEMENTATION

TARGETS 2015

- 100,000 PEOPLE PARTICIPATING IN TRAINING TO PROMOTE MEDIA LITERACY SKILLS (BY 2016) .....
- INCREASE IN COOPERATION PROJECTS TO PROMOTE MEDIA LITERACY SKILLS IN THE TELEKOM AUSTRIA GROUP .....
- IMPLEMENTATION OF SOCIAL PROJECTS ACCORDING TO LOCAL NEEDS ..... →
- IMPLEMENTATION AND ENHANCEMENT OF COST CONTROL TOOLS ..... →

BASELINE FOR TARGETS IS 2012.

SAID 2012

- Expansion of the training programme on proficient media use
- Development of training materials on safe use of media
- Continuation of locally adapted social initiatives in all countries
- Enhancement of cost-control tools and media protection tools for children and young people

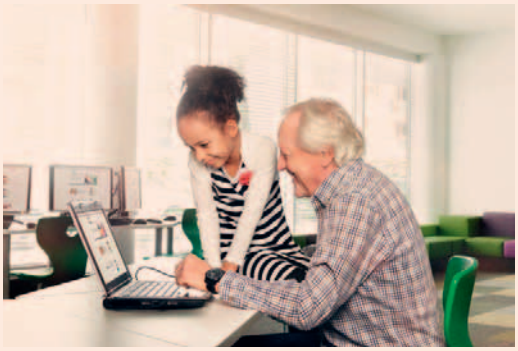
DONE 2013

- Development and implementation of a training plan to promote media literacy skills in the Republic of Serbia and the Republic of Macedonia
- Expansion of the training programme in Austria and Slovenia
- Publication of the "A1 Internet Guide for Kids" and supporting teaching materials for schools (A1)
- Implementation of social projects taking local needs into account, for example supporting the Croatian mine clearance programme (Vipnet) or Specialisterne (A1)
- Increased support for start-ups and social entrepreneurs within the Telekom Austria Group
- Cost-control tools implemented in all countries, expansion of Vodafone Consumer Services to enhance cost-control applications at A1, Mobiltel and Vipnet

For further measures, please refer to the measures programme online at www.telekomaustria.com

PLANNED 2014

- Combining and expanding initiatives to promote media literacy skills in the countries where the Telekom Austria Group operates
- Implementation of a uniform Group-wide evaluation scheme for the media literacy initiatives at a local level
- Development of a media literacy skills programme in Bulgaria, Croatia and Belarus
- Development of information materials aimed specifically at senior citizens
- Continuation of social initiatives in line with local needs
- Further activities to promote start-ups
- Enhancement of tools and application for cost-control and media protection for children and young people



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Flagship Projects

1 The "A1 Internet for All" initiative was expanded with a third permanent training site. In 2013 alone, approximately 19,400 participants attended more than 1,500 training sessions. In cooperation with the Vienna University Children's Office and Saferinternet.at, A1 issued an Internet Guide on safe Internet use for children and developed supplementary teaching materials for teachers.

2 The Bulgarian company Mobiltel initiates annual fund-raising campaigns to support foster families who are temporarily providing a home for children with the project "Foster a child. Create future". In 2013, Mobiltel won the "Golden Apple Award" for this project.

3 Vip mobile offers free Internet access and Internet courses for children and their parents at the youth centre in Belgrade.

4 Vip operator launched the initiative "Surf skilfully, surf smart" to teach schoolchildren the first steps for safe Internet use.

5 Si.mobil cooperated with Simbioza, a national initiative for promoting media literacy skills among senior citizens. More than 100 employees volunteered to share their knowledge with participants throughout Slovenia. In addition, "Senior hours" were initiated for the first time.

AR: Annual Report 2013

GRI CONTENT TABLE

ACCORDING TO THE GRI G4 "COMPREHENSIVE" AND TELECOMMUNICATIONS SECTOR SUPPLEMENT PILOT VERSION 1.0 (G4.32)

In an internal process all aspects were assigned to the topics of the materiality matrix and then prioritised (see page 14f). During this process, the principles upon which the contents of the report were defined were incorporated and validated. The following GRI Content Table lists all material aspects that are relevant for the Telekom Austria Group as a whole.

The aspects covered by the indicators HR1, HR2, HR5 to HR12 are currently being evaluated and reviewed by an internal project team subsumed under the heading "Human Rights". They cannot therefore be presented in this report and are thus not included in the GRI content table below.

The aspects covered by the indicators EC9, EN32, EN33, LA14, LA15, SO9 and SO10, are assigned to the topic "Sustainable Procurement". In 2012 the Telekom Austria Group started a long-term project with the goal of improving Supply Chain Reporting. It is expected that the relevent indicators will be gradually incorporated in the next few years.

The designations O and I represent the relevance of the aspect outside (O) and inside (I) the organisation. Icons indicate the allocation to the respective area of action. For the extent and details of the external verification, we refer you to the certification statement on page 85. *(G4.18 – 4.20, 4.32)*

Indicator	Page	Description	Comment	Validation
Strategy & Analysis				
G4-1	8ff	Provide a statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability		EXTERNAL AUDIT
G4-2	8ff, 13ff, 18, AR 39ff, 78ff	Provide a description of key impacts, risks, and opportunities		EXTERNAL AUDIT
Organisational Profile				
G4-3	13, AR 116	Report the name of the organisation		EXTERNAL AUDIT
G4-4	13, 88, AR 116, 129f	Report the primary brands, products, and services		EXTERNAL AUDIT
G4-5	13, AR 116	Report the location of the organisation's headquarters		EXTERNAL AUDIT
G4-6	Cover, 13, AR 116	Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report		EXTERNAL AUDIT
G4-7	AR 50f, 116	Report the nature of ownership and legal form		EXTERNAL AUDIT
G4-8	Cover, AR 88ff	Report the markets served (including geographic breakdown, sectors served, and types of customers andbeneficiaries)		EXTERNAL AUDIT
G4-9	Cover, 13, 88, AR 58f, 88ff, 170f, 106ff	Report the scale of the organisation, including total number of employees, of operations, net revenues, total capitalisation broken down in terms of debt and equity, quantity of products or services provided	Due to different reporting systems a disclosure in line with GRI requirements is currently not possible. Disclosure is planned within the next two years	EXTERNAL AUDIT
G4-10		Report the total number of employees by employment contract and gender and any significant variations in employment numbers		EXTERNAL AUDIT

G4-11	55	Report the percentage of total employees covered by collective bargaining agreements	EXTERNAL AUDIT
G4-12	20f	Describe the organisation's supply chain	EXTERNAL AUDIT
G4-13	20f, AR 26ff, 48ff, 127ff, 153f	Report any significant changes during the reporting period regarding the organisation's size, structure,ownership, or its supply chains	EXTERNAL AUDIT
G4-14	18, 21	Report whether and how the precautionary approach or principle is addressed by the organisation	EXTERNAL AUDIT
G4-15	14, 18, 39, 65	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	EXTERNAL AUDIT
G4-16	14	List memberships of associations (such as industry associations) and national or international advocacy organisations	EXTERNAL AUDIT

Identified Material Aspects and Boundaries

G4-17	87, AR 170f	List all entities included in the organisation's consolidated financial statements or equivalent documents	EXTERNAL AUDIT
G4-18	14f, 70ff	Explain the process for defining the report content and the aspect boundaries. Explain how the organisation has implemented the Reporting Principles for defining report content	EXTERNAL AUDIT
G4-19	14f, 70ff	List all the material aspects identified in the process for defining report content	EXTERNAL AUDIT
G4-20	14f, 70ff	For each material aspect, report the aspect boundary within the organisation	EXTERNAL AUDIT
G4-21	14f	Description of the boundaries of each aspect which is material outside the organisation	EXTERNAL AUDIT
G4-22	21, 87	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	EXTERNAL AUDIT
G4-23	21, 87	Report significant changes from previous reporting periods in the scope and aspect boundaries	EXTERNAL AUDIT

Stakeholder Engagement

G4-24	14f	Provide a list of stakeholder groups engaged by the organisation	EXTERNAL AUDIT
G4-25	14f, 21	Report the basis for identification and selection of stakeholders with whom to engage	EXTERNAL AUDIT
G4-26	13f, 21	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	EXTERNAL AUDIT
G4-27	15f	Topics, that came up during the stakeholder process and the reactions of the organisation	EXTERNAL AUDIT

Report Profile

G4-28	87	Reporting period (such as fiscal or calendar year) for information provided	EXTERNAL AUDIT
G4-29	87	Date of most recent previous report (if any)	EXTERNAL AUDIT
G4-30	87	Reporting cycle (such as annual, biennial)	EXTERNAL AUDIT
G4-31	88	Provide the contact point for questions regarding the report or its contents	EXTERNAL AUDIT
G4-32	70ff, 87	Report the "in-accordance"-option, GRI-index of the selected option, reference to the external audit report	EXTERNAL AUDIT
G4-33	87	Policies of the organisation regarding external audit of the report, scope of audit and relationship to audit company	EXTERNAL AUDIT

Governance

G4-34	17, AR 64ff	Report the governance structure of the organisation, including committees of the highest governance body	EXTERNAL AUDIT
G4-35	17	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	EXTERNAL AUDIT
G4-36	17, AR 64ff	Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	EXTERNAL AUDIT

G4-37	13f, AR 72ff	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.		EXTERNAL AUDIT
G4-38	AR 68, 70f, 76	Report the composition of the highest governance body and its committees	Memberships in under-represeted social groups are not disclosed, due to personal data privacy	EXTERNAL AUDIT
G4-39	AR 68ff	Report whether the Chair of the highest governance body is also an executive officer		EXTERNAL AUDIT
G4-40	AR 68ff	Report the nomination and selection processes for the highest governance body and its committees	Nomination and selection processes for the highest governance body fall within the remit of the owner	EXTERNAL AUDIT
G4-41	AR 68ff	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders		EXTERNAL AUDIT
G4-42	17, AR 72ff	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts		EXTERNAL AUDIT
G4-43	17, AR 64ff, 72ff	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics		EXTERNAL AUDIT
G4-44		Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics	Disclosure is not possible due to legal requirements of the Stock Corporation Act	EXTERNAL AUDIT
G4-45	AR 68ff	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes	Under the terms of the Austrian Stock Corporation Act, the Supervisory Board has the role of a control body. The application of the indicator is therefore limited	EXTERNAL AUDIT
G4-46	17, AR 72ff, 101ff	Report the highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics		EXTERNAL AUDIT
G4-47	17, AR 72f	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities		EXTERNAL AUDIT
G4-48	17, 87	Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered		EXTERNAL AUDIT
G4-49	21, AR 72ff	Report the process for communicating critical concerns to the highest governance body		EXTERNAL AUDIT
G4-50	21, AR 73ff	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them		EXTERNAL AUDIT
G4-51	AR 66ff, 158ff	Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration		EXTERNAL AUDIT
G4-52	21, AR 66ff	Report the process for determining remuneration		EXTERNAL AUDIT
G4-53	21, AR 69ff	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable		EXTERNAL AUDIT
G4-54		Report the ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	The Telekom Austria Group considers that information about salaries is strictly confidential. No information will therefore be disclosed that exceeds the requirements of the Corporate Governance Code	EXTERNAL AUDIT
G4-55		Report the ratio of percentage increase in annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	The Telekom Austria Group considers that information about salaries is strictly confidential. No information will therefore be disclosed that exceeds the requirements of the Corporate Governance Code	EXTERNAL AUDIT

Ethics and Integrity

G4-56	18, AR 23f, 55ff	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics		EXTERNAL AUDIT
G4-57	18, AR 23f, 55ff	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines		EXTERNAL AUDIT
G4-58	18, AR 23f, 55ff	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines		EXTERNAL AUDIT

Economic Performance (O/I)

EC1	21	Report direct economic value generated and distributed		
EC2		Report risks and opportunities posed by climate change and other risks and chances for activities of the organisation	A disclosure in line with GRI requirements is currently being developed. For information on risks and opportunities from climate change, please refer to CDP assessment 2013	
EC3	AR 151f	Coverage of the organisation's defined benefit plan obligations		
EC4	AR 131, 142	Financial assistance received from government		

Market Presence (O/I)

EC5	55	Ratio of standard entry-level wage by gender compared to local minimum wage at significant locations of operation	The Telekom Austria Group considers that information about salaries is strictly confidential. No information will therefore be disclosed that exceeds the requirements of the Corporate Governance Code.	
EC6	83	Proportion of senior management hired from the local community at significant locations of operations		

Indirect Economic Impacts (O/I)

EC7	27f, AR 18ff, 26ff	Development and impact of infrastructure investments and services supported		
EC8	26, 64f	Significant indirect economic impacts, including the extent of impacts		

Procurement Practices (O)

EC9		Proportion of spending on local suppliers at significant locations of operation	A presentation in line with GRI is currently not possible. Disclosure is planned within 2 years	

Energy (I)

EN3	41, 79	Energy consumption within the organisation		EXTERNAL AUDIT
EN4	41, 79	Energy consumption outside of the organisation		
EN5	41, 79	Energy intensity		EXTERNAL AUDIT
EN6	38f, 41, 79	Reduction of energy consumption		
EN7	38f	Reductions in energy requirements of products and services		

Emissions (O/I)

EN15	41, 78, 80	Direct greenhouse gas (ghg) emissions (scope 1)		EXTERNAL AUDIT
EN16	41, 78, 80	Energy indirect greenhouse gas (ghg) emissions (scope 2)		EXTERNAL AUDIT
EN17	41, 78, 80	Other indirect greenhouse gas (ghg) emissions (scope 3)		EXTERNAL AUDIT
EN18	78, 80	Greenhouse gas (ghg) emissions intensity		EXTERNAL AUDIT
EN19	41, 80	Reduction of greenhouse gas (ghg) emissions		
EN20		Emissions of ozone-depleting substances (ods)	ODS do not constitute a significant proportion in Telekom Austria Group's greenhouse gas emissions. As a result, they are not reported	
EN21	78, 81	No_x, So_x, and other significant air emissions		

Effluents and Waste (I)

EN22		Total water discharge by quality and destination	The Telekom Austria Group is not a manufacturing company. Wastewater is only discharged into public sewer system in the context of office activities. For this reason, the indicator is not considered to be significant	
EN23	41, 82	Total weight of waste by type and disposal method	Reporting in line with GRI requirements currently not possible. Disclosure is planned within 2 years	EXTERNAL AUDIT
EN24		Total number and volume of significant spills		
EN25	41	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the basel convention, Annex i, ii, iii, and viii, and percentage of transported waste shipped internationally.		
EN26		Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff		

Products and Services (O/I)

EN27	29f, 44f	Percentage of products sold and their packaging materials that are reclaimed by category		
EN28	44f , 81	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		

Compliance (O/I)

EN29	41	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce		

Transport (O/I)

EN30	40	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce		

Environmental Grievance Mechanisms (I)

EN34	41	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms		

Non-discrimination (A/I)

HR3	55	Total number of incidents of discrimination and corrective actions taken		

Freedom of Association and Collective Bargaining (I)

HR4	55	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights		

Employment (I)

LA1		Total number and rates of new employee hires and employee turnover by age group, gender and region	Reporting in line with GRI requirements currently not possible. Disclosure is planned within 2 years	
LA2	55, GB 158ff	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation		
LA3	55, 82	Return to work and retention rates after parental leave, by gender		

Labour/Management Relations (O/I)

LA4	54f	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	

Training and Education (I)

LA9	54f	Average hours of training per year per employee by gender, and by employee category	
LA10	52f, 55	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	
LA11	55	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	

Diversity and Equal Opportunity (I)

LA12	52ff, 82f, AR 66ff	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	

Equal Remuneration for Women and Men (I)

LA13		Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	The Telekom Austria Group considers that information about salaries is strictly confidential. No information will therefore be disclosed that exceeds the requirements of the Corporate Governance Code.

Labour Practices Grievance Mechanisms (I)

LA16	AR 74f	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	

Customer Health and Safety (O/I)

PR1	33	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	
PR2	33	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	

Product and Service Labelling (O)

PR3	30	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	
PR4	AR 169	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	In the course of regular business activity, several lawsuits and other claims are pending against the Telekom AG and its subsidiaries. No information can be given on pending procedures
PR5	29f, 78	Results of surveys measuring customer satisfaction	A Group-wide measurement system was implemented in 2013 and used for the first time in 2014, therefore no data is available for the reporting year

Customer Privacy (O/I)

PR8	30	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	

Anti-corruption (O/I)

SO3	21	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	EXTERNAL AUDIT
SO4	21, 78, AR 55ff	Communication and training on anti-corruption policies and procedures	EXTERNAL AUDIT

SO5	AR 74f	Confirmed incidents of corruption and actions taken	

Public Policy (O/I)

SO6		Total value of political contributions by country and recipient/beneficiary	As stated in the code of conduct of Telekom Austria Group political contributions are not allowed

Anti-competitive Behaviour (O/I)

SO7	30, AR 144f, 169	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	In the course of regular business activity, several lawsuits and other claims are pending against the Telekom AG and its subsidiaries. No information can be given on pending procedures

Compliance (O/I)

SO8	AR 144f, 169	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	In the course of regular business activity, several lawsuits and other claims are pending against the Telekom AG and its subsidiaries. No information can be given on pending procedures

Grievance Mechanisms for Impacts on Society (O/I)

SO11	AR 74f	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	

Telecommunications Sector Supplement - Technology Applications

TA1	29f	Provide examples of the resource efficiency of telecommunication products and services delivered	
TA2	29f	Provide examples of telecommunication products, services and applications that have the potential to replace physical objects (e.g. a telephone book by a database on the web or travel by video-conferencing)	

Telecommunications Sector Supplement - Providing Access

PA1	27f	Policies and practices to enable the deployment of telecommunication infrastructure and access to telecommunication products and services in remote and low population-density areas. Include an explanation of business models applied	
PA2	64f	Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, illiteracy, and lack of education, income, disabilities, and age. Include an explanation of business models applied	
PA3	28f	Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specified time periods and locations of down time	
PA4	28f	Quantify the level of availability of telecommunication products and services in areas where the organisation operates. Examples include: customer numbers/market share, addressable market, percentage of population covered, percentage of land covered	
PA5	29f, 64f	Number and types of telecommunication products and services provided to and used by low and no income sectors of the population. Provide definitions selected	
PA6	28f	Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief	
PA7	28f, 64f	Policies and practices to manage human rights issues relating to access and use of telecommunication products and services	
PA8	33	Policies and practices to publicly communicate on EMF related issues	
PA10	30	Initiatives to ensure clarity of charges and tariffs	

Telecommunications Sector Supplement - Internal Operations

IO1	27f, AR 87ff	Capital investment in telecommunication network infrastructure broken down by country/region
IO3	55	Practices to ensure health and safety of field personnel involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside plant. Related health and safety issues include working at heights, electric shock, exposure to EMF and radio frequency fields, and exposure to hazardous chemicals
IO4-5	32	Compliance with ICNIRP standards and guidelines on exposure to radiofrequency emissions from handsets and base stations
IO6	32f	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets
IO7	33	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts. Describe approach to evaluate consultations and quantify where possible
IO8	30	Number and percentage of stand-alone sites, shared sites, and sites on existing structures

DATA APPENDIX

Products

CUSTOMER SERVICE

2013	CUSTOMER CONTACTS (IN TSD.)	CUSTOMER SERVICE EMPLOYEES (IN FTE)
AUSTRIA	22,300	2,407
BULGARIA	4,375	371
CROATIA	3,412	228
BELARUS	5,125	373
SLOVENIA	907	72
REPUBLIC OF SERBIA	3,091	152
REPUBLIC OF MACEDONIA	1,429	23
TELEKOM AUSTRIA GROUP	**40,640**	**3,627**
2012		
AUSTRIA	26,545	2,390
BULGARIA	5,656	427
CROATIA	3,147	223
BELARUS	5,382	373
SLOVENIA	999	68
REPUBLIC OF SERBIA	1,817	144
REPUBLIC OF MACEDONIA	2,023	22
TELEKOM AUSTRIA GROUP	**45,569**	**3,650**
Change (IN %)		
AUSTRIA	-16	1
BULGARIA	-23	-13
CROATIA	8	2
BELARUS	-5	0
SLOVENIA	-9	6
REPUBLIC OF SERBIA	70	6
REPUBLIC OF MACEDONIA	-29	5
TELEKOM AUSTRIA GROUP	**-11**	**-1**

Total Telekom Austria Group includes mobilkom liechtenstein

(PR5)

ANTI CORRUPTION TRAINING

	1,002
	25
	179
	1,711
	359
	126
	4
	3,406

(SO4)

Environment

METHODOLOGY – EMISSIONS

The method used by the Telekom Austria Group to calculate direct, indirect and other indirect emissions follows the internationally recognised definition of the Greenhouse Gas Protocol of the WRI/WBCSD (World Resources Institute und World Business Council for Sustainable Development), in which all greenhouse gases are included in the calculation, i.e. not just those covered by the Kyoto Protocol. The calculation methods are based on the data published by econinvent (AR4 100-year (IPCC 2007 - 4th Assessment Report)). Figures given as CO_2 equivalents. The nature of gases reported by energy providers for Scope 2 emissions is not known.

(EN15, 16, 17, 18, 21)

METHODOLOGY – ENERGY

The calculation is — as long as self provision is not concerned — based on invoices by the respective energy providers. The factors used by the ecoinvent database were used for the conversion into kilowatt hours. In some cases, estimates were made if no data was available. The energy content of fuels was calculated on the basis of calorific value. *(EN3, 4, 6)*

DIRECT UND INDIRECT ENERGY

2013 (IN MWH)	ELECTRICITY*	HEATING FUELS**	DISTRICT HEATING	FUELS ***	TOTAL ENERGY CONSUMPTION
AUSTRIA	307,693	19,424	34,467	52,894	**414,478**
BULGARIA	68,474	123	393	8,122	**77,112**
CROATIA	39,428	67	3,768	3,743	**47,007**
BELARUS	75,832	968	4,007	4.488	**85,295**
SLOVENIA	24,028	0	326	340	**24,694**
REPUBLIC OF SERBIA	31,757	61	733	2,443	**34,994**
REPUBLIC OF MACEDONIA	10,566	857	0	490	**11,913**
TELEKOM AUSTRIA GROUP	**557,778**	**21,499**	**43,694**	**72,521**	**695,493**
2012 (IN MWH)					
AUSTRIA	308,549	17,635	32,097	56,032	**414,276**
BULGARIA	84,938	95	228	5,640	**90,901**
CROATIA	42,279	106	3,758	3,962	**50,068**
BELARUS	67,840	3,255	1,965	4,992	**78,052**
SLOVENIA	22,311	5	220	390	**22,921**
REPUBLIC OF SERBIA	28,014	28	733	2,886	**31,654**
REPUBLIC OF MACEDONIA	8,572	989	0	504	**10,065**
TELEKOM AUSTRIA GROUP	**562,503**	**22,114**	**39,002**	**74,405**	**697,937**
Change (IN %)					
AUSTRIA	0	10	7	-6	**0**
BULGARIA	-19	29	73	44	**-15**
CROATIA	-7	-37	0	-6	**-6**
BELARUS	12	-70	104	-10	**9**
SLOVENIA	8	n.a.	48	-13	**8**
REPUBLIC OF SERBIA	13	117	0	-15	**11**
REPUBLIC OF MACEDONIA	23	13	n.a.	-3	**18**
TELEKOM AUSTRIA GROUP	**-1**	**-3**	**12**	**-3**	**0**

Table may include rounding differences. 1 joule =2.77777778 $\times 10^{-10}$ MWh *(EN3, 6)*

* Purchased and in-house production as well as diesel for emergency generators;
** Includes oil and gas;
*** Includes diesel, petrol, CNG, LPG and natural gas

ENERGY – FUEL CONSUMPTION*

2013 (IN MWH)	FROM NON-RENEWABLE ENERGY	FROM RENEWABLE ENERGY**
TELEKOM AUSTRIA GROUP	**93,633**	**3,857**

* Oil, diesel, petrol, LPG, CNG and natural gas, incl. diesel for emergency generators *(EN3)*
** Share of biogenic fuels in diesel and petrol

ENVIRONMENT – RELATIVE INDICATORS

2013	ENERGY EFFICIENY INDEX* (IN MWH PER TERABYTE)	SHARE OF E-BILLING (IN %)	WATER CONSUMPTION (PRO FTE, IN M^3)
TELEKOM AUSTRIA GROUP	**1.1**	**64**	**17**

* The Energy Efficiency Index is defined as the total consumption of electrical energy within the Telekom Austria Group, divided by the total volume of data transported by fixed and mobile telecommunication networks *(EN5)*

ENVIRONMENT – RELATIVE INDICATORS

2013	SHARE OF RENEWABLE ENERGY* (IN %)	RECYCLING QUOTA** (IN %)	CO_2 INTENSITY*** (PER FTE)	PAPER CONSUMPTION (KG/FTE)
AUSTRIA	68	77	9	15
BULGARIA	17	14	16	28
CROATIA	45	60	17	15
BELARUS	0,3	41	18	23
SLOVENIA	31	72	26	6
REPUBLIC OF SERBIA	24	29	31	35
REPUBLIC OF MACEDONIA	21	76	48	88
TELEKOM AUSTRIA GROUP	**45**	**71**	**14**	**20**
2012				
AUSTRIA	81	60	8	16
BULGARIA	15	9	17	24
CROATIA	45	61	19	15
BELARUS	20	23	17	19
SLOVENIA	33	90	26	10
REPUBLIC OF SERBIA	29	21	28	34
REPUBLIC OF MACEDONIA	27	72	41	98
TELEKOM AUSTRIA GROUP	**56**	**55**	**13**	**19**

* Derived from electricity consumption, values of A1 were calculated, the remainder as measured by the standard national grid factor
** Fractions (non-hazardous waste, electronic waste and batteries) sent for recycling relative to total waste
*** CO_2 intensity includes CO_2 emissions from Scope 1 and Scope 2 divided by the number of FTE at year-end

(EN18)

DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS

2013 (CO_2 IN T)	DIRECT (SCOPE 1)	INDIRECT (SCOPE 2)	TOTAL (SCOPE 1+2)
AUSTRIA	18,978	61,679	**80,657**
BULGARIA	4,125	38,224	**42,349**
CROATIA	1,043	18,391	**19,434**
BELARUS	1,612	29,744	**31,356**
SLOVENIA	96	10,136	**10,231**
REPUBLIC OF SERBIA	1,003	27,418	**28,421**
REPUBLIC OF MACEDONIA	619	9,654	**10,273**
TELEKOM AUSTRIA GROUP	**27,476**	**195,246**	**222,722**
2012 (CO_2 IN T)			
AUSTRIA	20,269	56,172	**76,441**
BULGARIA	3,738	47,447	**51,186**
CROATIA	1,171	19,646	**20,817**
BELARUS	1,694	26,213	**27,906**
SLOVENIA	112	9,390	**9,501**
REPUBLIC OF SERBIA	1,240	24,035	**25,274**
REPUBLIC OF MACEDONIA	695	7,750	**8,446**
TELEKOM AUSTRIA GROUP	**28,919**	**190,652**	**219,571**
Change (IN %)			
AUSTRIA	-6	10	**6**
BULGARIA	10	-19	**-17**
CROATIA	-11	-6	**-7**
BELARUS	-5	13	**14**
SLOVENIA	-14	8	**8**
REPUBLIC OF SERBIA	-19	14	**12**
REPUBLIC OF MACEDONIA	-11	25	**22**
TELEKOM AUSTRIA GROUP	**-5**	**2**	**1**

Scope 1 includes direct emissions from combustion of fossil fuels for heating, electricity production and mobility but not including cooling agents
Scope 2 measures indirect emissions from electric energy and district heating

(EN15, 16, 19)

OTHER INDIRECT GREENHOUSE GAS EMISSIONS

2013 (CO_2 IN T)	UPSTEAM PROCESSES (SCOPE 3)
AUSTRIA	39,523
BULGARIA	18,279
CROATIA	8,220
BELARUS	14,973
SLOVENIA	2,374
REPUBLIC OF SERBIA	12,880
REPUBLIC OF MACEDONIA	4,864
TELEKOM AUSTRIA GROUP	**101,113**
2012 (CO_2 IN T)	
AUSTRIA	25,063
BULGARIA	18,223
CROATIA	6,882
BELARUS	9,229
SLOVENIA	1,596
REPUBLIC OF SERBIA	8,033
REPUBLIC OF MACEDONIA	2,957
TELEKOM AUSTRIA GROUP	**71,984**
Change (IN %)	
AUSTRIA	58
BULGARIA	0
CROATIA	19
BELARUS	62
SLOVENIA	49
REPUBLIC OF SERBIA	60
REPUBLIC OF MACEDONIA	64
TELEKOM AUSTRIA GROUP	**40**

Scope 3 includes the costs associated with the upstream emissions from heating energy, electricity (not included in Scope 2) and fuels (vehicle fleet) and business travel (taxi, plane, train). Upstream emissions were calculated according to ecoinvent. In 2013 emissions from customers' mobile phones were included for the first time in Scope 3 emissions

(EN17)

VEHICLE FLEET

2013 (IN MWH)	NUMBER OF VEHICLES	CONSUMPTION OF PETROL (IN L)	CONSUMPTION OF DIESEL (IN L)	CONSUMPTION OF ALTERNATIVE FUELS (IN L)	MILEAGE (IN '000 KM)
TELEKOM AUSTRIA GROUP	4,934	531,816	6,710,307	170,224	102,214
2012 (IN MWH)					
TELEKOM AUSTRIA GROUP	4,994	366,821	7,040,635	114,347	102,293
Change (IN %)					
TELEKOM AUSTRIA GROUP	-1	45	-5	49	0

AIR POLLUTANTS GENERATED BY THE VEHICLE FLEET*

2013 (IN G/KM)	NO_x	SO_2	PM_{10}
TELEKOM AUSTRIA GROUP	0,667	0,193	0,067
2012 (IN G/KM)			
TELEKOM AUSTRIA GROUP	0,690	0,195	0,069
Change (IN %)			
TELEKOM AUSTRIA GROUP	-3	-1	-3

* The air pollutants were first calculated using data published by ecoinvent in 2012. They include the emissions of the vehicle fleet. The above mentioned emissions represent the material air pollutants of Telekom Austria Group

(EN21)

WASTE – WATER CONSUMPTION

2013 (IN M^3)	TOTAL
TELEKOM AUSTRIA GROUP	280,078
2012 (IN M^3)	
TELEKOM AUSTRIA GROUP	292,154
Changes (IN %)	
TELEKOM AUSTRIA GROUP	-4

WASTE – PAPER CONSUMPTION

2013 (IN KG)	PRINTING & COPY PAPER	OTHER*	TOTAL
AUSTRIA	127,945	804,297	932,242
BULGARIA	74,830	196,166	270,996
CROATIA	16,827	130,886	147,713
BELARUS	39,966	23,500	63,466
SLOVENIA	2,318	97,593	99,911
REPUBLIC OF SERBIA	32,192	167,483	199,675
REPUBLIC OF MACEDONIA	18,908	43,599	62,507
TELEKOM AUSTRIA GROUP	312,986	1,463.524	1,776.510
2012 (IN KG)			
AUSTRIA	145,780	809,034	954,814
BULGARIA	69,525	324,238	393,763
CROATIA	16,318	147,700	164,018
BELARUS	31,220	23,500	54,720
SLOVENIA	3,625	103,472	107,097
REPUBLIC OF SERBIA	30,437	120,302	150,739
REPUBLIC OF MACEDONIA	20,000	45,047	65,047
TELEKOM AUSTRIA GROUP	316,905	1,573,293	1,890.198
Change (IN %)			
AUSTRIA	-12	-1	-2
BULGARIA	8	-39	-31
CROATIA	3	-11	-10
BELARUS	28	0	16
SLOVENIA	-36	-6	-7
REPUBLIC OF SERBIA	6	39	32
REPUBLIC OF MACEDONIA	-5	-3	-4
TELEKOM AUSTRIA GROUP	-1	-7	-6

* Other mainly includes paper for customer invoices and paper for packaging

WASTE – MOBILE PHONE RECYCLING

2013 (IN PCS)	COLLECTED OLD MOBILE PHONES
AUSTRIA	5,544
BULGARIA	530
CROATIA	7,965
BELARUS	n.a.
SLOVENIA	1,744
REPUBLIC OF SERBIA	91,570
REPUBLIC OF MACEDONIA	n.a.
TELEKOM AUSTRIA GROUP	107,353
2012 (IN PCS)	
AUSTRIA	6,300
BULGARIA	959
CROATIA	3,746
BELARUS	n.a.
SLOVENIA	2,872
REPUBLIC OF SERBIA	60,000
REPUBLIC OF MACEDONIA	n.a.
TELEKOM AUSTRIA GROUP	73877
Change (IN %)	
AUSTRIA	-12
BULGARIA	-45
CROATIA	113
BELARUS	n.a.
SLOVENIA	-39
REPUBLIC OF SERBIA	53
REPUBLIC OF MACEDONIA	n.a.
TELEKOM AUSTRIA GROUP	45

(EN28)

WASTE

2013 (IN KG)	RECYCLABLE			HAZARDOUS WASTE		
	PAPER	METAL	OTHER*	ELECTRONIC WASTE	BATTERIES	RESIDUAL WASTE
TELEKOM AUSTRIA GROUP	1,244.480	4,382.349	606,827	630,899	20,151	358,911
2012 (IN KG)						
TELEKOM AUSTRIA GROUP	1,501.594	1,379.145	352,214	645,973	26,129	430,861
Change (IN %)						
TELEKOM AUSTRIA GROUP	-17	218	72	-2	-23	-17

Quantities were calculated on the basis of the invoices of the waste management companies or if this was not possible by the volumina of waste containers and the intervals between waste disposal

* Other recyclable waste mainly includes plastic, glass and organic waste

Employees

RETURN TO WORK AND RETENTION RATES AFTER PARENTAL LEAVE BY GENDER

2013 (IN HC)	PARENTAL LEAVES		RETURNED TO WORK	
	MALE	FEMALE	MALE	FEMALE
TELEKOM AUSTRIA GROUP	162	631	143	301

(LA3)

COMPOSITION OF THE GOVERNANCE BODY* (AGE STRUCTURE)

2013	TOTAL (IN HC)	SHARE WOMEN (IN %)	BELOW 30 (IN HC)	30 - 50 (IN HC)	ABOVE 50 (IN HC)
TELEKOM AUSTRIA GROUP	10	20	0	2	8

* Capital representatives in the supervisory board

(LA12)

AGE STRUCTURE EMPLOYEES*

2013 (IN HC)	16-19	20-29	30-39	40-49	OVER 50
AUSTRIA	23	555	1,888	3,967	2,253
BULGARIA	4	910	1,219	407	96
CROATIA	0	128	600	350	60
BELARUS	1	659	837	174	79
SLOVENIA	0	73	234	91	20
REPUBLIC OF SERBIA	0	298	518	73	12
REPUBLIC OF MACEDONIA	0	32	145	34	3
TELEKOM AUSTRIA GROUP	28	2,658	5,447	5,103	2,522
2012 (IN HC)					
AUSTRIA	33	646	2,192	4,301	2,145
BULGARIA	1	1,104	1,388	369	95
CROATIA	0	94	603	348	59
BELARUS	8	773	941	169	76
SLOVENIA	0	69	219	84	17
REPUBLIC OF SERBIA	0	346	546	58	11
REPUBLIC OF MACEDONIA	0	48	142	15	0
TELEKOM AUSTRIA GROUP	42	3,080	6,031	5,344	2,403

Total Telekom Austria Group includes mobilkom liechtenstein

* Apprentices not included

(LA12)

RESIDUAL WASTE	TOTAL
2,310.134	9,553.751
2,804.463	7,140.379
-18	34

(EN23)

ACCIDENT STATISTICS

2013 (IN WORKING DAYS)	ACCIDENTS	FATAL ACCIDENTS	DAYS LOST TO ACCIDENTS
AUSTRIA	125	0	1,811
BULGARIA	5	0	184
CROATIA	11	0	180
BELARUS	0	0	0
SLOVENIA	3	0	76
REPUBLIC OF SERBIA	8	0	250
REPUBLIC OF MACEDONIA	0	0	0
TELEKOM AUSTRIA GROUP	**152**	**0**	**2,501**
2012 (IN WORKING DAYS)			
AUSTRIA	116	0	641
BULGARIA	5	0	107
CROATIA	10	0	0
BELARUS	0	0	0
SLOVENIA	2	0	83
REPUBLIC OF SERBIA	5	0	258
REPUBLIC OF MACEDONIA	0	0	0
TELEKOM AUSTRIA GROUP	**138**	**0**	**1,089**

Total Telekom Austria Group includes mobilkom liechtenstein

SHARE OF LOCAL MANAGEMENT

2013 (IN %)	
AUSTRIA	98
BULGARIA	98
CROATIA	98
BELARUS	99
SLOVENIA	98
REPUBLIC OF SERBIA	97
REPUBLIC OF MACEDONIA	96
TELEKOM AUSTRIA GROUP	**98**
2012 (IN %)	
AUSTRIA	98
BULGARIA	99
CROATIA	98
BELARUS	99
SLOVENIA	98
REPUBLIC OF SERBIA	94
REPUBLIC OF MACEDONIA	94
TELEKOM AUSTRIA GROUP	**98**

(EC6)

GENDER DIVERSITY

2013 (IN %)	SHARE OF FEMALE EXECUTIVES	SHARE OF FEMALE EMPLOYEES
AUSTRIA	16	27
BULGARIA	58	50
CROATIA	40	41
BELARUS	42	60
SLOVENIA	42	48
REPUBLIC OF SERBIA	43	54
REPUBLIC OF MACEDONIA	38	60
TELEKOM AUSTRIA GROUP	**31**	**37**
2012 (IN %)		
AUSTRIA	17	25
BULGARIA	48	50
CROATIA	39	39
BELARUS	42	67
SLOVENIA	38	48
REPUBLIC OF SERBIA	38	54
REPUBLIC OF MACEDONIA	38	55
TELEKOM AUSTRIA GROUP	**32**	**38**

Total Telekom Austria Group includes mobilkom liechtenstein

(LA12)

EMPLOYEES IN PART-TIME EMPLOYMENT

2013 (IN HC)	
AUSTRIA	650
BULGARIA	52
CROATIA	0
BELARUS	22
SLOVENIA	15
REPUBLIC OF SERBIA	0
REPUBLIC OF MACEDONIA	0
TELEKOM AUSTRIA GROUP	**739**
2012 (IN HC)	
AUSTRIA	618
BULGARIA	36
CROATIA	8
BELARUS	30
SLOVENIA	13
REPUBLIC OF SERBIA	0
REPUBLIC OF MACEDONIA	0
TELEKOM AUSTRIA GROUP	**705**

(LA12)

Media Literacy Training

A1 INTERNET FOR ALL

2013	COURSES	PARTICIPANTS	RECOMMENDATION RATE OF PARTICIPANTS (IN %)	SUPPORTING EMPLOYEES*	RECOMMENDATION RATE OF EMPLOYEES* (IN %)
AUSTRIA	1,505	19,397	98	732	98
2012					
AUSTRIA	1,395	18,592	98	207	98
Change (IN %)					
AUSTRIA	8	4	n.a.	254	n.a.

* Employees supporting for the first time in the respective reporting year

MEDIA LITERACY TRAINING

2013	PARTICIPANTS
AUSTRIA	19,397
BULGARIA	n.a.
CROATIA	n.a.
BELARUS	n.a.
SLOVENIA	4,926
REPUBLIC OF SERBIA	60
REPUBLIC OF MACEDONIA	100
TELEKOM AUSTRIA GROUP	**24,483**
2012	
AUSTRIA	18,592
BULGARIA	n.a.
CROATIA	n.a.
BELARUS	n.a.
SLOVENIA	5,700
REPUBLIC OF SERBIA	n.a.
REPUBLIC OF MACEDONIA	n.a.
TELEKOM AUSTRIA GROUP	**24,292**
Change (IN %)	
AUSTRIA	4
BULGARIA	n.a.
CROATIA	n.a.
BELARUS	n.a.
SLOVENIA	-14
REPUBLIC OF SERBIA	n.a.
REPUBLIC OF MACEDONIA	n.a.
TELEKOM AUSTRIA GROUP	**1**

ECONOMY

2013 (IN EUR MN)	REVENUES	EBITDA COMPARABLE*	EBITDA**	OPERATING INCOME	NET RESULT	EQUITY	MARKET CAPITALISATION***
TELEKOM AUSTRIA GROUP	**4,183.9**	**1,287.4**	**1,242.2**	**377.6**	**109.7**	**1,512.6**	**2.4**
2012 (IN EUR MN)							
TELEKOM AUSTRIA GROUP	**4,329.7**	**1,455.7**	**1,421.1**	**457.1**	**104**	**819.1**	**2.5**
Change (IN %)							
TELEKOM AUSTRIA GROUP	**-3.4**	**-11.6**	**-12.6**	**-17.4**	**5.5**	**84.7**	**-4.1**

* Defined as EBITDA, excluding effects from restructuring and impairment tests
** Including effects from restructuring and impairment tests
*** As of 31 Dec. 2013 (in EUR bn)

Assurance statement[1]

We were requested to perform a limited assurance engagement on Specific Topics of the Sustainability Report 2013 (hereafter "the Report") of Telekom Austria Group (hereafter "TAG").

The Report and the underlying procedures, systems and structures including subject matters and criteria are the responsibility of the Management of Telekom Austria AG. Our responsibility is to make an assessment based on our review.

We conducted our review in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and the "Fachgutachten des Fachsenats für Unternehmensrecht und Revision über die Durchführung von sonstigen Prüfungen (KFS/PG 13)" in order to obtain limited assurance on the subject matters. In a limited assurance engagement the evidence-gathering procedures are more limited than in a reasonable assurance engagement, and therefore less assurance can be obtained.

For this engagement the "Allgemeinen Einkaufsbedingungen für Beratungsleistungen und Services der Telekom Austria Group – Stand 2/2012" were agreed. Subsidiary the "General Conditions of Contract for the Public Accounting Professions", as issued by the Chamber of Public Accountants and Tax Advisors in Austria on March 8, 2000, revised on February 21, 2011 ("AAB 2011"), are binding. In cases of gross negligence the maximum liability is limited to EUR 2,000,000 and in cases of ordinary negligence the maximum liability is limited to EUR 5,000. This amount constitutes a total maximum liability cap which may only be utilized up to this maximum amount even if there is more than one claimant or more than one claim has been asserted.

1

The German text of the signed statement, which refers to the German version of the report, is the only binding one. The English translation is not binding and shall not be used for the interpretation of the English version of the report.

SUBJECT MATTERS

- Review of the procedures, systems and structures for defining the Report Content.

- Review, if the disclosed information on General Standard Disclosures complies with the disclosure requirements as defined in GRI G4.

- Review of the procedures, systems and structures for collecting, gathering, aggregating and validating of the following in the Report disclosed topics:
  - Environmental Performance Indicators (only the contribution of A1, the operative subsidiary of TAG in Austria): Energy consumption within the organization *(G4-EN3)*, Energy intensity *(G4-EN5)*, Direct greenhouse gas (GHG) emissions – Scope 1 *(G4-EN15)*, Energy indirect greenhouse gas (GHG) emissions – Scope 2 *(G4-EN16)*, Other indirect greenhouse gas (GHG) emissions – Scope 3 *(G4-EN17)*, Greenhouse gas (GHG) emissions intensity *(G4-EN18)* and Total weight of waste by type and disposal method *(G4-EN23)*
  - Social Performance Indicators: Total number and percentage of operations assessed for risks related to corruption and the significant risks identified *(G4-SO3)* and Communication and training on anti-corruption policies and procedures *(G4-SO4)*
  - Disclosed indicators regarding the social initiative "A1 Internet for All"
  - Disclosed indicators regarding the employee survey "TAGisfaction"

CRITERIA

Based on an assessment of materiality and risk we have evaluated the obtained information and supporting documents with respect to the conformity of the subject matters with the Sustainability Reporting Guidelines (Version G4) issued by the Global Reporting Initiative (GRI).

PROCEEDINGS

Our work included analytical procedures as well as interviews with employees from the headquarters in Vienna notified by the board of directors of Telekom Austria AG.

RESTRICTION IN USE

Our engagement is limited to the above mentioned Subject Matters. We did not review any other content in the Report. We have not tested comparative data from previous years. The scope of our review was limited to samples. Our work was performed on a sample basis as deemed necessary in the particular case, but did not include any substantial testing. Therefore, the assurance that we obtained is limited.

CONCLUSION

Based on our work described above nothing has come to our attention that causes us to believe that the procedures, systems and structures for defining the Report Content are not in conformity with the Principles for Defining Report Content as indicated by GRI G4.

Based on our work described above nothing has come to our attention that causes us to believe that the disclosed information respectively the information referred to in the report regarding the General Standard Disclosures are not in conformity with the disclosure requirements stipulated in GRI G4, with the exception of General Standard Disclosure G4-10 which was omitted due to unavailability of information, even though GRI G4 does not provide any reasons for omission for this General Standard Disclosure. Furthermore, the information regarding General Standard Disclosure G4-2 is not provided in two concise narrative sections but on several places.

Based on our work described above nothing has come to our attention that causes us to believe that the procedures, systems and structures for collecting, gathering, aggregating and validating of the:

- Contribution of A1 (the operative subsidiary of TAG in Austria) to the Environmental Performance Indicators: Energy consumption within the organization *(G4-EN3)*, Energy intensity *(G4-EN5)*, Direct greenhouse gas (GHG) emissions - Scope 1 *(G4-EN15)*, Energy indirect greenhouse gas (GHG) emissions - Scope 2 *(G4-EN16)*, Other indirect greenhouse gas (GHG) emissions - Scope 3 *(G4-EN17)*, Green house gas (GHG) emissions intensity *(G4-EN18)* and Total weight of waste by type and disposal method *(G4-EN23)*
- Social Performance Indicators: Total number and percentage of operations assessed for risks related to corruption and the significant risks identified *(G4-SO3)* and Communication and training on anti-corruption policies and procedures *(G4-SO4)*
- Disclosed indicators regarding the social initiative "A1 Internet for All"
- Disclosed indicators regarding the employee survey "TAGisfaction"

Vienna, August 4, 2014

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer,
Engagement Partner

p.p.a. Dipl.-Ing. Hannes Senft
Engagement Manager

Report Details

This sustainability report covers the Group-wide activities and key figures of the Telekom Austria Group in line with the reporting scope and reporting period of the 2013 annual report. For selected projects, qualitative information on the individual topics was included beyond 2013 up to the second quarter of 2014 and noted separately in the report. *(G4.28)*

Financial key figures and data on the workforce relate to the Group reporting segments defined in line with IAS 8, while environmental key figures and other social performance indicators were collected for the operating subsidiaries of the respective countries (except Liechtenstein). The Telekom Austria Group assumes that owing to their size or activities (e.g. holding function) the not included subsidiaries would only have made a minimal contribution to the published key figures. If key figures were collected for non-operating subsidiaries together with the operating subsidiary for organisational reasons, these were not subsequently differentiated. The Telekom Austria Group's sustainability report is published on an annual basis; the report on the 2012/2013 period appeared in September 2013. *(G4.28 – G4.30)*

This report meets the requirements of the Global Reporting Initiative (GRI) Guideline G4 for sustainability reports and complies with the annual United Nations Global Compact Progress Report. As part of the changeover from the standard G3.1 to G4, the Telekom Austria Group "comprehensively" geared its activities towards the regulations and requirements of version G4 of the GRI standard in this process (except for the general standard G4-10, which cannot be reported yet). This involved comparing all topics with the aspects of the GRI G4 standard again and evaluating them with regard to their internal and external relevance. As a result, the scope of the reported indicators has changed in comparison to the previous year (see also GRI Content Table on page 70). The transition and selected topics and indicators were reviewed by an independent auditor as part of external certification (for details on the scope, see page 85). Deloitte Audit, Wirtschaftsprüfungs GmbH, which is also the auditor of Telekom Austria AG's consolidated financial statements, was commissioned with the certification. The aspects and indicators of the GRI Telecommunications Sector Supplement were also included in the materiality process. Unless otherwise indicated, all content, topics, aspects, indicators and measures in the report relate to the Telekom Austria Group and its subsidiaries. The report has been approved by Hannes Ametsreiter, CEO of the Telekom Austria Group. *(G4.17, G4.22, 4.23, G4.32, G4.33, G4.48)*

THE REPORT CONSISTS OF THREE LARGE SECTIONS:

An introductory chapter explains the sustainability strategy devised in connection with the Telekom Austria Group's core business and the key social and environmental trends. The main section of the report is dedicated to the four major action areas and deals with the strategic targets, implemented measures and current challenges. In the third part of the report, the quantitative data and key figures are recapped in the form of a data section. The GRI Content Table provides information on the individual indicators.

The sustainability report chiefly focuses on environmental and social aspects of the Telekom Austria Group's activities. For further information on economic development, the organisation profile and corporate governance, please refer to the 2013 annual report of the Telekom Austria Group (http://ar2013.telekomaustria.com). Data collection for the sustainability report is based on the use of internal reporting as well as standardised questionnaires completed in the individual operating subsidiaries of the Telekom Austria Group. This data is assessed centrally and subjected to plausibility checks. The Telekom Austria Group's Corporate Sustainability department evaluates the questionnaires annually with regard to current developments, requirements and objectives.

Definitions and calculation methods on individual indicators and key figures set out in the report are explained in detail by means of footnotes either in the respective chapter itself or in the data section starting on page 82. To indicate that references to people in the sustainability report refer to both men and women, gender-neutral formulations (e.g. "he or she") have been used in some cases. In the interests of readability, the male form alone is sometimes used but this still always refers to both men and women. ■

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