

in



Sustaincyclopedia

It is a strange word. It is artificial — as is often the case, when something aspires to attract meaning. Traditionally this happens in some form of ancient language. Those who prefer modern management terminology route for an Anglicanism.

Sustaincyclopedia is only an example. For a complex set of concepts, which aims to describe fundamental requirements and targets.

This Sustaincyclopedia intends to offer explanatory glances behind the verbal scenery of sustainability. And explains that Telekom Austria Group has plenty more to offer than empty phrases for the benefit of image cultivation.

A large, stylized, blue and white graphic design. It features a central starburst or explosion shape, surrounded by jagged, angular lines and patterns. The design is composed of many overlapping, geometric shapes, creating a complex, abstract structure that resembles a stylized letter 'A' or a complex geometric structure. The colors are primarily blue and white, with some black outlines. The overall style is reminiscent of mid-century modern or pop art.

A collection of various keys and a remote control, all rendered in a purple, dotted, hand-drawn style. The items include a large ornate key, a car key with a remote, a small key on a chain, a key with a large circular head, a key with a large rectangular head, a key with a large circular head and a small loop, a key with a large circular head and a small loop, a key with a large circular head and a small loop, and a key with a large circular head and a small loop. The background is white with a light purple dotted pattern.

A one followed by 21 zeros. Or, just as hard to imagine, 10^{21} bytes. According to a Cisco study, a data volume twice as large will be transmitted over the Internet in the year 2019.

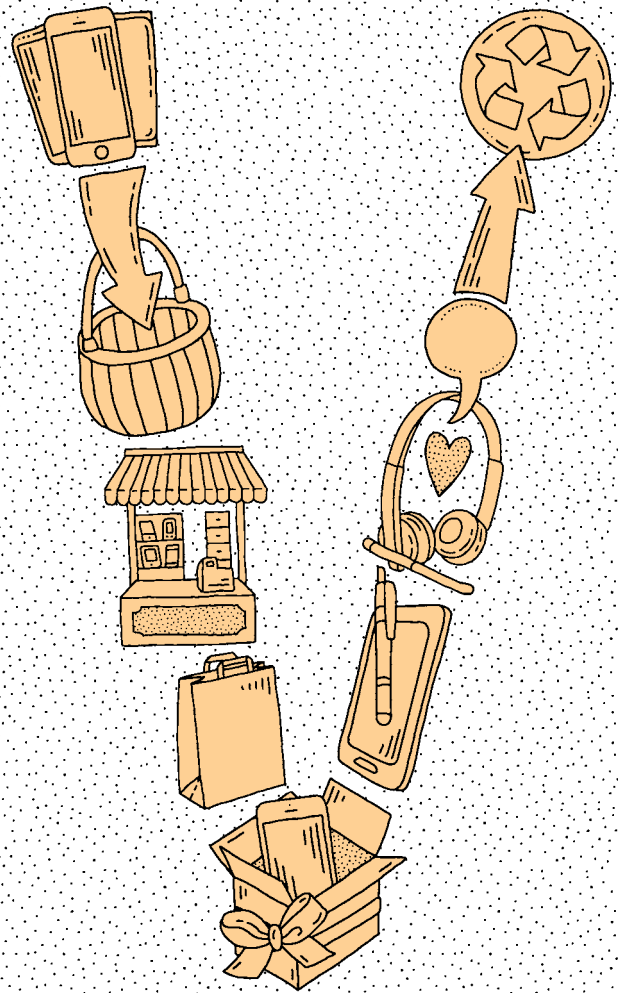
Obviously, only the most modern network infrastructure is in a position to keep up with such dynamic data growth.

Access — where to? In its original meaning, the word referred to a technical connection with digital media, such as the Internet. Nowadays, it also stands for equal opportunity in information, education, knowledge and democratic participation. Sustainability initiatives such as “Internet for All” promote the media skills necessary for this access.

Value chain

An old concept, evergreen. Created around 30 years ago by management legend Michael Porter, it was and remains a standard model to this day. Specifically, a model to represent the value creation or production process as an orderly series of specific corporate activities.

They all create value, but they also all require resources. They thus offer logical points of contact for sustainability.



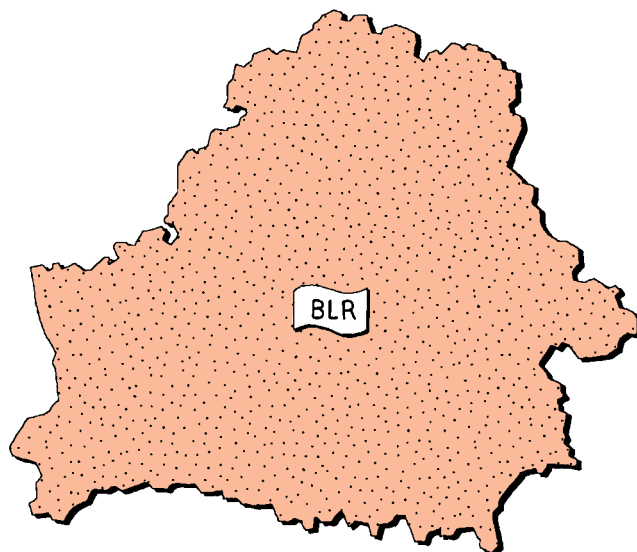
Life cycle

It's all in the double meaning. Today, it's no longer just about analysing aspects and opportunities in the various phases of a product's life in relation to the market. It's also about impact on the lives of others, or in other words: the environment. In addition to recycling and waste disposal topics, this concerns other environmentally relevant emissions, such as CO₂, and extractions, such as commodities, during the same cycle.

Telekom Austria Group

GEOGRAPHICAL PRESENCE (—> G4.6, 4.8, 4.9)

As leading telecommunication provider with 16,240 employees, Telekom Austria Group serves almost 23 million customers in seven countries across Central and Eastern Europe. In 2014 Group-wide CO₂ emissions were cut by 23 % as a result of comprehensive measures such as the “carbon neutral network” in Austria.



Vipnet

CROATIA

Revenues: 378.2 EUR mn

Employees: 1,151

CO₂ (Scope 1+2): 20,959 t

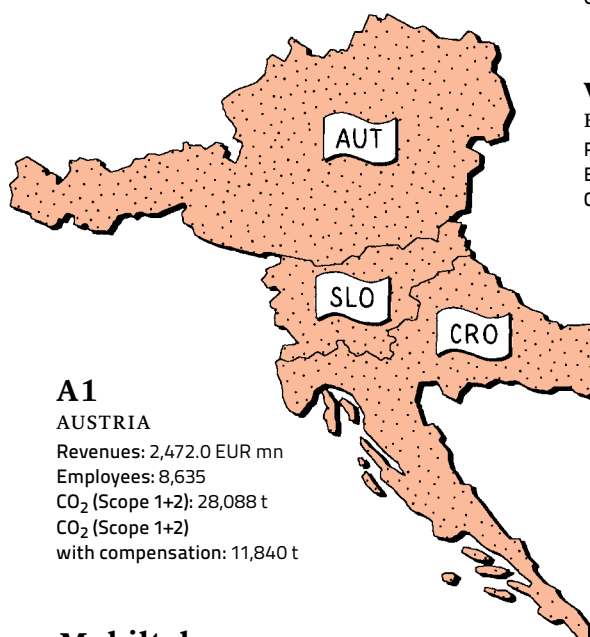
Si.mobil

SLOVENIA

Revenues: 199.6 EUR mn

Employees: 399

CO₂ (Scope 1+2): 8,835 t



A1

AUSTRIA

Revenues: 2,472.0 EUR mn

Employees: 8,635

CO₂ (Scope 1+2): 28,088 t

CO₂ (Scope 1+2)

with compensation: 11,840 t

velcom

BELARUS

Revenues: 355.0 EUR mn

Employees: 1,881

CO₂ (Scope 1+2): 33,510 t

Vip mobile

REPUBLIC OF SERBIA

Revenues: 213.2 EUR mn

Employees: 933

CO₂ (Scope 1+2): 30,733 t

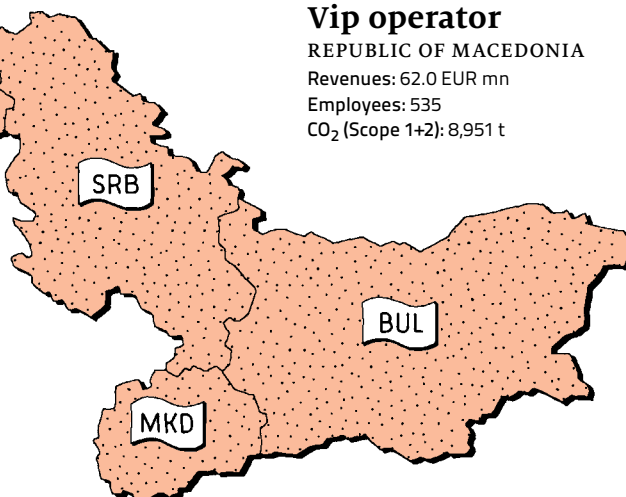
Vip operator

REPUBLIC OF MACEDONIA

Revenues: 62.0 EUR mn

Employees: 535

CO₂ (Scope 1+2): 8,951 t



Mobitel

BULGARIA

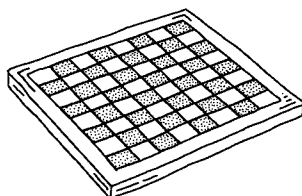
Revenues: 371.3 EUR mn

Employees: 2,527

CO₂ (Scope 1+2): 39,766 t

Figures as of 31 December 2014. Employees in full-time equivalents as of 31 December 2014. 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. CO₂ in CO₂ equivalents.

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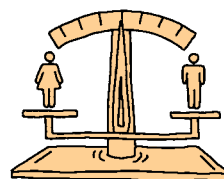


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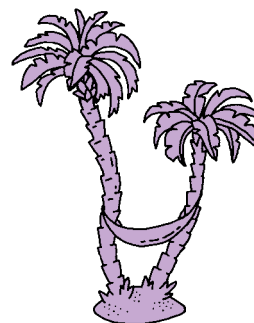


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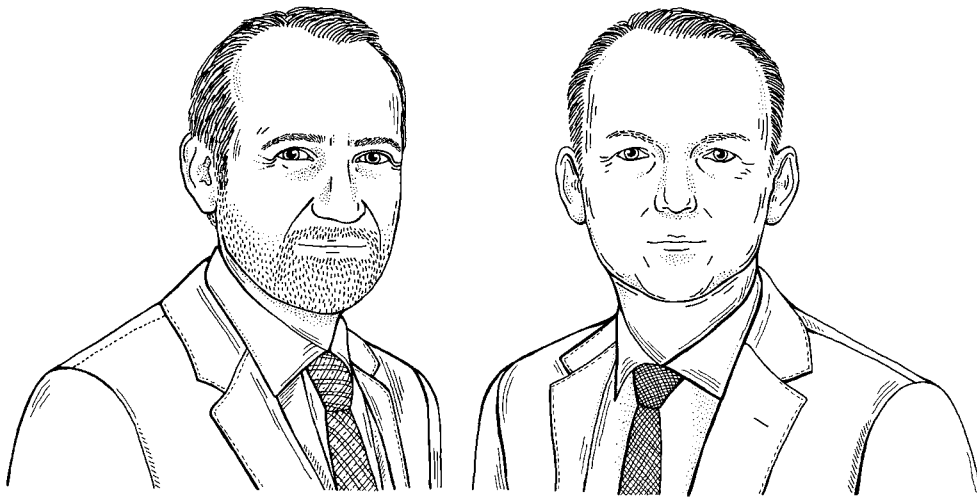


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Sustainability in plain language

Just because everyone is talking about something does not mean it is understood everywhere. Or that it means the same thing to everyone. The Management Board of the Telekom Austria Group is committed to a definition of sustainability, which is clearly comprehensible.

Sustaincyclopedia? Our report title is a reference to the varied forms and apparent ubiquity of the topic of sustainability. These entitle us, even oblige us, to ask critical questions. Are these really serious concepts and initiatives? Or merely campaigns and catch phrases primarily intended for PR purposes?

To put it provocatively, it doesn't matter what the motivation for committing to sustainable living and work methods is, provided it translates into actual benefits for society and the environment.

Pursuing economic goals in parallel is not a contradiction to the above, especially for a company. On the contrary: only an integrated view of the economic,

social and environmental aspects of sustainable business provides a promising foundation for corporate goals.

With this in mind, the Telekom Austria Group is committed to the goals of the three-pillar model of sustainable development ("People, Planet, Profit"), because they help secure business activities in the long term. At the same time, management is thus actively assuming social and environmental responsibility. Our express commitment to the UN Global Compact is also based on those convictions.

This is no mere lip service. The measures we have taken, described in this sustainability report, speak for themselves. Take our "Internet for All" initiative (see page 40), for instance, through which we promote exactly the kind of media literacy that is a key prerequisite — along with accelerated broadband expansion — for equal-opportunity access to the knowledge society. Another example is the reduction of CO₂ emissions of the Telekom Austria Group by almost a quarter, to which the "carbon neutral network" of A1 has made a significant contribution

(see page 28). These and many other examples unmistakably show that sustainability closely related to the corporate core business can generate social and environmental benefits.

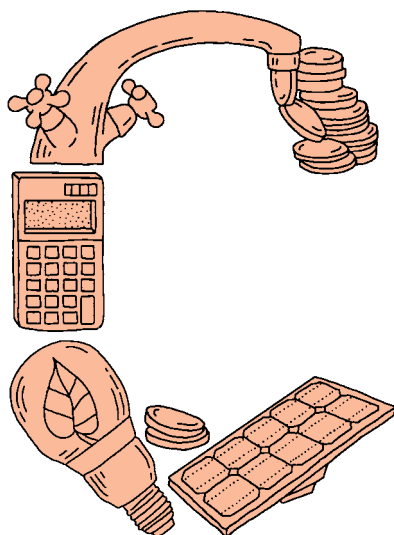
As a "driver" of the digital economy and a digital lifestyle, the Telekom Austria Group contributes to dynamic growth in data communication. The related additional consumption of energy must be compensated with higher energy efficiency. In addition to the environmental benefit, this also leads to cost advantages. At the same time it helps our strategic corporate goal of improving "operational excellence".

We used the invented word Sustaincyclopedia as our title because it exemplifies the often cryptic-sounding terminology surrounding sustainability. We wish to counter that trend in this report through plain language, in the form of easily understandable definitions and conclusive concepts from the Telekom Austria Group with specific goals. We wish you a sustainably interesting read! ★ (—> G4.1)

ALEJANDRO PLATER
Chief Executive Officer (CEO)

SIEGFRIED MAYRHOFFER
Chief Financial Officer (CFO)

Management Board sustainability focus points

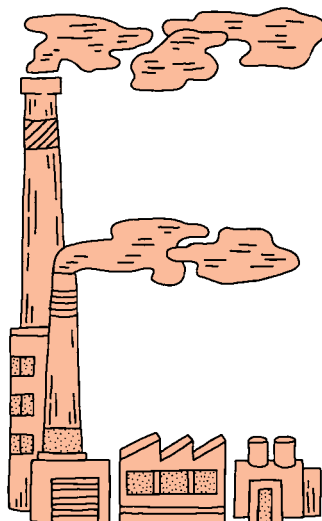


Cost efficiency

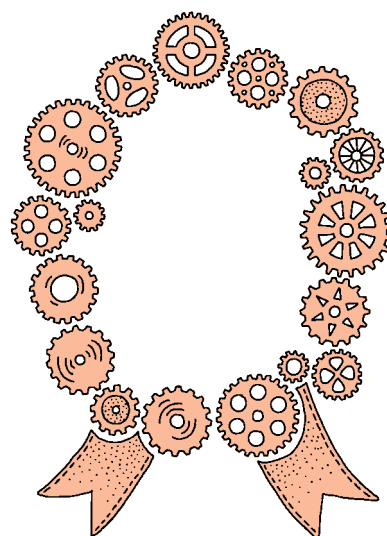
The optimisation of cost efficiency is a prerequisite for the profitability, and therefore the future viability, of any company. It is therefore also a precondition for both the affordability and the feasibility of sustainability. Conversely, sustainability initiatives can improve cost efficiency. This can take the form of a reduction in travel, fuel consumption, packing material or paper use, for instance. Waste separation reduces waste costs and enables the recycling of electrical scrap, for instance. Valuable raw materials, such as copper cables, are economically recycled (“urban mining”). At the same time, an innovative, energy-saving design of the network infrastructure, needs-based capacity adjustments and highly efficient cooling systems compensate for a capacity-related increase in energy consumption. This enables us to aim for a 20 % improvement in our energy efficiency (2012–2015).

Emissions

Emissions in the form of greenhouse gases, especially CO₂, are generated for instance through the combustion of fossil fuels. They add to the greenhouse effect caused by humans and therefore foster global warming. As an ICT company, the Telekom Austria Group is not a “primary causer” of greenhouse gases; it does not belong to an economic sector directly causing them. With regard to the emissions indirectly caused by our



business activities, we were able to improve our CO₂ balance sheet Group-wide by 23 % since 2013. The “carbon neutral network” of A1 is a major factor in this regard. The exclusive procurement of electricity from renewable energy sources also contributed, as did energy efficiency optimisations and climate-friendly mobility concepts. Additionally, ICT solutions such as video conferences help reduce CO₂ beyond company borders by reducing the number of kilometres driven or flown.

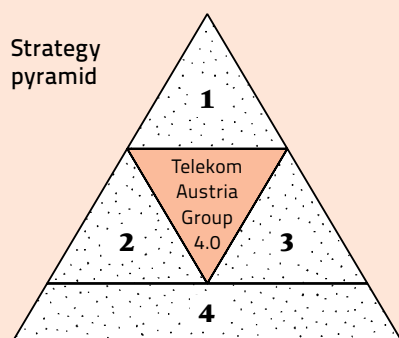


Operational excellence

The consistent rationalisation of business processes and work methods, along with the efficient allocation of resources, are the basis for operational success. Under the umbrella term “operational excellence”, they are the foundation of the strategy of the Telekom Austria Group. This orientation has many points of contact with corporate sustainability. For instance, the centralisation of procurement and the creation of supplier pools do not solely serve cost optimisation purposes. They also promote or facilitate the extensive integration of environmental and social criteria in the procurement process. Overall, the clustering of corporate units and functions, such as the consolidation of logistics centres, is beneficial to saving resources. The related effects are therefore also in tune with our efficiency goals in the areas of both investment and marketing.

Strategic alignment of the Telekom Austria Group

Telekom Austria AG, headquartered in Vienna, and its subsidiaries ("Telekom Austria Group") are leading providers of landline and mobile communication services, with nearly 23 million customers in seven countries of Central and Eastern Europe. The corporate Group is a "catalyst" of the digital economy and a digital lifestyle. The key conditions were established in 2014. Following the full support of controlling majority shareholder América Móvil, along with ÖIAG (now: ÖBIB), the first capital increase in company's history was successfully completed. This set the stage not only for accelerated fibre rollout, but also for debt reduction and value-enhancing acquisitions. For all strategic initiatives, the Telekom Austria Group's conservative financial strategy requires maintenance of the investment grade ratings: Baa2 under Moody's and BBB under Standard & Poors. This central requirement also applies to all four building blocks on the strategy pyramid.



- 1** The core business's potential for value creation will be accounted for thanks to distinction by **convergence and internal market consolidation**.
- 2** Customer experience will be enhanced by an **extension in the value chain** to include new product and service offers.
- 3** In light of the conservative financial strategy, management is evaluating options to **expand the existing footprint**.
- 4** **Operational excellence** is the foundation of the Group strategy. Business success requires ongoing improvements to all operational processes and efficient resource allocation.

The sustainability strategy is linked to the company strategy in terms of foundation and the extension of the value chain. At the same time, sustainability is considered a long-term value driver that offers economic advantages alongside active fulfillment of environmental and social responsibility. For instance, greater energy efficiency reduces the environmental impact while cutting costs.

The telecommunications market offers a wealth of appealing opportunities. At the same time, a mass increase in data traffic, rapid technological progress and distinct customer demand for first-rate network and service quality are posing a challenge. These

factors necessitate high investments on a regular basis while placing high demands on performance and energy requirements for the infrastructure. Thus, the Telekom Austria Group is exposed not only to market risks such as heavy competition, unstable economic momentum but also regulatory market activities that put pressure on prices and profitability. However, changes to climate conditions, along with the environmental and social framework, can also influence the company's development. To mitigate such risks at an early stage, a central risk management system monitors the relevant developments on a regular basis. If needed, countermeasures are taken. For more information on risk management, see the 2014 annual report of the Telekom Austria Group: <http://www.telekom.austria.com/en/ir/annual-reports>.
(—> G4.2–4.6, 4.9, 4.13)

Shareholder structure Telekom Austria AG as of 31 December 2014

América Móvil (direct and indirect)	59.70%
ÖIAG ¹⁾ (Republic of Austria)	28.42%
Free float including employee and treasury shares	11.88%

1) ÖIAG (Österreichische Industrieholding AG) was converted on 20 March 2015 to ÖBIB (Österreichische Bundes- und Industriebeteiligungen GmbH).

(—> G4.7)

Key financial data Telekom Austria Group

(in EUR mn)	Revenues	EBITDA comparable ¹⁾	EBITDA ²⁾	Operating income	Net result	Equity	Market capitalisation ³⁾
2014	4,018.0	1,286.1	850.8	–3.0	–185.4	2,218.0	3.7
(in EUR mn)							
2013	4,183.9	1,287.4	1,182.8	318.2	52.1	1,459.1	2.4
(in %)							
Change	–4.0	–0.1	–28.1	n. m.	n. m.	52.0	n. m.

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

2) Including effects from restructuring and impairment tests

3) As of 31 December 2014 (in EUR bn)

(—> G4.9)

Sustainable goal-setting with a system

Sustainability should be spoken about “in clear terms”. The same standard applies to this report by the Telekom Austria Group. Avoiding euphemisms and vague targets or success metrics is a key part of this, as is omitting cryptic technical terms that only a CSR or GRI expert might understand.

One might therefore ask why, in the next report section on “sustainability management”, there are still a number of academic-sounding terms and illustrations of seemingly complex CSR processes — when in fact the goals should be as clear as the strategy for reaching them.

The simple answer is that we need a standardised system in order to present sustainability initiatives and milestones in a manner that is transparent and suitable for comparisons (to periodic reports and to other companies and industries). It also provides a valid foundation for audit certifications and other credentials. Thus, the terms and processes adhere in full to the recommendations and requirements of the Global Reporting Initiative (GRI G4 for

Sustainability Reports) and comply with the annual progress report as defined in the UN Global Compact.

The starting point for systematic access of the Telekom Austria Group to sustainability management is the three-pillar model of sustainable development: the triple bottom line of “People, Planet and Profit”. Thus, its definition of responsibility includes social, environmental and economic aspects.

The sustainability strategy focusses on four action areas that were derived from a comprehensive materiality analysis in 2012. Relevant company topics were analysed and prioritised by social, economic and environmental aspects based on a stakeholder survey. Each area of action includes clear targets and specific key performance indicators.

The Telekom Austria Group maintains a dialogue with its stakeholders. Communications take place on three levels: systematic information via a diverse range of channels, via conversations and surveys and via contributions as part of memberships and partnerships.

Awards 2014



- Winner of the Austrian Sustainability Reporting Award (ASRA) 2014 in the category of large companies (Telekom Austria Group)
- Winner of the 2014 Global Telecom Business Innovation Award for the “Direct2home” satellite product (Telekom Austria Group)
- Winner of the telecommunications portal Telecoms.com in 2014 in the category of “Pushing the limits of fixed communications” for G.fast (A1)
- Winner of the “Green Business Award” in the category of “Wireless Network Structure Innovation” as part of the 2014 Global Telecom Business Awards (Vipnet)

Depending on the subject and the group, various formats are used such as information events, idea contests and surveys for clients or employees. However, personal discussions during meetings, conferences and road shows are used for vendors, customers and NGOs.

A new materiality analysis in early 2015 (see page 12) shows that the lead topics for stakeholders remain “customer focus”, “data privacy” and “network quality and system stability”. New or additional topics have not been identified in the course of this process. “Data privacy” is number one for customers

and vendors. However, employees consider “customer focus” to be the most important topic. The analysis also showed that the significance of such topics as “diversity” and the “digital gap” dropped in importance for customers and vendors. (—→ G4.18, 4.26, 4.27, 4.37)



PRODUCTS

Providing Responsible Products

The four action areas

In its seven markets, the Telekom Austria Group’s powerful and secure network infrastructure forms the backbone of the 21st century’s digital knowledge society. This action area emphasises consistent investments in innovative and stable transmission technologies, unwavering customer focus and secure, convenient products and services.

(—→ [For details, see page 18](#))



ENVIRONMENT

Living Green

Telecommunication networks such as those of the Telekom Austria Group may play a key role in combating climate change. The energy-efficient design of the transmission networks, increased use of renewable energy, climate-friendly mobility and the preservation of raw materials through optimised recycling and disposal processes are central components of the Telekom Austria Group’s environmental responsibility. Continuous reduction in the environmental impact of business activities is a clear focus of this action area. (—→ [For details, see page 24](#))



EMPLOYEES

Empowering People

Skilled, committed employees who think and act like entrepreneurs are a key success factor for the company. For this reason, the Telekom Austria Group’s personnel strategy is based on identifying and fostering talents at an early stage, continuous further education and professional training and a balanced management, performance and feedback culture. Health, equal rights and true diversity within the Group are the primary emphasis of this action area. (—→ [For details, see page 34](#))



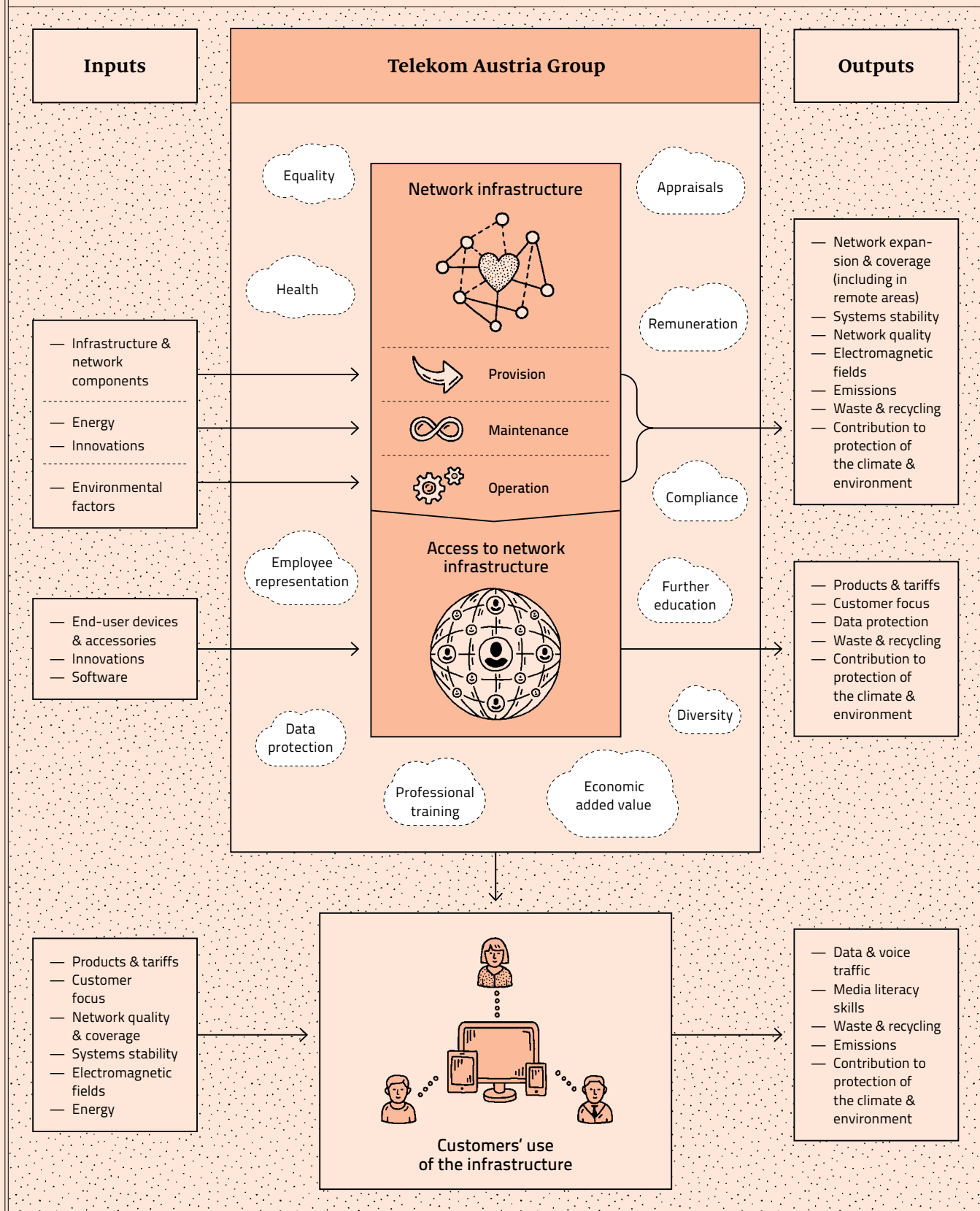
SOCIETY

Creating Equal Opportunities

The Telekom Austria Group firmly believes that the digital world should be open to everyone, so it is committed to reducing the “digital gap” and promoting media literacy skills. Alongside special media literacy initiatives for people of all ages, the Telekom Austria Group also promotes equal opportunity within digital society using its products and services. Moreover, its subsidiaries support and initiate social projects to meet local needs. (—→ [For details, see page 40](#))

Value chain — Telekom Austria Group

The diagram below of the value chain of the Telekom Austria Group gives an overview of the processes involved in its business operations. The necessary resources are also shown as input factors and the results as outputs. The issues identified along the value chain have been taken into account in the process of the materiality analysis. (—> G4.18)



Identifying topics in the context of sustainability

(—> G4.2, 4.18–4.21, G4.24–4.27, 4.37)

Process

Stakeholder

Topic identification

- Integration of requirements under the GRI G4 reporting standard (aspects, indicators, sector supplement) alongside topics drawn from the ongoing stakeholder process, ratings and the sector

More than 120 topics

Consolidation of the contents into 82 general topics

Evaluation of impacts by internal experts

- Evaluation of the topics by seven internal expert groups
- Evaluation criteria: active management, financial impact, risk, opportunities and potentials

Long list: 57 topics

Consolidation of contents into a short list with 29 topics

Online survey

- Evaluation by relevance using a 1–4 point scale system; ranking of top 5 topics
- Feedback from more than 1,000 stakeholders



Expert groups

Marketing, Human Resources, IT & Network, Purchasing, Compliance ...

Internal stakeholders

Employees, company management, owners

Direct stakeholders

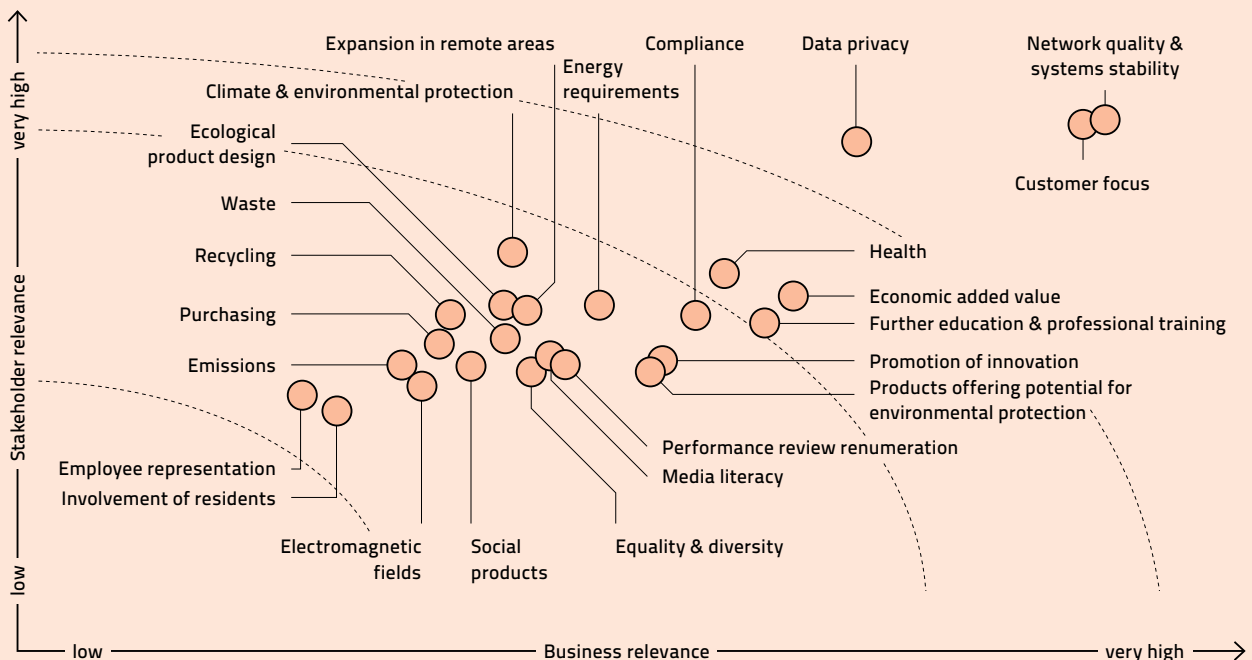
Customers, vendors, legislators/official agencies

Indirect stakeholders

Media, NGOs, interest groups, associations, ratings agencies



Materiality matrix



Control and management

Since 2010, the Telekom Austria Group has had a Group-wide, integrated sustainability management system that is being continually developed. The principal and patron of the sustainability agenda was CEO Hannes Ametsreiter until 31 July 2015. As of 1 August 2015 CEO Alejandro Plater assumed this role, supported by CFO Siegfried Mayrhofer. A Corporate Sustainability Team, as part of “Group Communications and Sustainability”, reports directly to the CEO. This team controls and coordinates the implementation of the sustainability strategy with the relevant persons in charge at the subsidiaries. This international approach ensures compliance

with the overriding Group targets. At the same time, the sustainability strategy provides the necessary flexibility for taking regional differences into account.

Top management representatives meet at least three times per year in a Group Sustainability Board in order to explore focal areas and advancements in the sustainability strategy while resolving new measures. Therefore, the Management Board and top management ensure that sustainability aspects are accounted for as part of the Group and brand strategy. The members of the Sustainability Board also assume responsibility for sustainability aspects in their respective areas of authority and promote an international exchange within the Telekom Austria Group. (—> G4.34–4.37, 4.42, 4.43, 4.46–4.48)

Certified environmental management systems

Austria

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

Slovenia

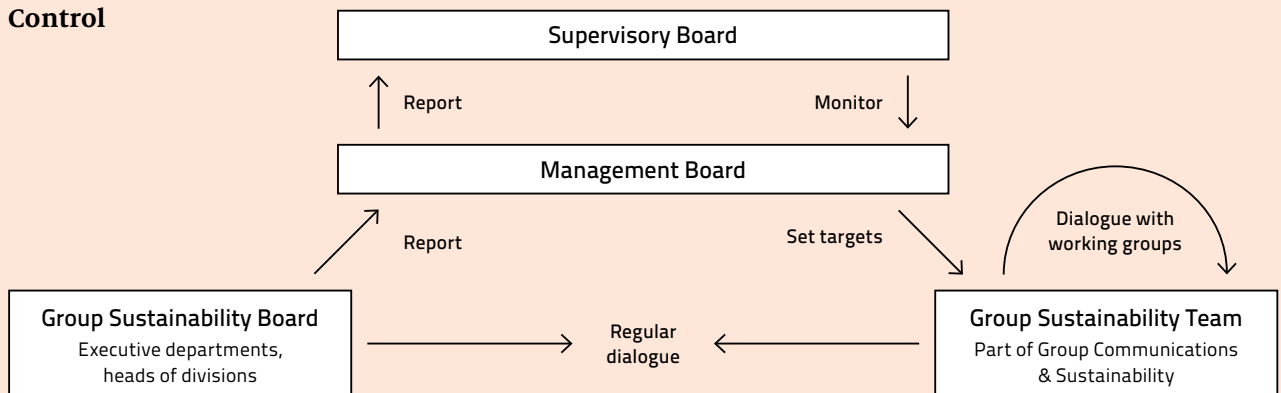
- ISO 14001 (since 2009)
- EMAS (since 2014)

Republic of Serbia

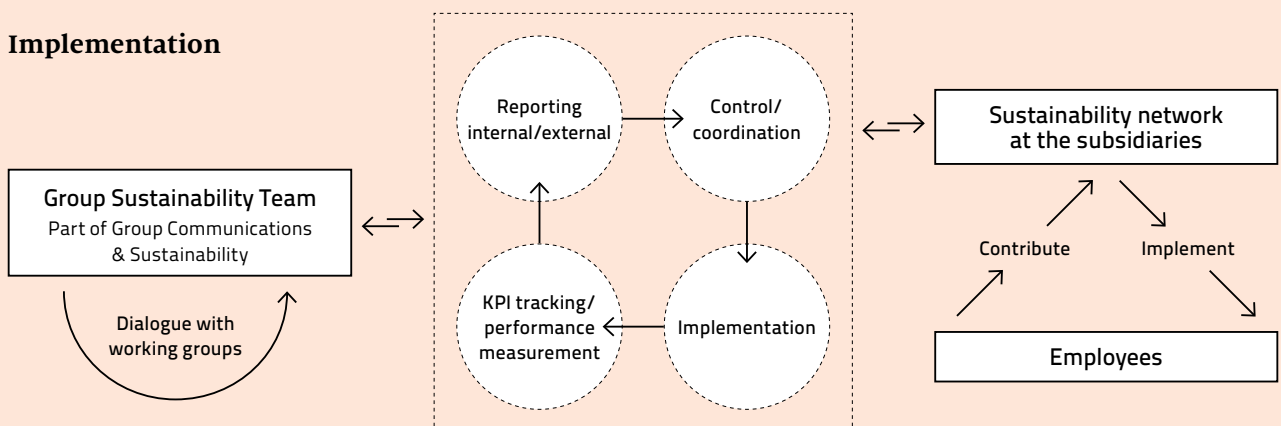
- ISO 14001 (starting in 2015)

Organisational structure of the sustainability management

Control



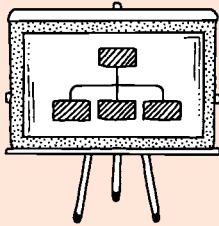
Implementation



Data privacy

To combat or prevent attacks on sensitive data, the Telekom Austria Group implements a wide range of measures in all of its subsidiaries to secure information and data. The Telekom Austria Group's self-imposed goal, firmly anchored in the sustainability strategy, is to maintain the highest data privacy and security standards in all subsidiaries.

Management of the aspects compliance and data privacy



Material aspects (responsibilities)

- Compliance (Group Compliance)
- Data privacy (Group Operation, A1 Data Privacy)
- Information security (Group Operation)

Standards and management systems

Data privacy

- Information Security Policy, Information Security Standards
- ISO 27001 in Austria, Bulgaria, Croatia
- E-learning, awareness-raising campaigns, trainings
- Data privacy folder (A1), information on websites of the subsidiaries

Compliance

- Certified Compliance Management System (under IDW PS 980)
- "ask.me" portal and whistleblowing platform "tell.me"
- e-learnings, on-site training, information on websites, intranet
- Code of Conduct in eight languages

The corresponding "Information Security Policy" and the supplementary "Information Security Standards" apply throughout the Group and are supplemented by local policies on a national basis. This set-up is overseen by the "Information Security & Emergency" area, which regularly reviews compliance. Moreover, each subsidiary has their own Information Security Management System (ISMS). The system of A1, Mobitel and Vipnet is reviewed on an annual basis by external, independent institutions and is certified in line with the international standard ISO 27001. Moreover, the Telekom Austria Group continued its training campaign to raise employee awareness in 2014. About 3,000 employees in Austria alone were successfully trained in e-learning courses, workshops and one-on-one trainings.

At the Austrian subsidiary A1, in mid-2013, the "Data Privacy" department was set up under the management of Martin Walter, Group Compliance Officer. To inform A1's customers about the data that is processed, who can access it and what security measures are in place, for instance, a brochure on data privacy was published in early 2015. This brochure is also available on the Internet along with A1's data privacy policy. It includes information and tips on how customers can help protect their own data and an explanation on the rights that customers have in regard to their data.

Compliance

Acting with honesty, fairness and compliance is a key aspect of the Telekom Austria Group's corporate culture. To meet this integrity standard, the Group has a comprehensive compliance management system. Top management as a role model and responsible action by all employees are both of crucial importance here.

To avoid potential misconduct, the Telekom Austria Group has defined clear rules for acting with legal compliance and integrity in all of its business relationships. Moreover, appropriate control mechanisms have been integrated into the business processes. The Group's Code of Conduct and detailed compliance policies provide assistance on specific topics. This includes, for instance, anti-corruption and conflicts of interest, gifts and invitations, handling confidential information, management consulting and lobbying, sponsorships, donations and advertising, capital market compliance and antitrust law. The compliance policies help ensure that acting with integrity is a permanent fixture at the workplace. Moreover, the effectiveness of the compliance management system is supported by regular communication measures and training sessions, the "ask.me" help desk, audits and the anonymous whistleblowing platform "tell.me". The annual compliance risk assessment ensures that the compliance programme is adapted as needed. In 2013, the Telekom Austria Group's compliance management system was certified by an external auditor under the IDW PS 980 standard.

Of the some 50 reports received via "tell.me" in 2014, about 50 % were substantiated and were investigated further. Depending on the severity of the offence, the consequences of confirmed misconduct ranged from individual training courses to ending the relationship and filing charges with the public prosecutor's office. About 350 questions were handled by "ask.me" in 2014. In 2014, conduct-related preventive measures included on-site training for managers and selected risk areas. In about 160 training courses throughout the Group, 2,340 managers and employees were personally trained. Of these, 1,500 were trained in corruption prevention. Additionally, 1,450 managers and employees were trained in special topics using e-learning tools.

For more information on the Telekom Austria Group's compliance management system, please see: www.telekomaustria.com/en/group/compliance. (—> G4.2, 4.56–4.58)

Sustainable supply chain

The sustainability of companies' actions can be defined not only by the direct environmental and social impact of their own business processes. Looking at the Telekom Austria Group's value chain, it is apparent that this impact is felt here as well (see page 11). Therefore, the Group is committed to emphasising sustainability aspects even when procuring goods and services. According to a study by GreenBiz.com that was conducted in cooperation with Trucost, upstream processes such as raw materials mining, production, transport and packaging in the telecommunications industry account for 85 % of all sustainability effects.

Each year, the Telekom Austria Group purchases goods and services worth more than EUR 2 bn. About 80 % of them were delivered by local vendors to the main business locations in 2014. A large portion of the purchasing volume is used for purchasing and operating infrastructure components for land-line and mobile communications networks. Moreover, output devices (mobile phones, smartphones, set top boxes) along with IT and hardware components account for a large share of purchasing volume. (—> EC9)

Along with commercial criteria, environmental criteria play a role in the Telekom Austria Group's procurement processes, such as eco-friendliness and energy efficiency. Employee rights, anti-corruption requirements and data

privacy aspects are also accounted for. The use of "conflict minerals" is a challenge to the industry when producing ICT products. Tin, tantalum, tungsten and gold are frequently mined under critical conditions. The Telekom Austria Group does not manufacture products that contain these conflict minerals. However, it uses or distributes them for its business activities.

The Telekom Austria Group follows the approach of integrating sustainability as much as possible into its supply chain. For this purpose, as part of a long-term project a rising number of sustainability criteria are anchored in the procurement process. Much has been accomplished to date, especially at the Austrian subsidiary A1. A separate Code of Conduct (see page 16) provides the basis for Group-wide procurement and for procurement at the largest subsidiary, A1. In Austria, environmental and social criteria have been developed for regular vendor ratings of major suppliers. The vendor's self-assessment has been updated to include social and environmental topics. Additionally, sustainability criteria have been implemented for certain request for proposal categories. Another key milestone was the conversion of energy procurement for A1 to 100 % electricity from renewable sources in 2014 (for more details, see page 28). The focus in coming years will be on the further integration of these initiatives into the daily routine. ▲ (—> G4.12, 4.13)

1) The State of Green Business 2013, GreenBiz and Trucost

Selection of voluntary memberships

Telekom Austria Group

- Next Generation Mobile Networks Alliance (since 2014)
- UN Global Compact (since 2012)
- respACT (since 2008)
- ETNO (since 1996)
- GSM Memorandum of Understanding (since 1988)

A1

- "klimaaktiv mobil" project partner (since 2014)
- Austrian Cyber Security Forum of Kuratorium Sicheres Österreich (since 2014)
- UN Global Compact (since 2012)
- Model Region for Electromobility, Vienna (since 2010)
- Code of Conduct on Data Centres Energy Efficiency (since 2009)
- klimaaktiv partner (since 2005)

Mobitel

- UN Global Compact (since 2014)
- Bulgarian Red Cross (since 2004)
- Bulgarian Charities Aid Foundation (since 2004)
- Bulgarian Donors' Forum (since 2009)
- CSR Academy (since 2008)

Vipnet

- UN Global Compact (since 2007)

Si.mobil

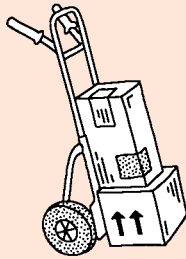
- "Si.voda" Fund (since 2009)
- UN Global Compact (since 2008)
- Forum EMS (since 2008)
- Green Network (since 2001)

Vip mobile

- UN Global Compact (since 2008)
- Business Leaders Forum Serbia (since 2008)

(—> G4.15, 4.16)

Requirements of the Code of Conduct for vendors of the Telekom Austria Group



- Requirements on employee protection and working conditions as stipulated by the International Labour Organisation (ILO)
- Requirements on environmental protection and resource efficiency based on the established environmental management systems (EMAS, ISO 14001)
- Social and environmental requirements for products and services (with life cycle perspective)
- Requirements for compliance topics such as anti-corruption

Measures taken in purchasing for the Telekom Austria Group and A1



- Sustainability Code of Conduct developed for vendors
- ILO provisions integrated into the Code of Conduct, general purchasing conditions and master agreements
- Environmental and social criteria enhanced for regular vendor ratings at A1
- Self-disclosure expanded for vendors
- Sustainability criteria integrated into tenders
- A1 purchases 100% of its electricity from renewable energy sources

Useful information for GRI experts



—> **G4.14:** The Telekom Austria Group's actions account for the principle of prevention by considering the potential future effects and findings when making decisions.

—> **G4.22, G4.23:** Changes versus the prior year's report are due to the revised materiality survey in the beginning of 2015. Restatement of information provided in previous reports have not taken place.

—> **G4.25:** Stakeholders were selected based on prioritisation of internal databases.

—> **G4.26:** An ongoing stakeholder dialogue is maintained and the results are also used to prepare the reports.

—> **G4.49:** The Supervisory Board is informed of critical matters during meetings; if needed these are also reported on an ad hoc basis.

—> **G4.50:** In the year under review, there were no critical concerns about sustainability.

—> **G4.52:** In the year under review, no compensation advisors were involved.

—> **G4.53:** Compensation for the Supervisory Board is set in the Annual General Meeting, where stakeholders have the chance to share their opinions.

—> **EC1:** Net value creation in 2014: EUR 870 mn for employees, EUR 757 mn for investments, EUR 219 mn for capital providers and EUR 1,910 mn for public agencies.

—> **SO3:** In 2014 the holding company and the seven operating subsidiaries (A1, Mobiltel, velcom, Vipnet, Si.mobil, Vip mobile and Vip operator) were assessed in-house with regard to corruption risks. The companies involved generated nearly 100% of the Telekom Austria Group's entire revenues and account for all locations of the above-listed subsidiaries. As part of a risk analysis, 17 different corruption scenarios were evaluated by management and mitigating measures were defined. No significant risks were found to remain, taking account of the measures already implemented.

—> **SO4:** Information on compliance and corruption prevention is made available to 100% of all employees and business partners

(see www.telekomaustria.com). 2,950 (about 17%) of employees and managers (including Management Board) have been trained on anti-corruption. Nearly 100% of employees and managers as well as nearly 100% of vendors are actively informed. The entire Supervisory and Management Boards of the holding company and all subsidiaries are informed at least once annually about corruption and the entire Management Board receives training once per year.

—> **PR7:** In 2014 there were no violations of compliance with regulations or voluntary codes of conduct with regard to advertising, including ads, sales promotions and sponsorships.

—> **PR8:** In 2014 two justified complaints were filed. In the first case, the complainant wanted to check whether remote access to his modem could be prevented. The agency confirmed this. In the second case, a query was submitted about the automatic computer login to A1.net. On the advice of the data protection authority, A1 improved information about the effects of automatic activation and published a note about this on A1.net in the FAQ sections.

The Roadmap — Sustainability management

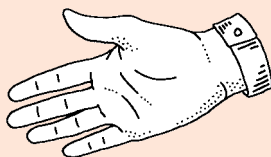
Facts, measures and targets

The overview below provides an extract from our targets and measures.
Further details about the measures can be found on the Internet at www.telekomaustria.com



Said 2013

- Further adaptation and improvement of the reporting systems, with a focus publication dates and reporting quality
- Establishment of a focus group on the topic of human rights
- Continuation of the step-by-step implementation of sustainability aspects into the Telekom Austria Group's supply chain
- Performance of 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)
- Publication of a data privacy report in 2014 (A1)
- Implementation of awareness-raising measures for employees, focusing on data privacy



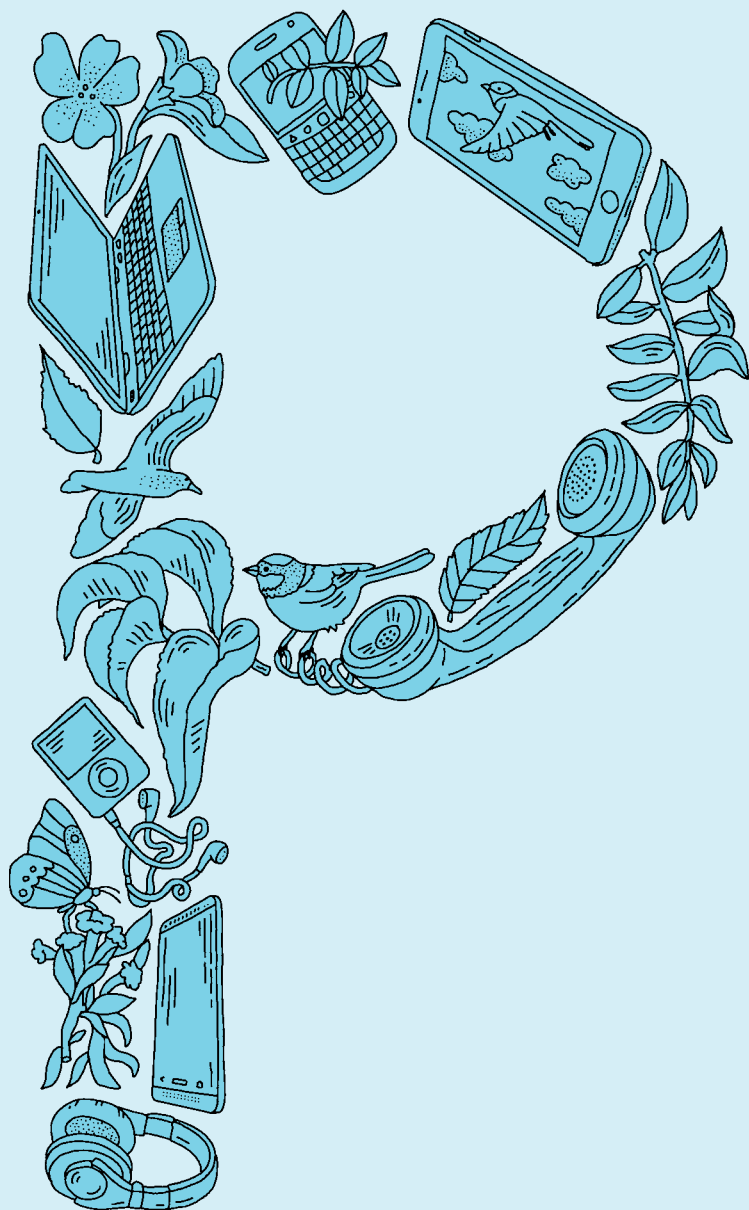
Done 2014

- Further improvement of the internal reporting system, particularly for collecting environmental key figures; publication successfully moved forward
- Establishment and reinforcement of the agreed social and environmental criteria in the Telekom Austria Group's procurement process, optimisation of internal processes for evaluation
- Successful performance of a materiality analysis in late 2014/early 2015, with participation of more than 1,000 stakeholders
- Continuation of the external reviews of environmental management systems along with EMAS, preparations for launching ISO 14001 in the Republic of Serbia in 2015
- Implementation and rollout of an e-learning course on data privacy for employees and publication of a data privacy folder at A1



Planned 2015

- Further adaptation and improvement of the reporting systems, with a focus on the quality and time of recording
- Updates to sustainability strategy on the basis of the materiality analysis performed and redefinition of goals
- Evaluation and definition of further measures to promote sustainable procurement in the Telekom Austria Group
- Continuation of the external certification for management systems, such as ISO and EMAS, introduction of ISO 14001 to the Republic of Serbia
- Gradual integration of human rights (2015/2016)

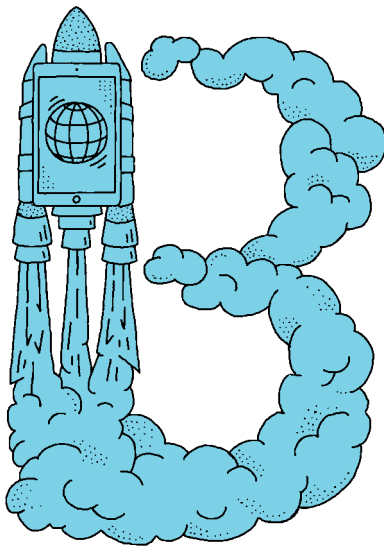


Providing Responsible Products

Mobile data traffic increased by 69 % in 2014. The network equipment supplier Cisco estimates that the volume of data transmitted by mobile devices will rise almost ten-fold by 2019. The speed of data transmission will more than double to four megabits per second, it says. The new 4G mobile communication standard will account for two thirds of data traffic. Almost three quarters of this will be used for transmitting videos. Mobile broadband thus remains the fastest-growing segment of this market, with a global share of 32 %. That's four times as high as five years ago.

A focus on customer satisfaction

A key element of the Telekom Austria Group's commercial success is the satisfaction of its customers. Their needs therefore play a crucial role in the product development process. Surveys are also used to work out what improvements can be made to products and services. Complaints management teams



Broadband

Mobile speeds of up to 300 megabits per second and an unbelievable 400 gigabits per second during trials using the fixed line backbone. With transfer rates like these, the newest broadband technologies including fibre are connecting us at "the speed of light" with the control centres of digital society.

Customer contacts in Customer service

	2014	2013
Austria	20,700	22,300
Bulgaria	3,931	4,375
Croatia	3,592	3,412
Belarus	4,944	5,125
Slovenia	1,074	907
Republic of Serbia	2,614	3,091
Republic of Macedonia	1,735	1,429
Telekom Austria Group	38,590	40,640²⁾

2) Including mobilkom liechtenstein

undergo continuous training and work together with consumer protection organisations. Classic social media channels like Facebook, Twitter, YouTube and Google+ also ensure constant feedback, as do support communities established specifically for this, crowdsourcing and engaging.

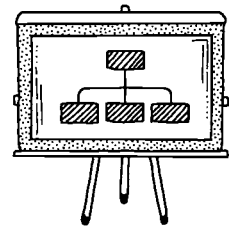
In order to be able to measure and assess customer satisfaction on a comparable basis in different countries, a Brand Net Promotor Score (Brand NPS) and Touchpoint Net Promotor Score (TNPS) are used. The Brand NPS provides information on the customers' attitude or "emotional connection" to the respective subsidiary. The TNPS measures customer satisfaction in relation to channels such as services via telephone, in shops and online channels. Surveys and qualitative interviews, analyses of online platforms and external studies are carried out where necessary. For example, 76 % of A1 private customers are very or fairly satisfied and the level of satisfaction has risen significantly since 2013. The Telekom Austria Group draws conclusions about how to optimise products and services based on the results and then puts these into practice. (→ PR5)

Products for the future

Today, customers' end-user devices are "smart". This means that various applications can be performed simultaneously. In the future, more and more machines, devices and sensors will also be able to

1) World Economic Forum, ICT for Economic Growth: A Dynamic Ecosystem Driving the Global Recovery, 2009

Management of aspects within the products action area



Material aspects (responsibilities)

- Customer focus (Marketing)
- Network quality and systems stability, promotion of innovation (Operation, Network Service & IT, Technology Strategy, CEO Office, Marketing)
- Ecological product design (Purchasing, Marketing)
- Electromagnetic fields "EMF" (Network Service & IT)
- Involvement of residents (Operation, Network Service & IT, Technology Strategy)
- Expansion in remote areas (Operation, Network Service & IT)

Standards and management systems

- Customer focus, network quality and systems stability: Group-wide tools to measure customer satisfaction, business continuity plans, ISO 9001, internal control systems
- Promotion of innovation: start-up campus/initiatives, knowledge platforms, ideas management
- Ecological product design: consideration of ecological criteria into the purchasing process
- EMF: Group-wide EMF policy, EMF Board
- Involvement of residents/expansion in remote areas: legal requirements Group-wide EMF policy

communicate. Machine-to-machine communication (M2M) is expected to grow by 23 % each year between now and 2020. The intensive and widespread expansion of the fixed line network and of mobile networks will form the basis for this. The focus, including at the Telekom Austria Group, is on 4G/LTE (see Flagship Projects page 23).²⁾ The Group founded a separate subsidiary for M2M business in 2011: Telekom Austria Group M2M GmbH.

It advises customers in Austria and CEE throughout the entire value chain, from project design to the operation of M2M applications. Its strength lies in providing total solutions from a single source: from cost-efficient fleet management to comprehensive smart metering services with meter systems, meter data management and rollout services, to modular solutions for industrial automation or remote maintenance. The cloud-based M2M Application Enablement Platform "FLEXify" for industrial automation and remote maintenance was expanded in 2014 to include an energy efficiency monitoring system.

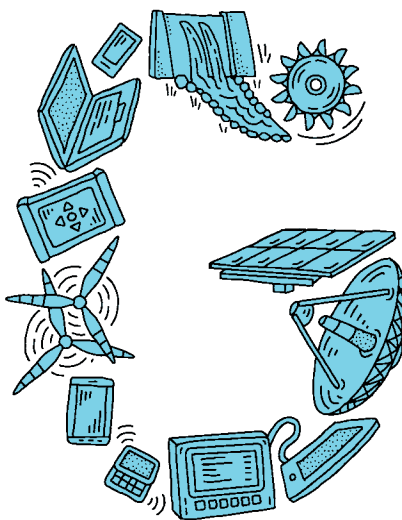
(—> TA1, 2, EN27)

Climate-friendly products

The Telekom Austria Group's networks allow intelligent power supply networks and smart logistics concepts to be developed, as well as enabling virtual meetings to take place. They therefore contribute indirectly to the reduction of emissions at companies in other sectors and industries.

A1 customers in Austria call, surf and watch television with minimal impact on the environment. Since 2014, the A1 network has been carbon neutral. (see Flagship Projects page 33).

(—> TA1, 2, EN27)



Green ICT

From taking root, sprouting and blooming to the compost heap. Information and communication technologies (ICT) have green potential over their entire life cycles and beyond if procurement, production, operation and disposal are managed in a resource-efficient manner. For the infrastructure as well as the portfolio.

Network quality and systems stability

HD television and video conferences require faster Internet access than what is generally available in the EU. The EU's Digital Agenda therefore wants to make download speeds of over 100 Mbit/s possible by 2020. The EU is supporting the expansion of broadband to enable this, as is the Austrian government. A1 embarked on the biggest infrastructure programme in the company's history in Austria in 2015. More than three million addresses are now connected to the A1 fibre-optic network — a coverage of about 70 %. (—> PA4)

Network quality

The Telekom Austria Group regards the best network quality as a characteristic that will make it stand out from the competition. It also allows synergies to be achieved throughout the Group. As one of the largest backbone network operators worldwide with 200 hubs

in 47 countries, the company plays an important part in ensuring network stability. The Telekom Austria Group's market leadership in terms of infrastructure and quality is confirmed regularly by the top results achieved in tests and rankings. A1 was number one in Austria again in 2014. (—> PA3)

Investment and expansion of "smart" broadband

LTE expansion and the further expansion of fixed line broadband in Austria were the focus of the Telekom Austria Group's investment in 2014. The Group's capital expenditure (CAPEX) totalled EUR 757.4 mn for the year. New frequencies were acquired in Slovenia and licences for parts of the existing spectrum in Bulgaria were renewed. Vip mobile acquired two blocks from the 1800 MHz spectrum in the Republic of Serbia in 2015, enabling it to introduce LTE. (—> IO1, EC7)

The comprehensive coverage of the increasing demand for bandwidth forms the core of the Telekom Austria Group's fibre-optic strategy. The focus is on the use of fibre-optic cables and new copper-based technologies such as vectoring and G.fast.

Focus on LTE

The aim of the Telekom Austria Group is to ensure a coverage of 99 % with the 2G network and a coverage of 90 % with the 3G network in the countries in which it operates. Particular attention is to be paid to rural areas. By 2016, LTE expansion in Austria and Slovenia is expected to allow mobile surfing with 4G/LTE almost everywhere. A1 and Si.mobil have also taken a major step towards LTE Advanced with LTE carrier aggregation in selected urban areas. This allows data transmission at speeds

4G/LTE coverage 2014

Austria: >60%

Croatia: >27%

Slovenia: >75%

Republic of Macedonia: >42%

2) Deloitte & Touche, Auf dem Weg in die Zukunft, Herausforderungen und Chancen im M2M-Markt, 2014

3) www.ec.europa.eu/health/scientific_committees

of up to 300 Mbit/s. To ensure it plays a key role in shaping future 5G standards, the Telekom Austria Group has joined the “Next Generation Mobile Networks Alliance”. (—> PA1, 4)

Mobile communication and health

Mobile communications require electromagnetic fields (EMF). The extent to which this affects health is still being discussed by the public, although as well the European Commission’s Scientific Committee on Emerging and Newly Identified Health Risks (SCENIHR) currently sees no causal link between mobile communications and adverse effects on health.³⁾ The Telekom Austria Group generally not only complies with the limits recommended by the ICNIRP/WHO for base stations and mobile end-user devices, but ensures that its actual figures are many times lower than this in day-to-day operations. It also goes without saying that the Telekom Austria

Group closely observes the various national laws and guidelines in the countries in which it operates. A Group-wide EMF policy ensures that everyone adheres to the guidelines on health and safety with regard to electromagnetic fields and EMF teams provide information to the public about this at local level. Regular measurements are also taken when networks are set up and expanded and the Telekom Austria Group actively cooperates with local authorities and decision-makers.

(—> PR6, PA8, 9, IO4, 5, 6, 7)

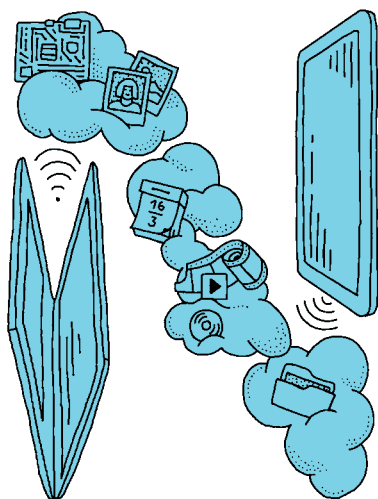
Availability in times of crisis

Network availability even in remote locations and particularly in emergencies is of prime importance to the Telekom Austria Group. Specially trained emergency teams are used here. Subsidiaries also help each other, such as when the Austrian company A1 helped Si.mobil in Slovenia by providing electricity generators following the ice storm in February 2014. Another example was the rebuilding of infrastructure following floods in the Republic of Serbia, Bosnia and Croatia in 2014. All subsidiaries also cooperate closely with the fire and rescue services and the Red Cross. Phone calls to official emergency numbers are free in all countries.

(—> PA6, 7)

Promoting innovation through NFV

To increase a network’s agility and simultaneously save costs, the Telekom Austria Group makes use of Network Function Virtualisation (NFV). NFV is regarded as one of the most important current developments in the telecommunications sector. The aim of NFV is to replace expensive “silo solutions”, which comprise hardware and software from one supplier, with flexible solutions that allow hardware and software to be obtained independently of each other from any supplier. NFV also shortens the time between the development of new applications and their market launch. The Telekom Austria Group successfully tested NFV technology in four field tests in 2014. ♦



Network Function Virtualisation (NFV)

This of course does not mean that the respective network only works in a virtual world. Instead, flexible software-based solutions can replace specialised and costly hardware when it comes to certain network functions. With corresponding effects on agility, efficiency and resource conservation.

Awards for network quality



- Network test connect: 2014 winner in 8 out of 9 categories (A1)
- Network test futurezone: best mobile communications network 2014 (A1)
- Network test by Android magazine: best network for 2014, best customer satisfaction for 2014 (A1)
- COMPUTERWELT magazine: Web speed award 2014 (A1)
- Fastest 3G network in Bulgaria (Mobiltel)

Useful information for GRI experts



- > PR3: The Telekom Austria Group is not subject to any specific labelling requirements.
- > IO8: 70% of transmitter stations used by the company alone, 30% used jointly.
- > SO2: Telekom Austria Group not only follows the recommendations of ICNIRP/WHO regarding limited values, but dips below.
- > SO7: Telekom Austria Group is obliged to ensure fair competition and comply with competition regulations in the country concerned.
- > PA10: Instruments for cost-control and contract oversight are offered by each subsidiary. Details can be found online at www.telekomaustria.com.

The Roadmap — Products

Targets 2015

- ➔ Ensuring Group-wide network coverage of at least 99% with 2G and at least 90% with 3G
- ⚙️ Development of innovative solutions in the healthcare, education and administration sectors
- ⚙️ Promotion of climate-friendly products and solutions
- ⚙️ Increase in customer satisfaction

Baseline for targets is 2012.

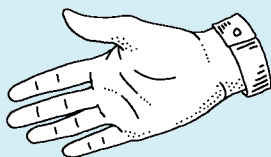
The aspect data privacy has been moved to the chapter “Sustainability management”.

🗒️ IN PLANNING ⚙️ IN IMPLEMENTATION ➔ BEING MAINTAINED ✅ ACHIEVED



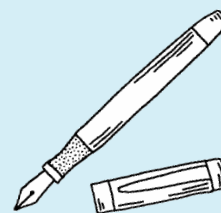
Said 2013

- Demand-driven expansion of network infrastructure using new technologies
- Increased integration of ecological aspects into the portfolio of the Telekom Austria Group
- Further development of the green ICT portfolio, particularly in the area of M2M (e.g. through the expansion of specialist solutions in the fields of energy efficiency, eco driving, e-mobility and smart fleet)
- Further expansion of involvement in funding for start-ups



Done 2014

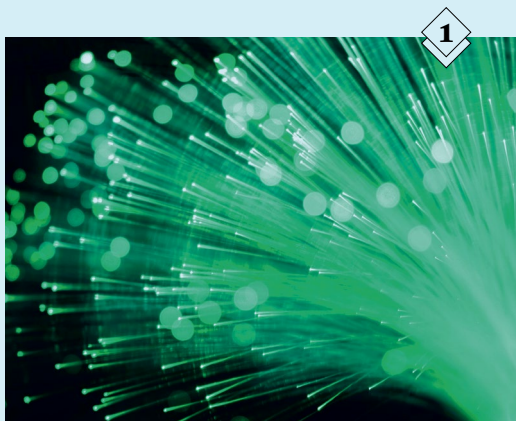
- Capital expenditure of EUR 757.4 mn, of which EUR 63.9 mn for the mobile communications spectrum in Slovenia
- Promotion of innovative future technologies such as Network Function Virtualisation (NFV), G.fast and vectoring
- Optimisation of the existing product portfolio in the healthcare, education and administration sectors
- Green ICT product portfolio expanded further, particularly in the area of M2M, through the further development of energy efficiency solutions (e.g. development of an energy efficiency monitoring system and implementation of eco-driving applications in the context of connected car solutions)
- Increased support for start-ups and social entrepreneurs within the Telekom Austria Group, e.g. by founding an A1 start-up campus



Planned 2015

- Promotion of needs-based infrastructure expansion and increased use of new technologies
- Promotion of LTE expansion in subsidiaries
- Continuous development of the existing product portfolio in the healthcare, education and administration sectors
- Further development of the green ICT product portfolio, particularly in the area of M2M, through the expansion of specialist energy efficiency solutions

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



Flagship Projects



1 The successful 400 Gbit/s field test between the cities of Zagreb in Croatia and Ljubljana in Slovenia once again demonstrates the Telekom Austria Group's capacity for innovation. The high-speed technology used for this has quadrupled network capacity, allowing efficient and cost-effective implementation of dynamic, package-based services. Under the motto "Greentouch Initiative", the 400 Gbit/s transmission speed reduces electricity requirements by 47 % and takes up 65 % less space compared with the existing 100 Gbit/s technology.

2 The Macedonian subsidiary Vip operator launched the self-service platform "m-care" in 2014 and the "e-care" platform was launched on the market in 2013, which allow tariffs, costs etc. to be managed quickly and conveniently. Cost-control tools and apps are available at all subsidiaries of the Telekom Austria Group, as well as Vodafone Consumer Services in Austria, Bulgaria and Croatia.

3 To prove that it is adhering to security standards and thus strengthen trust in the company, A1 published a comprehensive folder on the subject of data protection for the first time in 2014. This is available online and in all stores throughout Austria. The company has also developed its own e-learning tool, to provide regular training for staff in how to deal with sensitive data.

4 Together with eight other companies, the Slovenian subsidiary Si.mobil is part of the start-up initiative "Start:Cloud", which entered its third round in 2014. This programme allows young entrepreneurs to obtain support from experts for five months and to benefit from their extensive experience. The winner of the "Start:Cloud" programme receives EUR 10,000 from Si.mobil.



ACTION AREA ENVIRONMENT

Living Green



In order to continuously reduce its ecological footprint, the Telekom Austria Group is relying on energy efficiency, the increased use of renewable energy, the promotion of climate-friendly mobility and the conservation of resources.

Careful management of the environment

Climate change and environmental protection are the key challenges of the 21st century. The Telekom Austria Group is facing these challenges and striving for a continuous reduction of its environmental impact.

Global climate change

The global climate is changing. That has always been the case. However, unlike in the past, human activities are today having a significant influence on those changes. Scientists are attempting to assess the impact. However, although forecasts are possible, they are for the most part highly contentious. In any event, a recent study by the NOAA (National Oceanic and Atmospheric Administration) notes that in March 2015 the monthly global average of the CO₂ concentration in the atmosphere exceeded 400 ppm (parts per million) for the first time.¹⁾ In order to combat trends such as that of global warming, climate targets are being formulated worldwide. The EU climate targets announced in October 2014 provide for an increase in energy efficiency and in the proportion of energy from renewable sources to at least 27 % by 2030. The primary objective is to achieve a 40 % reduction in the emission of “greenhouse gases” such as CO₂.²⁾

Climate change and telecommunications

The telecommunications industry accounts for around 2 % of global CO₂ emissions caused by mankind.³⁾ However,

1) www.noaa.gov

2) Base value: 1990 level, www.europa.eu

3) SMARTer2030, 2015

4) British Petrol: BP Statistical Review of World Energy, June 2014

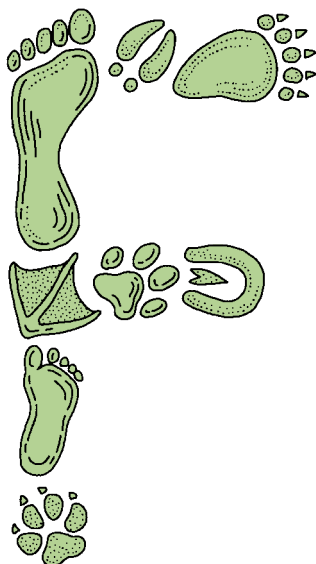
5) Ericsson: Ericsson Energy and Carbon Report, 2013

6) Telecompaper: Cloud, Internet push EU energy consumption of ICT sector, 2014

the SMARTer2030 study makes clear that, by using solutions from the communications sectors, 20 % of the global CO₂ emissions could be prevented by 2030. Such solutions are, nevertheless, also characterised by a rapid growth of transferred data volumes. In turn, the increased processing and storage of data entails a rise in energy requirements. Measures to boost energy efficiency are therefore needed. In addition, the energy requirements should be met from renewable energy sources with as minimal an impact on the climate as possible, that is to say first and foremost in a sustainable manner.

Global energy requirements

Between 2003 and 2013 global energy requirements increased by 28 %.⁴⁾ The telecommunications industry currently accounts for around 2 % of the total global energy requirements. According to forecasts, 90 % of all people worldwide will have access to a mobile



Footprint

In German, living on a big foot (“auf großem Fuß leben”) is a common metaphor for economic excess. With the ecological or even the CO₂ footprint, this metaphor gains a further dimension. You have to ask yourself to what extent and degree you endanger the survival of future generations with your individual life style.

communication network and 60 % of those people will have LTE access, by as early as 2018.⁵⁾ The increasing quantities of data and new applications could trigger a 21 % increase in energy requirements for ICT between 2011 and 2020.⁶⁾ The big challenge is therefore to find energy efficient solutions which are also able to cope with this development.

Energy-efficient networks

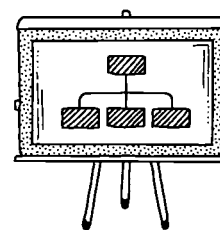
In 2014, the energy requirements of the Telekom Austria Group amounted to approximately 681,721 MWh. The operation of the network infrastructure accounts for 80 %. Accordingly, networks are a key aspect when considering how communication companies can be energy-efficient and contribute to protecting the environment and the climate.

The Telekom Austria Group has set itself the target of increasing energy efficiency by 20 % (baseline 2012) by 2015. This is measured by the energy efficiency indicator, which indicates how many MWh are required per terabyte of the transported data volume. In this regard, to the end of 2014, an improvement from 2.1 to 0.8 had already been achieved. With regard to the network infrastructure, the company is adopting numerous measures intended to optimise energy efficiency. For example, adjustments are being made to the GSM resources of mobile base stations in line with the number of active mobile phones at any given time: the systems operate at maximum performance during peak periods, but the GSM capacities are gradually shut down in periods with less traffic. This equates to a power saving of around 10 % at each activated location.

At the data centres, the cooling of equipment accounts for the majority of energy consumption. The Telekom Austria Group therefore employs innovative cooling concepts such as cold aisle containment, hot spot suction, hybrid ventilation systems or heat recovery systems. By using such concepts, energy consumption can be reduced by up to 75 % as compared with conventional cooling systems.

(—> EN5, 6, 7)

Management of aspects within the environment action area



Material aspects (responsibilities)

- Energy requirements (Service Network & IT, Purchasing, Corporate Sustainability, Facility & Resource Management)
- Recycling (Service Network & IT, Purchasing, Corporate Sustainability, Facility & Resource Management)
- Waste (Service Network & IT, Corporate Sustainability)
- Products offering potential for environmental protection (Marketing, Corporate Sustainability)
- Climate and environmental protection (Corporate Sustainability)
- Emissions (Service Network & IT, Corporate Sustainability)

Standards and management systems

- All the material aspects of the action area are covered by the following standards and management systems:
- Group-wide environmental policy
 - Environmental management systems ISO 14001/50001 or EMAS in 64 % of all business units
 - Annual collection of Group-wide environmental key figures
 - Legal framework conditions of the respective country

Cooperations

- ETNO (Telekom Austria Group)
- klimaaktiv (A1)
- Code of Conduct on Data Centres Energy Efficiency (A1)
- Green Network (Si.mobil)
- Ecologist without Borders (Si.mobil)

(—> G4.15)

Austria's first green network.



We're investing in the environment.

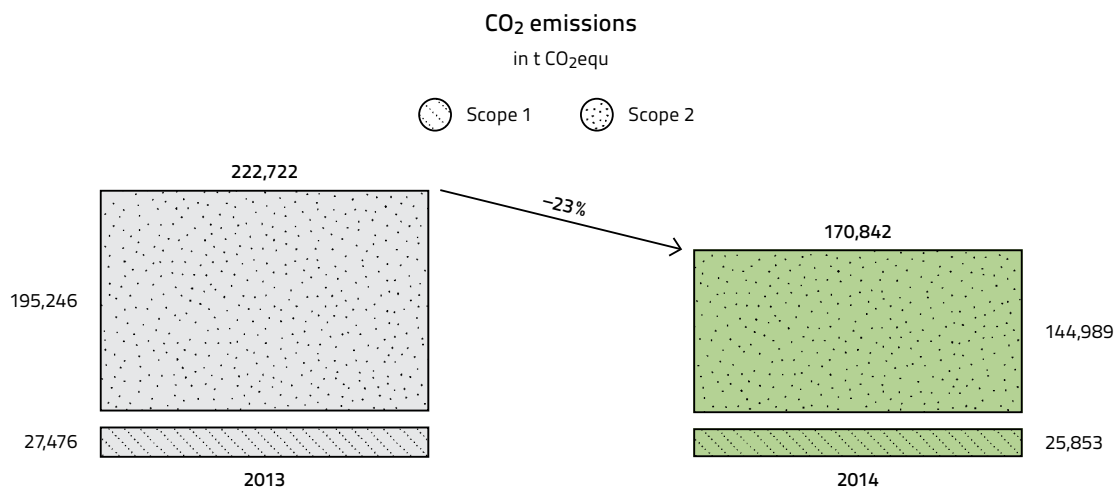
- A1 is the first Austrian communications provider to operate a 100% carbon neutral network.
- Ongoing reductions of energy consumption via modern, environmentally-friendly solutions.
- A1 uses 100% renewable electricity.
- Phone, surf and watch TV with a clear conscience in the A1 carbon neutral network.

Simply A1.



Environmental KPIs 2014: minus 23 % carbon¹⁾

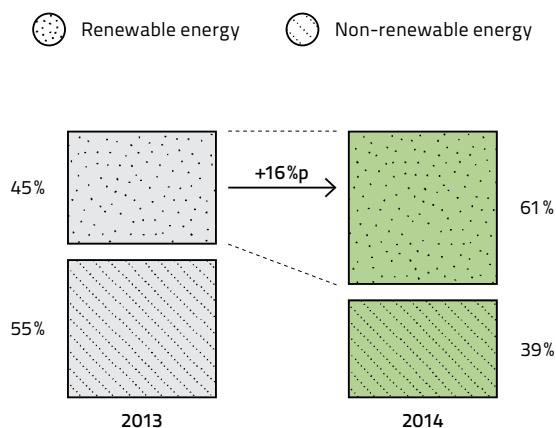
The Telekom Austria Group's CO₂ emissions fell by 23 %¹⁾ in 2014. This positive development is due in particular to the "carbon neutral network" initiative in Austria (see page 28 for details). Taking into account carbon offsetting, overall emissions were actually reduced by 31 %¹⁾ in 2014.



1) CO₂ emissions include Scope 1 and Scope 2

(—> EN15, 16, 19)

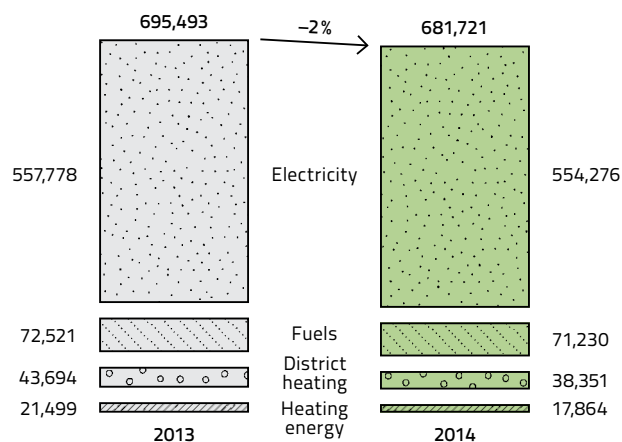
Share of renewable energy in electricity consumption in %



The share of renewable energy in electricity consumption increased from 45% to 61% in 2014. This was achieved by switching to 100% electricity from renewable energy in Austria as part of the "carbon neutral network" initiative (see page 28).

(—> EN3)

Total energy consumption in MWh



Total energy consumption was cut by around 2% in 2014, despite the increasing volume of data and ongoing expansion of the network. While electricity consumption fell by 1%, consumption of heating energy and district heating declined by 12% and 17% respectively. Fuel energy consumption was reduced by 2%.

(—> EN3, 6)



Carbon neutral

Can carbon dioxide be neutral? Who knows. In any case, you shouldn't be neutral towards it. By consciously avoiding or reducing activities that cause the release of this climate-harming greenhouse gas. And by neutralising unavoidable emissions through offsetting.

Renewable energies

In 2013, only around 9 %⁷⁾ of the electricity consumed worldwide came from renewable resources. The burning of fossil fuels is one of the biggest sources of CO₂ emissions. By contrast, the use of renewable energy is regarded as being climate-neutral.

The Telekom Austria Group is therefore pushing ahead with the construction of its own facilities for the generation of sustainable energy. The Austrian subsidiary A1 operates the Group's largest (4,800 m²) photovoltaic farm at the Aflenz earth station, which has an annual output of 195 kilowatt peak (kW_p). This prevents the emission of up to 90 tonnes of CO₂ per year. At the Group's subsidiaries in Croatia and Slovenia, more than 60 mobile base stations are operated using either solar or wind energy or hydrogen fuel cells. Thanks to measures such as these and

the A1's "carbon neutral network", the share of renewable energy consumed by the Telekom Austria Group rose from 45 % to 61 % in 2014.

A1's carbon neutral network

Since 2014, the Group's Austrian subsidiary A1 has been operating its network on a 100 % carbon neutral basis, resulting in savings of more than 68,000 tonnes⁸⁾ of CO₂ each year. This was achieved by increasing the energy efficiency of the network infrastructure and by the conversion to obtaining 100 % of its electricity from renewable energy. Only 22 % of the network-related CO₂ emissions were offset by voluntary support for prestigious climate protection projects. The "carbon neutral network" was audited by TÜV SÜD in accordance with the standard PAS 2060 and with ISO standard 14064, part 3 and its compliance was confirmed. Accordingly, since 2014, the telephone calls, Internet surfing and television viewing of A1 customers have been carbon neutral, meaning that those customers have also been reducing their ecological footprint (see page 31).

(—> EN7)

Fleet and logistics

Across all its subsidiaries, the Telekom Austria Group has a total fleet of around 4,800 vehicles of different types. In order to reduce the number of kilometres driven by the fleet, the Group uses innovative logistics concepts; at A1 alone, those concepts have enabled the distance travelled each year to be reduced by more than one million kilometres. That equates to a distance of 26 times around the equator. In addition, the Group is also constantly pushing ahead with the use of hybrid, electric and natural gas-powered vehicles. In 2014, ecological driver training, car sharing and the provision of 38 video conference rooms made it possible to reduce the use of fossil fuels by 1 % (about 47,000 litres) as compared with the previous year. (—> EN30)

Reduction in CO₂ emissions

By cleverly combining a variety of measures like to shut down GSM resources

during periods with less traffic, it has been possible not only to reduce energy requirements and increase energy efficiency but also, as a result, to reduce CO₂ emissions.

Group-wide CO₂ emissions fell by 23 % between 2013 and 2014 — a reduction of about 52,000 tonnes.⁹⁾ This saving corresponds to the CO₂ emissions of an average vehicle when driving around equator more than 8,500 times. The Telekom Austria Group is therefore on the right path to achieving its CO₂ reduction target of 25 % between 2012 and 2020. (—> EN6, 19)

Urban mining and recycling

As a result of the speed of technological change, devices such as smartphones and tablets are being upgraded at increasingly shorter intervals. This is giving rise to an ever increasing need for resources, meaning that the significance of "urban mining" is growing:



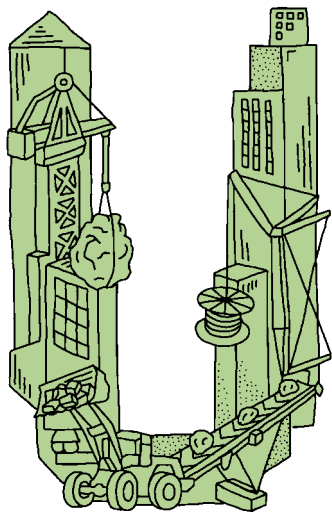
Reduce-Reuse-Recycle

It seems like hierarchies are everywhere. Even in rubbish. Here, the role of nature's pecking order is taken on by the three "R"s above. This means waste reduction is king. Reuse is the secondary knightly virtue. And recycling is a basic duty of every commoner.

7) IEA, 2014

8) Including offsetting

9) Excluding offsetting



Urban mining

In cities, working above ground was hitherto more common than working below. However, “urban mining” uncovers hidden treasures: already installed commodities such as copper cables, steel tracks or bricks are recovered. This promotes resource conservation instead of over-exploitation.

towns and cities are becoming raw material mines. The reason for this is that, according to current estimates, these “urban mines” contain worldwide almost as many raw materials as are still available in natural resources. In the future, “mines” of this kind will acquire increasing significance as sources of raw materials on account of resource bottlenecks. The same applies to the life cycle management of the raw materials they hold.

Through consistent life cycle management, the Telekom Austria Group ensures that technical equipment remains in use for as long as its service life allows. And thereafter it is to be recycled. Devices and equipment that no longer function are systematically taken to pieces and skilfully recycled. Life cycle management is also driving forward technology migration and the exchange of old platforms. New devices are more energy-efficient than old ones.

In 2014, the Group's Austrian subsidiary A1 decommissioned around 900 network elements of an old transport platform. The result of this is a sustainable reduction in power requirements of approximately 700 MWh per year.

A device such as a mobile phone contains valuable raw materials, including gold, silver, palladium, copper and aluminium. 40 % of a device is recyclable. The Telekom Austria Group therefore offers incentives for the return of such devices. For example, old devices can be returned free of charge at the stores operated by most subsidiaries. Specialist recycling firms test them and assign them either for re-use or for environmentally-friendly recycling. In Austria, the proceeds are invested in climate protection projects. The Slovenian subsidiary Si.mobil are using the proceeds to support the Si.voda water conservation fund. (—> EN27, 28)

Environmental awareness and waste prevention

The Telekom Austria Group's internal environmental campaigns are increasing the environmental awareness of its employees. The environmental programme Re.misli has been running at Si.mobil since 2008. The “Vip Ecomotivation” scheme has been in operation at the Serbian subsidiary Vip mobile since 2012 and the employee campaign “A1 goes green” has been running at A1 since 2013. These programmes bundle together all the environmental measures. They guarantee the active involvement of all employees. A project to increase the recycling rate has also been launched in stores at the Belarusian subsidiary velcom. The target of increasing the recycling rate by 10 % between 2012 and 2015 was achieved as early as 2014. In addition to specialist recycling, care is also taken to prevent waste. One particular aim is to reduce paper consumption by 10 % between 2012 and 2015. During the reporting period the consumption of printing and copy paper increased by 7 % due to better collection and growth in customer numbers.

(—> PA11)

Awards 2014



- 2014/2015 “Green Brands” seal for sustainable action (A1)
- “klimaaktiv mobil” project partner for competence in climate protection (A1)
- 2014 EMAS prize for excellence in environmental management (A1)
- “Green Business” award, Wireless Network Structure category (Vipnet)

Useful information for GRI experts



- > EN4: Energy consumption outside the organisation amounted to 54,675 MWh in 2014 and represents the energy consumed by the customer mobile phones in circulation and business travel by taxi, rail or air undertaken by employees of the Telekom Austria Group.
- > EN15: Biogenic Scope 1 emissions amount to 1,378 tonnes of CO₂. For Scope 2 and Scope 3, no emissions of this kind are known.
- > EN23: The Telekom Austria Group feels obliged to undertake specialist disposal measures and complies with the legislation of the respective countries.
- > EN25: Hazardous waste was subject to specialist disposal, primarily within Austria.
- > EN29: No fines were paid in 2014 in relation to environmental issues.

Environmental indicators: navigating through the jungle



An increasing number of companies and products are advertising their environmental credentials: cars emit fewer grams of CO₂ per 100 km, noodles have a small “environmental footprint”, mobile phone networks are “carbon neutral” — or at least AI’s is — etc. It is completely understandable that consumers often lose sight of the big picture and going by something that they have always previously compared: the price.

The reason for the wide variety of claims is easily explained: we are faced with many environmental issues, not just one. This is why we measure our impact on the global climate using the carbon footprint, the excessive thirst of the agricultural and industrial sectors using the water footprint, the expected over-fertilisation of our lakes and rivers using the eutrophication potential etc.

In order to simplify matters a little, “aggregated” indicators were developed that combine the impact on major environmental issues into a single indicator. However, caution is advisable here too, since such indicators range from simple estimates of a product’s natural resource usage (the “environmental footprint”) to comprehensive indicators (such as

the Sustainable Process Index or “SPI”) that weight resource consumption and emissions level equally.

The wide variety of indicators would not be so problematic if the calculation results did not contradict each other. For example, a nuclear power station that does not emit any CO₂ performs well in terms of its carbon footprint. The “environmental footprint” is virtually blind to how energy is produced, whereas the SPI rates nuclear power even worse than the climate-damaging electricity from coal because it factors radioactive emissions into its analysis.

The SPI refers to an extensive environmental footprint measurement, taking into account commodity, energy and waste flows, as well as all emissions into the environment, over the entire life cycle of a product.

First, the bad news: however we measure our society’s environmental “shoe size”, the end result is clear — our feet are far too big! This can best be explained by the “hot” topic of climate change. We currently extract between 30 and 40 times more from fossil fuel deposits, in which excess carbon was locked away by Mother Nature for good reason, than is “disposed of” again by sedimentation in the oceans. The excess accumulates as CO₂ in the atmosphere and is making us increasingly hot under the collar.

Now the good news: we can (and should) do something to stop it. There can be no doubt that our energy system is the cause of major environmental problems, in particular with regard to climate

change. For instance, the environmental impact of electricity generated by coal-fired power stations is up to nine times greater than that of electricity produced by photovoltaic plants. Electricity from coal looks even more outdated compared to wind power, where the environmental impact differs by a factor of more than 100. In these findings, by the way, the carbon footprint indicator and the comprehensive SPI rating are in close agreement. Even taking as a basis the — by international standards very positive — Austrian electricity mix, a high percentage of which is generated by hydroelectric power, the electricity produced from photovoltaics is three times better and the electricity generated by wind power as much as 36 times better than the electricity from a mains socket (based on the SPI). Consumers who pay attention to the method of power generation used in connection with products can therefore make a real difference!

In a world that continues to be driven by fossil fuels, every product has a negative climate effect if at any stage in the production chain fossil energy is used, i. e. in the product’s “life cycle” from supply of raw materials up to the product’s disposal as waste. Offsetting is one way out of this impasse. If, for example, a company spends money to help other companies reduce CO₂ emissions or to support reforestation projects, it may be eligible for a “carbon credit”. If that credit is equal in value to unavoidable CO₂ pollution caused by the life cycle of a product, the product is deemed climate-neutral.

Despite their wide variety, environmental indicators do help consumers and companies in making decisions. Whether price or environmental indicator is being compared, one thing is always true: less is more! ●

Michael Narodoslawsky is an associate professor at the Technical University of Graz and has been conducting research in the field of environmental assessment for over 20 years.

Where are CO₂ emissions¹⁾ generated in the A1 network?



Total²⁾
67,896 t CO₂



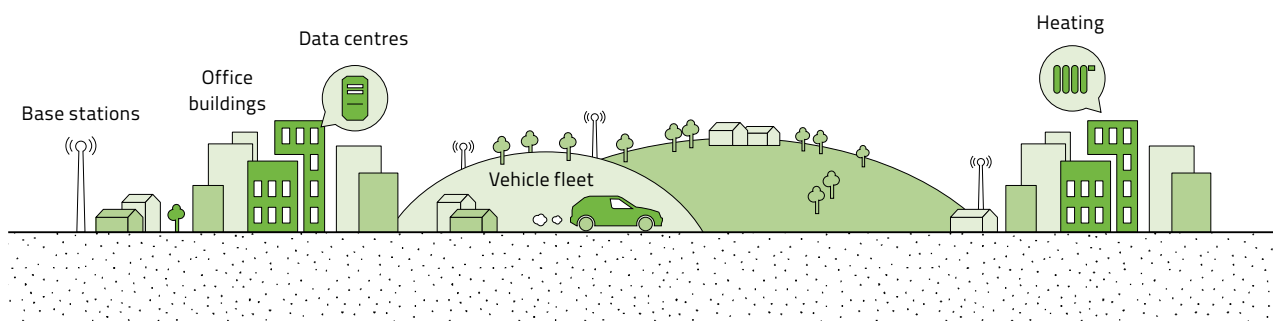
Electricity 78 %
308 GWh—equivalent to the annual electricity consumption of all households in Salzburg
52,626 t CO₂



Vehicle fleet 12 %
43 million driven kilometres in a year—that is 1,075 times around the equator
8,250 t CO₂



Heating 10 %
27.6 GWh—equivalent to the average consumption of 5,500 households
7,020 t CO₂



The way to the “carbon neutral network”

1

Avoid emissions & increase efficiency

Reduce energy consumption of



Base stations



Data centres



Office buildings



Vehicle fleet

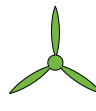
2

Use of renewable energy

100% electricity from renewable energy



Sun



Wind



Water



Biomass

3

Compensation

Support of climate projects

The remaining 22% carbon emissions that can not be reduced through the implemented measures will be compensated with the support of high-quality climate protection projects.



The Green Network
Carbon Neutral

1) All figures in this graphic are for 2013

2) Network relevant emissions

The CO₂ calculations were verified by TÜV SÜD.

The Roadmap — Environment

Target 2020

- 25 % reduction in CO₂ emissions

Targets 2015

- 20 % increase in energy efficiency
- Expansion of projects in the field of renewable energy
- 10 % improvement of the recycling rate
- 10 % reduction in the Group's own paper consumption
- Increase Group-wide e-billing rate to 50 %

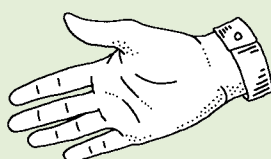
Baseline for targets is 2012.

IN PLANNING IN IMPLEMENTATION BEING MAINTAINED ACHIEVED



Said 2013

- Successful conversion of A1's network on a carbon neutral basis
- Rollout 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



Done 2014

- Implementation of the "carbon neutral network" at the Austrian subsidiary A1
- Implementation of comprehensive measures in the field of energy efficiency across the entire Telekom Austria Group, for example, through the optimisation of air-conditioning systems, conversion to LED lighting, motion detectors
- Promotion of the use of alternative energy sources, e.g. through the installation of a photovoltaic panel on mobile communications containers
- Internal campaigns to increase the number of old mobile phones collected
- Implementation of awareness-raising measures for employees of the Telekom Austria Group about environmental issues through numerous internal campaigns focussing on, for example, the separation of waste and increasing the recycling rate or energy saving
- Reduction of the Group's own paper consumption by switching to double-sided and black-and-white printing as well as the further rollout of "follow me" printers



Planned 2015

- Implementation of a certified environmental management system in accordance with ISO 14001 at the Group's Serbian subsidiaries
- Promotion of comprehensive measures in the areas of energy efficiency and renewable energy across the entire Telekom Austria Group
- Internal campaigns to raise awareness amongst employees of the Telekom Austria Group about environmental issues
- Implementation of measures to continue to increase the number of old mobile phones collected
- Continuation of measures to reduce paper consumption

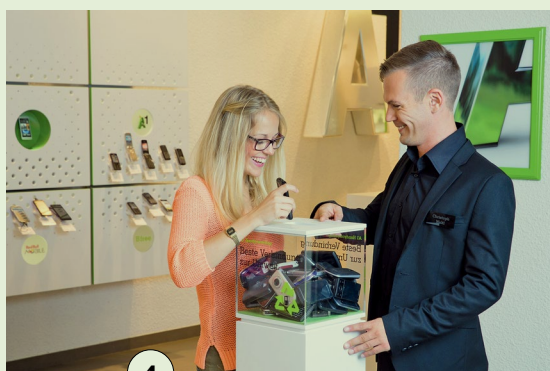
→ For further measures, please refer to the measures programme online at www.telekomaustria.com

1



The Green Network

Carbon Neutral



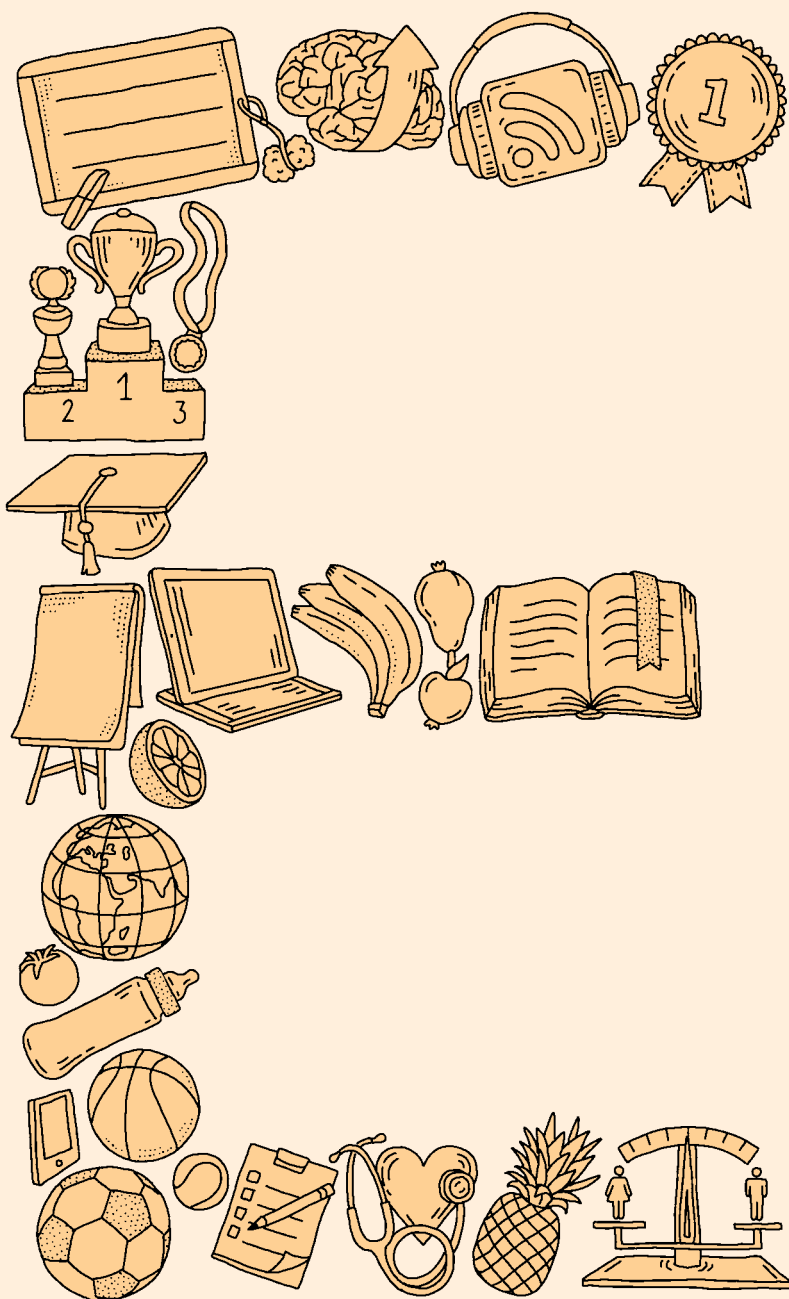
Flagship Projects

1 Since 2014, A1 has been the first Austrian communications provider to operate its network on a 100 % carbon neutral basis. The key contributions to achieving that goal are made by reducing energy requirements, operating the network infrastructure on an energy-efficient basis and using the latest technologies. The A1 network also gets 100 % of its electricity from renewable energy. As a result, it has been possible to avoid 78 % of the CO₂ emissions caused by the operation of the network. In order to offset the remaining 22 %, A1 voluntarily supports prestigious climate protection projects. The compliance of A1's "carbon neutral network" was confirmed by TÜV SÜD (PAS 2060 standard and ISO standard 14064, part 3).

2 On "Earth Day", 22 April 2014, Vip operator launched its "Eco Activation" customer programme to encourage customers to switch from paper billing to online invoices. As a result, the proportion of online invoices issued was more than doubled.


3 In 2014, the Group's Croatian subsidiary Vipnet re-focussed on renewable energy. Around 60 base stations were equipped with a hybrid energy supply system powered by photovoltaics, wind turbines, energy-optimised container cooling systems and hydrogen fuel cells. In addition, up to 30 kW of solar energy is produced every year at the company's headquarters.

4 In order to encourage customers to recycle their mobile phones, a "mobile phone collection challenge" was issued to employees at A1 stores throughout Austria. The objective was to increase the percentage of old mobile phones collected nationwide. The challenge contributed to increasing the number of old mobile phones collected by A1 by more than double in 2014 as compared with the previous year.



ACTION AREA EMPLOYEES

Empowering People

 Through promotion and development, the Telekom Austria Group helps its employees make the most of their valuable potential. A culture of lived diversity and equality, along with work and family compatibility, contribute to this.

Our success depends on people

A healthy performance culture relies on expertise, commitment and entrepreneurial thinking. The Telekom Austria Group actively promotes it through extensive training and development opportunities.

Human resources strategy and management

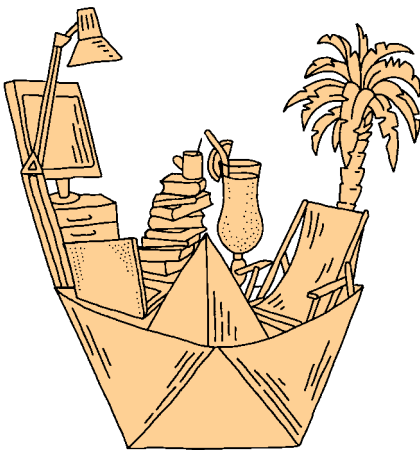
As a value driver and strong strategic partner, human resources management at Telekom Austria Group makes a significant contribution to the company's future viability. With that in mind, the human resources strategy is closely linked to the objectives laid down in the corporate strategy. In addition to well-founded further education and professional training, the key components of that strategy include creating the framework conditions for a fair and performance-oriented company. The goal of establishing links between experts within the Group ensures the exchange of specialist knowledge and promotes the transfer of knowledge as well as the retention of expertise within the company.

Talent management

The search for new talents and high potentials was a focus in 2014. By identifying, encouraging and developing them, their long-term commitment to the company is secured. This also makes a sustainable contribution in terms of value added, which in turn is conducive to entrepreneurial efficiency. Once a year, high potentials are selected by human resources and the management team and their development is encouraged by means of corresponding programmes. This ensures a future generation in key and management positions.

Further education and professional training

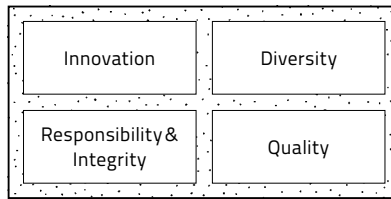
The Telekom Austria Group Business School offers employees further education and professional training opportunities on an in-house basis. In 2014, 18,744 hours of training were completed. The Business School focusses on increasing skills in the areas of leadership and innovation competence and seeks to create an inspiring culture of learning within the company. In 2014, there was a focus on the creation of “communities of expertise”. These communities open up the possibility of exchanging experiences and best practice examples. Further education and professional training is also available nationally within the Group’s subsidiaries. The main focuses of these trainings are the individual education in the context of their specific activities. In addition, a variety of formats are offered which employees can use to expand their knowledge: e-learnings, videos, articles, podcasts or open online courses. The “eCampus”, launched Group-wide in 2014, creates cross-company



Work-life balance

Frequently used term with a lot of room for interpretation between wishful and entitled thinking. Erroneously implies that work is not part of life. Actually means that work should be healthily balanced with personal areas of life such as family, social activities and leisure.

Values of the Telekom Austria Group



(→ G4.56)

synergies and enables the development of uniform standards in the areas of further education and best practice sharing. (→ LA9, 10)

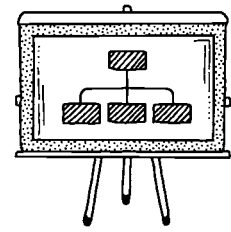
Promotion of young talents

Group-wide programmes such as the “Group Young Potential Program” and the “Graduates” programme are available to young new entrants. In addition, they are also supported by local programmes such as “A1 Trainee” in Austria and “Vip alumni” in Croatia (see Flagship Projects page 39). Under those programmes, they work for a particular period of time in various departments within the company. At the end of the programme they can take up a permanent position. A1 in Austria and Mobiltel in Bulgaria offer apprenticeships. In 2014, 232 apprentices successfully completed their training in Austria; 96 in Bulgaria.

International exchange and career opportunities

The right person in the right position — that is a key objective of human resource management. It brings benefits for both sides: the right employees in the right posts have the appropriate specialist knowledge and become motivators for the team. Their expertise and their commitment are retained within the company on a lasting basis. With this in mind, the Telekom Austria Group is granting its employees the opportunity to explore new career paths. In addition to employee development, exchange programmes such as “x.change” and “Expatriation”, coupled with the Group-wide opportunities for know-how exchange, also contribute to the internationalisation of the Telekom Austria

Management of aspects within the employees action area



Material aspects (responsibilities)

- Further education & professional training (Human Resources)
- Health (Human Resources)
- Equality & diversity (Human Resources)
- Performance-related pay (Human Resources)
- Employee representation (Human Resources, Staff Representation)

Standards and management systems

All the key aspects of the action area are governed by the following standards and management systems:

- Human resources agenda
- Human resources strategy
- Values of the Telekom Austria Group
- Group-wide data tools & reports

Human resources strategy

- 1** Promotion of a corporate culture which is consistent with the brand and increases employee engagement
- 2** Promotion of efficiency and restructuring measures in coordination with employee development in order to safeguard competitiveness and earning power
- 3** Early identification and promotion of talents so that the key positions may be filled by the best employees and in order to guarantee added value through the latest organisational structures and effective management standards

Local further programmes of Telekom Austria Group (extract)



- New Manager Program (A1)
- Online program for core competencies development for employees (Mobiltel)
- "Development@vipnet" to promote new skills (Vipnet)
- Leadership school (velcom)
- Further education programme for managers (Si.mobil)
- "Vigor" further education programme for managers and employees with key functions (Vip mobile)
- Leadership academy for managers (Vip operator)

Awards 2014

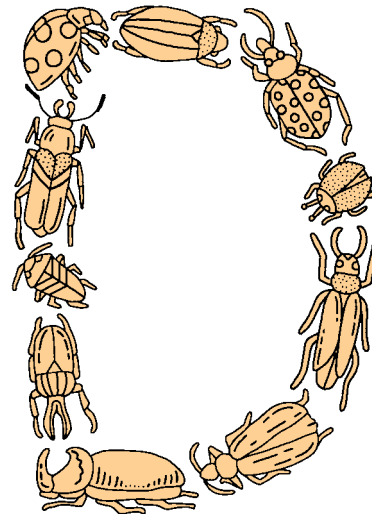


- Vienna "Top Training Company" quality seal (A1)
- amaZone award 2014 for the training of girls in technical professions (A1)
- "The Employer Partner Certificate" 2014 (Vipnet)
- "Responsible Employees" award 2015 (Mobiltel)
- "Top Performers" award 2014 (Mobiltel)
- Positive rating for employer attractiveness confirmed by the "Expert RA" ratings agency (velcom)

Group. In 2014, 65 employees took part in the x.change programme for a period of one to three months; 42 employees participated in the one-year to three-year Expatriation programme. On the basis of an internal job market, the Telekom Austria Group promotes change and career advancement opportunities within the company in a targeted manner. In 2014, 133 positions were filled by the internal job market across the Group. At A1 in Austria, employees who are seeking to advance their career can call upon the services of mobility coaches.

Equality and diversity

The Telekom Austria Group's signature of the Diversity Charter constitutes its public commitment to making use of and protecting the wealth of cultural traditions and skills across its seven subsidiaries. Female employees are treated as the equals of their male colleagues within the company. Equal opportunities is a firm principle observed in all areas of activity. A voluntary commitment made by the Group aims to increase the number of female employees as a whole, as well as the share of women in management positions gradually, to 35 % by the end of 2015. Special programmes for the promotion of women in technical professions, flexible working time models, childcare initiatives and the expansion of a women's network at A1 are contributing to achieving that goal. In that regard, particular attention is also paid to the recruitment and talent management process. In 2014, 38 % of employees across the Group were women and 29 % of them occupied management positions. (→ G4.15)



Diversity

Diversity must be recognised. And equality is an obligation. What superficially sounds like a contradiction constitutes the essence of diversity in action. Differences in areas such as culture, age, gender or world-view are no cause for inequality. They are a resource worth protecting.

Country profiles 2014

(→ LA12)

velcom

BELARUS
Employees
(FTE): 1,881
Women: 61 %
Ø age: 32
Accidents: 1

Si.mobil

SLOVENIA
Employees
(FTE): 399
Women: 47 %
Ø age: 37
Accidents: 2

A1

AUSTRIA
Employees
(FTE): 8,635
Women: 26 %
Ø age: 43
Accidents: 113

Mobiltel

BULGARIA
Employees
(FTE): 2,527
Women: 52 %
Ø age: 33
Accidents: 1

Vip mobile

SERBIA
Employees
(FTE): 933
Women: 52 %
Ø age: 33
Accidents: 4

Vipnet

CROATIA
Employees
(FTE): 1,151
Women: 39 %
Ø age: 37
Accidents: 15

Vip operator

MACEDONIA
Employees
(FTE): 535
Women: 54 %
Ø age: 34
Accidents: 7

Employee representation

Effective cooperation with employee representatives and the right to freedom of association and collective bargaining are accepted as a matter of course by the Telekom Austria Group and are duly recognised and implemented.

Health in the workplace

In order to prevent stress-related symptoms (burnout) and other health-related consequences, the Telekom Austria Group places special emphasis on “healthy management”. Regular trainings for managers have been held on this topic since 2013. A1 offers the “Fit on the job” programme, which includes medical check-ups, health seminars and sports activities. Across the Group, a total of 13 doctors and occupational psychologists focus on the health of employees. At the same time, continual improvements are being made in terms of health and safety in the workplace and the monitoring of accident trends.

Work-life balance

The Telekom Austria Group considers a family-friendly human resource policy to be a competitive advantage. This is because highly skilled employees prefer a company which caters to their needs. Accordingly, the company promotes flexible working hours, mobile working and “shared leadership” (see Flagship Projects page 39). Under the latter scheme, employees who work on a part-time

basis share a management position. In addition, working parents are supported by means of specially tailored opportunities and facilities.

Remuneration in a performance-focused culture

The promotion of a performance-focused culture is one of the Telekom Austria Group’s strategic objectives. The guiding principles of that culture are: a results-focused approach, a culture of trust and personal responsibility. All the Group’s subsidiaries operate achievement-focused performance models. Annual feedbacks support the personal and specialist further development of all employees. In 2014, performance management was standardised across the whole of the Telekom Austria Group. (→ LA11)

Communication with employees

At regular intervals¹⁾, the company conducts a Group-wide employee survey entitled “TAGisfaction” (see box below). Information is provided on a regular basis via the intranet, newsletters, staff magazines and social media. Group-wide and local idea competitions and knowledge platforms allow ideas or improvements to be suggested and then implemented. ●

1) Up to now annually, from 2015 onwards every two years

Useful information for GRI experts



→ G4.11: In Austria, 100% of all employees are covered by the provisions of collective agreements; the national requirements are also observed at the Group’s international subsidiaries.

→ LA2: Benefits are available to all employees equally.

→ LA3: 50% of those employees across the Group who took maternity leave in 2013 returned to work in 2014.

→ LA4: The statutory requirements for minimum notice periods regarding operational changes are observed; the corresponding regulation can be found in the collective bargaining agreement.

→ LA7: The indicator does not apply to the Telekom Austria Group, since employees are not exposed to an increased risk of illness in the context of their regular employment.

→ LA8: There are no formal agreements on health and safety aspects with trade unions.

→ LA9: 18,744 training hours completed at the Telekom Austria Group Business School in 2014. Male participants: 11,216; female participants: 7,528.

→ LA10: Where necessary, coaching sessions and other measures to provide further support are offered.

→ HR3: No incidents of discrimination came to the attention of the Group headquarters in 2014.

→ HR4: No incidents in which the right to exercise freedom of association and collective bargaining was violated were reported in 2014.

→ IO3: Employees attend training courses on a regular basis and are trained accordingly as part of workshops.

Employee survey “TAGisfaction”

In June 2014, as part of the “TAGisfaction” online survey, employees rated, amongst other things, their satisfaction with their job, their identification with the company, the company strategy and their career development. The employee survey was carried out and the results evaluated in collaboration with the market research institute CEB Valtera, thus ensuring an independent and unbiased evaluation. Across the Group, a total of 12,103 employees completed the survey in 2014. At around 65%, the level of participation was a little higher than in the previous year (64%). For the third time in a row, the survey revealed a relatively high score on the engagement index (compared with other companies in the sector) of 77%. That score demonstrates employees’ affinity with the company and is based on the pillars pride, optimism and energy. The findings of the “TAGisfaction” survey are incorporated in particular into leadership requirements, human resource work, strategy planning and implementation as well as employee communication.

The Roadmap — Employees

Targets 2015

- 🌀 35 % women in the Group and in management positions
- 🌀 Promotion of the internal filling of vacancies, maintenance of a high engagement index
- 🌀 Increase in international exchange

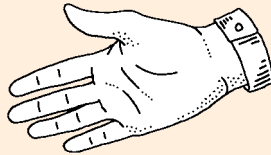
Baseline for targets is 2012.

🌀 IN PLANNING 🌀 IN IMPLEMENTATION ➡ BEING MAINTAINED ✔ ACHIEVED



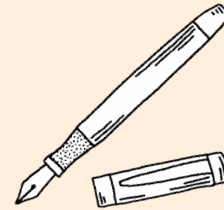
Said 2013

- 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 workplace health promotion programme or stress and burnout-prevention workshops
- Continuation of Group-wide programmes to promote international exchange
- Drive internal mobility



Done 2014

- Initiatives in the area of human resource development, knowledge transfer and succession planning in order to embed leadership standards and talent management, for example, introduction of 360° feedback process
- Promotion of innovative working methods and establishment of the Group-wide e-learning platform “eCampus” to promote independent learning
- Creation of platforms of experts to promote the exchange of knowledge between the subsidiaries and introduction of a Group-wide knowledge management platform
- Further conducting of “TAGisfaction” employee survey in which 65 % of employees took part
- Implementation of awareness-raising campaigns and locally-tailored measures on the issue of health, such as the introduction of an A1 health pass (see Flagship Projects)
- Organisation of various women’s networking events within the subsidiaries and establishment of a women’s network at A1
- Implementation of new and enhanced measures to promote training and information activities and international exchange



Planned 2015

- Development of the “Skill Academy” skills management programme to promote greater internal use of in-house expertise
- Strengthening of the internal labour market by filling vacant posts with in-house staff and promotion of internal mobility
- Promotion of international exchange and the transfer of expertise
- Implementation of further measures to implement the goals set by the “promotion of women” plan

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

Flagship Projects



1

1 The “health pass” was introduced in 2014 as a part of the Austrian “Fit on the job” project. The purpose of the pass is to raise awareness of healthy living and working. Medical check-ups, workshops on nutrition and mental fitness, participation in events such as the A1 team triathlon and over 20 sports groups are offered to employees as part of that initiative. The health pass is used to motivate employees — a stamp is awarded every time an employee takes part in an event to encourage his or her continued participation in health-related activities.

3 As a part of CSR programme “Do The Right Thing”, the Croatian subsidiary Vipnet introduced a one-year paid professional and business development programme called “Vip alumni” for unemployed young people with a university degree. The purpose of the programme is to enable additional professional knowledge and skills as well as work experience in an international business environment and a better starting position in the labour market in Croatia. After one year seven of the eleven participants had been given employment contracts at Vipnet.



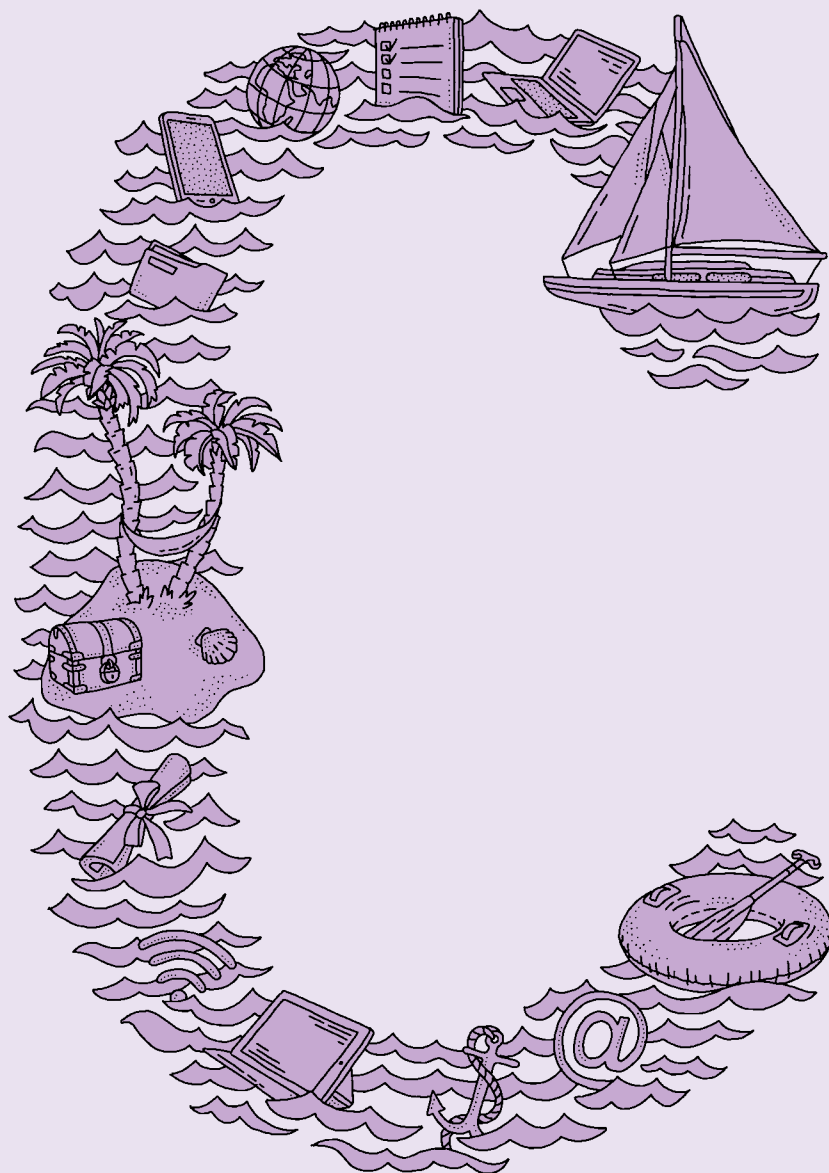
2

2 In October 2013, the Group’s Austrian subsidiary A1 launched the “shared leadership” model, intended — amongst other goals — to enable part-time employees to take up a management position. As a result of the active implementation of the model in 2014, mothers working on a part-time basis in particular were given the opportunity to undertake management duties and to perform those duties despite their role as mothers.

4 Since 2014 the Telekom Austria Group is a signatory of the Diversity Charter. It is a public and voluntary statement of commitment which was introduced in 2010 by the Austrian and Vienna Chambers of Commerce. It is based on the recognition that diversity is an essential component within Europe. The Diversity Charter is an initiative intended to encourage people to value all members of society — regardless of gender, age, origin and skin colour, sexual orientation, religion and beliefs as well as physical or mental disability.




3



ACTION AREA SOCIETY

Creating Equal Opportunities

 Digital media gives everyone equal opportunity in the knowledge society. Which is why the Telekom Austria Group is driving broadband expansion and promoting the skillful and safe media use.

Internet for all?

The digital divide hinders equal opportunity for all. The Telekom Austria Group offers relevant products and creates targeted initiatives in order to overcome it.

The digital age offers a promise: limitless communication for all. However, whilst many are already enjoying the extensive opportunities offered by digital media, 4.3 billion people still do not have online access. 90 % of those people are in the developing countries.¹⁾

There are also significant differences in terms of usage in those countries in which the Telekom Austria Group operates. In 2013, around 19 % of the population was offline in Austria. In the same year, that figure was still at 46 % in Bulgaria and 52 % in the Republic of Serbia. This has serious consequences for levels of knowledge and education in those countries.

The Internet makes lots of things in life easier and quicker. But not everyone enjoys an equal share of the opportunities offered. In any case, people without an Internet connection do not. Even those with a slow Internet connection are at a disadvantage. Incentives or interest, income and/or affordability, media literacy skills and infrastructure ultimately decide whether someone has entered the digital age and can benefit from the advantages it offers.²⁾

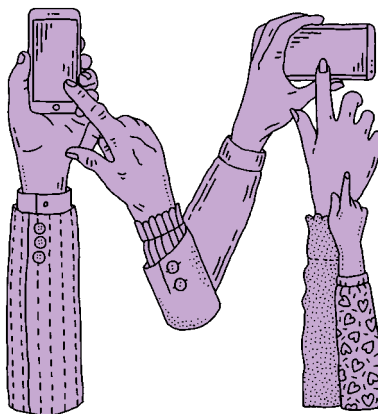
Media protection for children and young people

Can a company do anything to tackle this inequality? Is it even its job to do so? Making efforts in this direction can prove to be the right move for a

1) International Telecommunication Union ITU, 2014

2) McKinsey & Company, Offline and falling behind: Barriers to internet, 2014

communication company's sustainable economic success. Accordingly, alongside technical access to digital media, the Telekom Austria Group also intends to promote media literacy skills within society. It launched the "A1 Internet for All" initiative in 2011 in Austria and rolled it out across the entire Group in 2014. The initiative also involves offering children special training in the safe and age-appropriate media usage. The motto is "media literacy skills through media education".



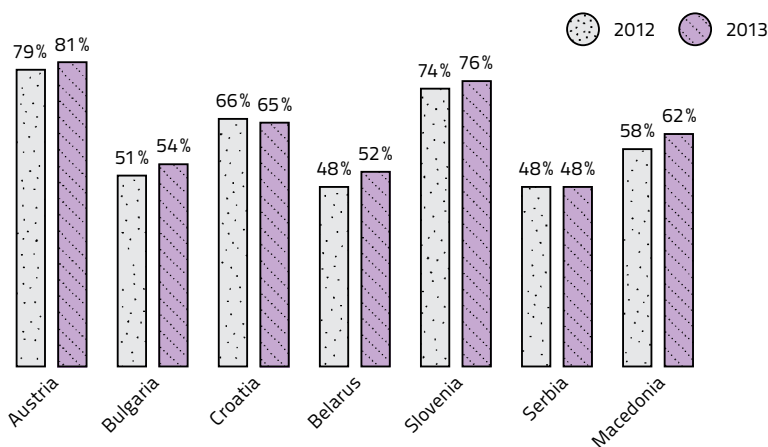
Media literacy

The question is not whether the media are literate. They have to take care of that themselves. The question is rather about literacy in the use of digital media. The Internet and the applications based on it are fundamental sources of economic growth, social progress and individual development.

In addition, the subsidiaries A1 (in Austria) and Si.mobil (in Slovenia) as well as Vip mobile (in the Republic of Serbia) offer a number of own guides for children and senior citizens. The guides were produced with the help of experts in the field of media education and thus make it easier for people to get to grips with the Internet. Special applications on the safe usage of mobile devices — for example, in the context of Vodafone Consumer Services — provide specific support for parents. Those applications include the free "Vodafone Guardian" service. That service makes a smartphone child-safe and keeps the costs under control. It also allows parents to specify with whom their children can communicate by phone or text

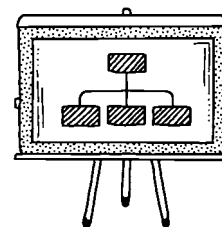
messages functions such as camera, Internet and Bluetooth can be approved depending on the child's age. It can also be used to prevent the installation of new apps. (→ PA7)

Households with access to the Internet



Source: International Telecommunication Union ITU, 2014

Management of aspects within the society action area



Material aspects (responsibilities)

- Media protection for children and young people (Marketing, Corporate Sustainability)
- Digital divide (Corporate Sustainability)
- Products with added value for society (Marketing, Corporate Sustainability)
- Social products (Marketing, Corporate Sustainability)

Standards and management systems

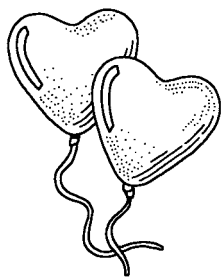
- Digital gap: scientific evaluation of the Group-wide initiative "Internet for All" by the NPO Institute at Vienna University of Economics
- Media protection for children and young people: cooperations to promote and develop the media literacy skills of children and young people
- Social products: regular evaluation of the product portfolio

Awards 2014



2014 Stevie Award—Silver for the "Do The Right Thing" corporate volunteering programme in the category "Communication Campaign of the Year" (Vipnet)

Selected cooperations on safe Internet use



- Vienna University Children's Office (A1)
 - Stoplevel (A1)
 - Saferinternet (A1, Mobiltel)
 - Safe Click (Vipnet)
 - Department of Criminal Justice and Security (Si.mobil)
 - Safe.si (si.mobil)
 - Organisation for cross-generational cooperation 35+ (Vip mobile)
 - Children's Cultural Centre in Belgrade (Vip mobile)
- (→ G4.15)

Selected initiatives and social cooperations in 2014

- Specialisterne—Integration of people on the autism spectrum into the labour market (A1)
 - "Foster the Future"—Foster care families (Mobiltel)
 - "It's so easy to do good things"—Support for hearing-impaired people (velcom)
 - "Do The Right Thing"—Promote the voluntary involvement of employees (Vipnet)
 - Party with a cause—Event to support projects combating youth unemployment (Si.mobil)
 - New Year's Donation—New Year's fundraising campaign (Vip mobile, Vip operator)
- (→ G4.15)

The "Internet for All" media literacy skills initiative

In our era, the Internet and the applications based upon it are arguably one of the most important foundations for economic growth and the social progress of a society. The Telekom Austria Group is therefore continuing to drive ahead the expansion of the broadband infrastructure. At the same time, it sees it as its responsibility to narrow the so-called "digital gap" by means of targeted measures. For this reason, in 2014 it extended its initiative to promote media literacy skills, the "Internet for All" initiative, to all the countries in which it operates.

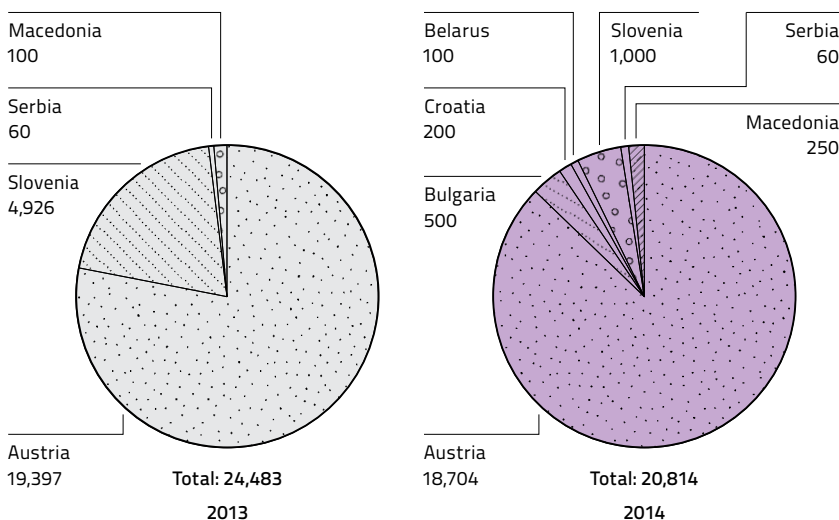
All the subsidiaries of the Telekom Austria Group are thus now committed to promoting the safe and skilled use of new media. One goal of this sustainability strategy is that 100,000 training participants will have acquired greater media literacy skills by 2016. With that goal in mind, in addition to trainings for children and young people, there are special programmes for senior citizens and Internet novices, as well as cooperations and long-term partnerships with numerous social and educational institutions. Furthermore, employees are actively involved in these efforts.

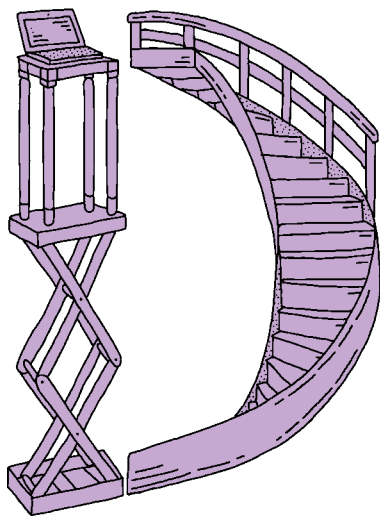
The Group-wide initiative was launched with "A1 Internet for All" in Austria. In 2012, around 79 % of Austrian private households had Internet access. That figure is slightly above the EU average. In that time, more than three quarters of 16- to 74-year-olds used the Internet at least once a week.³⁾ However, 19 % of the population was still unable to access the Internet in 2013. The "A1 Internet for All" initiative has been targeted at such people since 2011.

To that end, the initiative involves cooperation with more than 30 partners from the social and education sectors. Free workshops for children, young people, adults and senior citizens are offered at three permanent locations in Vienna, Klagenfurt and Salzburg as well as at initiative partners' sites and on a "touring" basis. At information evenings specifically tailored to them, parents learn how they can protect their children from inappropriate content or prevent excessive usage.

A1's employees are themselves a great strength of the "A1 Internet for All" initiative. From the Management Board to the apprentices, 1,800⁴⁾ of them, 715 of them in 2014 alone, were involved in the initiative as part of a corporate

Participants in media literacy trainings





Digital Divide

There is a digital divide running through society. Between those who already have tapped the potential of new media. And those known as “offliners”. For equal development opportunities, the Internet acts as a bridge. Just like initiatives that promote access to it and the skilled use of it.

volunteering programme. The success of the initiative is evaluated by the NPO Competence Centre at the Vienna University of Economics and Business. The Centre confirms the significant contribution made by “A1 Internet for All” to closing the digital gap in Austria.

Particular focus was directed at senior citizens in 2014. “A1 Internet for All” developed special guides and intensified its training programmes for smartphones and tablets. In addition A1 offered free and convenient services in stores and launched the “Seniors Advise Seniors” campaign. Specially trained A1 employees, so-called “A1 Gurus”, also make it even easier to join the world of mobile communications (see Flagship Projects page 45). (—> PA2)

Products with added value for society

The aim is that as many people as possible are able to benefit from the potential

3) Eurostat, Information Society Statistics, 2014

4) Including double counts

of new technologies, including in the health sector. E-Health opens up new opportunities in the fields of prevention, diagnosis, treatment, rehabilitation and care. New media are of particular benefit to people with disabilities. They can really make life and work easier for blind people and the severely visually impaired. In turn, text messages and chat messages are a valuable means of communication for deaf people.

In Austria, A1’s “medical data network” brings together doctors, hospitals, laboratories and other institutions in the health sector. A Mobiltel text message service reminds patients in Bulgaria of doctors’ and vaccination appointments and notifies them of completed test results. The Macedonian Vip operator service also sends text messages reminders of doctors’ appointments. The Slovenian company Si.mobil helps diabetics to monitor their blood sugar level with their app “Vem, kaj jem!” (I know what I’m eating!).

E-government solutions facilitate communication between citizens and the authorities. For example, the electronic archive and digital signature systems provided by Si.mobil in Slovenia substantially reduce the bureaucratic workload. Since 2014, A1 — in cooperation with the “Digital Austria” platform — has made it possible to activate mobile phone signatures for free in selected stores.

The Telekom Austria Group portfolio also includes products which take account of social factors. In addition to special mobile phones with larger displays and user-friendly menus, there are also discounts for socially disadvantaged people. In Slovenia, Si.mobil offers senior citizens the special “SENIOR” tariff. velcom in Belarus and A1 in Austria offer people with impaired hearing special tariffs which include an increased quota of text messages. The aim is to make the extensive opportunities offered by digital media genuinely available to all people. ◆

(—> PA2, 5, 7, EC8)

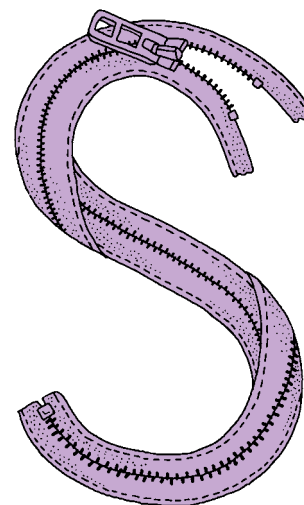
Useful information for GRI experts



—> PA5: In Austria, the Telekom Austria Group is required to provide voice telephony services for low-income households and other eligible customers at reduced tariffs; in return, it receives compensation from the Republic of Austria on a contractual basis. A list of social products is available within the online measures programme at www.telekomaustria.com.

—> SO1: All subsidiaries offer and support respective programmes for local communities.

—> TA5: In the course of the initiative “A1 Internet for All” open source technologies are promoted.



Sexting

Do young people today still have standards when flirting? As it happens, yes, very graphic ones; nude pictures exchanged via smartphone. A thoughtless click will make them last forever on Internet or social media — leading to potentially unpleasant encounters with one’s past.

The Roadmap — Society

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 instruments

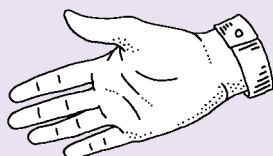
Baseline for targets is 2012.

✱ IN PLANNING ✱ IN IMPLEMENTATION ➡ BEING MAINTAINED ✓ ACHIEVED



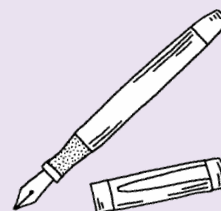
Said 2013

- 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 within the subsidiaries
- Development of a media literacy skills programme in Bulgaria, Croatia and Belarus
- Continuation of the social initiatives in line with local needs
- Expansion of cost-control instruments and applications for media protection of children and young people



Done 2014

- Development of media literacy skills programmes in the context of the Group-wide “Internet for All” initiative. Groupwide more than 74,000 people participated since 2011
 - Bulgaria: launch of a training programme for children and young people, which is to be supplemented in subsequent years by programmes for adults and people with disabilities
 - Croatia: launch of the “Safe Click” series of workshops for parents and children focussing on the safe usage of digital media
 - Belarus: launch of the “velcom smart children school” to support children in taking their first steps in using the Internet
 - Serbia: launch of the “Vip digital workshops for seniors” in order to enable seniors to attain computer skills and use social networks
- Expansion of the scientific evaluation of the Group-wide initiative “Internet for All”
- Improvement of the cost-control instruments and those for the media protection of children and young people

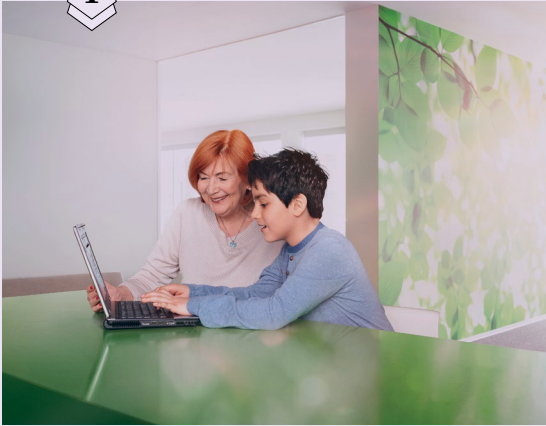


Planned 2015

- Implementation of the respective initiatives to promote media literacy skills in the countries covered by the Telekom Austria Group and the scientific evaluation of those initiatives
- Development of new workshop concepts on the issue of “coding” and a focus on parents as a target group with a view to promoting the safe use of media by children and young people in Austria
- Continuation of the social initiatives in line with local needs
- Continuation of the cost-control instruments and applications and those for the media protection of children and young people
- Publication of a guide for parents with focus on children in the Internet

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

1



Flagship Projects

2



Volunteer!
Educate!
Recycle!

Do the right thing

3

1

Group-wide rollout of the media literacy skills initiative “Internet for All” in 2014. Its purpose is to narrow the “digital divide” and to promote skilled and safe Internet use. After the establishment of the “A1 Internet for All” initiative in 2011, projects followed in Slovenia (2012) and in the Republics of Serbia and Macedonia (2013). The initiative was launched in Bulgaria, Belarus and Croatia in 2014.

3

With its “Do The Right Thing” project, the Croatian company Vipnet promotes the voluntary involvement of employees in social campaigns, educational projects and environmental protection. Over 200 employees have already been involved in the project. In 2014, Vipnet won the Silver Stevie Award for its work.

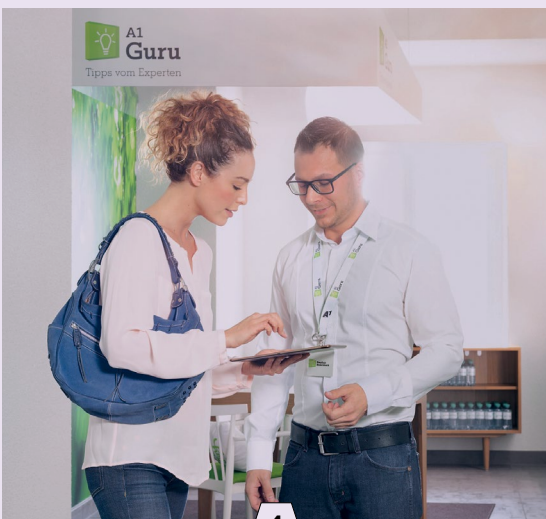
2

In 2014, Si.mobil launched the campaign “ORTO DOBER” in Slovenia. As part of this project, more than 3,000 old mobile phones were collected for the benefit of young people from socially disadvantaged backgrounds. The proceeds went to the “Slovenian Association of Friends and Youth” with the aim of creating equal opportunities.

4

Since 2014, the Austrian company A1 has been offering the “A1 Guru” service in selected stores: specially-trained employees provide personalised support, demonstrate the latest trends and give helpful tips on the use of smartphones or tablets.

4



GRI Content Table

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

The following GRI Content Table lists all material aspects that are relevant for the Telekom Austria Group as a whole. In the course of the materiality reassessment in 2015, the aspects were assigned to the material topics.

The aspects "Materials", "Investments", "Supplier Environmental Assessment", "Supplier Human Rights Assessment", "Supplier Assessment for Labour Practices" and "Human Rights Assessment" can currently not be reported in a GRI compliant manner. Therefore,

those aspects are not listed in the GRI Content Table although they are considered as material. It is necessary to introduce the relevant systems and processes which make it possible to collect data. It is expected that these relevant aspects will be gradually incorporated in the next three to five years.

The designations O and I represent the relevance of the aspect outside (O) and inside (I) the organisation. For extent and details of the external verification, we refer to the assurance statement on page 61. (—→ G4.18–4.20)

● External Audit ■ External Audit–Austria AR: Annual Report 2014

Indicator	Page	Description	Comment	Validation
Strategy and Analysis				
G4.1	6	Statement provided by the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability (strategical priorities, key events, target achievements, challenges)		●
G4.2	8, 12, 15, AR 39ff	Description of key impacts, risks and opportunities		●
Organisational Profile				
G4.3	8	Name of the organisation		●
G4.4	8, 64	Primary brands, products and services of the organisation		●
G4.5	8, 64	Location of the organisation's headquarters		●
G4.6	4, 8	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		●
G4.7	8, AR 46	Nature of ownership and legal form		●
G4.8	4, AR 85ff	Markets served (geographic breakdown, sectors served, types of customers and beneficiaries)		●
G4.9	4, 8, 60, AR 50f, 85ff, 106ff	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		●
G4.10		Total number of employees by employment contract, gender, supervised employees, regions and any significant variations in employment numbers	Due to different reporting systems, a disclosure in line with GRI requirements is currently not possible. Disclosure is planned within the next two years.	●
G4.11	37	Percentage of total employees covered by collective bargaining agreements		●
G4.12	15	Organisation's supply chain		●
G4.13	8, 15, AR 19ff, 46ff, 56f, 128ff, 156f	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain		●
G4.14	16	Handling of precautionary approach or principle addressed by the organisation		●
G4.15	15, 25, 36, 42	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses		●
G4.16	15	Memberships of associations (such as industry associations) and national or international advocacy organisations		●

Identified Material Aspects and Boundaries

G4.17	63, AR 172f	List of all entities included in the organisation's consolidated financial statements or equivalent documents	●
G4.18	10ff, 46	Explanation of the process for defining the report content and its implementation	●
G4.19	12, 46	Material aspects identified in the process for defining report content	●
G4.20	12, 46ff	Aspect boundary of each material aspect within the organisation	●
G4.21	12	Aspect boundary of each material aspects	●
G4.22	16, 63	Effect of any restatements of information provided in previous reports and the reasons for such restatements	●
G4.23	16, 63	Significant changes from previous reporting periods in the scope and aspect boundaries	●

Stakeholder Engagement

G4.24	12	List of stakeholder groups engaged by the organisation	●
G4.25	12, 16	Basis for identification and selection of stakeholders	●
G4.26	10, 12, 16	Organisation's approach to stakeholder engagement and indication of whether any of the engagement was undertaken specifically as part of the report preparation process	●
G4.27	10, 12	Topics that came up during the stakeholder process and the reactions of the organisation	●

Report Profile

G4.28	63	Reporting period	●
G4.29	63	Date of most recent previous report	●
G4.30	63	Reporting cycle	●
G4.31	64	Contact point for questions regarding the report or its contents	●
G4.32	46, 63	Report of the "in-accordance"-option, GRI-index of the selected option, reference to the external audit report	●
G4.33	61f, 63	Policies of the organisation regarding external audit of the report, scope of audit and relationship to audit company	●

Governance

G4.34	13, AR 61ff, 68ff	Governance structure of the organisation, including committees responsible for decisions regarding the economic, ecological and social impact	●
G4.35	13	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	●
G4.36	13, AR 61ff	Responsibilities for economic, environmental and social topics	●
G4.37	10, 12, 13	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	●
G4.38	AR 65ff, 68f	Composition of the highest governance body and its committees	Due to personal data privacy, memberships in under-represented social groups are not disclosed. ●
G4.39	AR 65ff	Report of question whether the chair of the highest governance body is also an executive officer	●
G4.40	AR 65ff	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 of the Telekom Austria Group. ●
G4.41	AR 65ff	Processes for the highest governance body to ensure that conflicts of interest are avoided and managed	●

G4.42	13, AR 68ff	Roles of highest governance body's and senior executives' 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		●
G4.43	13, AR 61ff, 69ff	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics		●
G4.44		Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics	Due to legal requirements of the Stock Corporation Act, disclosure is not possible.	●
G4.45	AR 65ff	Role of highest governance body in the identification and management of economic, environmental and social impacts, risks and opportunities	According to 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.	●
G4.46	13, AR 68ff, 101ff	Role of highest governance body in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics		●
G4.47	13, AR 68ff	Frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities		●
G4.48	13, 63	Responsibilities for formal reviews and approvals of the organisation's sustainability report and fact that all material aspects are covered		●
G4.49	16, AR 68ff	Process for communicating critical concerns to the highest governance body		●
G4.50	16	Nature and total number of critical concerns that were communicated to the highest governance body		●
G4.51	AR 63ff, 162ff	Remuneration policies for the highest governance body and senior executives		●
G4.52	16, AR 63ff	Process for determining remuneration		●
G4.53	16, AR 68f	Process for taking stakeholders' views into account		●
G4.54		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 in the same country	The Telekom Austria Group considers information about salaries as strictly confidential. Information exceeding the requirements of the Corporate Governance Code will therefore not be disclosed.	●
G4.55		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 in the same country	The Telekom Austria Group considers information about salaries as strictly confidential. Information exceeding the requirements of the Corporate Governance Code will therefore not be disclosed.	●

Ethics and Integrity

G4.56	15, 35, AR 39ff, 50ff	Organisation's values, principles, standards and norms of behaviour		●
G4.57	15, AR 59f	Internal and external mechanisms for seeking advice on and lawful behaviour and matters related to organisational integrity		●
G4.58	15, AR 59f	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour		●

Disclosure on Management Approach

G4 DMA	14, 19, 25, 35, 41	Details on the management approach of material aspects		
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Economic Performance (O/I)

EC1	16	Direct economic value generated and distributed	
EC2		Financial risk as well as other threats and opportunities for the activities of the organisation posed by climate change	A disclosure in line with GRI requirements is currently in development. For information concerning risks and opportunities due to climate change, please refer to the CDP assessment 2015.
EC3	AR 154f	Coverage of the organisation's obligations defined in the performance-oriented benefit plan	
EC4	AR 131, 144f	Financial assistance received from government	

Market Presence (O/I)

EC5		Ratio of standard entry-level wage by gender compared to local minimum wage at significant locations of operation	The Telekom Austria Group considers information about salaries as strictly confidential. Information exceeding the requirements of the Corporate Governance Code will therefore not be disclosed.
EC6	59	Proportion of senior management hired from the local community at significant locations of operations	

Indirect Economic Impacts (O/I)

EC7	20, AR 26ff	Development and impact of infrastructure investments and services supported	
EC8	18, 43	Type and extent of significant indirect economic impacts	

Procurement Practices (O)

EC9	15	Proportion of spending on local suppliers at significant locations of operation	
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Energy (I)

EN3	27, 54f	Energy consumption within the organisation	■
EN4	29, 54	Energy consumption outside the organisation	■
EN5	25, 55	Energy intensity	■
EN6	25, 27, 28, 54ff	Reduction of energy consumption	■
EN7	25, 28	Reductions of energy consumption for products and services	■

Emissions (O/I)

EN15	27, 29, 54, 56	Direct greenhouse gas (GHG) emissions (Scope 1)	■
EN16	27, 54, 56	Indirect energyrelated greenhouse gas (GHG) emissions (Scope 2)	■
EN17	54, 56	Other indirect greenhouse gas (GHG) emissions (Scope 3)	■
EN18	54, 56	Intensity of greenhouse gas (GHG) emissions	■
EN19	27, 28, 56	Reduction of greenhouse gas (GHG) emissions	■
EN20		Emissions of ozone-depleting substances (ODS)	ODS do not constitute a significant proportion of the Telekom Austria Group's greenhouse gas emissions. Consequently, they are not reported.
EN21	54, 57	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 due to office activities. As a result, the indicator is not considered to be significant.
EN23	29, 58	Total weight of waste by type and disposal method	Reporting in line with GRI requirements is currently not possible. Disclosure is planned within two years. ■

EN24		Total number and volume of significant spills	see EN22
EN25	29	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	see EN22
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	see EN22

Products und Services (O/I)

EN27	20, 29	Extent of impact mitigation of environmental impacts of products and services	
EN28	29, 57	Percentage of products sold and their packaging materials that are reclaimed by category	

Environmental Compliance (O/I)

EN29	29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	
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Transport (O/I)

EN30	28	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations and transporting members of the workforce	
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Overall Environmental Protection Expenditure (O/I)

EN31		Total environmental protection expenditures and investments by type	Reporting in line with GRI requirements is currently not possible.
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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 is currently not possible. Disclosure is planned within two years.
LA2	37, AR 162ff	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	
LA3	37, 58	Return to work and retention rates after parental leave, by gender	

Labour/Management Relations (O/I)

LA4	37	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	
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Occupational Health and Safety (I)

LA5		Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Health & Safety representatives are nominated in every subsidiary to monitor and coordinate health and safety aspects together with staff representatives and as representatives for the whole workforce.
LA6	59	Type of injury and rates of injury, occupational diseases, lost days and absenteeism and total number of work-related fatalities, by region and by gender	
LA7	37	Workers with high incidence or high risk of diseases related to their occupation	
LA8	37	Health and safety topics covered in formal agreements with trade unions	

Training and Education (I)

LA9	35, 37	Average hours of training per year, per employee, by gender and by employee category
LA10	35, 37	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings
LA11	37	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category

Diversity and Equal Opportunity (I)

LA12	36, 58f, AR 61ff	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity
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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 information about salaries as strictly confidential. Information exceeding the requirements of the Corporate Governance Code will therefore not be disclosed.
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Non-Discrimination (O/I)

HR3	37	Total number of incidents of discrimination and corrective actions taken
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Freedom of Association and Collective Bargaining (I)

HR4	37	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
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Local Communities (O)

S01	43	Percentage of operations with implemented local community engagement, impact assessments and development programmes
S02	21	Operations with significant, actual and potential negative impacts on local communities

Anti-Corruption (O/I)

S03	16	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	●
S04	16, 54, AR 59ff	Communication and training on anti-corruption policies and procedures	●
S05	AR 71	Confirmed incidents of corruption and actions taken	

Public Policy (O/I)

S06	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.
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Anti-Competitive Behaviour (O/I)

SO7	21, AR 146ff, 170f	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 Austria AG and its subsidiaries. No information can be given on pending procedures.
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Compliance (O/I)

SO8	AR 146ff, 170f	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 Austria AG and its subsidiaries. No information can be given on pending procedures.
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Grievance Mechanisms for Impacts on Society (O/I)

SO11	AR 71	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	
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Product and Service Labelling (O)

PR3	21	Type of product and service information required by the organisation's procedures for product and service information and labelling as well as percentage of significant product and service categories subject to such information requirements	
PR5	19, 54	Results of surveys measuring customer satisfaction	A Group-wide measurement system was implemented in 2013 and was stepwise rolled out in 2014. Therefore no data is available for the reporting year.

Marketing (O/I)

PR6	21	Sale of banned or disputed products	
PR7	16	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes	

Customer Privacy (O/I)

PR8	16	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	
PR9		Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	In the course of regular business activity, several lawsuits and other claims are pending against the Telekom Austria AG and its subsidiaries. No information can be given on pending procedures.

Telecommunications Sector Supplement – Internal Operations

IO1	20, AR 85ff	Capital investment in telecommunication network infrastructure broken down by country/region	
IO2		Net costs for service providers under the Universal Service Obligation when extending service to geographic locations and low-income groups, which are not profitable	This information is considered as strictly confidential and will therefore not be disclosed by Telekom Austria Group.
IO3	37	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	

IO4–5	21	Compliance with ICNIRP standards and guidelines on exposure to radiofrequency emissions from handsets and base stations
IO6	21	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets
IO7	21	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing and initiatives to reduce visual impacts. Approach to evaluate consultations and quantify where possible
IO8	21	Number and percentage of stand-alone sites, shared sites and sites on existing structures

Telecommunications Sector Supplement—Providing Access

PA1	21	Policies and practices to enable the deployment of telecommunication infrastructure and access to telecommunication products and services in remote and low population-density areas
PA2	43	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
PA3	20	Policies and practices to ensure availability and reliability of telecommunications products and services
PA4	20f	Quantify the level of availability of telecommunication products and services in areas where the organisation operates
PA5	43	Number and types of telecommunication products and services provided to and used by low and no income sectors of the population
PA6	21	Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief
PA7	21, 41, 43	Policies and practices to manage human rights issues relating to access and use of telecommunication products and services
PA8	21	Policies and practices to publicly communicate on EMF related issues
PA9	21	Total amount invested in programmes and activities in electromagnetic field research
PA10	21	Initiatives to ensure clarity of charges and tariffs
PA11	29	Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective and environmentally friendly use

Telecommunications Sector Supplement—Technology Applications

TA1	20	Examples of the resource efficiency of telecommunication products and services delivered
TA2	20	Examples of telecommunication products, services and applications that have the potential to replace physical objects (e.g. online telephone or video-conferencing)
TA5	43	Description of practices relating to intellectual property rights and open source technologies

Data Appendix

Products

Customer service

	Customer contacts ¹⁾ (in tsd.)	Customer service employees (in FTE)
2014		
Austria	20,700	2,384
Bulgaria	3,931	361
Croatia	3,592	234
Belarus	4,944	413
Slovenia	1,074	76
Republic of Serbia	2,614	160
Republic of Macedonia	1,735	27
Telekom Austria Group	38,590	3,655
2013		
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 Group²⁾	40,640	3,627
Change (in %)		
Austria	-7	-1
Bulgaria	-10	-3
Croatia	5	3
Belarus	-4	11
Slovenia	18	6
Republic of Serbia	-15	5
Republic of Macedonia	21	17
Telekom Austria Group	-5	1

1) Includes contacts by phone, e-mail and text messages

2) Including mobilkom liechtenstein

(—→ PR5)

Anti-corruption trainings

2014	
Austria	1,001
Bulgaria	90
Croatia	55
Belarus	1,514
Slovenia	95
Republic of Serbia	92
Republic of Macedonia	103
Telekom Austria Group	2,950

(—→ S04)

Environment

Methodology — Emissions

In its calculation method for direct, indirect and other indirect emissions, the Telekom Austria Group 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 published data by econinvent (AR4 100-year (IPCC 2007-4th Assessment Report)). Figures given as CO₂ equivalents. Nature of gases reported by energy providers for Scope 2 emissions are not known. Figures for Austria include the Holding and exclude offsetting if not stated separately. (—→ EN15, 16, 17, 18, 21)

Methodology — Energy

Calculation method is — as long as self provision is not concerned — based on the invoices of the respective energy providers. For the conversion into kilowatt hours factors of the econinvent database have been taken into account. When data were not available, estimates were made in some cases. For the energy share of fuels the heating value was considered. (—→ EN3, 4, 6)

Environmental KPIs for the Republic of Macedonia include the company Vip operator.

Direct and indirect energy

2014 (in MWh)	Electricity ¹⁾	Heating fuels ²⁾	District heating	Fuels ³⁾	Total energy consumption
Austria	299,840	16,798	30,853	51,730	399,221
Bulgaria	64,617	92	263	7,705	72,677
Croatia	42,864	61	3,323	4,020	50,268
Belarus	82,536	0	2,933	4,514	89,982
Slovenia	20,778	0	246	299	21,322
Republic of Serbia	34,408	70	733	2,483	37,694
Republic of Macedonia	9,234	844	0	479	10,556
Telekom Austria Group	554,276	17,864	38,351	71,230	681,721
2013 (in MWh)					
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
Change (in %)					
Austria	-3	-14	-10	-2	-4
Bulgaria	-6	-25	-33	-5	-6
Croatia	9	-9	-12	7	7
Belarus	9	-100	-27	1	5
Slovenia	-14	n. m.	-25	-12	-14
Republic of Serbia	8	15	0	2	8
Republic of Macedonia	-13	-2	n. m.	-2	-11
Telekom Austria Group	-1	-17	-12	-2	-2

Table may include rounding differences. 1 Joule = $2.77777778 \times 10^{-10}$ MWh

(—→ EN3, 6)

1) Purchased and in-house production as well as diesel for emergency generators

2) Includes oil and gas

3) Includes diesel, petrol, CNG, LPG and natural gas

Energy and fuel consumption¹⁾

2014 (in MWh)	From non-renewable energy	From renewable energy ²⁾
Telekom Austria Group	87,398	4,465

1) Oil, diesel, petrol, LPG, CNG and natural gas, including diesel for emergency generators

(—→ EN3)

2) Share of biogenic fuels in diesel and petrol

Environment — relative indicators

2014	Energy Efficiency Index ¹⁾ (in MWh per terabyte)	Share of e-billing (in %)	Water consumption (per FTE, in m ³)
Telekom Austria Group	0.8	64	16

1) Energy Efficiency Index is defined as total electrical energy consumption, divided by total transported data volume of fixed and mobile telecommunication networks.

(—→ EN5)

Environment—relative indicators

	Share of renewable energy ¹⁾ in the electricity consumption (in %)	Recycling quota ²⁾ (in %)	CO ₂ intensity ³⁾ (per FTE)	Average paper consumption (kg/FTE)
2014				
Austria	99	78	3	12
Bulgaria	17	13	16	37
Croatia	36	56	18	29
Belarus	0.5	61	18	26
Slovenia	31	94	22	16
Republic of Serbia	24	65	33	33
Republic of Macedonia	17	87	17	37
Telekom Austria Group	61	73	11	21
2013				
Austria	68	77	9	15
Bulgaria	17	14	16	28
Croatia	45	60	17	15
Belarus	0	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

1) Derived from electricity consumption, values of A1 were calculated, the others measured by the standard national grid factor.

(—→ EN18)

2) For recycling provided fractions (non-hazardous waste, electronic waste and batteries) in relation to total waste.

3) CO₂ intensity includes the CO₂ emissions from Scope 1 and Scope 2 (excluding compensation) divided by the number of employees as of the end of the year.

Direct and indirect greenhouse gas emissions

	Direct (Scope 1)	Indirect (Scope 2)	Total (Scope 1+2)	Total (Scope 1+2, including compensation)
2014 (CO₂ in t)				
Austria	18,048	10,040	28,088	11,840
Bulgaria	3,302	36,464	39,766	39,766
Croatia	1,169	19,789	20,959	20,959
Belarus	1,589	31,921	33,510	33,510
Slovenia	80	8,755	8,835	8,835
Republic of Serbia	1,056	29,677	30,733	30,733
Republic of Macedonia	608	8,343	8,951	8,951
Telekom Austria Group	25,853	144,989	170,842	154,594
2013 (CO₂ in t)				
Austria	18,978	61,679	80,657	80,657
Bulgaria	4,125	38,224	42,349	42,349
Croatia	1,043	18,391	19,434	19,434
Belarus	1,612	29,744	31,356	31,356
Slovenia	96	10,136	10,231	10,231
Republic of Serbia	1,003	27,418	28,421	28,421
Republic of Macedonia	619	9,654	10,273	10,273
Telekom Austria Group	27,476	195,246	222,722	222,722
Change (in %)				
Austria	-5	-84	-65	-85
Bulgaria	-20	-5	-6	-6
Croatia	12	8	8	8
Belarus	-1	7	7	7
Slovenia	-16	-14	-14	-14
Republic of Serbia	5	8	8	8
Republic of Macedonia	-2	-14	-13	-13
Telekom Austria Group	-6	-26	-23	-31

Scope 1 includes direct emissions from combustion of fossil fuels for heating, electricity production and mobility without consideration of cooling agents.

Scope 2 measures indirect emissions from electric energy and district heating.

(—→ EN15, 16, 19)

Other indirect greenhouse gas emissions

	Upstream processes (Scope 3)
2014 (CO₂ in t)	
Austria	14,546
Bulgaria	18,255
Croatia	9,983
Belarus	17,995
Slovenia	2,272
Republic of Serbia	16,227
Republic of Macedonia	5,059
Telekom Austria Group	84,336
2013 (CO₂ in t)	
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
Change (in %)	
Austria	-63
Bulgaria	0
Croatia	21
Belarus	20
Slovenia	-4
Republic of Serbia	26
Republic of Macedonia	4
Telekom Austria Group	-17

Scope 3 takes into account the costs associated with the upstream emissions from heating energy, electricity (not included in Scope 2) and fuels (fleet) and business travel (taxi, air, rail) as well as energy consumption from customer's mobile phones. Upstream emissions were calculated according to ecoinvent.

(—→ EN17)

Vehicle fleet

2014	Vehicles (in pcs.)	Consumption of petrol (in l)	Consumption of diesel (in l)	Consumption of alternative fuels (in l)	Mileage (in tsd. km)
Telekom Austria Group	4,826	343,482	6,847,508	174,762	102,870
2013					
Telekom Austria Group	4,934	531,816	6,710,307	170,224	102,214
Change (in %)					
Telekom Austria Group	-2	-35	2	3	1

Air pollutants generated by the vehicle fleet¹⁾

2014 (in g/km)	NO _x	SO ₂	PM ₁₀
Telekom Austria Group	0.666	0.188	0.067
2013 (in g/km)			
Telekom Austria Group	0.667	0.193	0.067
Change (in %)			
Telekom Austria Group	0	-2	0

1) The air pollutants were aligned to the published data of ecoinvent for the first time in 2012. They include the emissions of the vehicle fleet. Reported emissions represent relevant pollutants of the Telekom Austria Group. (—→ EN21)

Waste—paper consumption

2014 (in kg)	Printing & copy paper	Other ¹⁾	Total
Austria	102,197	727,172	829,369
Bulgaria	92,477	186,841	279,318
Croatia	33,530	160,406	193,936
Belarus	49,700	43,429	93,129
Slovenia	6,225	98,557	104,782
Republic of Serbia	30,434	151,394	181,828
Republic of Macedonia	20,000	68,172	88,172
Telekom Austria Group	334,563	1,435,971	1,770,534
2013 (in kg)			
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
Change (in %)			
Austria	-20	-10	-11
Bulgaria	24	-5	3
Croatia	99	23	31
Belarus	24	85	47
Slovenia	169	1	5
Republic of Serbia	-5	-10	-9
Republic of Macedonia	6	56	41
Telekom Austria Group	7	-2	0

1) Other includes mainly paper for customer invoices and paper for packaging.

Waste—mobile phone recycling

2014 (in pcs.)	Collected old mobile phones
Austria	11,794
Bulgaria	1,135
Croatia	483
Belarus	n. m.
Slovenia	5,640
Republic of Serbia	1,189
Republic of Macedonia	500
Telekom Austria Group	20,561
2013 (in pcs.)	
Austria	5,544
Bulgaria	530
Croatia	7,965
Belarus	n. m.
Slovenia	1,744
Republic of Serbia	91,570
Republic of Macedonia	n. m.
Telekom Austria Group	107,353
Change (in %)	
Austria	113
Bulgaria	114
Croatia	-94
Belarus	n. a.
Slovenia	213
Republic of Serbia	-99
Republic of Macedonia	n. a.
Telekom Austria Group	-81

(—→ EN28)

Waste—water consumption

2014 (in m³)	Total
Telekom Austria Group	266,555
2013 (in m³)	
Telekom Austria Group	280,078
Change (in %)	
Telekom Austria Group	-5

Waste

	Recyclable			Hazardous waste			Residual waste	Total
2014 (in kg)	Paper	Metal	Other ¹⁾	Electronic waste	Batteries	Other ²⁾		
Telekom Austria Group	1,059,060	3,485,791	605,535	774,212	72,587	233,426	2,020,578	8,251,189
2013 (in kg)								
Telekom Austria Group	1,244,480	4,382,349	606,827	630,899	20,151	358,911	2,310,134	9,553,751
Change (in %)								
Telekom Austria Group	-15	-20	0	23	260	-35	-13	-14

Quantities were defined according to invoices of waste management companies or if this was not possible according to volumina of waste containers combined with intervals of waste disposal.

1) Other recyclable waste includes plastic, glass and biological waste.

2) Other hazardous waste includes mainly mobile phones and other hazardous materials.

(—→ EN23)

Employees

Return to work and retention rates after parental leave by gender

	Parental leaves		Returned to work	
2014 (in HC)	male	female	male	female
Telekom Austria Group	78	762	67	328

(—→ LA3)

Composition of the governance body¹⁾ (age structure)

2014	Total (in HC)	share women (in %)	below 30 (in HC)	30–50 (in HC)	above 50 (in HC)
Telekom Austria Group	10	20	0	1	9

1) Capital representatives in the Supervisory Board

(—→ LA12)

Age structure employees¹⁾

2014 (in HC)	below 30	30–50	above 50
Austria	870	5,286	2,478
Bulgaria	863	1,580	83
Croatia	120	970	61
Belarus	785	1,027	69
Slovenia	57	324	18
Republic of Serbia	241	680	12
Republic of Macedonia	94	434	7
Telekom Austria Group	3,030	10,301	2,728

2013 (in HC)	below 30	30–50	above 50
Austria	578	5,855	2,253
Bulgaria	914	1,626	96
Croatia	128	950	60
Belarus	660	1,011	79
Slovenia	73	325	20
Republic of Serbia	298	591	12
Republic of Macedonia	32	179	3
Telekom Austria Group²⁾	2,686	10,550	2,522

1) Apprentices not included

2) Including mobilkom liechtenstein

(—→ LA12)

Accident statistics

2014 (in working days)	Accidents	Fatal accidents	Days lost to accidents
Austria	113	0	1,026
Bulgaria	1	0	68
Croatia	15	0	305
Belarus ¹⁾	1	1	0
Slovenia	2	0	41
Republic of Serbia	4	0	80
Republic of Macedonia	7	0	650
Telekom Austria Group	143	1	2,170
2013			
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

1) Fatal accident during working hours caused in the course of maintenance. Reinforced prevention and safety measures were implemented (e.g. safety and performance assessments).

(—→ LA6)

Gender diversity

2014 (in %)	Share of female executives	Share of female employees
Austria	17	26
Bulgaria	47	52
Croatia	41	39
Belarus	40	61
Slovenia	40	47
Republic of Serbia	43	52
Republic of Macedonia	37	54
Telekom Austria Group	29	38
2013 (in %)		
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

(—→ LA12)

Share of local management

2014 (in %)	
Austria	98
Bulgaria	98
Croatia	98
Belarus	99
Slovenia	96
Republic of Serbia	96
Republic of Macedonia	94
Telekom Austria Group	97
2013 (in %)	
Austria	98
Bulgaria	98
Croatia	98
Belarus	99
Slovenia	98
Republic of Serbia	97
Republic of Macedonia	96
Telekom Austria Group	98

(—→ EC6)

Employees in part-time employment

2014 (in HC)	
Austria	661
Bulgaria	65
Croatia	0
Belarus	32
Slovenia	10
Republic of Serbia	0
Republic of Macedonia	0
Telekom Austria Group	768
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

(—→ LA12)

A1 Internet for All

	Courses	Participants	Participant satisfaction (in %)	Supporting employees ¹⁾	Recommendation rate of employees (in %)
2014					
Austria	1,487	18,704	97	715	98
2013					
Austria	1,505	19,397	98	732	98
Change (in %)					
Austria	-1	-4	n. a.	-2	n. a.

1) Employees supported for the first time in the respective reporting year

Media literacy training

	Participants
2014	
Austria	18,704
Bulgaria	500
Croatia	200
Belarus	100
Slovenia	1,000
Republic of Serbia	60
Republic of Macedonia	250
Telekom Austria Group	20,814
2013	
Austria	19,397
Bulgaria	n. m.
Croatia	n. m.
Belarus	n. m.
Slovenia	4,926
Republic of Serbia	60
Republic of Macedonia	100
Telekom Austria Group	24,483
Change (in %)	
Austria	-4
Bulgaria	n. a.
Croatia	n. a.
Belarus	n. a.
Slovenia	-80
Republic of Serbia	n. a.
Republic of Macedonia	n. a.
Telekom Austria Group	-15

Key financial data Telekom Austria Group

(in EUR mn)	Revenues	EBITDA comparable ¹⁾	EBITDA ²⁾	Operating income	Net result	Equity	Market capitalisation ³⁾
2014	4,018.0	1,286.1	850.8	-3.0	-185.4	2,218.0	3.7
(in EUR mn)							
2013	4,183.9	1,287.4	1,182.8	318.2	52.1	1,459.1	2.4
(in %)							
Change	-4.0	-0.1	-28.1	n. m.	n. m.	52.0	n. m.

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

2) Including effects from restructuring and impairment tests

3) As of 31 December 2014 (in EUR bn)

(—> G4.9)

Assurance Statement¹⁾

Introduction

We were requested to perform a limited assurance engagement on Specific Topics of the Sustainability Report 2014 (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 utilised up to this maximum amount even if there is more than one claimant or more than one claim has been asserted.

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 organisation (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.

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.

Conclusions

Procedures, systems and structures for defining the Report Content

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.

Disclosure requirements (qualified conclusion)

Due to unavailability of information the General Standard Disclosure G4-10 is omitted in the report, 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 are not provided in two concise narrative sections but on several places.

Based on our work described above with exception of the above mentioned issues 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.

Procedures, systems and structures for collecting, gathering, aggregating and validating of specific topics

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 organisation (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” were not appropriate.

Vienna, 7 July 2015

Deloitte Audit
Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer
Engagement Partner

ppa. Dipl.-Ing. Hannes Senft
Engagement Manager

Report Details

This sustainability report includes Group-wide activities and key figures for the Telekom Austria Group, in accordance with the reporting scope and the reporting period of the 2014 annual report. For selected projects, qualitative information on the individual topics was included beyond 2014 up to the second quarter of 2015 and noted separately in the report. (—> G4.28)

Financial key figures and staff data relate to the Group segment 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. The Telekom Austria Group assumes that the subsidiaries not mentioned would have only made a minimal contribution to the published key figures, due to their size or activity (e.g. holding function). If key figures for non-operating subsidiaries were collected together with those for operating subsidiaries for organisational reasons, they were not differentiated from each other and accordingly taken into account in the overall amount. The Telekom Austria Group sustainability report is published once a year; the report for the 2013/2014 period was published in August 2014. (—> 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 progress report as defined in the UN Global Compact. The report meets the regulations and requirements of the G4 version of the GRI standard “comprehensive” (with the exception of the general standard information G4.10, which

currently cannot yet be reported). During the first quarter of 2015, a new materiality analysis was conducted. This has led to a change in the scope of the reported indicators compared to the previous year (see also GRI Content Table starting at page 46). Selected topics and indicators were reviewed by an independent auditor as part of an external certification (for details on scope, see page 61). Deloitte Audit Wirtschaftsprüfungs GmbH, the auditor for the Group financial reports of Telekom Austria AG was mandated with the certification. The aspects and indicators of the GRI Sector Supplement “Telecommunications” were also taken into account in the materiality analysis. Unless indicated otherwise, all content, topics, aspects, indicators and measures in the report refer to Telekom Austria AG and its subsidiaries. The report has been approved by Hannes Ametsreiter, CEO of the Telekom Austria Group until 31 July 2015. (—> G4.17, 4.22, 4.23, 4.32, 4.33, 4.48)

The report is divided into three large sections; an introductory chapter explains the devised sustainability strategy 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 aspects and 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 Telekom Austria Group 2014 annual report (<http://www.telekom.austria.com/en/ir/annual-reports>). Data collection for the sustainability report is based on the use of internal reporting processes as well as standardised questionnaires in the individual lead 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 appendix starting on page 54. To indicate that person designations in the sustainability report refer to both women and men, a gender-appropriate formulation was used in some cases (e.g. “she or he”). For the sake of legibility, only the masculine form was used in other cases. However, the report always addresses both men and women. ★

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(—→ G4.5)

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(—→ G4.4)

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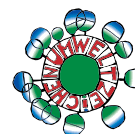
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(—→ G4.31)

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