

TELEKOM ROMANIA

CONNECTED TO SUSTAINABILITY. MEASURING OUR PROGRESS

2015 Corporate Responsibility Report



EXPERIENȚE ÎMPREUNĂ.

REPORT STRUCTURE

ICT FOR SUSTAINABLE DEVELOPMENT	3
ICT'S CONTRIBUTION TO UN SUSTAINABLE DEVELOPMENT GOALS	4
OUR VISION OF SUSTAINABLE SOCIETY	6
1. ABOUT THE REPORT	7
Message from our CEO	8
Report profile	9
The road to T	11
Telekom Romania at a glance	12
Commercial strategy and performance	13
Markets and services	14
Financial performance	16
OTE and Deutsche Telekom	17
2. STRATEGY AND MANAGEMENT	18
Values and guiding principles	19
Corporate governance structure	20
Compliance and risk management	23
Compliance management system and enterprise risk management	24
Corporate responsibility strategy and management	28
Corporate responsibility governance	30
Stakeholder engagement	33
Materiality assessment process	38
3. MARKETPLACE	42
Responsible competition	44
Bridging the digital divide	46
Internet safety and public awareness	47
Responsible products and services	48
Smart cities for Romania	50
Customer responsibility	52
Customer service and satisfaction	53
Information security and data privacy	54
Sustainability in the supply chain	56
4. OUR PEOPLE	58
Management approach	59
Employment	60
Equal opportunities and diversity	61
Employee health and safety	62
Employee engagement	64
Employee working tools & benefits	66
5. SUPPORTING COMMUNITIES	67
Social engagement	69
Education	74
Innovation	77
Sport	78
Volunteering	79
6. ENVIRONMENTAL SUSTAINABILITY	80
Environmental strategy	82
Environmental management system	83
Climate protection strategy	84
Improving energy efficiency	86
Material usage and waste management	88
Other environmental aspects	91
Environmental awareness	93
AWARDS AND RECOGNITION	94
PERFORMANCE SUMMARY	95
GRI INDEX	105

ICT FOR SUSTAINABLE DEVELOPMENT

We are committed to continue bringing our contribution to the sustainable development of Romanian economy and society. The 2015 Corporate Responsibility Report represents the first step in looking at our data, strategy, plans and achievement from the perspective of contribution.

ICT SECTOR CONTRIBUTION TO ECONOMIC DEVELOPMENT

It is now a fact that Information and Communication Technology (ICT) as a sector can contribute immensely to the national GDP and that ICT, acting as an enabler, can result in improved market competitiveness of a nation's products and services. ICTs can impact positively on governance and other sectors of the economy, can effectively assist international economic integration, improve living standards, narrow the digital divide, and improve biodiversity utilization and management. This is true in the case of Romania also. Between 2010 and 2015, the Romanian ICT sector grew by almost 45%, its contribution to Romania GDP increased from 3.4% in 2011 to 6.7% in 2015.

Romania is the no.1 country in Europe and no.3 in the world of download speed of fixed broadband with 72.15 Mbps and 9 out of the top 15 cities in the world in fastest internet speeds are from our country.

Romania macroeconomic indicators

	2011	2012	2013	2014	2015*
GDP growth	2.3	0.6	3.5	3.0	3.7
ICT sector growth	4.4	-9.1	24.5	9.4	11.7
ICT contribution to GDP	3.4	4.5	4.9	5.1	6.7
ICT influence on GDP growth	0.1	-0.3	1.0	0.5	0.8

Source: National Institute for Statistics

* Data for 9 months

ICT SECTOR POTENTIAL IN REDUCING GHG EMISSIONS

According to GESI – SMARTer 2020 Report, at global level, ICT enabled solutions offer the potential to reduce GHG emissions by 16.5%, create 29.5 million jobs and yield USD 1.9 trillion in savings.

Power

ICT adoption in the power sector could yield 2.0 GtCO₂e in abatement (or 22% of total estimated abatement) by playing a critical role in the creation of a more dynamic power market with supply and pricing responding to changes in demand, vital for effectively integrating renewable energy into the power supply.

Agriculture and land use

Emissions reductions from this sector could reach 1.6 GtCO₂e (18% of total). As the inputs required to grow crops emit large quantities of emissions, ICT that allows farmers to accurately assess how much to irrigate and fertilize their crops will lead to emissions abatement.

Transportation

Emissions reductions in transportation could reach 1.9 GtCO₂e (21% of total). Increased efficiency in cargo transit through improved logistics networks and fleet management represents a significant abatement opportunity. Telecommuting and increased use of video conferencing can reduce transportation needs.

Buildings

ICT can abate 1.6 GtCO₂e (18% of total) in this sector by providing occupants with the systems required to support the generation of renewable energy and incorporate it into the building's power supply. Smart design can reduce lighting and heating, ventilation, and air conditioning needs while building management systems ensure that those systems are used efficiently.

Manufacturing

ICT-enabled efficiency in factories and other manufacturing applications could allow for 1.2 GtCO₂e (13% of total) in abatement from the manufacturing sector. Through solutions that, for example, better control a motor system to match its power usage to a required output, there are many opportunities for ICT to make manufacturing more efficient.

Consumer and services

Emissions reductions through ICT in the consumer and service sector could reach 0.7 GtCO₂e (8% of total). ICT connects consumers to merchants via the Internet and enables them to purchase goods online rather than physically traveling to the store. ICT enabled software can develop packaging that generates less waste and conserves resources.

ICT'S CONTRIBUTION TO UN SDG



Extreme poverty rates have been cut by more than half since 1990. While this is a remarkable achievement, one in five people in developing regions still live on less than \$1.25 a day.

ICT's can be used to increase efficiency, competitiveness and market access for SME, enhancing the creation of new jobs, can change and invigorate old occupations, and add new public services. ICT's can connect the need and demand for jobs as the first step to employment.



If done right, agriculture, forestry and fisheries can provide nutritious food for all and generate decent incomes, while supporting people-centered rural development and protecting the environment.

ICT's can facilitate access to timely information to trigger rapid responses to combat hunger, managing the procurement, storage and distribution of essential food. It can also support the modernization of the agriculture and the empowerment of rural farmers.



Ensuring healthy lives and promoting well-being for all at all ages is essential to sustainable development. Significant strides have been made in increasing life expectancy and reducing child and maternal mortality.

ICT's can support e-health policies and strategies with regard to telemedicine, health education and dissemination of preventive information for general public, remote diagnostics and quality, efficiency and cost effectiveness of health service delivery.



Obtaining a quality education is the foundation for improving people's lives and sustainable development. Major progress has been made towards increasing access to education at all levels and increasing enrolment rates in schools.

ICT's can facilitate educational delivery at all levels of the educational system, widening the access and reducing the physical and social barriers to education. It supports the improvement of the educational management and contributes to the schools' modernization.



While the world has achieved progress towards gender equality and women's empowerment (including equal access to primary education between girls and boys), women and girls continue to suffer discrimination.

ICT's can address various types and levels of gender inequalities within the society and economy by providing the same level of access to information and opportunities for men and women. ICT also provides mobile services to fight gender violence.



Clean, accessible water for all is an essential part of the world we want to live in. Because of bad economics or poor infrastructure, every year millions of people die from diseases associated with inadequate water supply, sanitation and hygiene.

ICT's can support mapping and monitoring of water infrastructure, facilitate mobilization, planning and allocation of resources. It also provides the monitoring of service provision, water supply, water quality and water use management.



Energy is central to nearly every major challenge and opportunity the world faces today. Be it for jobs, security, climate change, food production or increasing incomes, access to energy for all is essential.

ICT and energy efficiency can be connected in two ways: "Greening of ICT" and "Greening through ICT". ICT's enabled solutions such as smart grids, smart buildings, and smart logistics can play a major role towards an energy efficient future, reducing global GHG emissions.



Roughly half the world's population still lives on the equivalent of about US\$2 a day. And in too many places, having a job doesn't guarantee the ability to escape from poverty.

ICT is transforming traditional employment sectors as well as creating brand new employment opportunities in areas such as social media management, gaming and the mobile apps economy, information technology outsourcing (ITO) or business process outsourcing (BPO).

ICT'S CONTRIBUTION TO UN SDG



Investments in infrastructure – transport, irrigation, energy and information and communication technology – are crucial to achieving sustainable development and empowering communities in many countries.

“Industry, Innovation and Infrastructure” leads to “Responsible Consumption and Production”, for this reason, ICT plays a crucial role in providing affordable and increased access to information, enabling research and diffusion of new sustainable technologies and solutions.



The most vulnerable nations, the least developed countries, the landlocked developing countries and the small island developing states, continue to make inroads into poverty reduction.

The greater potential for ICT's to reduce inequality rests on Internet use. By facilitating a broad and easy access to internet, ICT can address health, education and economic inequalities by focusing on most marginalized groups or regions.



The challenges cities face can be overcome in ways that allow them to continue to thrive and grow, while improving resource use and reducing pollution and poverty. The future we want includes cities of opportunities for all.

ICT's can play a significant role to reduce the carbon footprint of cities by moving to a more intelligent use of energy but also connecting various “smart” realms of activities like electric mobility, eHealth, eCare, and eGovernance.



Sustainable consumption and production aims at “doing more and better with less”, increasing net welfare gains from economic activities by reducing resource use, degradation and pollution along the whole lifecycle.

ICT's have the potential to foster sustainable consumption and production through product-specific improvements, increased dematerialization and virtualization, and the implementation of smart technologies in various sectors of the economy.



People are experiencing the significant impacts of climate change, which include more extreme weather events. The greenhouse gas emissions from human activities are driving climate change and continue to rise.

ICT plays a crucial role in sharing climate and weather information and in forecasting and early warning systems. ICTs can assist climate change stakeholders working at the international, national and sectoral and community levels to enhance their work.



Our rainwater, drinking water, weather, climate, coastlines, much of our food, and even the oxygen in the air we breathe, are all ultimately provided and regulated by the sea.

ICT is already playing an important role in communicating water related scientific knowledge effectively. Geographic Information Systems and remote sensing provide opportunities for water monitoring and sustainable management of marine and coastal systems.



Deforestation and desertification – caused by human activities and climate change – pose major challenges to sustainable development and have affected the lives and livelihoods of millions of people in the fight against poverty.

The protection, conservation, and restoration of terrestrial ecosystems can't be achieved without real time and accurate information. Satellite-based monitoring delivers timely and accurate data on a global basis, while local sensors can deliver on the spot updates in real-time.



Goal 16 of the Sustainable Development Goals is dedicated to the promotion of peaceful and inclusive societies for sustainable development, the provision of access to justice for all, and building effective, accountable institutions at all levels.

ICT's can play an important role in crisis management, humanitarian aid and peace building. The growing use of open data by governments' increases transparency, empowers citizens, and helps to drive economic growth.



A successful sustainable development agenda requires partnerships between governments, the private sector and civil society built upon principles and values, a shared vision, and shared goals that place people and the planet at the center.

The spread of ICT's and global interconnectedness has great potential to accelerate human progress, to bridge the digital divide and to develop knowledge societies by enhancing international cooperation and coordination; promoting technology transfer and forging multi-stakeholder partnerships.

OUR VISION OF SUSTAINABLE SOCIETY

As part of Deutsche Telekom Group, members of Global Compact Romania and leading telecommunication company in Romania, we have gladly accepted the challenge to contribute to the achievement of the United Nations Sustainable Development Goals (UN SDG) and we are delivering our contribution here in Romania, as we are part of the Romanian society. The way we see our contribution is summarized across our Corporate Responsibility Report.

Our vision about a Sustainable Society can be summarized as a good life and well-being for all now and in the future, sustaining the Earth's ecosystem, banning poverty and related health and housing issues, a sustainable agricultural and food system, and employment and leisure for all.

We believe that Information and Communication Technology (ICT) could help achieve that, if actively directed by the right drivers. We see these drivers as three connected human needs: the need to communicate, the need to belong and the need to live in a clean and healthy natural environment.

INTEGRATING GLOBAL GOALS IN OUR VISION

QUALITY OF LIFE

Quality of life means that needs are fulfilled by less material and energy throughput—human fulfillment is improved by a lifestyle that acknowledges non-material needs as being as important as material needs.



HUMAN SOLIDARITY

Human solidarity means that in a globalizing world the barriers between rich and poor, between North and South, and between different religions and cultures have been diminished to a level at which each human being truly understands him/herself as a “global citizen”, with responsibility for “global neighbors” and future generations.



ECOLOGICAL SENSIBILITY

Ecological sensibility refers to a preservation of ecological capital by a combination of careful environmental management and the deployment of cutting-edge technologies to fulfill material functions.





1 ABOUT THE REPORT

- Message from our CEO
- Report profile
- The road to T
- Telekom Romania at a glance
- Commercial strategy and performance
- Market and services
- Financial performance
- OTE and Deutsche Telekom

MESSAGE FROM OUR CEO



Miroslav Majoroš: Chief Executive Officer Telekom Romania

Being a telecommunication company we deeply understand the value of connectivity, the need to share information with the others both at personal and professional level. And we believe that many of the problems we face today could be managed more efficiently by having access to better informational systems. In order to contribute to the sustainable growth of the entire society, not just of our company, we are committed to make information easily available for everybody by providing access to it, proposing new ways to use it, supporting companies and communities to exchange information and build their capabilities based on it.

The Corporate Social Responsibility functions are now integrated in the governance structures directly linked with the Board of Directors, having the mean to contribute to the overall business strategy. The compliance management system has been enhanced and certified according with the German standard PS980 to support the implementation and observance of relevant sustainability related standards, regulation and guidelines, ensuring that all our activities are aligned to best practices and contribute to the Triple Bottom Line.

We embed sustainability in our operations by following efficiency, dematerialisation and decarbonisation goals but we also follow the social concerns related with safety and security of new ICT technologies.

For us, protection of data privacy and safer internet are as important as any other business aspect, this is why we developed new ways to ensure safe and secure use of all our products and services.

Financially, we invested significantly in the development of our advanced networks: 3/4G for mobile, respectively fiber, also known as FTTx, for the landline services, with focus, for the latter one, on further increasing the penetration of this technology in the already covered areas, in order to provide access to newest technologies, which means up to 1 Gbps for broadband and of interactive television (IPTV) services. On the mobile side, throughout 2015, 4G services reached 57% coverage in urban areas, offering speeds of up to 150 Mbps, and the efforts of modernization for the UMTS-3G technology network enabled significant improvements in average download and upload speeds offering a better mobile broadband experience to the customers.

As in Romania there are also areas in which the penetration of telco services is very difficult, we became an active supporter of the RoNet project, which provides the infrastructure for connecting remote localities to the Internet. Therefore, in 2015 we concluded works in approximately 100 localities out of the 783 included in the project. By covering white areas of the country with Internet services, there are being opened windows of opportunities for local rural businesses, for education and information of the respective communities, thus having the possibility to grow as a whole, in a sustainable way.

To be more efficient, communication should be facilitated by using integrated solutions. That is why we introduced MagentaONE commercial platform which stands for: One Stop Shop, one call center, one bill, one MyAccount (including one mobile app), 10 seconds average waiting time in the call centre for residential and business customers of integrated fixed & mobile services and also for entertainment and exclusivities on all screens (TV, tablets, laptops, smartphones). To this can be added the significant investments in exclusive content, among which football competitions such as UEFA Champions League, available on all screens. The approach reflects our focus on delivering best class experience to our customers, thus differentiating ourselves on the market.

Equally important as our customers are our employees. We enhanced their skills and provided them with opportunities to develop their talents. We are proud to have active and responsible colleagues who responded with enthusiasm to our CSR programs and volunteered to plant trees, to restore green spaces suffocated by waste, to give only a couple of examples.

Our concern for the environment was reflected also in the improvement of the management systems and in upgrading the free cooling network to reduce the consumption of energy. Being driven by the consumption of fossil fuel, climate change represents also an opportunity for us to examine our processes and technologies to find new ways to reduce our electricity and fuel consumption. We are also focusing on replacing the outdated technology with new one with the scope of addressing this hot topic.

Also, we are partnering with different actors from private and public sector to find new solutions for communities to address these issues. This year we started to educate the local market with regard to the benefits of the smart cities, a concept which proposes new innovative ways to manage resources, control air pollution, increase the dispersion level of clean technology and contribute to society effort to mitigate the effects of climate change or other environmental problems.

However, without an intensive process of digitalization we cannot envisage the society of tomorrow. This is why we entered the market with new, innovative solutions based on Internet of Things platforms, Machine-to-Machine (M2M) and data analytics components meant to change, in the close future, the paradigms in which we work, communicate, learn and live, in general. What it may seem only a seed now, tomorrow will be a fully developed ecosystem built to ensure a better world for all.

REPORT PROFILE

As a telecommunication company, we deal with data, providing the necessary technical and operational infrastructure that allows it to reach from its origins to its destinations and to circulate between people. The process of data transmission is a technical one but its purposes are deeply human, it helps people to make sense of the world around them by getting the information they need, it enables dialogue, it supports decision making processes, it enables people to communicate their thoughts, express their feelings, study and organize their economic or non-economic activities. Communication, storage and sharing of data and information represent an essential pillar of our civilization enabling large number of people to collaborate for common purposes, to share and debate ideas, to formulate plans and vision for themselves but also for the society at large.

We strive to provide efficient and meaningful communication services and solutions which enable sustainable development of Romanian society at every level.

The goals of our reporting process are:

- Better understanding of our business impacts;
- Contribute to a transparent business environment in Romania;
- Share our sustainability performance and strategy;
- Engage in dialogue with employees and external stakeholders;
- Express ourselves and our vision.

WHY DO WE WRITE A CORPORATE RESPONSIBILITY REPORT?



Ruxandra Vodă
Corporate Communication Director

Our business is about facilitating meaningful communication between people. Our corporate responsibility report is a slice in time and we make the best of it by using this opportunity to analyse our performance against our plans and principles, to engage our employees and to share our achievements and future objectives.

Sustainability is one of the toughest parts of our job. It requires time, investments, experts, excellent cross-functional collaboration. And the sustainability report is all that huge effort, put in a number of pages, with numerous factsheets and analyses behind. Why are we doing it?

Because we are not alone, we operate with people; our aim is to improve people's lives. By approaching the people's needs and expectations, we improve our plans. Dialogue is a tool, beneficial to all parties. And reporting what we have done, in terms of sustainability, enables us to get feedback to go forward. We strive to make this cycle faster while also smoother, in the benefit of the consumers and of the company.



Florina Șerban
Senior Coordinator Internal Communication,
Corporate Events & Corporate Responsibility Department

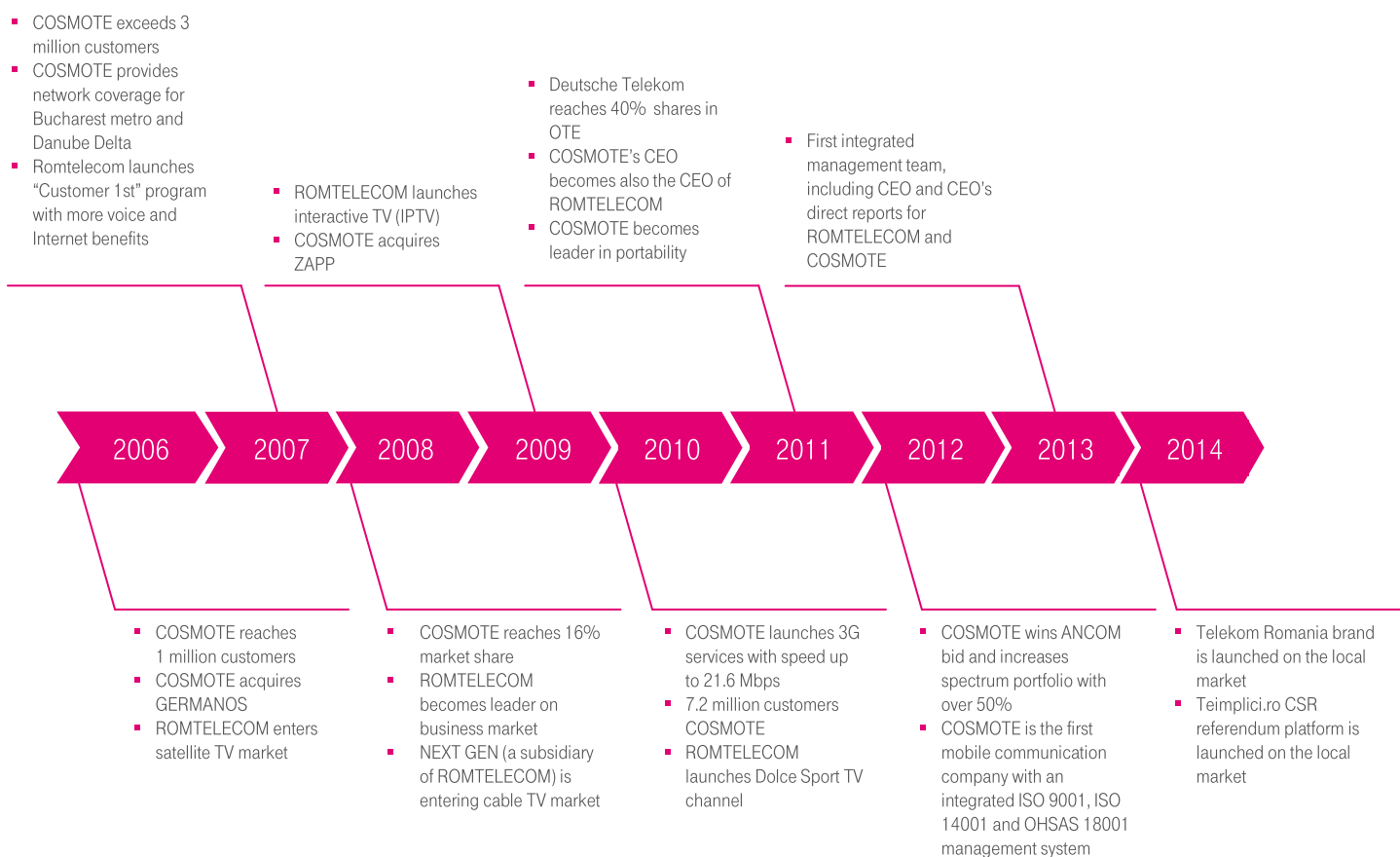
I believe that Corporate Responsibility should be an integral part of normal everyday business. Any employee at any level faces issues where he / she needs to make trade-offs and allocate scarce resources (time, energy, money and staff). Any decision at any level in the organization should naturally and properly balance concerns for economic as well as environmental and social sustainability. To support and enhance this behavior our internal communication process aims to increase the awareness of our employees, to facilitate their contribution to our CR Strategy implementation and provide a platform for engagement and dialogue.

THE ROAD TO T

In 2014, Telekom Romania Communications (formerly Romtelecom) and Telekom Romania Mobile Communications (formerly COSMOTE Romania), two major telecom operators in Romania, have officially joined forces, under a new and dynamic telecommunications brand, Telekom Romania, offering complete, innovative and customized mobile and fixed communication services to a broad customers community, using approximately 10 million services.

Telekom Romania Mobile Communications (formerly COSMOTE Romania), launched its commercial operations in December 2005 with the aim of making mobile telephony accessible to all. With over 80 years of expertise in the Romanian telecommunications market, Telekom Romania Communications S.A. (formerly Romtelecom) offers reliable, innovative and easy-to-use services including traditional fixed telephony, broadband Internet, TV services (satellite, IPTV and cable), personalized packages, entertainment services and complete business ICT solutions.

2007 – 2016: an important contribution to the development of the telecommunication sector in Romania



1 million mobile customers

3G network

Telekom Romania

TELEKOM ROMANIA AT A GLANCE

Telekom Romania is the largest telecommunications company in Romania in terms of revenues and the leading player on convergent fixed-mobile services segment.

Our operations are administrated from hundred of offices, technical spaces and stores, distributed all over the country, with the headquarters in Bucharest, the capital city of Romania.

Key figures



PEOPLE

Number of employees

6,368
6,490 (2014)



PLANET

Electricity consumed (GWh)

215
218.89 (2014)



PROFIT

Revenues (million €)

1,040.2
1,048.5 (2014)



MARKET

5,500 localities
3G population coverage

57% urban population
32.4% total population
4G population coverage

Over **99%**
GSM/GPRS population coverage

Over **90%**
GSM/GPRS geographic coverage

5.75 million
Mobile subscribers

2.17 million
Fixed voice telephony lines

1.4 million households
Fiber optics coverage

1.45 million
TV subscribers

1.2 million
Fixed broadband subscribers

Work-related fatal accidents (number of employees)

0
0 (2014)

Managed waste (t)

3,255.98
7,541.31 (2014)

Pro Forma EBITDA (million €)

205.5
252.9 (2014)

People supported

406,428¹
412,950 (2014)

Co₂ emissions (Scope 1) (t)

14,077
14,626 t (2014)

Number of services (million)

10.35
10.68 (2014)

¹Through sponsorship projects (estimated figure from partners reporting)

²Scope 1 emissions – direct CO₂ emissions from operations fuel consumption and company owned vehicles

COMMERCIAL STRATEGY AND PERFORMANCE

Commercial premiers, customer excellence focus, all-in-one philosophy, significant investment in technology and infrastructure are some of the major outcomes of our strategy based on innovation and technological leadership.

STRONG RESULTS ON 3 COMMUNICATION PILARS

1 BUILT #1 INTEGRATED OPERATOR
The operational integration is now complete and is reflected commercially in the launch of MagentaONE integrated offers.

2 TECHNOLOGICAL LEADERSHIP
We continued to invest in top technologies, with focus on expanding our 4G network.

3 TRANSFORM THE OPERATING MODEL
Everything in one place for all fixed and mobile communication needs.

Achieved results

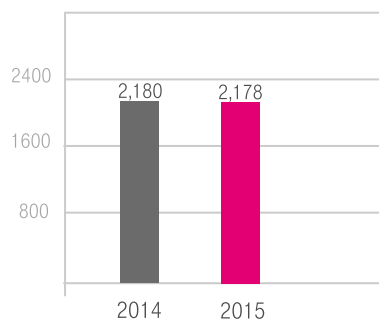
10 seconds average waiting time at the call center for residential and business customers of integrated fix and mobile services, as of May 2015

One Stop Shop, one Call Center, one Bill, one MyAccount including one mobile app and one click payment

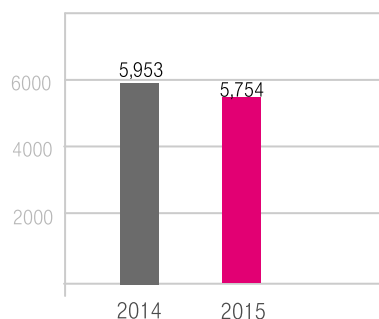
Over 226k FMC integrated customers at the end of 2015

EVOLUTION OF COMMERCIAL INDICATORS

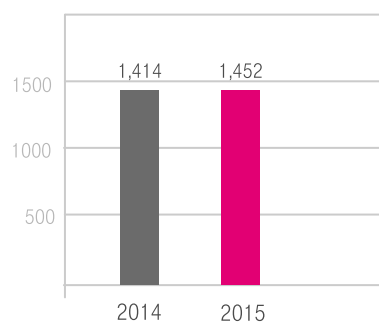
Evolution of fixed lines
thousands



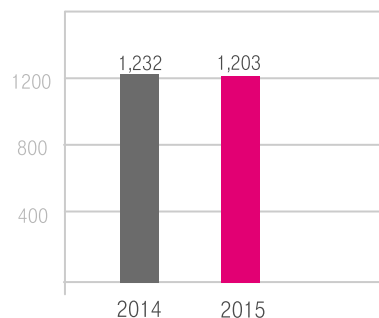
Evolution of mobile customer base
thousands



Evolution of TV services
thousands



Evolution of broadband services
thousands



MARKET AND SERVICES

MARKET STATUS

Telekom Romania's vision is to create the no.1 integrated operator in the Romanian market, with a sustainable position in all segments and geographies. Our 2015 strategy was focused on intensive infrastructure investment and on creating technology leadership.

On the Romanian telecom market there is a by price driven competition, but positive signals in economy (recovery of private consumption, rising wages and low inflation) led to a gradual move toward more qualitative solutions. The very strong competition (3 big fixed line operators and 750 small ISP with own infrastructure) exclusively on tariff is gradually slowing down, with competitors focusing on exclusive content, increasing broadband access speeds or introducing fixed-mobile convergent FMC bundles.

The total market grew in 2015 (broadband and TV). All relevant players have own extensive infrastructure with focus on network development, FTTH/B being by far the largest fixed broadband technology. Urban fiber coverage exceeded 80%.

TV market is almost saturated in terms of customers (95% penetration), but TV services growth is possible through relevant content packaging and the right technology mix. Telekom Romania's strategy is to focus on convergent packages, TV content with exclusivities on all screens and the experience of 3/4G coverage for mobile services.

The mobile market is saturated and the operators had to deepen their relationship with existing customers to maximize monetization opportunities.

Since the T brand launch in September 2014 and until the end of December 2015, Telekom Romania gained 208,000 fixed-mobile convergent customers.

The new bundled offers under the T brand are a significant differentiator on the market. The combination between investments in network and commercial presence via innovative solutions on both the residential and business segments are expected to improve the company's market position over time.

TELEKOM ROMANIA SERVICES

MagentaONE

Telekom Romania introduced MagentaONE, the new commercial concept for integrated fixed and mobile bundles addressing both residential and business customers. Romania is the third country in Deutsche Telekom Group to launch the new commercial approach for the integrated offers, after Germany and Slovakia.

MagentaONE stands for simpler communication offers:

- Everything in 1 place for all fixed and mobile communication needs: One Stop Shop, one Call Center, one bill, one MyAccount (including one mobile app);
- 10 seconds average waiting time in the call centre for customers of integrated fixed & mobile services;
- Entertainment and exclusivities on all screens (TV, tablets, laptops, smartphones).

For the business segment, MagentaONE reinforces Telekom's "One Stop Shop" philosophy, which means more simplicity and convenience through a unique contact point for all the communication needs of the companies, of all sizes. Telekom has launched the first true convergent fixed, mobile and cloud bundle on the market with the addition, for all the MagentaONE business customers, of 1 TB of secure storage space (ISO Certified), as well as access to the online version of the Microsoft Office software.

Mobile offers

Telekom successfully launches the communication platform for youngsters called Tadaaam with GigaShare offer, followed by GigaWeekend campaign enabling prepaid customers to enjoy 1 GB of free data traffic during weekends.

In addition, a special offer for prepaid users became available: new and existing customers who activate one of the extra-options available in the Telekom Romania portfolio will receive more benefits, guaranteed for life, at each activation or reactivation of the chosen extra-option.

Another special offer for postpaid mobile services included 1GB data traffic at 4G speed each month, for life, including for all family members.

MARKET AND SERVICES

TV services for all screens

TV services, especially interactive television and exclusive content were the focus of the company for 2015. The enhanced version of the IPTV service, providing the best TV experience on the Romanian market, includes: TV Archive, possibility to record and create personal content library, including through Cloud recordings, Video on demand on all screens, enhanced Electronic Programs Guide, possibility to create favorite channels lists, PiP (picture in picture), Media Player feature, Champions League and other international competitions. On Telekom TV Web & Mobile platform is available the highest number of TV channels on an online platform in Romania, up to 115. More than 200 Discovery shows were offered online as Video on Demand, on www.telekomtv.ro, on Telekom TV app, as well as on Telekom TV Interactiv (IPTV), exclusively at Telekom. As a premiere, 21 audio books in the Video on Demand menu for the Telekom TV Interactiv and Telekom TV Web & Mobile users became available.



TELEKOM TV INTERACTIV

Find out more about personal services [here](#)

Leading position on fix B2B segment

On the business fix segment, Telekom Romania Communications maintained its leading position both in terms of RGUs and revenues. The premium internet services (MetroNet) achieved spectacular increase in the gross additions year over year, while for VPN the company maintained its market leading position. Telekom Romania Communications continued the development of Cloud service portfolio. Thus, software as a service Office 365 and Hosting Data Centre sales led to double digit growth rates on these product lines. While continuing its focus on existing M2M solutions like GPS Tracking, in 2015, Telekom Romania launched new solutions such as vending machine monitoring and a smart office solution, as well as a new SIM management platform offering to M2M customers advanced SIM management functionalities.

In addition, pilot projects for the implementation of smart city solutions available at Group level increased the presence of Telekom Romania in all areas of operating ICT solutions. As a systems integrator and major IT services supplier, the company implemented important projects in both public and private sector.



▪ Stability



▪ Performance



▪ Entertainment

4G SERVICES FOR BUSINESS

Find out more about business services [here](#)

FINANCIAL PERFORMANCE

FIXED OPERATIONS

In a very competitive market, the financial results reported by Telekom Romania Communications for 2015 show revenues slightly decreasing by almost 1%. Key areas such as TV and integrated offers continued to generate growth for the company. The level of revenues reflects mainly the continuous decrease of fixed voiced segment, with corresponding revenues lower by 17% at the end of 2015. ProForma EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization), excluding impact of restructuring plans, was 118.4 million Euros, down by 26% compared with 2014.

The results were affected by higher TV content and TV sets related costs, as a result of company's focus on providing improved and seamless customer experience for both fixed and mobile segments. The convergent services generated a more than double increase of mobile revenues in Q4 2015 compared to Q4 2014, with corresponding increase in the number of MagentaONE customers, which reached over 208,000, up by more than 48,000 since Q3 2015.

MOBILE OPERATIONS

Telekom Romania Mobile Communications overall revenues in the year remained stable, at 438.5 million Euros, down 0.2% yoy. Mobile broadband service revenues continued to register a positive evolution, with an advance by 14% yoy. At the end of Q4 2015, the total customer base (including Zapp) was of 5.754 million. The overall postpaid customer base increased by 3.7% in 2015 vs 2014, accounting for 29% of total customer base. In addition, Telekom Romania Mobile Communications registered an increase of 16 pp in the weight of smartphones out of the total terminals sold in 2015 versus 2014.

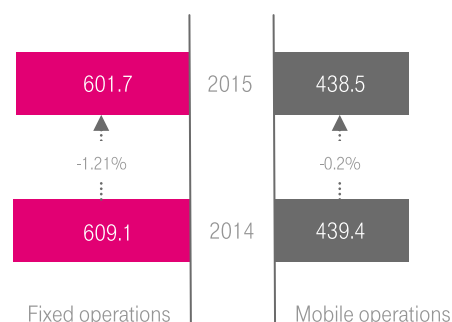
In Q4 of 2015, despite intense competition, the business segment continued to register positive performance, with 7.7% increase of business customers base yoy. Mobile data proved a significant growth driver on this segment, as reflected by the increase of mobile broadband business customer base by 22% in Q4 2015 vs Q4 2014 and by 25.5% on a yearly basis. ProForma EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization, without redundancy cost) margin reached 20% in FY 2015, down by 4 pp versus FY 2014. ProForma EBITDA amounted to 87.1 million Euros in 2015.

* Total taxes paid at national level, except penalties which are reported separately

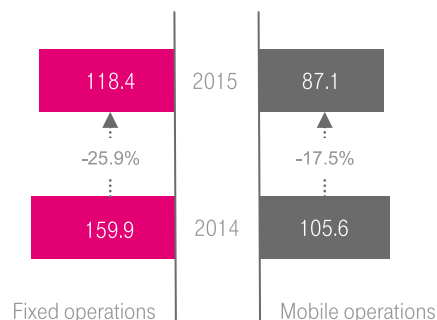
Economic value generated and distributed (million €)

	2014	2015	Annual comparison
Total revenues	1,048.5	1,040.2	↓
Total operating expenses	1,091.5	1,138.6	↑
Pro forma EBITDA	265.5	205.5	↓
Taxes and contributions*	174.2	147.05	↓

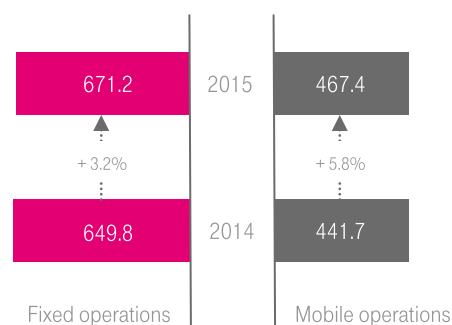
Total revenues evolution breakdown
in million €



Pro forma EBITDA evolution breakdown
in million €



Total operating expenses evolution breakdown
in million €



OTE AND DEUTSCHE TELEKOM

OTE group overview

The OTE Group is the largest telecommunications provider on the Greek market and one of the leading telecom groups in Southeast Europe with presence in Greece, Romania and Albania. OTE is among the largest listed companies, with respect to market capitalization, in the Athens Stock Exchange. OTE Group offers the full range of telecommunications services: from fixed-line and mobile telephony, broadband services, to pay television and ICT solutions. In addition to its core telecommunications activities, the Group is also involved in maritime communications, real-estate and professional training. Additional Information is also available [here](#)

[Access OTE Group Corporate Responsibility Report here](#)



Deutsche Telekom Group overview

Deutsche Telekom, one of the world's leading integrated telecommunications companies with around 156 million mobile customers, 29 million fixed-network lines and more than 18 million broadband lines (as of December 31, 2015). Deutsche Telekom is present in more than 50 countries and has approximately 225,000 employees worldwide.




Detailed presentation of Deutsche Telekom Group financial KPIs is available [here](#)

[Access Deutsche Telekom Group Corporate Responsibility Report here](#)

Financial indicators OTE Group

million €	2014	2015	Annual comparison
Total revenues	3,918.4	3,902.9	
EBITDA	1,385.5	1,220.5	
Pro Forma EBITDA	1,421.6	1,343	
Total Operating Expenses	(3,395.7)	(3,572.5)	

Financial indicators Deutsche Telekom Group

billion €	2014	2015	Annual comparison
Net revenue	62.7	69.2	
EBITDA (adjusted for special factors)	16.6	19.9	
Net profit (loss)	2.9	3.3	



2. STRATEGY AND MANAGEMENT

- Values and guiding principles
- Corporate governance structure
- Compliance and risk management
- Corporate responsibility strategy and management
- Stakeholder engagement
- Key partnerships
- Materiality assessment process

VALUES AND GUIDING PRINCIPLES

OUR VISION

Become the no. 1 integrated operator in the Romanian market, with a sustainable position in all segments and geographies, capturing fixed-mobile synergies across the value chain, to deliver customer excellence, with a highly efficient and focused operating model.

We are determined to achieve our vision by fulfilling the promise of technology, that to support and enhance a good life for people without compromising the ecosystem or the prospects of later generations.

Society's base of information and knowledge is developing drastically. In order to accompany changes in customer behavior and support innovative development of digital technologies, Telekom Romania continuously puts itself to the test to further develop its vision and ambition.

Corporate culture is a key factor in this development process and the Guiding Principles serve as the cornerstone that forms this culture. The company values were therefore enhanced to create the current Guiding Principles. They define how we behave and represent our values and beliefs. However, the Guiding Principles are not only meant for internal use, but also for dealing with Telekom Romania external environment as well. They help emphasize the company's social commitment.

They are a key tool in our human resources activities. They form the basis of reliable cooperation at the company and help us keep delighting our customers with our products and services. We regularly communicate the Guiding Principles via our internal communication to help incorporate them into our employees' everyday work routines. Also, we are developing projects and internal actions considering our values and to this end, we also host our annual Guiding Principles Day underling their importance and benefits at employee level.

Access [here](#) our code of conduct

HOW DO WE WANT TO WORK?

Our Code of Conduct

The following principles describe what should characterize our dealings and interactions with third parties and with others within our company. They also serve as the basis for our Code of Conduct, explaining what they mean in our daily work as well as their tangible and practical impact.

- **Customer delight and simplicity drive our action**
This is about the core asset of the company, the customer. It's about the thoughts, emotions, needs and experiences of customers. They drive Telekom's success.
- **Respect and integrity guide our behavior**
The second Guiding Principle is not only about respect among colleagues. This is also about the appreciation of customers, partners, suppliers and shareholders and for society and the environment.
- **Team together – Team apart**
The third Guiding Principle relates to the culture of cooperation. As a team, issues must be discussed openly. There has to be room for different opinions and serious discussions. But when a decision is made, it is final and will be implemented accordingly.
- **Best place to perform and grow**
For Telekom to become the most highly regarded company in the industry, it needs good, motivated employees. Therefore, this Guiding Principle is an obligation for all managers to recognize individual commitment and success and to offer a positive environment with opportunities for professional development.
- **I am T – Count on me**
The fifth Guiding Principle is the personal commitment of every employee. This means, for example, that each and every colleague is personally committed to finding a solution to a customer's problem. The customer may be a consumer, but also a colleague, business partner or another corporate partner.

CORPORATE GOVERNANCE STRUCTURE

Generally, corporate governance refers to the host of legal and non-legal principles and practices affecting control of publicly held business corporations. Most broadly, corporate governance affects not only who controls publicly traded corporations and for what purpose, but also the allocation of risks and returns from the firm's activities among the various participants in the firm, including stockholders and managers, as well as creditors, employees, customers and even communities.

As part of DT and OTE groups, our Corporate Governance system is in line with national and international laws and regulations, following 5 fundamental ethical principles:

- Honest and ethical conduct;
- Disclosure of information;
- Compliance with law;
- Internal reporting;
- Accountability for compliance.

CORPORATE GOVERNANCE ROLES AND RESPONSIBILITIES

The General Assembly of Shareholders

- The General Assembly of Shareholders is the company's supreme body and has the right to decide on all matters of the Company, except on the matters falling within the competence of the Board of Directors, according to the law or the Company's Article of Incorporation;
- It convenes at the call of the Board of Directors in an ordinary session at least once a year and within five months from the end of the fiscal year;
- The General Assembly of Shareholders is also responsible for appointing Members of the Board of Directors according to the criteria set by the Law, taking into account corporate governance and avoidance of conflict of interest policies.

Board of Directors

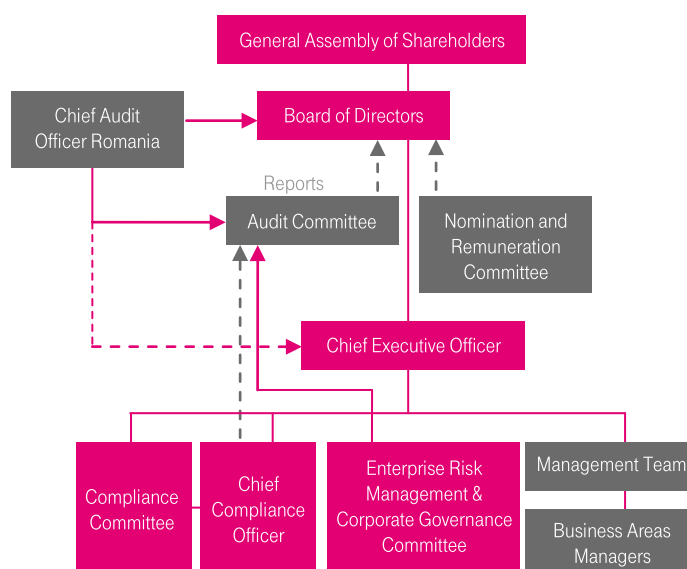
- The Boards of Directors (BoD) constitute the top administrative bodies of the companies. Their aim is to safeguard the general interests of the companies and ensure their operational efficiency. The BoD is responsible for taking any decisions regarding to administration, management, resource utilization and overall in order functioning to achieve our companies' corporate objectives;
- The Boards' responsibilities include, among others, convening General Assemblies of Shareholders, preparing and submitting the Annual Report and financial statements to the Annual General Assembly of Shareholders and setting and approving the corporate strategy, while monitoring its execution.

Telekom Romania Communications S.A.

Board members

Mr. Michail Tsamaz	President of the Board of Directors
Mr. Miroslav Majoroš	Executive member
Mr. Charalampos Mazarakis	Non-executive member
Mrs. Eirini Nikolaidi	Non-executive member
Mr. Nicholas Stamboulis	Non-executive member
Mrs. Anca Georgescu-Aladgem	Non-executive member
Mr. Klaus Mueller	Non-executive member
Mr. Bogdan Voicu	Non-executive member
Mr. Florin Furdui	Non-executive member

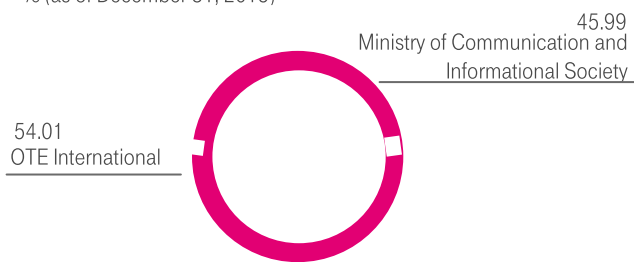
Organisational structure



Ownership

Shareholder structure

% (as of December 31, 2015)



Board of Directors (continued)

- On 31 December 2015, The Board of Directors (BoD) for Telekom Romania Communications S.A. was constituted of nine (9) members, eight (8) of these BoD members are non-executive, while one is independent and two (2) are female. The Board of Directors (BoD) for Telekom Romania Mobile Communications S.A. was constituted of seven (7) members, six (6) of these BoD members are non-executive, while one is female;
- Members of the Board are selected based on their qualifications and expertise, while at the moment there is no separate consideration of gender and other indicators of diversity in the selection criteria;
- Compensation of Board members is linked to the company's overall performance, including indirectly issues of Corporate Responsibility, however at the moment there is no separate direct linkage of compensation with social and environmental performance;
- Wages and other compensation of BoD members are decided by General Assembly, according to the Constitutive Acts of the Companies and to applicable legislation (Law 31/1990 on trading companies).

Audit Committee

(Applicable only in Telekom Romania Communications)

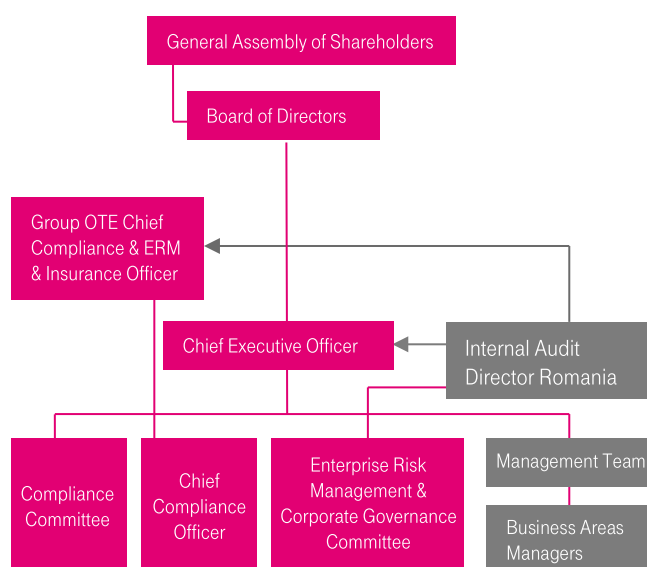
- Monitors & approves the company's Internal Audit, Compliance, Risk Management & Insurance activities;
- Evaluates whether management is setting the appropriate "control culture" by communicating the importance of internal control and the management of risk and ensuring that all employees have an understanding of their roles and responsibilities;
- Reviews the annual and interim financial statements and determine whether they are complete and consistent with the information known to committee members and reflect appropriate accounting principles;
- Reviews annually the performance of the external auditors and make recommendations to the Board regarding the reappointment;
- Receives the reports on the compliance cases if the financial reporting or audit of financial statements is affected, executive management is involved, the damages are over Euro 500,000 or involves corruption, financial reporting manipulation, violation of competition regulation, compliance infringement or fraud.

Telekom Romania Mobile Communications S.A.

Board members

Mr. Charalampos Mazarakis	President
Mr. Miroslav Majoroš	Executive member
Mrs. Daniela Bujic	Non-executive member
Mr. Konstantinos Liamidis	Non-executive member
Mr. Anastasios Tzoulas	Non-executive member
Mr. Dimitrios Tzelepis	Non-executive member
Mr. Florin Furdui	Non-executive member

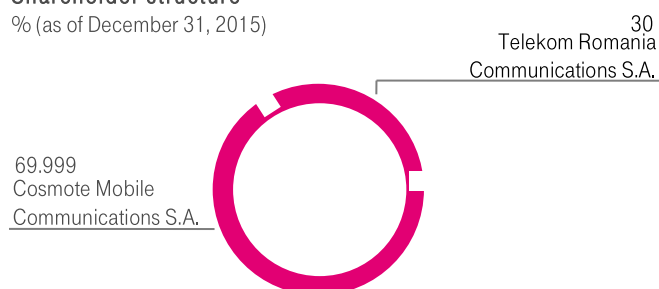
Organisational structure



Ownership

Shareholder structure

% (as of December 31, 2015)



Nomination and Remuneration Committee

(applicable only in Telekom Romania Communications)

- Reviews and opines to the Board of Directors on executive remuneration policies concerning CEO and Chief Officers;
- Reviews and opines to the Board of Directors on the achievement of corporate targets, related to the annual performance assessment of CEO and of Chief Officers;
- Reviews and opines to the Board of Directors on the establishment and/or termination of employment/management and the modification of the employment/management contract of the Chief Executive Officer;
- Opines to the Chief Executive Officer on the establishment and/or termination of employment of the Chief Officers, such opinion being also presented to the Board of Directors.

Enterprise Risk Management & Corporate Governance Committee

- Is mainly responsible for defining, implementing, monitoring and improving the Risk Management System Program (RMS) and other issues of corporate governance;
- Supports the Internal Audit and Risk Management Director on Risk Management & Corporate Governance issues and proposes the adoption of measures that will further improve corporate governance;
- Supports the business units on risk analysis and effective communication of RMS to employees.

Compliance Committee

- Approves the quarterly reports of the Compliance Officer related to the status quo of current and planned compliance organization activities;
- Receives the reports of the plausible compliance cases, based on the complaints received on the whistleblowing channels;
- Approves the findings and the proposed measures recommended by Compliance structure in specific fraud cases and whistleblowing complaints.

Management Team

- The management team formed of Chief Officers is coordinated by the CEO and its responsibilities include, among others, recommendations towards the BoD of strategies to achieve company's objectives and development and implementation of programs to increase the Triple Bottom Line performance;
- One of the key roles of the management team is to provide corporate leadership by articulating the transcended goals, communicating high performance standards, set the ethical and professional behaviour example and communicate clearly the values by which the company is being governed.

Find out more information about our Management Team [here](#)

COMPLIANCE AND RISK MANAGEMENT

The foundation of our corporate responsibility strategy

2015 was a reference year for our companies from many points of view and one of the processes which is extremely relevant for the internal life of our company is the advancement and progress of our compliance system. We have focused our attention on developing the internal compliance culture by communicating its benefits and working closely with all functions to increase awareness and understanding.

We started the 2015 year with the campaign “Trust is the core of our business”, having as key messages internal cooperation and our attitude towards the company's clients and towards the company's business partners. The year continued with “Compliance torch”, the symbol of equity and fairness. Finally, we have celebrated the 9th of December – the International Anti-Corruption Day, through a Group communication campaign. We believe that every single step matters in advancing our responsible business model.



Olga Moroșanu
ERM and Subsidiaries Audit Manager

Risk management is a powerful corporate tool which, in the right set-up and appropriate implementation can help to:

- Improve corporate governance;
- Protect company's reputation;
- Encourage proactive management and improve decision making;
- Reinforce risk culture.

“Risk management is not done by ERM function. It is the tool and in the hands of each good manager.”



Mihaela Ioniță
Legal, Corporate Affairs and Compliance Director Romania

“I consider my area of responsibility as a key sustainability driver. Ensuring adoption of business decisions based on a solid legal frame, protecting both the company and the customers against future issues, is at the basic level of sustainable operation. A special attention is paid to data privacy. In telecom industry, with our portfolio of products and services, addressed to a very large number of customers, constant efforts to enhance data protection by any means are just an example of our way to understand how we can contribute to a sustainable business rollout.”



Cristina Cojocaru
Compliance Manager Romania

“The Compliance concept requires all employees to follow a set of internal rules and an ethical behavior, based on integrity, honest and credible communication, both with external partners, as well as with internal ones. We believe that every single compliant step, as small could it be, really matters in advancing our responsible business model.”



COMPLIANCE MANAGEMENT SYSTEM AND ENTERPRISE RISK MANAGEMENT

In the current context of the fight against corruption in Romania, the compliance and risk management cannot be ignored, even more because it takes effect only by involving all company employees. more because it takes effect only by involving all company employees.

COMPLIANCE CULTURE

For Telekom Romania, "Compliance" means more than observing laws and regulations. It means, the way we "want" to act, not the way we are "obliged" to act.

Theoretically speaking, compliance culture might be perceived by implementing special Policies and Procedures, set of principles, by having dedicated communication channels, so that every employee of the company could ask Compliance team questions and could report any breaches or abuses. Compliance culture might be enhanced also by periodically performing of Compliance Risk Assessment in the Company, and by having a training program aimed for mitigating the main risks areas. The ethical culture and integrity of behaviour are the core elements of our compliance programmes supporting principled performance.

As part of society we strive to live up to the expectations of our stakeholders and act in a socially responsible manner, to be a strong player in the market and to be trustworthy for customers, business partners and, especially, for our employees. This summarizes best our compliance culture.

COMPLIANCE MANAGEMENT SYSTEM

We have integrated the compliance principles in all our activities under the umbrella of the Compliance Management System (CMS) with the goal to support and strengthen our core operational principles: transparency, justice, professionalism, integrity and respect for the rule of law and for the ethical principles.

Our Compliance Management System is developed around 3 pillars:

- Awareness about the risks of non-compliance and prevention of misconduct are the primary goals of our CMS. For their achievement we have developed specific training programs for our employees on topics like avoiding corruption and conflict of interests, fraud, personal data usage, financial statements manipulation and data privacy;
- Detection and treatment of compliance issues represents the second pillar, supported by a clear reporting policy and reporting channels available for every stakeholder: employees, contractors, suppliers, clients, partners and general public;
- Response is the third pillar of Compliance Management System, including activities such as: case management, consequence management and remediation.

Compliance Management Framework

Our Compliance Management System is based on the German audit standard PS 980 issued by the German Public Audit Institute.

Aligned with internationally recognized principles, the standard is primarily aimed at publicly listed companies. The elements it covers represent best practice and are therefore applicable to all companies. In common with the recently issued BS10500 anti-bribery standard, the German compliance management standard is based on principles and values, not rules, giving businesses of all sizes and from all sectors the scope to adapt the framework to their own unique requirements. The standard allows for a risk-based approach and is based around 7 interrelated and co-dependent core principles:

- Compliance culture;
- Compliance objectives;
- Compliance organisation;
- Compliance risks;
- Compliance programme;
- Compliance communication;
- Compliance monitoring and improvement.

Telekom Romania' Compliance Management System and Antitrust System were examined by external auditors, being audited under the German Auditing Standard IDW PS 980, with a focus on prevention of corruption and antitrust violations.

Anti-Corruption Certification

In 2013, the auditors confirmed that the processes of the compliance organization are effective. In 2017 we aim to reach a re-certification with a focus on anti-corruption, among other Deutsche Telekom Group subsidiaries.

Antitrust Certification: The Antitrust System of Telekom Romania was examined as well by an independent auditing institution in 2104, according to the German standard IDW PS 980. The audit report certifies that Telekom Romania has an effective compliance management system to avoid antitrust violations and to recognize them in time. As part of this certification Telekom Romania, as well Deutsche Telekom AG and OTE were examined.

To sum it up, compliance stands for clear rules and doing the right thing. At Telekom Romania compliance mean adhering to legal provisions, the Company's internal policies and ethical principles.

Compliance Management Structure



ENTERPRISE RISK MANAGEMENT

Enterprise Risk Management is a systematic approach of identifying, analyzing and evaluating risks in order to develop preventive strategies and ensure the effectiveness of existing control measures. Benefits:

- Consistent risk assessment criteria;
- Accurate and concise risk information for decision making;
- Cost effective and efficient risk mitigation;
- Ensure risk exposure remains within acceptable level (thresholds);
- Protect staff, assets, property and reputation;
- Meet compliance and government requirements.

It aims to manage risks to an acceptable level which has been determined by the Board of Directors and Management Team.

At the core of our ERM there are two key processes:

- Enterprise Risk Landscape development and update based on key risk areas and specific risks arising in each of the areas;
- Risk matrix – Heat Map, the assessment tool we use to identify all relevant risks, based on their impact and likelihood of occurrence.

Risk Landscape, 'risk map' of the group's most critical risk areas, used to facilitate identification, monitoring and reporting of risks, with structured analysis per category (Strategic, Financial, Operational and Compliance).

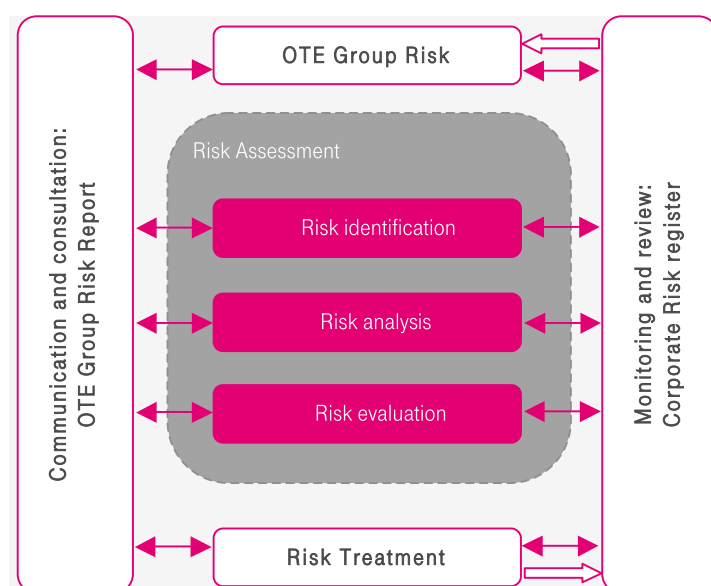
Risk assessment entails:

- Risk identification: identify and describe risks that could affect the achievement of corporate objectives;
- Risk analysis: understand root causes of the identified risks, estimate impact and consequences, and review any existing controls;
- Risk evaluation: compare risk analysis results with risk criteria in order to check whether the risk is within acceptable or tolerable limits.

Risk treatment: select and implement the best way to address the risk (Avoid, Reduce, Transfer, Accept).

Risk monitoring: continuously watch over the risk situation.

Information and Communication: communicate the right information, at the right time, to the right people.



COMPLIANCE IN PRACTICE

COMPLIANCE TRAINING

In 2015 our compliance training programme reached a total of 3,141 employees and it was focused on three key compliance topics: Anti-Corruption, Anti-Trust and Data Privacy on Telecommunication Secrecy. We have organized classroom training sessions and e-learning sessions during which we gave our employees the opportunity to challenge existing attitudes and to 'practice' online so they understand how a risky situation could present itself, how it could evolve and see the consequences of a poor decision in a safe environment.

Our Compliance training programme is developed around the internal guidelines and policies which, during 2015, have been updated and completed as part of continuous improvement of the Compliance Management System.

Compliance training hours per topic

in number of hours	2014	2015
Total compliance training hours	7,684	3,191
Anti-Corruption	5,849	1,647
Data Privacy training for internal employees	6,337.5	3,292
Anti-Trust	141	495
Data Privacy on Telecommunication Secrecy for internal employees	1,059	436
Data Privacy for external employees (call centres)	215	4
Induction Training on Compliance	135	268
Code of Ethics and Insider Trading		26
Anti-Money Laundering		73

COMPLIANCE AWARENESS RISING

United Against Corruption

On 9th of December 2015 we have celebrated the Anti-Corruption Day, joining our Deutsche Telekom colleagues all over the world.

With this occasion we have reviewed what transparency and integrity means, how we fight against corruption in our daily business and how important are the internal measures against actions of corruption. We launched our dedicated Intranet page on anti-corruption.



COMPLIANCE GUIDELINES AND POLICIES FRAMEWORK

- Policy on Avoiding Corruption and Other Conflicts of Interest
- Internal Operations Regulation
- Code of Ethics for Senior Financial Officers
- Code of Conduct for the Protection of the Individual's Rights to Privacy in the Handling of Personal Data
- Policy on Accepting and Granting of Benefits
- Events Policy
- Policy on Avoidance of Sexual Harassment
- Policy on Anti-trust Law
- Policy on Employee Relations
- Corporate Responsibility Policy
- Social Charter
- Benefits Policy
- Fraud Policy
- Donations and Sponsorship Policy
- Supplier Code of Conduct
- Whistleblowing Policy

During 2015, Telekom Romania was not part of any incidents of non-compliance with regulations regarding money laundering and corruption.

CORPORATE RESPONSIBILITY STRATEGY AND MANAGEMENT

Corporate Responsibility (CR) has gone mainstream and one of the key drivers for this is Information and Communication Technology (ICT). Increased and easy access to information allows people, organizations, academia, NGOs and governments to engage in dialogue and to seek solutions to our current social, economic and environmental challenges. We believe that any challenge can be overcome if we act together, if we share knowledge and best practices and if we connect our efforts.

Our Corporate Responsibility objectives are to operate in a responsible way, to be accountable for the potential impact that our operations have, to improve our competitiveness and ensure our growth and contribute to a sustainable development of Romanian society.

We believe that we can achieve our objectives by connecting life and work, connecting the unconnected and contributing to a low carbon society.



Raluca Ezaru
Internal Communication, Corporate Events &
Corporate Responsibility Department Manager

“

Our objective is to operate in a responsible way, to be accountable for the potential impact of our operations and at the same time, to improve our competitiveness and ensure growth.

”

CORPORATE RESPONSIBILITY MANAGEMENT OBJECTIVES

Our CR strategy is aligned with those of Deutsche Telekom and OTE Group. Telekom Romania coordinates with DT Group Corporate Responsibility and OTE Group Corporate Communications Divisions to ensure a common approach, understanding of and engagement in CR by all employees and stakeholders. Telekom Romania's sustainability efforts, as do DT's and OTE Group's, comprise of five pillars.

The key principle of our Corporate Responsibility Strategy is connectivity and digitalization. We are aiming to connect our business development strategy with the broader goals of Romanian society and achieve a balance growth, meaning a growth that is not detrimental, but beneficial, a growth that is both inclusive and environmental sustainable. For each of our strategic pillars we have identified key aspects where we focus our resources and efforts to achieve these goals.

Corporate responsibility pillars

Key aspects

STRATEGY AND MANAGEMENT

Operate in a responsible way, be accountable for the potential impact of our operations and at the same time improve our competitiveness.

- Reporting and transparency
- Corporate governance
- Compliance and risk management
- Sustainability frameworks and standards
- Integrated management systems

MARKETPLACE

Follow a management approach based on the principles of transparency and ethics, while at the same time contribute to the responsible operation of the marketplaces where we conduct our business.

- Responsible competition
- Bridging the digital divide
- Responsible marketing
- Customer satisfaction
- Data security and privacy
- Responsible procurement

OUR PEOPLE

Create a workplace which is safe, fair and facilitates the professional and personal development of our employees.

- Employment
- Equal opportunities and diversity
- Health and safety
- Employee engagement
- Internal communication

SUPPORTING COMMUNITIES

Combine our business success with the prosperity and the quality of life, not only for citizens in local communities, but also at national level.

- Social contribution
- Bridging the digital divide
- Economic development
- Social products and services
- Business entrepreneurship
- Volunteering

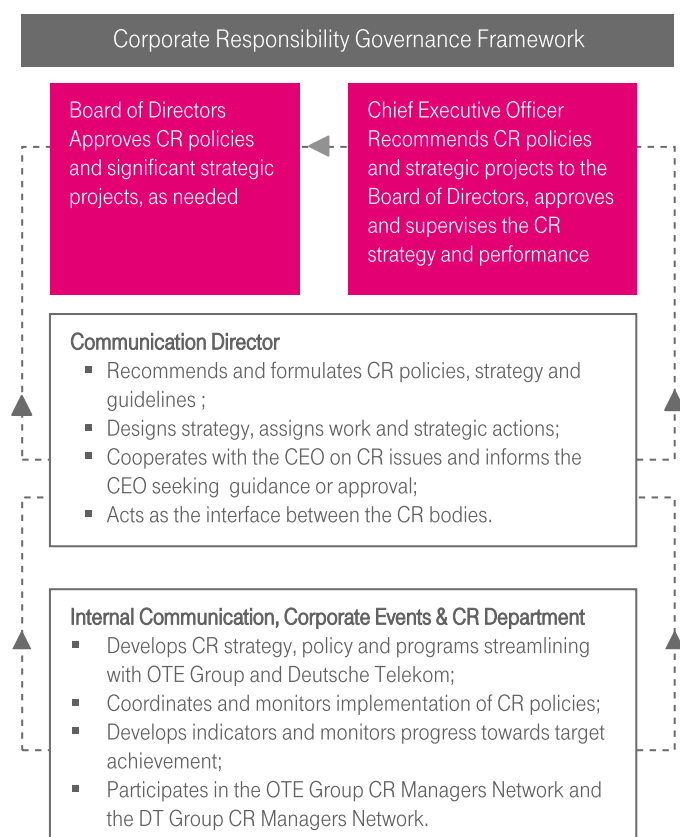
ENVIRONMENTAL SUSTAINABILITY

No negative impact on the environment (where this is not feasible, we aim to minimize the negative impact) and raise awareness of our fellow citizens and employees, on acting more responsibly on the issue of environmental protection.

- Energy use and climate change
- Resource use and waste management
- Ozone
- Biodiversity
- Water
- EMF
- Visual impact
- Noise
- Environmental awareness

CORPORATE RESPONSIBILITY GOVERNANCE

Telekom Romania is committed to corporate governance based on the principles of corporate responsibility. It assumes corporate responsibility toward society, integrates economic, ecological and social aspects in its work and decision making processes along its entire value chain, and maintains a regular exchange with its stakeholders. To ensure that our commitment is transformed in action and results, we have connected the Corporate Responsibility with the Board of Directors scope through our Corporate Communication functions.



CORPORATE RESPONSIBILITY GOVERNANCE AREAS

With CR governance structure, Telekom Romania ensures that topics related to sustainability are integrated in its key business processes. The Board of Directors grants the overall responsibility for Corporate Responsibility to the CEO, who in turn keeps BoD up to date. Corporate Communication Romania Director is responsible for strategic design and implementation of relevant actions. We have defined the key roles and goals of CR bodies for 6 key business areas as follows:

Finance Market

- Generates sustainable added value;
- Contributes to the inclusion of Telekom Romania in appropriate sustainability indexes and steadily improves its rating and ranking evaluations.

Suppliers and human rights

- Ensures compliance with national and international rules, standards and laws;
- Ensures and actively supports adherence with environmental and social standards and human rights during all stages of the supply chain;
- Manages CR opportunities and risks in the Group's purchasing process;
- Identifies risks and improvement potential, and develops improvement measures;
- Analyses and evaluates the impact of the ICT industry on society.

Resource and energy efficiency, climate protection

- Develops, implements and reviews the company-wide waste management strategy;
- Improves resource efficiency by providing instructions and recommendations;
- Provides transparency on the company overall environmental footprint and identifies improvement potential;
- Monitors company's actions with respect to their environmental effectiveness.

Society

- Supports the most vulnerable groups among the population;
- Enables disadvantaged people to participate in the knowledge and information society;
- Supports education initiatives and opportunities via sponsorships, donations and corporate volunteering programs.

Customers and products

- Improves customer satisfaction with sustainability issues;
- Assesses the relevance of product and service sustainability in a dialog with external stakeholders.

Environmental and other management systems

- Establishes framework conditions for environmental performance according to the current relevant standards;
- Evaluates and implements relevant national and international standards on CR aspects;
- Reviews and improves the efficiency of CR related management systems.

CORPORATE RESPONSIBILITY COMMITMENTS

Advancing the 10 UN Global Compact Principles

As from May 2015 we have officially adhered to the 10 principles of UN Global Compact and joined the Global Compact Network in Romania. We have gradually implemented the UN Global Compact Principles in our operations and in our compliance system, ensuring that our activity is in line with the principles and respects and advance the principles, internally and externally. This step forward is not a coincidence. Our company is changing towards a more sustainable business model which already allows us to bring a positive contribution to the progress of Romanian society. The Telekom brand is not just about the image but is more about the way we act in the market, the way we behave and grow together, the way we develop our services.

We have embarked in a journey to materialize in Romania the ITC contribution to sustainable development.

Our efforts to embed the 10 principles in our corporate culture focused on 3 key synergic areas:

- ✓ Implementing the 10 Principles into Strategies and operations
- ✓ Taking action in support of broader UN Goals and Issues
- ✓ Engaging with UN Global Compact



The ten principles of the United Nations Global Compact

1. Businesses should support and respect the protection of internationally proclaimed human rights;
2. Make sure that they are not complicit in human rights abuses;
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. All forms of forced and compulsory labour should be eliminated;
5. Child labour should be effectively abolished;
6. Discrimination in respect of employment and occupation should be eliminated;
7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility;
9. Encourage the development and diffusion of environmentally friendly technologies;
10. Businesses should work against corruption in all its forms, including extortion and bribery.

Access our UN Global Compact Declaration [here](#)

INTEGRATING RESPONSIBILITY INTO OPERATIONS

Integrated Management Systems

We are integrating principles of responsible operation in our management practices, in order to ensure that they are taken into consideration in decision making process in its daily operation. We have developed a business process model based on eTOM (enhanced Telecom Operations Map) and we implemented integrated management systems in the areas of quality, environment, health and safety, information security, business continuity, service management, risk management and compliance.

Our management systems are coordinated by the Process Management Romania Department and are harmonized with Telekom Romania's strategic objectives.

Their aim is to support company's goals by building simple, reliable and efficient processes, designed in partnership with internal customers in an objective, transparent and honest way; to evaluate risks and provide innovative solutions through a unitary model, enabling performance and encouraging change while maintaining control and functionality of our E2E Processes.

During 2015 our management systems goals have been consistently monitored and evaluated. We constantly work to improve our performance and every year we are running in-depth SWOT analysis, external and internal audits for each of the systems to identify our strengths and weaknesses and improve them continuously. All management systems are externally certified.

External certifications and achievements

Increase customer satisfaction Quality Management System based on ISO 9001 Certified by TUV Hellas 2014/2015*	Manage and reduce environmental impact Environmental Management System based on ISO 14001 Certified by TUV Hellas 2014/2015*
Ensure a safe and healthy work environment Health & Safety Management System based on OHSAS 18001 Certified by TUV Hellas 2014/2015*	Protect personal privacy Information Security Management System based on ISO 27001 Certified by TUV Hellas 2014*
Ensure business continuity Business Continuity Management System based on ISO 22301 Certified by TUV Hellas 2014*	Identify and prevent risks Risk Management System based on ISO 31000 Started 2013/2015*
Compliance is the foundation of our business Compliance Management System and Antitrust System based on German Auditing Standard IDW PS 980. Certified 2013 2014**	

*current certification for fixed/mobile integrated operations

**only fixed operations

Key achievements

- ✓ Improved overall customer satisfaction, focus on enhanced customer experience;
- ✓ Increase fixed and mobile network coverage and signal strength;
- ✓ Reduce the environmental impacts of our own operations;
- ✓ Increase the awareness of stakeholders regarding environmental challenges;
- ✓ Provide services and products which contribute to low carbon society;
- ✓ No occupational diseases due to the performed activities;
- ✓ Training of employees on health and safety (100% employees trained);
- ✓ Enhanced customers confidence through implemented security controls;
- ✓ Improved systems resilience;
- ✓ Development of secure products and services for customers;
- ✓ Framework to facilitate achievement of business continuity objectives;
- ✓ Support for management in its strategic decisions, through the identification, evaluation and prioritization of risks;
- ✓ Our business is based on integrity, respect and compliance with the law;
- ✓ The core elements of our compliance management system are: Prevent, Identify, Respond, Eliminate corruption and compete in a fair manner.



STAKEHOLDER ENGAGEMENT

Telekom Romania has a broad range of interactions with stakeholders. Managing these relationships and stakeholder expectations is integral to our core business. Our sector is one of the most dynamic and engaging, as communications and data transmission represent a key activity in the life of every nation, in the life of every community.

We understand that engagement is a two-way process and we appreciate the benefits of mutual learning.

Our stakeholder management is built on the three key principles of Inclusivity, Materiality and Responsiveness.

In our case, the observance of these principles is not theoretical. We are pursuing the Romanian society goals in the field of telecommunication and digitization. The need to modernization and technological advancement of our country represent the most material aspect for our strategy and we are responding by embedding sustainability in our operations and services.

From the development of telecommunication infrastructure to new smart solutions for cities, we are continuously engaging and collaborating with central and local authorities, communities, local suppliers and NGOs so we can bring people together in a sustainable way.

Engaging with stakeholders - the people and organizations who affect our business or who are affected by it – is fundamental to our long term success. Engagement is also integral to our sustainability strategy. We cannot be successful if we do not listen to our customers or work with them. Our sector specificity requires a close cooperation with public authorities at local and central level, communities and technology suppliers and partners.

Stakeholder mapping

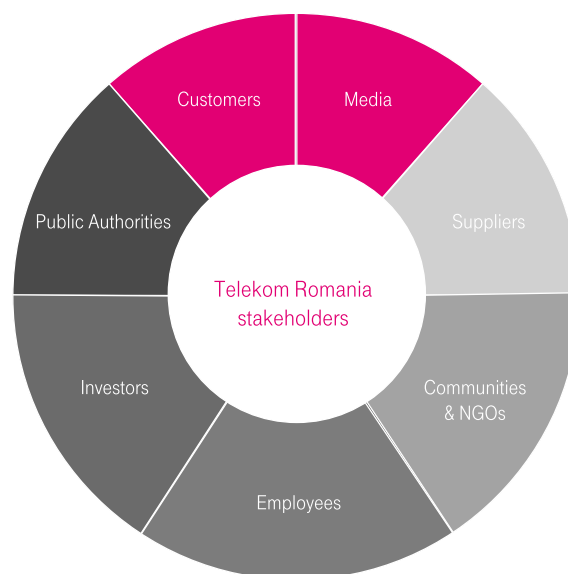
We have mapped our stakeholder landscape and we are updating the information on a yearly basis. The process is being realized in close collaboration by each business function and is being coordinated by the Internal Communication, Corporate Events & CR Department.

Engagement mechanisms

We engage with our stakeholders in a variety of ways, including:

- Integrating sustainability into core business relationships and day-to-day engagement;
- Forming or joining strategic partnerships to address key sectorial issues;
- Mobilizing others – raising awareness and encouraging involvement;
- Seeking expert input on our sustainability strategy and reporting;
- Developing or participating in joint initiatives;
- Requesting inputs and suggestions;
- Dialogue on interests and expectations.

We have developed specific engagement mechanisms for each stakeholder category to increase engagement effectiveness



Public Authorities

- Consultations on proposed laws and regulatory frameworks for telecommunication markets
- Communication with regulatory and public sector bodies
- Dialogue with representatives of national and local authorities
- CR Surveys
- Attendance in associations and unions

Investors

- Corporate Responsibility Reports
- CR surveys
- Participation in Corporate Responsibility ratings
- Private meetings
- Conference calls
- Meetings of executives
- Adoption and implementation of policies and guidelines

Media

- Corporate announcements and systematic contacts with media representatives
- Press conferences and events
- Answers to media enquiries on CR topics
- CR surveys

Employees

- Intranet
- Circulars on all important company decisions
- Meetings with employees
- Negotiations with labour unions
- Emails and newsletters
- Employee satisfaction
- Surveys
- Pulse surveys
- CR surveys
- Organization of internal events
- Appraisal system
- Trainings

Communities & NGOs

- Systematic liaison with central and local authorities
- Meetings with NGOs
- CR surveys
- Community projects
- Sponsorship

Customers

- Customer satisfaction surveys
- CR surveys
- Tracking studies
- Call Centres
- Customer Account Managers
- Social Media
- Sales network

Suppliers

- Consultation and dialogue on procurement procedure issues (relevant laws, telecom market issues etc.)
- Meetings
- CR surveys
- Suppliers evaluation
- Partnerships

Engagement topics

We are engaged in a broad number of topics together with our stakeholders, following common interest and expectations. Monitored by our Internal Communication, Corporate Events & CR Department, the engagement activities are decentralized, carried most of the time at the level of business units. This approach enables closer and more efficient cooperation between all actors involved.

As engagement is a two way process which all actors can initiate and develop, we also take part in initiatives which are not launched by us but which concern our sector, the communities in which we operate, our partners and customers.

Inclusive stakeholder engagement process

Engaging effectively with those seen to be marginalized or 'harder to reach' often requires particular or different efforts. The Romanian society is diverse and there are different characteristics between people, such as ethnicity, sex, age, values, mental and physical ability, and socioeconomic background. Being inclusive is not just about ensuring policy and projects are representative or that the outcomes address inequality, it is also about valuing difference. Our Telekom Romania Foundation represents our main tool to engage on topics and issues of marginalized groups and it help us to maintain our focus on inclusive growth and to consider their expectation and interest in our strategy and operations.

Employees

- Rationalization and reduction of labour costs in agreement, to the greatest extent possible
- Fair Work (diversity, work– life balance)
- Planning and Conduct of Training Programs
- Professional Development
- Health and Safety
- Protection of Personal Data

Customers

- Activation of products, quality of services (in relation to costs)
- Technical Support (e.g. web hosting, DNS services, IPVPN)
- Commercial and Billing Issues
- Telephony Operations
- Improving the way customer complaints are handled
- Safe use of Services
- Electro Magnetic Fields
- Responsible Marketing (e.g. consumer rights)
- Introduction of new technologies
- Data Security and Privacy

Public Authorities

- Implementation of Regulatory Measures
- Issues of Effective Regulatory Adjustment
- Specialized National Goals for European Digital Agenda
- Transparency
- Governance
- Economic Growth

Investors

- Company strategy and results
- Outlook on labour relations, regulatory decision
- Climate Change Policy

Communities & NGOs

- Importance of CR
- Internet Safety Public Education
- Support for Vulnerable Groups and Charities
- Social Contribution
- Meetings and Electronic Communication preferred
- Electro Magnetic Fields
- Biodiversity
- Environmental Performance

Suppliers

- Tender Criteria and Competitions
- Communication on Supplies Issues
- Transparency
- Market Policy
- Economic Growth
- Inserting CR Criteria, including Environmental Criteria

Media

- Timely Response
- Management
- Commercial
- Technology
- Financial
- Environment
- Labour
- CR

ASSESSING STAKEHOLDER INTEREST ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

In 2015 we have engaged our stakeholders to identify the relevance and importance from their perspective of the Corporate Social Responsibility activities of companies and more specifically of telecommunication companies.

We have been also interested if our Corporate Social Responsibility activities are perceived and understood as such.

As engagement method we have chosen the survey method based on 2 questions:

- **Q1: How important is it for you that telecom companies get involved in social responsibility activities?**
- **Q2: Are these telecom companies (Telekom) involved in social responsibility actions?**

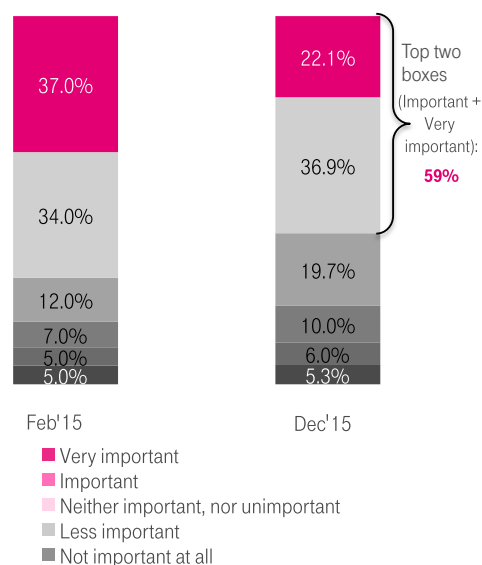
The study was made in Bucharest and it was conducted by our commissioned research agency in two cycles, during February 2015 and December 2015. The results are based on a total number of 1,500 respondents.

As results are showing, 59% of the persons interviewed are considering that is very important respectively important that telecommunication companies engage in CSR activities. The study helped us to better understand the expectation of our stakeholders and validated our plans to continue our programs and projects contributing to social progress.

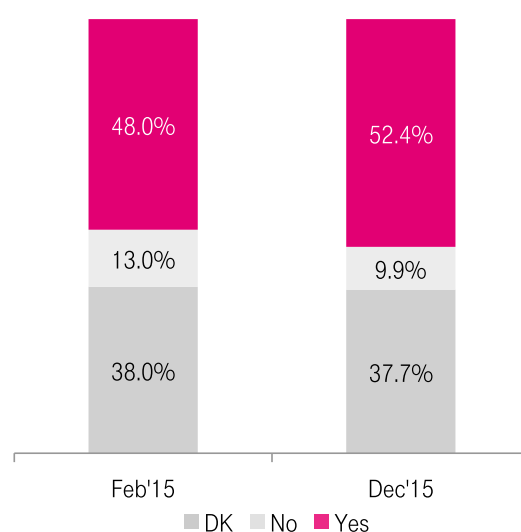
We have also saw that our social responsibility initiatives are known and understood by the majority of the respondents and that Telekom Romania is the operator most associated in the market related to involvement in CSR activities, according to our study.

Results of CSR relevance survey

Q1: How important is it for you that telecom companies get involved in social responsibility activities?



Q2: Are these telecom companies (Telekom) involved in social responsibility actions?



KEY PARTNERSHIPS

For us, stakeholder engagement is not a one-off process, but it is continuous. We have developed long standing partnerships with various stakeholder groups, including NGOs, local communities, suppliers and business sector. We see this approach as our standing contribution.

UN Global Compact

Partner since 2015

Position: Member in the Steering Committee

Thematic area: Human Rights, Labour, Environment, Anticorruption



Network Romania
WE SUPPORT

International Telecommunication Unit

Partner since 2015

Position: Member of board of directors

Thematic area: Sustainability, Technical Standards, Radio Spectrum, Satellite Communication



Romanian Advertising Council

Partner since 2015

Position: Member

Thematic area: Advertising self-regulation, Copyrights



The American Chamber of Commerce in Romania

Partner since 2010

Position: Member

Thematic area: Advocacy and business growth professional association



German-Romanian Chamber of Commerce

Partner since 2011

Position: Member

Thematic area: Advocacy and business growth professional association



Forum Investment Council

Partner since 2010

Position: Member

Thematic area: Advocacy and business development climate



Association of Mobile Operators in Romania

Partner since 2008

Position: Founding member

Thematic area: ICT regulation, Consumer information, Responsible operations on internet, Responsible competition



Association of Romanian Telecommunication Operators

Partner since 2010

Position: Member

Thematic area: Telecommunication regulatory framework development



CEO International Clubs

Partner since 2014

Position: Member

Thematic area: Business development



Transparency International Romania

Partner since 2014

Position: Member

Thematic area: Anticorruption practices





MATERIALITY ASSESSMENT PROCESS

Organizations are faced with a wide range of topics on which they could report. Relevant aspects are those that may reasonably be considered important for reflecting the organization's economic, environmental and social impacts, or influencing the decisions of stakeholders, and, therefore, potentially merit the inclusion in the report. Materiality is the threshold at which Aspects become sufficiently important that they should be reported. Beyond this threshold, not all material Aspects are of equal importance and the emphasis within a report should reflect the relative priority of these material Aspects (Materiality Principle: Global Reporting Initiative G4 Sustainability Reporting Guidelines).

Our materiality assessment process

We are engaged in a broad number of topics together with our stakeholders, following common interests and expectations. In order to cover all the relevant sustainability aspects in our reporting process, we have carried an extensive materiality assessment process between March and May 2016, engaging more than 150 persons from more than 35 organizations. Our process is comprised from 3 steps and its results were used to define the structure and content of our Corporate Responsibility Report.

IDENTIFICATION OF SUSTAINABILITY ASPECTS

Which are the sustainability aspects connected with our services, products and operations?

For us it is absolutely clear that the answer to this question cannot be based only on our opinion and our responsibility is to ask others too and consider their answers as well.

We have started to answer the question considering the already recognized important issues for our business, part of our CR Strategy and management objectives.

We have addressed the question to our employees via direct conversations during internal workshops, e-mail and internal communication channels.

We expanded the search for answers by looking at our organization activity, how we generate economic value and what is its relationship with the natural environment and society.

We have inquired into the ICT sector specific aspects to identify its relationships with the sustainable development goals, its contribution and its impacts on the goals.

We have analyzed also what our peers, industry and sustainability experts considered for expressing the sustainability within ICT sector.

Identifying sustainability aspects

Our approach was holistic, trying to encompass information on sustainability aspects from all levels, organizational, sectorial and cross-sectorial.

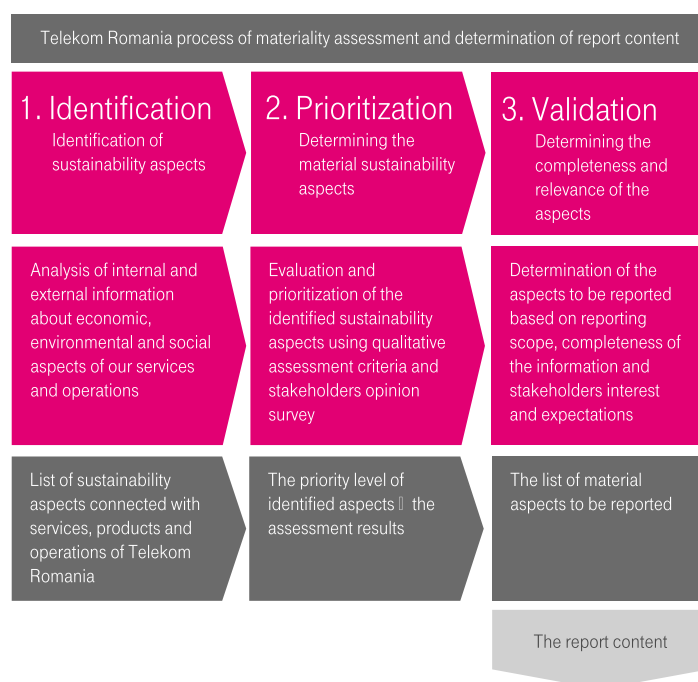
The information which we used for this process was:

- Internal data about: overall company performance, process and services key performance indicators, strategy and operations;
- External information from standards, peers, studies, reports, academia.

Our sources included:

- Internal performance scorecards;
- GRI Telecommunication Sector Supplement;
- GeSI (Global e-Sustainability Initiative) - A Materiality Assessment for the ICT Industry;
- SASB - Sustainability Accounting Standard. Technology & Communication Sector;
- Greenpeace - Green electronics initiative;
- DT and OTE materiality assessment data.

We have identified 113 sustainability aspects organized under 4 general categories: environment, economy, society and governance and 22 sub-categories.



Sustainability aspects categories

1. Products (hardware, accessories) with low environmental impact
2. The type of materials used in the products (hardware, accessories)
3. Services that promote and facilitate resources efficiency
4. Biodiversity
5. Efficiency of resource use within company operations
6. Energy efficiency and climate change mitigation
7. Waste management
8. The economic performance of the organization
9. Economic impact
10. Responsible business practices
11. Social impact management
12. Responsibility towards employees
13. The health, safety and welfare of employees
14. Responsibility in labour relations
15. Customers' health and safety
16. Respect for privacy and personal data protection
17. Access to telecommunications products and services - Bridging the digital divide
18. Customers' relationships
19. Corporate governance
20. Collaboration with stakeholders
21. Promoting sustainable development in the supply chain
22. Research and development

PRIORITIZATION OF SUSTAINABILITY ASPECTS

Materiality assessment – internal dimension

The determination of the significance of economic, social and environmental impacts of sustainability aspects that we identified was the first step in our assessment. We are realizing impact assessments of various aspects of our business on a continuous basis, as part of our management approach, and we have developed specific procedures and processes.

Significant sustainability aspects for Telekom Romania

To determine the relevance level of any given sustainability aspect we are using a qualitative assessment method based on 3 criteria:

- 1. Aspect's impact on financial conditions of Telekom Romania
Provides an indication about the aspect's impact on the company's financial performance
- 2. Aspect's impact level (intensity)
Provides an indication about the level at which the impact effects are manifesting
- 3. Aspect's impact scale
Provides an indication about the dimension and importance of the impact based on the changes it produces

We have carried out the assessment process together with our employees, engaging all business functions in the process in order to ensure a balance view from all perspectives. We have organized one materiality assessment workshop with more than 20 participants and we have asked the opinion of other 75 employees across mobile and fixed operations.



Internal materiality workshop
Telekom Romania employees are assessing the relevance of sustainability aspects.

Materiality assessment – external dimension

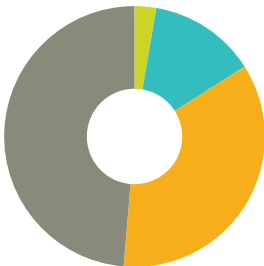
Externally, we have asked our organizational stakeholders about the relevance of each category of aspects from their perspective. During May and June 2016, we launched an on-line questionnaire survey in which 48 organizational stakeholders participated, including customers, media, NGOs, suppliers, other telecommunication companies from Romania and entrepreneurs. For each of the question we have averaged the significance level in order to identify those aspects which are commonly regarded as significant and very significant.

Materiality assessment survey

The results of the materiality assessment survey have revealed the opinions of participants regarding the importance of each aspect, as presented in the example bellow. We have aggregated the results to determine the average importance level for each aspect.

Results of materiality assessment survey
Assessing stakeholder opinion (example)

1. Products (hardware equipment, accesories) with low environmental impact



Importantă scăzută Importantă medie Importantă mare Importantă foarte mare

Importantă scăzută	Importantă medie	Importantă mare	Importantă foarte mare	Total	Weighted Average
2.67%	13.33%	35.33%	48.67%		
4	20	53	73	150	3.30

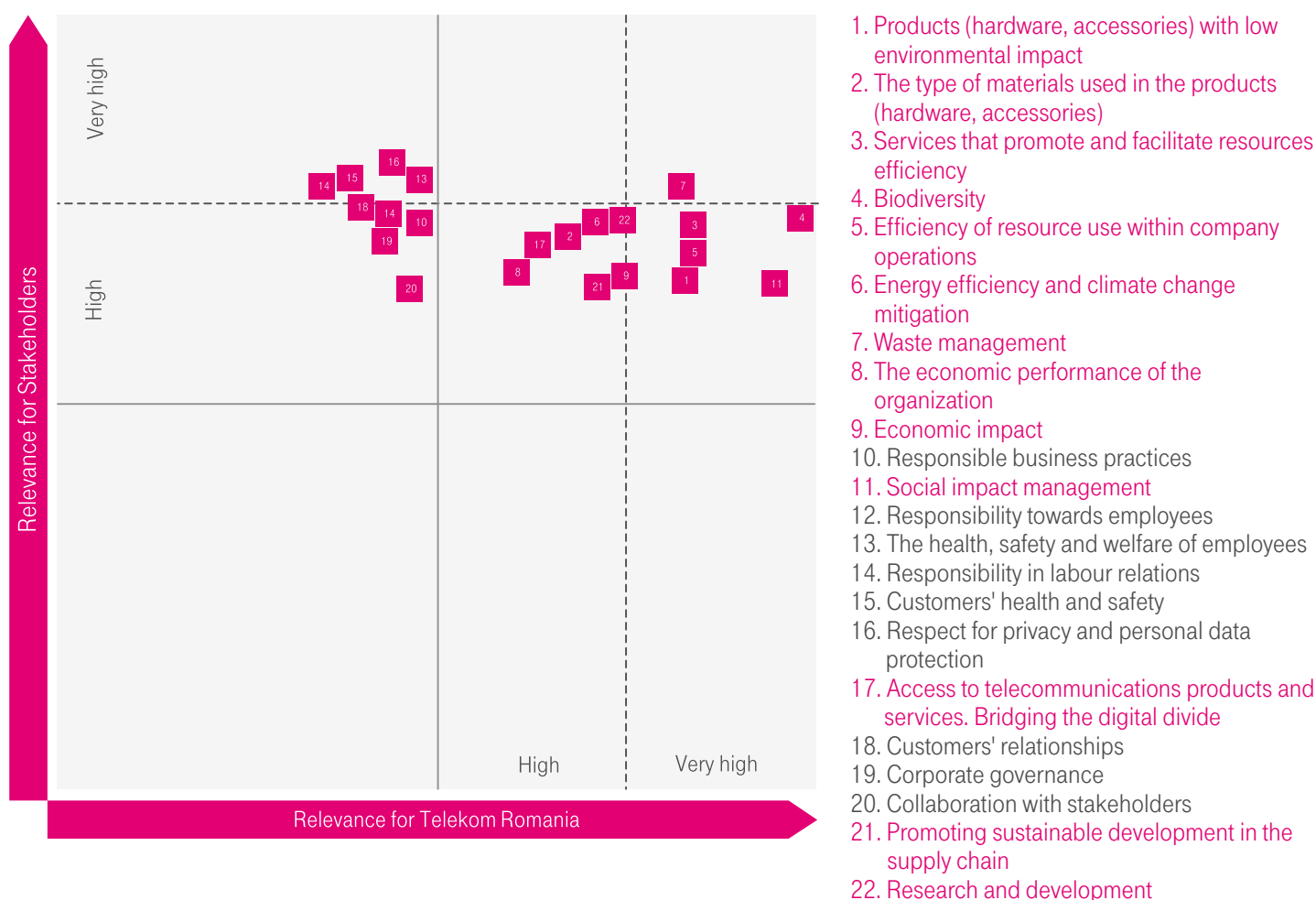
RESULTS OF THE MATERIALITY PROCESS

Material (significant) sustainability aspects

The importance of the materiality assessment is that it generates understanding about what is important from internal point of view (the company and its employees) and from external point of view (the external stakeholders). For Telekom Romania, the materiality process results are influencing not just the reporting process but also the company's CR strategy which now can be better aligned also with external expectations and interests.

The aspect categories determined as having a high and very high importance for our company and for our stakeholders represent the topics on which we are focusing in our reporting process and in our strategy, without affirming that we can address all of them at the same level or in the same time, as this is quite impossible and idealistic.

Materiality matrix Telekom Romania





3. MARKETPLACE

- Responsible competition
- Bridging the digital divide
- Internet safety and public awareness
- Responsible products and services
- Smart cities for Romania
- Customer responsibility
- Customer service and satisfaction
- Information security and data privacy
- Sustainability in the supply chain

CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

EXPANDING BROADBAND AND MOBILE INTERNET

Many people today consider fast, secure, full-coverage telecommunications networks to be an indispensable part of their everyday lives. These networks make new forms of communication and collaboration possible, make it easier for people to get involved, and boost economic development. They also facilitate the emergence of new business models. Production processes and services become more efficient and decision-making processes are enhanced due to the wide range of information available on the Internet. Our response to this increasing demand is to provide attractive offers. That is why we continue to push the expansion of our infrastructure and increase data transmission speeds in both our mobile communications and fixed-line networks.

Our objective is to follow a management approach based on the principles of transparency and ethics, while, at the same time, to contribute to the responsible operations in the marketplace. Our corporate responsibility strategy regarding commercial operation is developed around the following principles:

- Responsible Competition;
- Responsible Marketing;
- Responsible Procurement;
- Public Awareness;
- Customer Satisfaction;
- Data Security and Privacy.



RESPONSIBLE COMPETITION

Our commitment

Our companies are committed to be compliant with national and European regulations of the telecommunications market in Romania. Moreover, we are committed to work together with governmental agencies, enterprises and other stakeholders to ensure a regulatory framework that protects all stakeholders' interests and at the same time contributes to the overall welfare of society.

We have translated this commitment across both fix and mobile operations within our internal policies and procedures.

The authorization regime for the provision of electronic communications networks and services

According to the general authorization regime adopted by the regulatory authority (ANCOM), any person intending to start the provision of public electronic communications networks or publicly available electronic communications services has the obligation to send ANCOM a notification on this intention. The person who submitted the notification is considered a provider of the networks/ services specified in the notification, gaining the corresponding rights and obligations.

For the purpose of ensuring the enforcement and observance of the law, ANCOM is conducting the monitoring and control activity in order to promote competition in the market and protect the users' rights and interests. The control activity envisages the compliance with the obligations imposed by the legislation in force, the resolution of complaints, as well as the assessment of the quality of the provided networks and services.

On the other hand, the providers are obliged to inform ANCOM on a series of aspects such as general statistical data, contracts, access and interconnection, annual financial statements.

Regulatory action frame

In 2015, our companies concentrated on a number of regulatory and administrative actions on the following topics:

- Customers' information about contractual conditions to ensure transparency on the market;
- Respecting the licenses' obligations regarding spectrum utilization, numbering, technical resources allocation;
- Respecting the obligations regarding wholesale, interconnection, MVNOs, alternative services partners;
- Electromagnetic fields public perception mitigation, through ensuring transparency of ICNIRP and national regulations and World Health Organisation recommendations;
- Debating legislative proposals on the telecommunication market regarding charge control and other local authorities initiatives;
- On-going consultancy process regarding European and national legal framework implementation in the business activity.

Compliance with fair competition regulations

In 2015 there were registered 160 complaints to ANCOM (National IT&C regulator) regarding our mobile operations and 176 regarding our fixed operations. All the complaints were answered in the legal term and no financial penalties have been issued.

During 2014 and 2015, Telekom Romania was not part of any incidents of non-compliance with national fair competition regulations.

Together with the main telecommunication operators in the Romanian market, our commercial competition policies have been assessed by Competition Council and the results are presented in decision no. 33 / 18.08.2015.

ROMANIA IN DIGITAL ERA

Fixed telephony

ANCOM's data regarding the fixed telephony services show a downward trend both in the number of access lines (-6%, reaching 4.27 million) and, respectively, in the number of subscribers (-6% to 3.71 million), as well as in the volume of the voice traffic achieved. On 31 December 2015, the fixed telephony penetration rate at population level was 21.5%, whereas the penetration rate at household level was 46.5% per 100 households.

The voice traffic achieved on the fixed networks in the first half of 2015 amounted to 3.8 billion minutes, 16% lower than the previous year. Thus, the voice traffic to fixed networks dropped by 18% to 2.5 billion minutes, traffic to mobile public networks decreased by 14% to 1 billion minutes, whereas outgoing cross-border traffic diminished by 11%, to 286 million minutes.

Mobile telephony

By the end of 2015, 23.1 million people were actively using mobile telephony services, a 1% rise compared to 2014. It should be noted that the number of subscription based users continued to rise to 10.7 million (+8%), whereas the active prepaid cards number fell by 5% (to 12.5 million). The penetration rate of mobile telephony services per 100 inhabitants reached 116.4% by the end of 2015.

Although the number of mobile telephony users is constant, the total traffic achieved rose by 4% in 2015 compared to 2014, to almost 70 billion minutes.

Significant rises were recorded in international traffic (+76% to 3.7 billion minutes) and traffic to other mobile telephony networks (+64% to 14.9 billion minutes), the latter case being determined by an increase in lucrative offers on the retail market which contain national minutes, as a result of ANCOM intervention on the wholesale market by regulating the maximum value of termination tariffs in mobile networks. Traffic to fixed networks rose by 3%, whereas on-net traffic decreased by 9%.

In 2015, over 20 billion SMS were sent, 3% more than in 2014, 85% of these being sent in their own network. Over half of the voice traffic and 40% of the SMS traffic is made by subscription based users. The average call duration on a mobile terminal in 2015 rose to 2 minutes 32 seconds, while the average monthly voice traffic by an active user was 4 hours 13 minutes, 7 minutes more than the monthly average in registered in 2014. Such active user sends an average of 74 SMS per month.

Source: ANCOM 2015 Annual Report ([access here](#))

As regards roaming services, voice traffic continues to register a significant increase by 63%, exceeding 1 billion minutes (of which 361 million minutes were outgoing calls and 690 million incoming calls), while traffic of outgoing roaming SMS rose by 5%, to 129 million SMS. Roaming data consumption also rose significantly, three times, from 202 thousand GB in 2014 to 606 thousand GB in 2015.

Internet access services

4G connections number increased by more than three times and a half in 2015, from less than 800,000 in 2014 to 2.7 million in 2015.

By the end of 2015, in Romania there were 14.7 million mobile broadband connections, growing by 22% per year. Mobile broadband internet penetration rate per 100 inhabitants reached 74%, an increase by more than 13 p.p. compared to 2014. Of the 14.7 million mobile broadband connections, 9 million were subscription-based (40% increase over the last year) and 5.7 million were based on prepaid cards (1% increase). Total traffic achieved by these connections doubled in 2015, from 46 thousands TB in 2014 to 99 thousand TB in 2015. Also, the average monthly traffic per connection rose from 0.26 GB to 0.48 GB.

By the end of 2015, the number of fixed broadband connections rose by more than 300,000, mainly ultra-high speed connections. More than half of the 4.3million fixed broadband connections allow transfer speeds of over 100 Mbps. The traffic achieved through these connections reached a total of 4.5 million TB, while the average monthly consumption per user reached 91 GB. Out of the fixed broadband connections, 52% enable speeds of at least 100Mbps -, propelling Romania among the European top performers regarding the share of high speed connections out of the total number of connections.

Regarding end-user access infrastructure, at the end of 2015 we witness growth in the number of FTTH connections, which reached 428 thousand (+196%), and of radio, satellite, mobile networks connections which reached 144 thousand (+151%). At the same time, due to the natural trend in upgrading optical fibre networks and investments in new technologies, the xDSL and FTTx connections with end-user access by coaxial cable dropped by over 5% but they continue to have the biggest share out of the total number of broadband internet access connections – FTTx with UTP/FTP cable access 50% and xDSL 23%.

BRIDGING THE DIGITAL DIVIDE

CONTRIBUTING TO EXPANSION OF BROADBAND AND INTERNET ACCESS IN ROMANIA

The national challenges

Romania faced two main challenges in connectivity in 2015. First, it needs to improve the coverage of fixed broadband networks reaching only 89% of households, significantly below the EU average (97%). Second, it needs to increase the number of broadband subscribers: only 60% (June 2015) of households subscribe to fixed broadband (EU average is 72%) and 59 subscribers per 100 people (June 2015) subscribe to mobile broadband (EU average is 75), limiting Romania's ability to exploit the benefits of the digital economy.

Our contribution

At the end of 2015, Telekom Romania 4G network covered 57% of the urban population and 32.4% of the total population (urban and rural). In Bucharest, 4G covered 98% of the city area, while in Brasov and Poiana Brasov, main tourist destinations, the coverage was 98% and 100% respectively. In addition, Telekom customers that are not located in the 4G area can enjoy the 4G Experience, with an advanced connection based on 3G HSDPA dual carrier technology allowing speeds of up to 43.2 Mbps in 275 cities and over 5,000 other locations.

On the fixed segment, Telekom Romania's FTTx footprint covered 1.3 million households in 25 Romanian cities at the end of 2015, the focus being on further increasing the penetration of this technology in the already covered regions. Customers opting for this technology benefit of speeds of up to 1 Gbps for broadband and of interactive television (IPTV) services.

Key investments in 2015

Telekom Romania maintained a constant investment level over the last 5 years, of around 150 million EURO per year. In 2015, our total investments were directed mainly towards ensuring technological leadership, through the expansion of both fixed (FTTx) and mobile infrastructures (3G / 4G). This infrastructure serves as a foundation for further services for citizens and businesses and helps increasing the company's competitiveness.

KEY INFRASTRUCTURE INITIATIVES

RO-NET Project

Contractor for a MCSI project for building national broadband infrastructure in disadvantaged areas, through the use of structural funds

The RO-NET project, whose beneficiary is the Ministry of Communications and Information Society, is one of the biggest communication infrastructure projects in Romania. After a very thorough tendering process, Telekom Romania group of companies has been designated to implement the project. The initiative focuses on 783 out of 2,268 localities throughout Romania in "white areas", where there are neither electronic access communication networks, nor electronic distribution communication networks. Those selected 783 localities have been divided into seven lots for the implementation of the project, which will ultimately result in some 400,000 residents, 8,500 businesses, and 2,800 public institutions being able to connect to an internet broadband network. In 2015 we concluded works in approximately 100 localities from the 783 included in the project.

INTERNET SAFETY AND PUBLIC AWARENESS

The safe usage of internet is a common responsibility of industry, government, law enforcement, civil society, and consumers themselves. At Telekom Romania we are dedicated to protect our customers, their families and their business by providing safe and secured services and contributing to their awareness about internet safety risks.

Our approach is based on the following guiding principles:

- Provision of services with a high degree of data privacy and data security;
- Improve media skills of our customer and work in partnership with others to create a child-friendly internet;
- Include data privacy and data security aspects throughout the entire life cycle of our products;
- Collaborate closely with prosecuting authorities, NGOs and with other partners from business, politics, and society to ban online content that is harmful to children and young people.

Products and services for private users

Telekom Romania offers its customers a variety of services addressing online safety and security. The broad range of applications include: anti-virus, anti-spam, firewall, browser protection, as well as enriched parental control services that allow parents to monitor, filter and block access to websites with inappropriate content (e.g. violence, adult content, weapons, drugs, etc.).

The parental control functionality gives the users the ability to adjust the level of protection depending on the age of the children. Parental Control Services are also offered, in both IPTV and satellite platform. With these services, the subscribers have the option to set the parental control level of their choice to block access to specific programs, based on the parental control rating level that all program in the service carries. Additionally, in satellite service, the subscribers can block access to specific channel(s) of their choice.

Our mobile services enables parents to control their children's access to mobile services addressed only to adults, through a series of user friendly parental control services developed and offered to subscribers free of charge. Specifically, the antivirus and security protection program "Lookout" is pre-installed in all Android devices that we distribute, offers parents the option to block the "erotic" category as well as to block unwanted access by calling Telekom Romania customer service.

Complete protection for businesses

We are looking at data security from many angles as the threats have been intensified, diversified and multiplied. In 2015 the cyber security incidents grew worldwide with 38% compared with 2014 and our objective is to ensure viable protection for our customers.

Our security solutions are organized on the following categories:

1. Network Security

Distributed Denial of Services (DDoS) – on-line detection and mitigation at network level for local and international attacks up to 10 Gbps.

2. Cloud Data Security

In case of disaster, Telekom data centers guarantee data recovery and business continuity for all customers.

3. Equipments Security

Our security services portfolio includes Norton Security Online to ensure protection for any device: mobile phone, tablet, PC.

Secure your network

- Establish secure VPNs and firewalls
- Set up anti-DDoS management
- Secure hosting in a high security data centers

Secure your data

- Back up your data
- Encrypt your data
- Establish disaster recovery strategy

Secure your mobile device

- Use secure mobile applications
- Keep your system up to data
- Establish BYOS, MDM, EMM policies

RESPONSIBLE PRODUCTS AND SERVICES

ICTs can help increase economic efficiency and competitiveness, can facilitate better management of procurement, storage and distribution of food, can support e-health policies and strategies with regard to telemedicine, can facilitate educational delivery at all levels, can play a significant role to reduce the carbon footprint of cities, can foster sustainable consumption and production and enable global interconnectedness which accelerate human progress.

Our goal is to transform the ICT potential in reality.

We are investing in developing products and services which are addressing the current social, economic and environmental challenges, sector by sector. In 2015 we focused on developing services to support Romanian cities and businesses in reducing their energy consumption and emissions, improving their social engagement level and increasing their material efficiency.

Our product and service strategy aims to achieve the following goals:

- Enable sustainable growth of our company;
- Support the transition to a low carbon society;
- Facilitate access to education and health services for as many people as possible;
- Support the sustainable development of Romanian communities;
- Enable customers to achieve their own sustainability goals.

We invite you to discover our approach and our achievements.

Telekom Romania seeks to offer responsible products and services, with appropriate labelling and information to provide to their customers, security for the lifetime of products and services and to ensure the confidentiality of their personal data. In this context, all products for sale, accessory products and services offered are certified and carry all obligatory markings required by EU legislation, directives and regulations on the safe use, the restriction of use of hazardous substances and the reduction of electronic waste. Telekom Romania strives to enhance reuse and recycling of materials and support the safe use of the Internet. Communication concerning marketing is carried out in accordance with applicable laws and regulations, while at the same time the company is constantly working to develop tools and procedures to ensure the confidentiality of personal information of customers.

Technological progress offers new ways to address the challenges posed by climate change, scarcity of resources, and nationwide healthcare. Information and communications technology plays a key role in this context.

Telekom Romania is helping consumers and business customers effectively lower their energy consumption and reduce CO₂ emissions with our growing offer of green products and innovative ICT solutions. We have been offering services to dematerialize business processes such as online billing, digitized workflows and cloud computing for several years.

Cloud computing

By moving common business applications like email, CRM software and bundled productivity software (spread sheets, file sharing, word processing, etc.) from local computer systems to centralized cloud services one can cut IT electricity consumption at the company level and directly contribute to CO₂ emissions reduction. Our One Drive cloud service enables enterprises to minimize also the traditional high logistics and maintenance costs (hardware/ software). Essentially the cloud computing provides online services in a safe and uninterrupted utilization of IT infrastructure, giving users the ability to directly access, monitor and manage their data through user-friendly tools. Telekom's One Drive service provides 1 TB data storage space and access to various office and management applications.

Find out more about business services [here](#)

Teleconference

Teleconferencing solutions provides substantial sustainability benefits. They enable fuel, time and costs reduction associated with reduced physical travel. Business meetings, conference, events or even training can now be realized with no travel efforts. We have integrated the Teleconference application in our services for corporate clients. The service (based on cloud computing) allows businesses to make videoconferences from anywhere, via smartphones, tablets or laptops, in which the appropriate software is installed.

At the same time, we have offered audio conferencing services directly where our customers and partners needed, enabling social engagement and communication not possible otherwise. Internally, teleconference solutions help us to manage our national wide activities and remain connected with our colleagues from the group.

As a modern technology company, our aim is to assume a pioneering role and help shape future developments, which is why we develop smart solutions for more efficiency and convenience while keeping environmental impact to a minimum. Our focus here includes the growth areas M2M communication, telemedicine, smart office and smart cities.

Smart Office

In 2015 Telekom Romania added in its portfolio two new M2M packages allowing companies to control, monitor and automatize their offices remotely: the Security Package and the Comfort Package. Thus, Telekom translates IT&C technological innovations into concrete solutions meant to help small and medium companies manage their resources more efficiently and identify new opportunities for developing their own business. The Smart packages for offices are managed through mydlink Home application, available for free in AppStore and Google Market. The application connects and coordinates intuitively all the equipment included in the package, while the functioning settings can be established according to the customers' needs.

The Comfort Package includes a Smart Plug, a motion sensor and a HD camera with built-in night vision function allowing you to see up to 5 meters even in complete darkness. These devices communicate based on the Wi-Fi network available in the office and are controlled through mydlink Home application. Customers can add other "smart" device in the package as well, such as water sensors, sirens, IP cameras or Wi-Fi audio extender.

For those who are looking for a more secure environment, the Security Package includes a connecting hub, a 3-in-1 sensor for door/ window opening, temperature and light, a siren and a HD camera monitor. Connected Home Hub ensures the connection between the Wi-Fi network and the other devices, while through the mydlink Home application users can control and monitor the office remotely. Additionally, customers can include in the package motion and water sensors, as well as sirens, 360 degrees IP cameras, smart plugs or other 3-in-1 sensors for door/ window opening, temperature and light.

First "digital tree" with Wi-Fi connectivity

In March 2015 Telekom Romania and Smart Sun Solutions "planted" the first digital tree in Romania in Timisoara. This Strawberry Tree, the world's first solar energy-based public mobile-device charger offering Wi-Fi connectivity, is very suitable for "planting" in parks, open-air restaurants or commercial areas. The internet connection is based on 3G or 4G technology, depending on the coverage, and has a reach of approx. 10 meters. The system's rechargeable batteries store the energy and can run for up to 14 days. The Strawberry Tree allows simultaneous charging of up to 16 devices and has an annual capacity of up to 840,000 10-minute charges. It is not only a very innovative concept but also an environmental-friendly one with an eco-design and a neutral carbon footprint, while offering a friendly, convenient and inspiring service in crowded public places.



The "Strawberry Tree" - find out more [here](#)



SMART CITIES FOR ROMANIA

Smart cities: Innovative solutions for urban spaces

Cities account for a large share of global CO₂ emissions. At the same time they can also be the driving force behind and the origin of sustainable solutions. Telekom Romania, based on Deutsche Telekom group's expertise, is dedicated to innovative solutions that help reshape cities into smart urban spaces.

Since 2015, Telekom Romania started to implement several innovative solutions meant to prepare the field for the implementation of integrated smart cities solutions. The face of a city can change with the help of digital "trees" - solar charges for mobile devices connected to Wi-Fi, like the one Telekom "planted" in one of the parks of Timisoara city. Another solution for public spaces is Managed Wi-Fi which offers free Wi-Fi for the citizens and analytical data for the public administration. Urban data are thus collected and then processed with the help of analytical tools known as "Big data Analytics". The generated data is very useful for the ones who design the development strategy of a city, with the aim to improve the life quality of its citizens.

The digitalization of urban space is motivated by societal, economic, ecological and technological developments. They include superordinate current and future challenges such as increasing urbanization and demographic change, and also individual plans for the future and problems faced by individual communities. The road towards the connected city must thus be understood as a complex interplay of different interests and objectives of cities, citizens and other stakeholders like local companies and institutions.

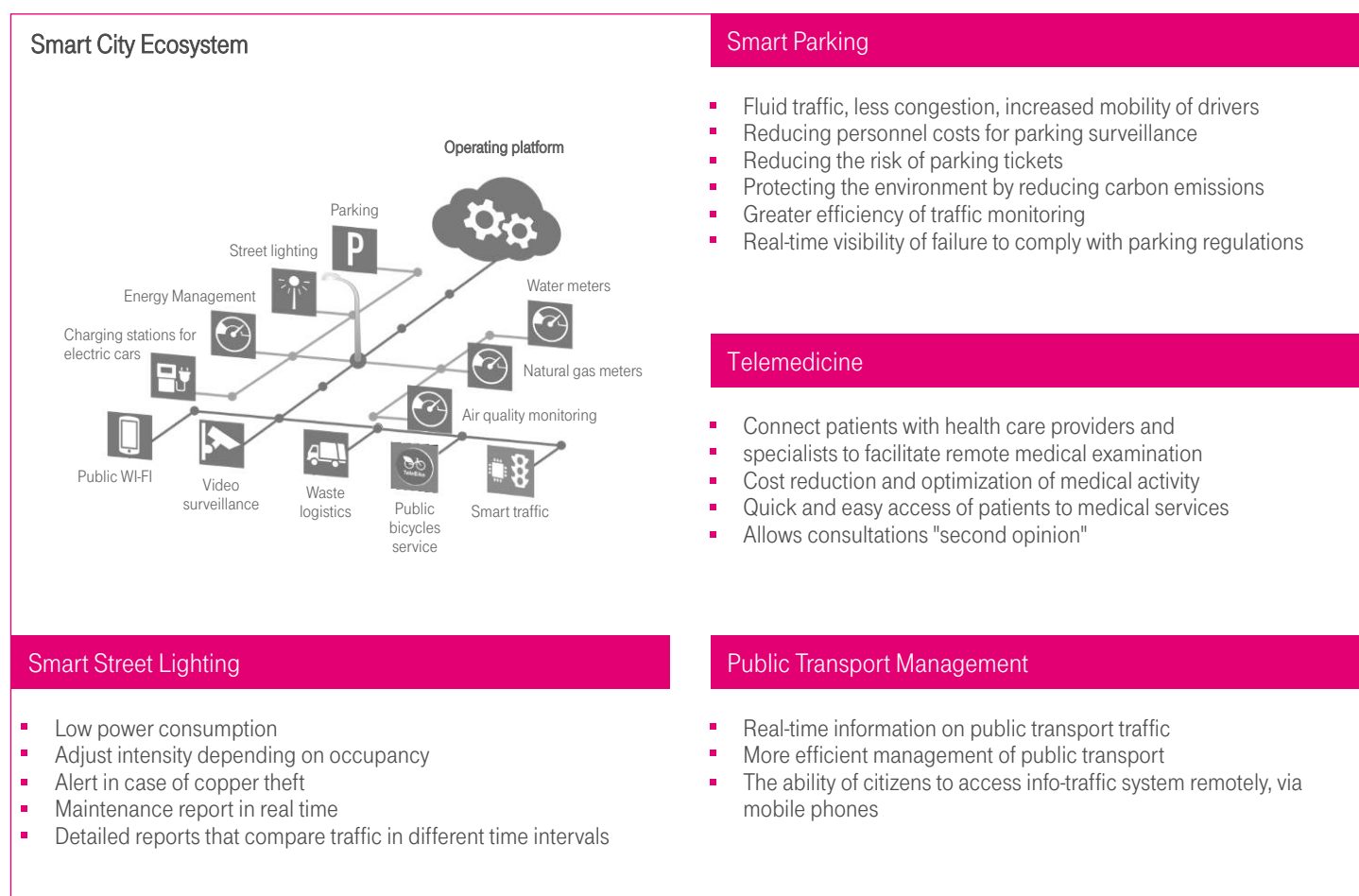
SMART CITY SOLUTIONS

Our Smart City solutions entail many different building blocks and challenges – from processes, hardware, software and communication layers to the design of new business models. They have to meet the interests, needs and political aspirations of citizens, authorities and businesses. Building on its expertise at operating, managing and advancing large communication infrastructures, its experience in the M2M sector and its IT integration capabilities, Telekom Romania aims to put the pieces of this complex ecosystem together.

Collaboration, open platforms and multi-layered urban networks are the key to take the digital transformation of cities forward. The move towards Connected Cities is an evolutionary process in which heterogeneous building blocks need to be integrated in a larger ecosystem of connected things and people.

The step by-step transformation of public infrastructures and services addresses the challenges of modern cities – from energy supplies and traffic planning to economic and ecological sustainability.

How a Smart City should look like



Find out more about our Smart City solutions [here](#)

CUSTOMER RESPONSIBILITY

RESPONSIBLE MARKETING PRACTICES

We ensure that our marketing is always honest, truthful, decent and fair and that all employees responsible for company advertising, direct marketing and point-of-sale material carry out their responsibilities in a manner that upholds these values. We conform fully to the applicable laws and regulations for communication and advertising and we follow the “Commercial communication rules on telecommunication services and products” issues by the Romanian Advertising Council (RAC).

To ensure that the companies' communication material is consistent with legal requirements, appropriate, fair and sincere, accurate and respecting people's differences, in terms of age, gender, race, religion and physical or mental status, the Brand and Communication Strategy Division Romania reviews all advertising messages and campaigns, before releasing them to the public.

Transparency of pricing

Our transparency and pricing policy is fully aligned with the national laws. We are committed to clear, simple and transparent communication of pricing issues, implementing measures to ensure that our customers' decisions are well informed. This measure includes:

- immediate notification of pricing information within the prescribed time limits;
- availability of full pricing information on the website and customer service centers;
- availability of diverse cost control options.

Telekom Romania adheres to RAC Rules for Commercial Communication

- **Clarity of the information**
The commercial communication shall be conveyed in such a way that it is clear, unequivocal and easily understood by the average consumer.
- **Correctness of the information**
All the information conveyed by the commercial communication shall be correct and adequate.
- **Advertising substantiation**
The announcer must be able to, at all times, provide evidence for the validity and trustworthiness of the data, descriptions, statements, illustrations and testimonials used for advertising purposes. Such evidence shall consist of concrete and relevant elements.
- **Complete information**
The commercial communication shall not offer erroneous, ambiguous or misleading presentations of the data or information and it shall not leave out information that might be important for the decision to purchase a certain service or product.
- **Footnotes**
 - a. In the case of audio-visual communications (television, cinema, video or similar), the footnotes shall be at least 14 points in size (Arial font) and shall be present on screen at least during the time the information they supplement or explain is displayed or spoken;
 - b. The footnotes shall be on display enough for the average consumer – as defined in this code – to be able to read them;
 - c. For communications conveyed on the radio, the footnotes shall be spoken at a speed that allows the consumer to understand them clearly and easily;
 - d. For communications conveyed on printed media (newspapers, magazines, booklets, flyers, posters, leaflets, catalogues or similar) the size of the footnotes shall be enough to make them easy to read and understand by the consumer;
 - e. The footnotes shall be clear and explicit enough for the consumer to understand the real requirements for benefiting from the products or services promoted in the commercial communications. However, if there should be any constraint due to the size of the footnote space or duration of the display time, the footnotes may point to a web address or other such solution providing to the average consumer all the information he might need before purchasing a product.

CUSTOMER SATISFACTION

We invest in our network, in innovation and in cultivating a mutual, sincere and trustful relationship with our customers. The first principle of our Code of Conduct is about customers and all our strategies, initiatives and programs are driven by the goal of achieving customer delight.

Telekom Romania is constantly measuring and analyzing customer satisfaction using two approaches:

- Satisfaction surveys issued directly by us to the customers;
- Independent studies realized by a third party.

Our goal is to understand and respond to client needs and consciously improve our service quality.

- Within the NG ICCA (Next Generation International Contact Center Analysis) customers are requested to respond to a 6 questions questionnaire via SMS, differentiated per interaction type (corporate store, call center or technician), by providing ratings from highest to lowest. The results are available by means of reports.
- Telekom Romania also has adhered to the study coordinated by the Deutsche Telekom (DT) Group in all Group companies. TRI*M (Customer Satisfaction & Loyalty study) is developed on fixed and mobile, for both residential & business segments.

We are aiming to achieve a slight improvement in the development of our customer satisfaction in 2016 and 2017 respectively, measured in terms of the TRI*M index performance indicator.

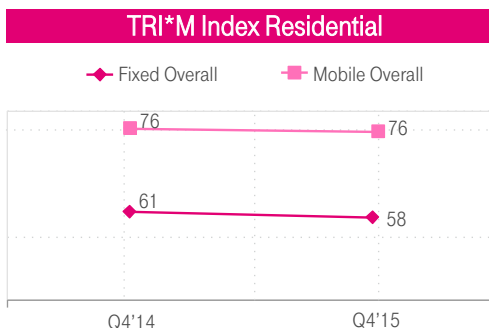
When assessing our customer satisfaction level we are closely monitoring and following any complaint received through external and internal channels.

In 2015, Telekom Romania Communications and Telekom Romania Mobile Communications received a total of 4,382 complaints through National Authority for Consumer Protection, out of which 105 generated a total of 40,555 EURO financial penalties for our companies.

CUSTOMER SERVICE PERFORMANCE

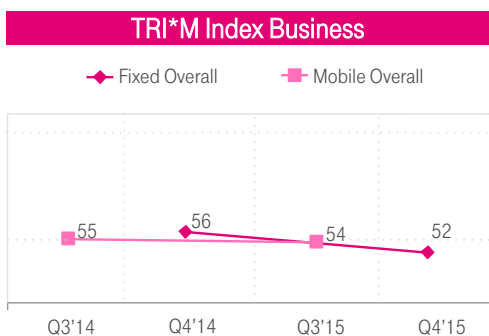
Residential segment

Yoy, TRI*M index maintained at similar level for mobile customers while for fixed it registered a 3 points decrease.



Business segment

Yoy, for business customers, TRI*M index maintained at similar level for mobile customers while for fixed it decreased 4 points.



TRI*M (Measuring, Managing and Monitoring):

indicator that analyses measures and portrays stakeholder relationships on the basis of standardized indicators. The index is made up of 4 points of view (performance, recommendation, further usage, competitive advantage). The information is based on surveys/interviews.

INFORMATION SECURITY AND DATA PRIVACY

It is crucial for us, for our customers, for our partners and for our employees!

Our continuous commitment to provide a safe and secure information environment and data privacy for all is embedded in our organisational DNA and in the personal values of all our employees. Telekom Romania is making sure that all data and information on their possession are processed purely for their intended purpose and are protected from misuse.

Our shared information security and data privacy framework is based on the following elements:

- **Specific policies and safety standards**, which cover areas such as: IT/NT Security, Information Security and Data Protection;
- **Binding Corporate Rules. Privacy within the DT Group**
The new "Binding Corporate Data Privacy Rules" cover the legal requirements for the exchange of personal data both within the Deutsche Telekom Group as well as outside the OTE Group. They contain the applicable minimum requirements under European legislation on the adequate protection of personal data. They have been applied within Deutsche Telekom as of December 2013 and were entered into force within Telekom Romania as of December 2015.

Telekom Romania Communications (former Romtelecom) was the first telecommunications company in Romania certified with ISO 27001 starting 2006, in significant aspects of the business. Telekom Romania Mobile Communications (former Cosmote) was certified with ISO 27001 since 2013. In 2015 TUV Hellas certified our Information Security Management System based on ISO 27001.

Today 396 million internet users in the EU generates user personal data in social networks, games, search engines, online commerce and other such services. These data such as name, sex, IP address, personal preferences, is considered by the applicable legislation on data protection field as having the nature of personal data.

Part of OTE and DT framework programs but also based on specific needs and requirements of our local systems architecture, during the reporting period Telekom Romania realized a series of measures and project for the improvement of the safety and security of data protection systems:

- 4,176 employees were trained in 2015 on information security aspects;
- Since 2015 we also asked the training of our subcontractors on information security aspects and we provided them materials in this respect, tailored to our needs;
- Moreover, we have periodical awareness campaigns on current Information Security issues;
- We are testing tens of applications for vulnerabilities and misconfigurations, both created by us or belonging to our partners; we are also testing CPE (customer premises equipment) that we provide to our customers;
- We ask our partners and suppliers through contract the implementation of high information security standard compatible with ours and we impose information security in all new applications and products; we are also testing their implementation before production.

By protecting personal data belonging to customers will increase their confidence in the company and it will gain the title of reliable player on the relevant market. Compromising data security could produce severe effects on economic activity and growth rate of a company. A company located in such a situation can expect the loss of a significant number of customers, costly litigation and in administrative fines grave, all taking place together with the decrease reputation, which will require payment of considerable amounts to be rebuild.

Ensuring data security and technical conditions of processing them in a safe environment as possible are equally important; therefore, periodically, we are training our employees handling personal data.

During 2015 we have received 3 external complaints regarding data privacy, out of which 2 have been determined as non-compliant with national regulation and resulted in a total of 7,778 EURO financial penalty.

Business continuity is as important as information security and data privacy in order to be able to offer seamless communication with minimum interruption and damage to human lives, material assets and environment. Business Continuity Management System based on ISO 22301 has been certified by TUV Hellas since 2014 for our companies.

Business Continuity Management System's aim, in response to a significant disruption (whether actual or impending), will always be to:

- Ensure the safety of the Company's employees and other occupants or visitors within the buildings;
- Endeavour to meet our obligations to employees, customers, shareholders and other interested parties;
- Minimize disruption to our customers and to protect and preserve our assets and reputation;
- Facilitate a return to normal operations as soon as practicable;
- Stay in business.

The Telekom Romania' Business Continuity Management System Key Objectives are to:

- Ensure the availability of company's products, services and key business functions in-line with key stakeholders' expectations considering business objectives;
- Maintain the organization certification as a prerequisite for auctions or contracts and as well as to ensure a good reputation on the market.

We are developing our internal competences and knowledge permanently and we support our employees to understand and apply the specific data security and privacy, as well as business continuity requirements by continuously developing awareness raising and training programmes.

In 2015 we implemented activities such as:

- Useful Information relevant to physical security, information security and business continuity, in the introductory training of all new employees;
- E-learning and classroom training course on data protection and safeguarding of the privacy of communications in which a total number of 1,541 employees participated;
- Business Continuity relevant information for major disasters such as earthquakes and e-learning courses for more general purposes.

Data privacy training

	2014	2015
Number of employees	1,560	632
Total compliance training hours	6,337.5	3,292

SUSTAINABILITY IN THE SUPPLY CHAIN

“Our environmental and social impact is influenced also by the way we manage our supply chain and our infrastructure. We are gradually implementing responsible and sustainable practices in all of these areas by closely working with our suppliers and contractors on aspects like energy efficiency, emissions reductions, cost optimization, waste management, health and safety and responsible business practices. The Romanian business environment is just beginning to move in this direction, our suppliers are starting to realize and understand the benefits and every step forward represents a success for us and for them. “



Alberto Manea,
Supply Chain Director Romania

Procurement Policy

Our procurement policy is based on the following principles:

- Obtain the best value for the companies in terms of price, quality, goods, services etc;
- Avoid conflict of interests;
- Conduct ethically and fairly all business relationships with our suppliers and all other parties;
- Procurement will be conducted in accordance with all applicable laws, government regulations, transparency and integrity requirements;
- Conduct business with environmentally and socially responsible Suppliers, in alignment with the overall Sustainable Procurement Strategy of OTE and Deutsche Telekom AG;
- Procurement has the responsibility to ensure that environmental and social responsibility principles of Deutsche Telekom (according to Code of Conduct, Social Charter and CSR-clause) are known and contractually agreed through general terms and conditions and other project agreements.

SUPPLIER ASSESSMENT FRAMEWORK

We see sustainability in our supply chain as an opportunity for all. We are aware that without the support and collaboration of our suppliers we can't achieve a sustainable growth but also, as leading telecommunication company in Romania we drive development along our entire supply chain. Thus through a development program, we help strategic suppliers to introduce business practices that are socially and ecologically acceptable and economically efficient. The program is developed around four key components which together ensures that the relationship with suppliers are mutually beneficial, respects social responsibility and environmental sustainability principles and forms our Supplier Assessment Framework.

The advancement of sustainable practices represents a key objective for our procurement management. Since 2014 we implemented the principles of DT Group Procurement Policy.

Supplier Code of Conduct

- Requires ethical and legally impeccable behaviour;
- Addresses requirements of integer behaviour for business relationships, for handling information and the avoidance of conflicts of interest;
- Active and passive corruption, public procurement, trade controls, donations, sponsorship, money laundering, data security and privacy are addressed in detail.

Social Charta

- Refers to the Declaration of Human Rights, the OECD guidelines, Global Compact and the ILO core labour standards;
- Includes the topics of human rights, working conditions, prohibition of child labour and forced labour, equal opportunities as well as labour, health and environmental protection.

Corporate responsibility and anti-corruption clause

- Obliges suppliers to take all measures that are necessary to prevent and sanctimonies active and passive corruption;
- Contains obligations for our suppliers to improve the environmental performance and to reduce energy use;
- Includes our Code of Conduct;
- Provides regulations to review the adherence of them and includes regulations how to handle breaches.

Environmental consideration for supplier assessment procedure

The overall assessments of suppliers consider the establishment and implementation of an Environmental Policy, including procedures, clear targets and improvement programs regarding:

- Pollution prevention;
- Resource consumption reduction.

Suppliers' selection

The suppliers are selected on the basis of purchase orders (POs) issued via SAP-ERP systems, within a 12 month period. All the selected suppliers are evaluated by the business units involved and also a self-assessment questionnaire is completed by the Supplier. The selection criteria are based on technical specification, price, commercial terms, contractual issues and CR specific requirements.

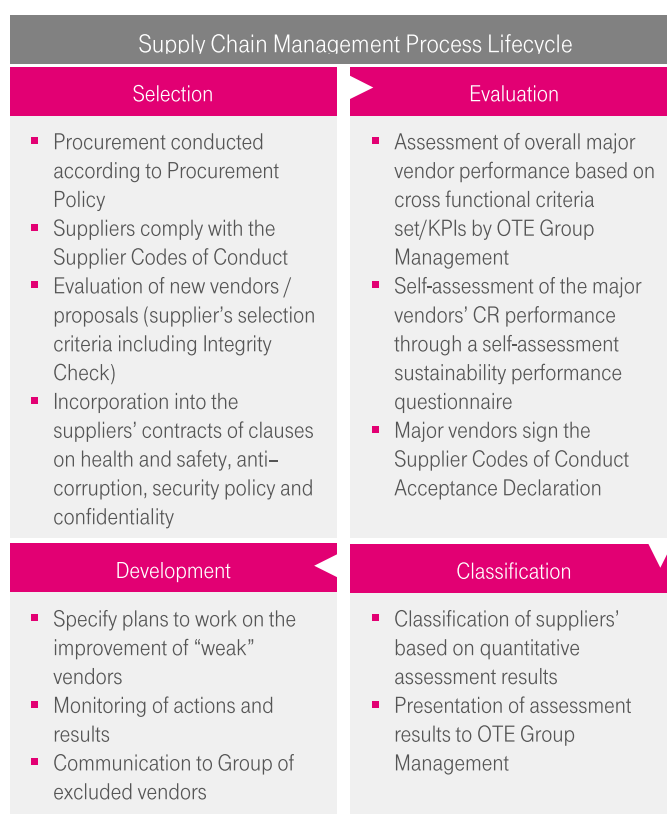
The contracts with all suppliers include specific clauses or annexes on health and safety, anti-corruption, security, environment protection, confidentiality and compliance with Telekom Romania Supplier Code of Conduct.

Suppliers' evaluation

The active suppliers of our companies are evaluated on an annual basis. This process is coordinated by the Process Management and Improvement Division. The suppliers to be evaluated are selected on the basis of purchase orders (POs) issued within a 12 month period. Thus all suppliers with orders worth over €2 million and all suppliers providing crucial supplies (as defined by the OTE Group, i.e. goods and services that have a significant impact on products and services provided to customers) worth more than €500,000, were evaluated. In addition, all suppliers of products/services related to certified management systems of these companies are evaluated (i.e. Management systems according to ISO 9001, ISO 14001, OHSAS 18001, etc.).

Supplier classification and development

The rating of suppliers, performed by the involved business units of our companies, together with the completed suppliers' self-questionnaires, are posted into the OTE Group's Supplier Evaluation System, in order to obtain a quantified performance of each supplier. The performance of each supplier on Corporate Responsibility represents 10% of the total score. For the suppliers with a low score, the decision about further actions is taken at the level of OTE Group Management, whether they need to show improvement in their performance or whether their cooperation with the Group is terminated. In the case of international suppliers, the decisions are taken based on DT supplier policy.

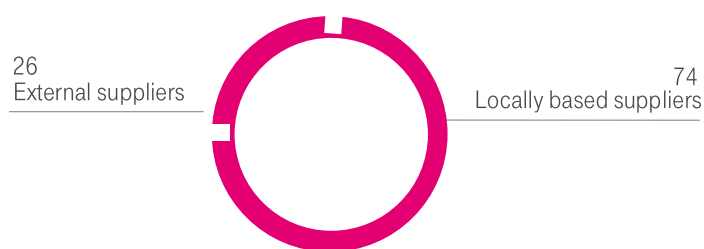


Spending on local suppliers

74% of our total supplier spending in 2015 has been realized with local suppliers (suppliers based in Romania).

Spending on local suppliers

% of total procurement spending in 2015



Number of local and external suppliers within Telekom Romania supply chain (fix and mobile operations)

	Total Telekom Romania		fixed		mobile	
	2014	2015	2014	2015	2014	2015
Number of local suppliers	1,229	1,301	925	848	304	363
Number of external suppliers	209	208	135	145	74	63



4. OUR PEOPLE

- Management approach
- Employment
- Equal opportunities and diversity
- Employee health and safety
- Employee engagement
- Employee working tools & benefits

MANAGEMENT APPROACH

„Our belief is that the positive change we want to bring in the society starts with our company. Our aim is to ensure a fair, diverse, supportive and safe working environment which will leverage both professional and personal development of our people. Values and mission are translated into our day to day activities so we are permanently developing the necessary endowment, proactively improve the ways in which we guide and support our employees. Incorporating the external knowledge and good practices into our company environment, supporting through our employees a healthier and better society - this is how we see the connection between the internal and external dimensions of corporate responsibility. The annual corporate responsibility report is the summary of our efforts – company by its' people – a proof of what we have managed to achieve in areas like training and education, health and safety, engagement and dialogue, diversity and ethical behaviour.”

Having a national reach with hundreds of offices, shops and thousands of telecommunication infrastructure locations in all regions of our country, we are in a way a reflection of the Romanian people, at very smaller scale.

Our employees, no matter their place of origin or their working location, work together as one team to facilitate and ensure the Romanian citizens' access to communication services which can improve their lives.

In 2015, our main goal was to continue the operational integration process of fixed and mobile activities, unifying and simplifying procedures, improving operational efficiency and enhancing customer-orientation and competitiveness. Our diverse employee community is formed of highly professional and skilled people with various expertise and backgrounds, working together on a national level, making us confident for the future. For this reason we are committed to offer development and training opportunities and to encourage individuality.

We continued to invest in the development of modern skills of our employees through re skilling and up skilling programs to enhance skills and provide new knowledge, and with programs to enhance innovation and creative thinking.

The basics of our employee relations framework comprises 6 key elements: respect for human rights, fair labour practices, non-discrimination, equal treatment for men and women, combating child forced labour, ensuring a safe and healthy.



Carmen Dumitrache,
Chief HR Officer

The transformation process of our company, its integration within the Deutsche Telekom Group, the integration of fixed and mobile services and further advancement of our sustainable business model raised also challenges for our employees. We have addressed these challenges by translating our HR vision into more specific terms on 5 themes:

- **Continue business-driven total workforce**
Transformation programs management are helping us on making adjustments correlated with the re-shaped business model.
- **Encourage leadership and performance development**
We have established leadership principles which address topics such as collaboration, innovation and empowering our employees to perform.
- **Foster employability of our workforce**
We are focused on expanding the expertise of our employees, driving our training programmes in the direction of skills that will be in high demand in the future and supporting different aspects of diversity.
- **Increase organizational effectiveness**
We must ensure the effectiveness of the large Telekom team in relationship with both industry and market. Modern workstations, working-time models and job structures form the basis of our concept of flexible work environments.
- **We make it lean and simple**
We focus on the efficiency of our HR areas of activity and continuously aligning our HR portfolio with the needs of the business.

EMPLOYMENT

HUMAN RESOURCES OVERVIEW

Trusting relationships with our employees as well as with trade unions and employee representatives is the core of our responsible employer vision.

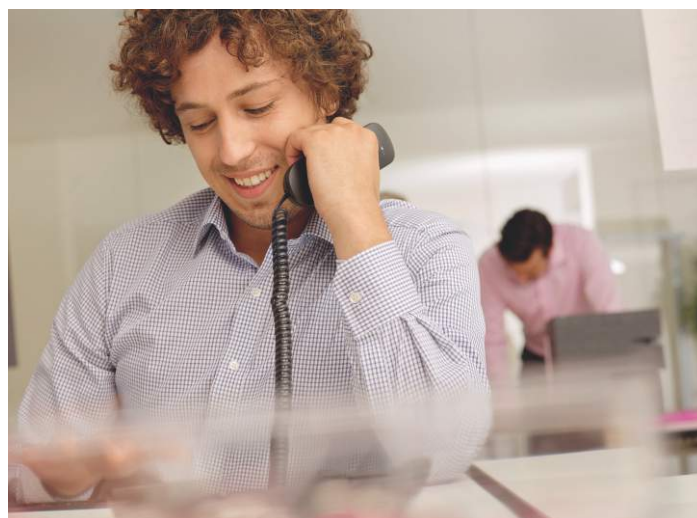
To align ourselves with the market response to modern technological developments as well as to adapt the number of employees to the business model transformation, in 2015 we implemented voluntarily exit schemes in a socially responsible manner.

Our active change management program, Job Service & Placement, prepares employees whose positions are scheduled to be cut or have already been cut for employment opportunities within and outside of our company. We assist them with professional location analyses, perspectives consulting and application assistance; they can also receive compensation payments according to internal applicable practices.

At the end of 2015, the total workforce of our mobile and fixed operation was of 6,368 full time employees, slightly decreasing with 1.9% compared with 2014.

In Telekom Romania, the main focus is to create a homogeneous corporate culture, based on an open dialogue with the employees and promoting teamwork, participation and strategy & business status knowledge. To this end, we are using internal communication processes and tools to ensure unified and synchronized information to all our employees. In 2015, we launched „One Intranet”- the first integrated Intranet platform, YAM groups & campaigns, info e-mails, weekly electronic newsletters, internal campaigns and activations, SMS messages, live streaming and informative leaflets and posters.

In 2015, Telekom Romania brought the national story to the next level via best practice on CR communication. A 100% response rate for any inquiry received by e-mail on the Corporate Communication dedicated e-mail address has been ensured. 26% of the employees took part in internal contests organized to promote corporate and commercial initiatives, while the level of understanding the changes and strategy was over 60%, accordingly to the internal employees' surveys.



EMPLOYMENT INDICATORS

Workforce evolution Telekom Romania Communication

	2014	2015
Full time employees (indefinite contractual period)	5,472	5,344
Female employees (%)	38	37
Employees covered by collective bargaining agreements (%)	100	100
Employee turnover as a percentage of total employees (%)	4.11	4.93

Workforce evolution Telekom Romania Mobile Communications

	2014	2015
Full time employees (indefinite contractual period)	1,018	1,024
Female employees (%)	58	53
Employees covered by collective bargaining agreements (%)	0	0
Employee turnover as a percentage of total employees (%)	23.78	22.52

EQUAL OPPORTUNITIES AND DIVERSITY

Fair Employment Policy Framework

Non-discrimination, fairness and integrity in the workplace are fundamental for Telekom Romania. The framework of our fair labour policy, based on respect for human rights, is in accordance with the following:

- The regulatory framework in Romania and the EU, which prohibits the use of child labour, forced labour and involving young people in dangerous jobs;
- The United Nations Global Compact, which Telekom Romania signed in 2015;
- The Telekom Romania Code of Conduct and Employee on Labour Relations Policy, recognizing explicitly the basic freedom of association and the right to participate in collective agreements under national legislation, and expressly prohibit unlawful discrimination or harassment based on age, sex, religion, ability, background or sexual orientation.

The management of personal data is realized in accordance with the Code of Conduct for the Protection of Human Rights, developed in accordance with the existing national legal framework.

Non-Discrimination, Equal Opportunities and Diversity

The core principle of our human resources management of Telekom Romania is that all decisions and actions relating to matters such as recruitment, wages, growth and employee development and termination of contracts are characterized by meritocracy, transparency and non-discrimination.

Our Code of Conduct is the framework guide for the behaviour of all employees. It reaffirms our strong commitment to comply with the laws and regulations, with the specific obligations relating to ethical behaviour which, together with the five Guiding Principles, support our success.

Non-discrimination principle covers gender, age, religion, ability, origin and sexual orientation. We have established internal reporting mechanism for all questions, concerns or complaints related with non-discrimination and all Code of Conduct principles.

Freedom of Association and Collective Labour Agreements

We fully comply with the Romanian regulation on labour, freedom of association and collective labour Agreements. Our employees are organized within representative unions, covered 100% by collective labour agreements. Within Telekom Romania Mobile Communications a union has been formed in 2015 but no collective working agreement was concluded by the end of the year. However, our employees are covered by individual working contracts.

The Collective Labour Agreements within Telekom Romania Communications regulate payroll issues, permits, benefits, compensation and working hours. The current fix CLA covers the period from 01/03/2015 – 01/03/2016.

NON-DISCRIMINATORY REMUNERATIONS COMPENSATION

Within our company, no distinction or sex differentiation on compensation is practiced. The compensation level is determined by the level of the position held, performance at the job, education level, market information available, while the minimum wage level is adjusted according to the law. The ratio of male/female remuneration is 1:1.

Male to female remuneration ratio within Telekom Romania fixed and mobile operations

1:1

Parental leave

Telekom Romania provides parental leave for childbirth and parental leave for childcare. Parental leave, which is considered and paid as working time, is provided to working mothers or fathers immediately after the end of maternity leave,

In 2015, at Telekom Romania Communications 58 women and 11 men took parental leave.

At Telekom Romania Mobile Communications were 28 women and 1 man who took parental leave. All working women made use of parental leave they were entitled to. No employee resigned during child care leave with pay, and all men and women, returned to their normal duties.

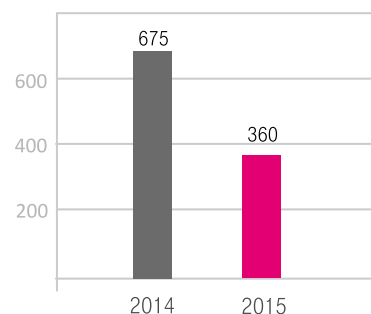
EMPLOYEE HEALTH AND SAFETY

Good health and safety practices are as important to our company as operational efficiency and service quality – meaning that business decisions are always made considering the health and safety of our employees' customers and partners. A proactive health and safety culture that engages employees and supports a cross-functional participative approach to prevent injuries is fundamental to our journey toward optimal wellbeing and safety of our employees.

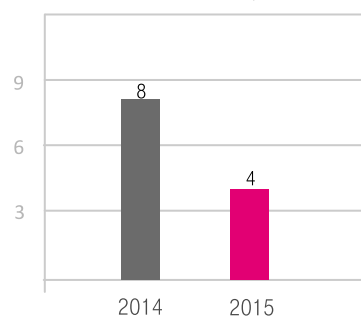
In 2015 we managed to reduce significantly lost time injury rate and number of accidents compared with 2014. We achieved this improvement by ensuring that people know what to do to manage risks, encouraging them to take personal responsibility and keeping things as simple as possible. Training in health and safety is mandatory for all our employees.

We have incorporated health and safety in our management processes and in our activities via the certified management system based on the OHSAS 18001 standard, developing appropriate policies and procedures. Both companies are certified according with OHSAS 18001 standard since 2014.

H&S lost day rate
(number of lost days due to non-fatal accidents)



Work accidents
(number of non-fatal accidents)



Health and safety management framework goals and performance overview

1. Compliance with legal and regulatory requirements;
 2. Prioritize prevention and ensure early identification of H&S risks;
 3. Continuous monitoring of application of safety measures by employees and third parties (e.g. contractors);
 4. Certification of Telekom Romania operations, according to the international standard for Occupational Health and Safety management systems (OHSAS 18001);
 5. Ensure continuous consultation between Management and employees;
 6. Ensure preventive medical testing and mental health support services;
 7. Ensure systematic training and communication to employees regarding Health and Safety principles, and specialized training for potentially hazardous tasks.
- 338 jobs reassessed in 2015 (107 for mobile, 231 for fixed);
 - 198 H&S internal reports issued, analyzed and closed;
 - Both companies have successfully recertified their OHSAS management systems;
 - Both companies' establishes Health and Safety Committees which are directly involved in setting the H&S objectives and programmes. On a yearly basis, the management issues the "Report of the General Director – CEO to the Health & Safety Committee" presenting the overview of the H&S management system performance;
 - Telekom Romania provides to all employees yearly medical evaluations according with national legislation plus additional medical exams and health services, part of its reward and compensation package;
 - The training programmes of Telekom Romania includes: H&S Induction training for new employees, H&S periodical training for employees, first aid training for dedicated teams, OH&S Management System e-learning via intranet for all employees, H&S specific training according with national legislation for H&S responsible at national and regional level.

HEALTH AND SAFETY PERFORMANCE

In 2015 our objective was to strengthen our H&S management and increase our performance on all core aspects. We achieved almost all of these objectives with one exception regarding accidents related to work tasks. 4 of our colleagues (3 technicians, 1 senior engineer) suffered accidents during working at height. We have initiated clear correction actions and preventive measures and we keep our 0 accidents goal for 2016. We have focused also on ensuring that our employees are and remain healthy by providing easy access to medical exams requested by law but also to additional medical services as part of the compensation and benefits package.

We are aware that much of our performance is based on the direct involvement of the management in supporting the H&S system, good collaboration between HSE Committees, top management and unions and the entire workforce engagement.

Health and safety management system performance overview

OBJECTIVES	STATUS
No occupational diseases due to the performed activities	No occupational disease have been identified in 2015
No occupational diseases due to the performed activities for the expectant mothers	No occupational diseases have been identified in 2015
No accident related to the work task of the employee	No working accidents recorded for mobile operations 4 working accidents recorded for fixed operations
Training of employees on health and safety (100% employees trained)	All employees have been trained periodically based on health & safety training topics
Training of workplace supervisors on health and safety (100%)	All workplace leaders have been trained periodically based on health & safety training topics. In addition, 8 workplace leaders graduated the H&S course (40 hours)

Compliance with health and safety laws and regulations

During the reporting period, Telecom Romania participated in 11 inspections from local authorities on emergency situations resulting in 1 financial penalty of 2,222 EURO.

H&S PERFORMANCE INDICATORS

Telekom Romania Communications

	2014	2015
Work-related fatal accidents (number of employees)	0	0
Work-related non-fatal accidents (number of employees)	7	4
Work-related non-fatal accidents (lost days)	610	360
Health and safety training (hours/employee)	21.32	20.1

Telekom Romania Mobile Communications

	2014	2015
Work-related fatal accidents (number of employees)	0	0
Work-related non-fatal accidents (number of employees)	1	0
Work-related non-fatal accidents (lost days)	65	0
Health and safety training (hours/employee)	8.08	11.59

H&S training (number of employees) 2015

	fixed	mobile
H&S periodical training	5,344	1,081
H&S induction training	767	187
First aid training	60	0
H&S specialist training	14	8

H&S medical exams (number of employees) 2015

	fixed	mobile
Medical examination at hiring	767	501
Periodical medical examinations	4,943	860
Other medical examinations	44	16

EMPLOYEE ENGAGEMENT

Team together – Team apart and Best place to perform and grow represent the core principles of our employee engagement approach. The involvement, the commitment and the satisfaction of our employees are key elements of our business success. We believe in open and continuous communication between all levels of our workforce, as essential ingredient for an inclusive and fair working environment. We inform employees about the strategic, technological and organizational changes made, encouraging active participation and involvement in all decisions. Our employee survey is an essential feature through which our employees have the chance to provide feedback on a regular basis. The biannual "Pulse Survey" captures up-to-date opinions and we strive to incorporate the employees' feedback into the management decisions and initiatives. We also offer our employees many different ways to get involved, e.g., in the form of corporate volunteering projects or taking part to informal events.

In 2015, our engagement approach focused on development of 3 values that we believe are relevant for the company and for its employees:

- **Good climate in the team**
We can feel like in a family, it is up to us to create the working atmosphere we want.
- **Development opportunities**
We make available soft skills training, technical certificate courses, promotions and internal recruitment, opportunities which enable every employee to advance its career within Telekom Romania or within the DT Group.
- **Technology and innovation**
Telekom is a place where every employee can be in touch with the highest technological peaks and to permanently enrich its knowledge.

Our engagement initiatives included:

- The STEP project which has brought in the organization an infusion of youth, ideas and color, with the 255 trainees that spent around 3 months in the company, many of them having a substantial contribution to real projects that were on going at that time;
- Development Days, involving around 1,000 people in several cities from the whole country;
- Certification of more than 100 employees on specific technical topics: CISCO, PMP, ACCA, ITIL etc.

Development Days – new concept of training, through which the internal trainers team, along with famous training company, presented the employees concepts and new ways to approach it. The first edition was organized in Bucharest and brought together 70 training programs and approximately 1,000 participants. The second edition of the event was organized in Bucharest and Ploiesti, and offered 5 days of concentrated development, in an experiential and pragmatically environment of learning. There were covered, through the courses, themes such as Management and Leadership, Sales, Negotiation and Customers Services, Personal and professional development, Team development, as well as topics regarding Project management.

Brand Champions Awards - is set to find out who are the best employees at embodying the Telekom brand values (Innovation, Competence and Simplicity), how they manage to do extraordinary things and then to reward them for their on-going contribution to the success of the Telekom brand. The campaign started in 2015. Participating in this contest means that each manager can nominate only one person from their team for the title of Telekom Brand Champion, whether this person is a manager or staff. After two stages of evaluation (behaviors and profile), the first 10 best candidates nominated in the contest are winners and each will be awarded 1,000 euro training, from the company, for financing one or more training programs, at their free choice.

Addressing the employees feedback

Based on the results of the major Employee Survey process realized during the spring of 2015, we have defined four major areas of intervention for further improvement, considering the specific aspects of our company and the alignment with DT Group human resource strategy. For each of the areas we have already initiated programmes and measures which have addressed the identified improvement potential.



Engagement

- Changing the Employee Value Proposition, the concrete promise and offer we make to our present and future employees;
- Brand Champions Awards - an initiative aiming to reward and make more visible those colleagues who are really living the Telekom brand values, and to make them role models;
- A brand is a promise - Be a Double Bagger! - a workshop that has two sections: an informative one, where we increase awareness of the most important Telekom achievements, from rebranding to present; the other is for trying to learn what means excellence in the customer experience, an attitude that we can adopt only if we are willing to;
- My folks wwork @ Telekom – a group of initiatives which are intended to build internal communities, to increase the pride and promote the company brand among the youngest generations.

Workload

- Work analysis have been initiated and is still on-going, in order to increase effectiveness and productivity in the teams with the most unfavorable perceptions;
- There is a green light for simplifying the work processes and procedures wherever this is possible, using also employees' ideas for that;
- There is an on-going process to align IT applications between former fixed and mobile companies.

Leadership

- The main training initiatives are centered on managerial development programs;
- The regional visits will continue for increasing top management visibility and to facilitate their contact with the organization life employees.

Collaboration

- Organizational Development Division is now able to activate a program for team coaching as response to any initiative of a manager that wants to improve the climate inside his / her team;
- The training curriculum puts a lot of focus on collaboration, both in the Development Days programs and in a new course - Managing Millennials – which will approach intergenerational collaboration at the workplace;
- We have on-going exchange programs, between back and front office.

EMPLOYEE WORKING TOOLS & BENEFITS

Telekom Romania provide a range of benefits and programs to their employees in order to support them and their families in their daily needs, to promote work and life balance, and to help them to deal with emergencies in their lives. In this context, the benefits have been aligned and include a flexible scheme which can be set up individually by each employee, and contain also some partnerships with different suppliers in order to ensure the best offers:

- Meal tickets;
- Holiday bonus;
- Christmas money gift for children;
- Life insurance (Risks Covered – death, total and partial permanent disability by any cause, hospitalization by any cause, allowance for temporary disability due to hospitalization);
- Settlement of expenses for tourism and/or treatment;
- Christmas Premium;
- Easter Premium;
- Easter money gift for children;
- “8th of March” Money Gift for Women;
- “1st of June” Children Money Gift;
- Gift Voucher;
- Sport Club – 7Card;
- Private Pension Pillar 3;
- Fuel Card;
- Medical services;
- Friend and family program;
- On site chair massage;
- Settlement of expenses for transport home - work – home;
- Discount to Travel Agencies;
- Discount to Spa & Beauty;
- Discount to Electronics;
- Discount to Libraries;
- Microsoft licensees;
- Discount to Education & Entertainment;
- Special Offers for banks.



5. SUPPORTING COMMUNITIES

- Social Engagement
- Education
- Innovation
- Sport
- Volunteering

TELEKOM ROMANIA SOCIAL ENGAGEMENT

We all heard the term “knowledge society”. For us it means exhaustive and reliable access to the benefits of modern information and communication technology for all people, without discrimination. These benefits can manifest in all aspects of our life, economic, social, educational, cultural, and contributing to our progress and advancement both at individual level but also at the social level. As a leading company in ICT sector and part of the society we play an important role in the development of our country and its communities. Our goal is to connect business success with social prosperity and quality of life. We are determined to facilitate the access to the advantages of information and communication technology for as many Romanians as possible.

We are convinced that we can best bring our contribution to society by using our core competences and experience in the following areas: Social Products and Services, Social Contribution, Volunteering, Entrepreneurship and Digital Divide. Our programs and initiatives support communities and civil society in the advancement of: social protection, education, health, environment, development and innovation.

In 2015 we have extended our social engagement and contribution with 600,000 EURO through Fundatia Telekom and our own platform Teimplici.ro, through internal scholarship and volunteering programs, through partnering in external relevant projects and by using our services and infrastructure to support social causes and initiatives.



SOCIAL ENGAGEMENT

In both our fix and mobile operations we are seeking to provide our employees and our customers' means to connect their professional and personal life beyond the traditional approach. Our initiatives and projects are focused on supporting a balanced life in which personal growth and development, social contribution and professional development can be achieved easier and safer for as many people as possible. Information and communication is crucial for the achievement of this goal as it enables improvement in the areas of education, health, environment and innovation.

In 2015 Telekom Romania involved its employees, customers, suppliers and business partners in various initiatives and programs that respond to the Romanian social needs. Aiming to mobilize our employees, increase their awareness of social needs and to promote responsible and active citizenship, we cultivate volunteerism through various actions, such as reforestation, sports events, blood donations and volunteering for children's healthcare.

Through our Teimplici.ro platform we are supporting every year various projects and initiatives of local or national NGOs, addressing social needs in the area of education, sport, innovation, environment and social development. In 2015 we have directly financed projects through teimplici.ro platform amounting 70,000 EURO. Within Teimplici.ro platform we have connected ourselves to society needs but also we connected social actors across various fields. The awarding of submitted projects is realized based on expert jury assessment, ensuring that projects are both social beneficial and can effectively achieve their goals.

Enabling large social engagement initiatives

Number of supported fundraising initiatives

59

Sums collected via Telekom donation lines (approximated figure) (EURO)

1,000,000

SOCIAL ENGAGEMENT RESULTS OVERVIEW

Social engagement contribution within our communities

Amount invested in the social projects supported during 2015

613,730

Social engagement beneficiaries within our communities

Beneficiaries in the social projects supported during 2015

406,428

Enabling social engagement within our communities

Number of people reached by social engagement initiatives supported within **Teimplici.ro** platform

29,495

Social engagement areas

- ✓ Education
- ✓ Health
- ✓ Sport
- ✓ Environment
- ✓ Development
- ✓ Innovation

Raising awareness on current social challenges

Number of total participants involved in volunteering actions during 2015

985

Inspiring and supporting our employees

Number of employees participating in volunteering initiatives concerning in 2015

271

Volunteering activities areas

- ✓ Reforestation activities
- ✓ Blood donation
- ✓ Supporting sport events
- ✓ Promoting healthy leaving
- ✓ Supporting children healthcare

Teimplici.ro

We are aware about the role we can play, directly and indirectly, in improving the social conditions and addressing the current challenges of Romanian communities. We have used our expertise and competences to create a bridge between social needs and social solutions through our Teimplici.ro on-line platform on the following areas:

- Education
- Environment
- Health
- Innovation
- Development
- Social protection

The goal of Teimplici.ro platform is to support projects and initiatives which are using ICT to find new solutions for current social problems, enable access to education, improve medical services or provide social protection for disadvantaged groups. The platform itself represents an example on how ICT can be used to address various social aspects and find solutions by facilitating collaboration and engagement between various actors.

We have launched Teimplici.ro on-line platform in 2014 by asking the general public about the social development aspects which they consider we should address with priority and we used their feedback to define the scope of our platform. We invested 50,000 euro in 10 projects in 2014 and in 2015 we continued to support social development by direct financial contribution within Teimplici.ro, supporting 10 projects with a total contribution of 70,000 EURO.

Supporting fundraising

We are supporting social and environmental initiatives of NGOs to rise their necessary funding through dedicated phone and SMS lines which we are providing free of charge for illness situations or at a significantly discounted rate for other causes.



Thematic areas of Teimplici.ro platform

Intervention Area	Focus
EDUCATION	Enhancing and enabling education through technology
ENVIRONMENT	ICT technology for environmental protection and awareness
HEALTH	Improvement of medical services through ICT solutions
INNOVATION	Advancement of innovation through ICT technology
DEVELOPMENT	Reduction of social disparities using ICT
SOCIAL PROTECTION	Using ICT to protect the disadvantaged social groups and address social challenges

2015 results of Teimplici.ro initiative

Projects beneficiaries 29,495	Telekom Romania financial contribution 70,000 EURO
NGOs engaged 300	Registered projects 133
Projects selected for final evaluation 20	Awarded projects 10

Find out more about the projects and achievements of Teimplici.ro [here](#)

SUPPORTING THOSE IN NEED

“One part of our Corporate Responsibility strategy is oriented toward those issues which are not part of the headlines or part of the day to day social discourse; it is focusing on categories of people in special situations and with special needs, social causes, and children with serious diseases, talented young people and humanitarian cases.

Our primary tool to address this social aspects is the Telekom Foundation aiming to identify, through direct interaction with communities and people, the social categories and cases that primarily need support and to answer their real needs in due time.”



Ionela Păunică
Executive Director, Telekom Romania Foundation and Senior Coordinator Internal Communication, Corporate Events & Corporate Responsibility



Telekom Romania Foundation

Telekom Romania Foundation is a non-profit organization that supports categories of persons in special situations, social causes, children and adults diagnosed with serious illnesses, young talented, students and calls from humanitarian response to natural disasters. This Foundation is the link between Telekom Romania and the community in which it is present. It is continuing the activities and initiatives started in 2008 by the Romtelecom Foundation which supported various social, humanitarian, educational and environmental causes.

Find out more about Telekom Foundation [here](#)

2015 initiatives and their results (selection)

2% campaign

For 7 years, Telekom Romania supported children and adults having rare diseases, people who asked for help when they were in difficult situations, had a fast reaction in case of natural disasters and developed campaigns and projects with impact in health, social protection, education, environment, innovation and development.

In this respect, the Foundation developed yearly the annual 2% campaign for the employees and third parties who chose to redirect the percent of the annual income tax already paid to the State, according to the Romanian law.

This campaign represents the main source of funds of the Foundation.

According to official data, in 2015, the Telekom Romania Foundation ranked the 1st place, compared with its competitors, in collecting 2% forms.

You choose and we help together!

The Telekom Romania Foundation continued the 6th edition of the program "You choose and we help together", launched in 2010, following the numerous requests of helping people with severe diseases or without financial possibilities.

Since its beginning, the programme supported financially more than 50 children and adults.

The 2015 edition was addressed to colleagues or family members, diagnosed with serious diseases.

Brasov International Marathon powered by Telekom Romania

Via Telekom Romania Foundation, the taxes raised at the 5 km race, but also 10% from the value of the competitive races (marathon, relay, half marathon and 10 km), were donated to the Association „Cristal children”, in order to cover the expenses necessary for the therapy sessions for 10 children with autism. In this project, the Telekom Romania Foundation chose to join children and young people with autism coming from families with low incomes, who cannot afford to cover the costs of recovery through the types of therapies necessary for their integration in the education system and society.

The story of the Association “Cristal Children” started in 2006, at the initiative of a group of parents whose children were diagnosed with autism and other related disorders. The association and the Centre for Evaluation, Rehabilitation through Specialised Therapy for Disorders from the Autism spectrum, Down Syndrome, Asperger Syndrome, and ADHD were born from the desire and the necessity to offer children, young people and adults with autism the chance to benefit from social assistance services and specialised therapy, services that are not offered by the public assistance system guaranteed by the Romanian State.

The team of therapists consists of 22 professionals in fields like psycho pedagogy, clinic psychology and kinetotherapy. The whole activity of the association is oriented towards the recovery of the children's potential and the harnessing of their vocation. More details about the services offered by the association you can find on the website www.copiiidecristal.ro.

The run “Sports is good” powered by Dolce Sport, the TV station of Telekom Romania

Encouraged by the joy of the children with cancer who benefited of the medicine brought from abroad, the “Sport is good” race continued in 2015 also, hoping that more children will have the chance to receive help.

From the funds raised at this edition, the Telekom Romania Foundation acquired the medicine Asparaginaza, necessary to children with leukemia from Fundeni Institute.

“Sport is good” is a campaign that promotes health through sports and a healthy diet, started by Dolce Sport in 2011. “Sport is good” became a platform under which other events were supported and developed since its launch.

Green Work

It's a programme developed with the help of over 200 volunteers in Bucharest Botanical Garden in partnership with Team Work Association. Telekom Romania employees, together with their families and friends, participated to the programme that consisted of green space maintenance activities and assisting biologists in plant care. The project aims to motivate and engage employees in supporting the communities by taking care of a representative space for Bucharest, this place being considered the “jewel of the capital”, through its green and relaxing oasis that it offers to over 12,000 visitors per month.

The objective of the programme is to clean an area neglected for 10 years and recreate it with a round, walkways and benches.

Crowd funding campaign “Together for Romanians”

Telekom Romania Foundation together with Telekom Romania developed a crowd funding campaign meant to help 8 NGOs to raise funds in order to implement their social, educational and environmental projects by using Telekom Romania phone and SMS lines.

Together for Romania's athletes!

In Romania, there are many sports champions that after their retirement have a poor conditions life, because their pensions are very low. We all appreciate the sport performances with medals and the achievements of those who represent the country. Rarely do we think about the difficult trainings and the long hours dedicated to sport, in order to represent the country and to gain the recognition we all wish for. We enjoy being filled with emotion every time the flag is up and we hear the national hymn, and we forget so quickly those people who made us live these moments. Thus, through this project, the Telekom Romania Foundation, in partnership with the Romanian Olympic Foundation, granted financial support of 100 Euro/month to 5 former athletes with serious health problems.

I am a child and I need protection! Heavy and dangerous works in agriculture are NOT for me!

Through this project, Telekom Romania Foundation provided support to prevent child labour. In this regard, in partnership with SOS Children's Villages Romania, has provided support for 53 children from four communities in Bacău. The project aimed to raise awareness of local authorities in Bacău on cases of children involvement in dangerous agriculture work and determine the authorities to develop immediate solutions to prevent and combat cases of child labour and exploitation.

The beneficiaries of the project were families with children between the ages of fourteen and sixteen, who no longer attend school, as well as DGASPC Bacău, local team members and agriculture specialists. In this case is Razvan, from a village in Bacau County, who was forced to abandon school in the second grade to work, to help his parents and younger siblings.

Donation for individual cases

In 2015, the Telekom Romania Foundation financially helped 9 cases of children and adults with severe diseases.

In 2015, our projects reached to 395 beneficiaries.

EDUCATION

Telekom Romania is already part of the modernization process of the Romanian education system, along with our partners and other telecommunication companies. We are committed to use our technology and expertise to support the advancement of education in Romania by facilitating educational delivery at all levels of the educational system, widening the access and reducing the physical and social barriers to education. We are also supporting the improvement of the educational management by supporting the training and empowerment of teachers and contributing to the schools modernization.

Telepresence within Romanian schools

During 2015, together with our partners from Cisco and Webhit, we have been part of 5 national projects funded through EU funds, as providers of technical expertise for the implementation of telepresence systems in schools. We have developed digital solutions to interconnect schools or high schools through telepresence systems and interactive whiteboard so that students from different locations can participate simultaneously at the same lesson. The program targets a number of 8,000 young people in the counties of Braşov, Constanţa, Iaşi, Brăila and Galaţi, students of classes 7-8 respectively of grade 11-12 and aims at improving student's skills training to support their successful evaluation and national baccalaureate exam and better integrate them into future educational stages.

Within the programmes, we have provided our technical support for implementation of 20 telepresence centers and 16 centers where telepresence is complemented by a software application, providing students in remote areas access to high-quality content and facilitating contact with teachers in big cities.

In the county of Tulcea, the baccalaureate exam promotion rate increased from 58.91% to 73.34% in 2015 compared with 2014 in high schools that have implemented these solutions.



United Nations Sustainable Development Goal

Ensure inclusive and quality education for all and promote lifelong learning

“Obtaining quality education is the foundation to improving people's lives and sustainable development. Major progress has been made towards increasing access to education at all levels and increasing enrolment rates in schools particularly for women and girls. Basic literacy skills have improved tremendously, yet bolder efforts are needed to make even greater strides for achieving universal education goals. For example, the world has achieved equality in primary education between girls and boys, but few countries have achieved that target at all levels of education”



Results of Telepresence initiative

Number of students benefiting of telepresence systems from Telekom Romania, Cisco and Webhit

8,000

Number of schools with telepresence systems from Telekom Romania, Cisco and Webhit

36

More information about our Telepresence solutions [here](#)

Telekom Romania Scholarships

Since 2007 Telekom Romania is involved in the formation of the younger generation, supporting educational performance within the framework of Telekom Scholarship programme. Our goal is to identify young potential leaders, passionate about their chosen field of study, with very good results, with well-established career objectives and engaged in extracurricular activities and volunteering.

The Scholarship programme was organized in 2015 as a contest opened for students admitted to an accredited higher education institution from Romania, regardless of profile, regardless of year of study (I, II, III, IV, V, VI or master).

The participants were evaluated by a jury formed from 7 professionals with high level of expertise and diverse backgrounds.

From initiation in 2007, we have offered a total of 95 Telekom scholarships. Due to its impact and excellent results of winners, we are continuing the programme, planning its extension in the next years.

2015 edition

Over 650 students have applied in 2015 edition of the "Scholarships Telekom" programme. 20 applications have been selected for the final evaluation, out of which 10 were awarded with 1 full year scholarship of more than 10,000 LEI (around 2,200 euro) each.

The programme was organized in partnership with 7 universities and 3 student associations, allowing us to remain connected with the current needs and interest of the Romanian educational system.

Career counselling

In 2014-2015, Telekom Romania developed the project STEP, a project co-financed from the European Social Fund through the Sectorial and Operation Program Development of Human Resources 2007-2013. Invest in People!

STEP's objectives include information and selection, orientation and career counselling, and paid internships for students. During the program, 525 students benefited from career counselling services and a profile drafted by experts. Also, 255 students benefited from internship and obtained an internship certificate and a qualification on their university specific.

In 2015, 10,000 students were informed about the projects and 9,000 applied for an internship, 1,500 were selected and benefited from the experience of 100 mentors.



Results of Telekom Scholarships programme

Telekom Romania financial contribution in 2015

270,000 LEI

Total number of students awarded with Telekom scholarships

95

Total number of students awarded with Telekom scholarships in 2015

10



Find out more about Telekom Scholarships [here](#)

CoderDojo

Since September 2015 Telekom Romania has been running the fourth round of the CoderDojo Bucharest North Workshops, with over 50 children and youngsters aged 7 to 16 studying programming and computer-assisted electronics based on the Arduino development platform. The workshops are being organized free throughout the 2015-2016 school year and include training sessions for beginner programmers as well as for youngsters who have already gathered experience at the previous years' Dojos and want to upgrade their programming or Arduino skills. The children and young people attending are coordinated by volunteering mentors from the world of business or independent specialists who want to get involved in educating the younger generation. Bucharest North @Telekom Romania has been running for four years with monthly meetings staged at a location where logistical support and Internet connections are provided by Telekom Romania.

CoderDojo, an international movement initiated in Ireland in 2011, aims to offer interested children the chance to learn programming in an informal environment through regular sessions outside normal school hours.



Vocational training

Telekom Romania is involved in training students in undergraduate education, the dual system, beginning with the 2015-2016 school year, in order to facilitate the integration of young people into the labour market immediately after the three years of training. Dual education program complements the lack of practical experience - therefore offering young professionals the chance to start a successful career in desired job immediately after completing three years of study.

In collaboration with the Embassy of Austria, in the College of Economic Costin C. Kiritescu through o'SCAR program, along with 6 other companies, we supported students after secondary schools, who wish to specialize in sales and obtain a qualification for the job Merchant - Seller.

Starting with 2015-2016 school year, we supported 7 pupils from the Post and Telecommunications Technical College "Gh. Airinei" by providing them internship programmes in Telekom Romania, scholarships and other benefits. After three years of vocational schooling they have priority for employment within the company.

Find out more about CoderDojo [here](#)

INNOVATION

We are driven by innovation, constantly looking for solutions which can help us, our customers and society at large to progress in a sustainable way.

Our approach on encouraging innovation is to support new technological ideas and initiatives which can contribute to social and economic progress while protecting the environment.

Partnerships for innovation

Telekom has an active collaboration with hub:raum Krakow (Deutsche Telekom's start-ups incubator), thus promoting its acceleration programs called WARP, as well as any other relevant program for Romanian start-ups in order to boost their activity on the market; WARP is a programme with mentoring by experienced entrepreneurs, workshops by international experts and meetings with companies that will boost your idea.

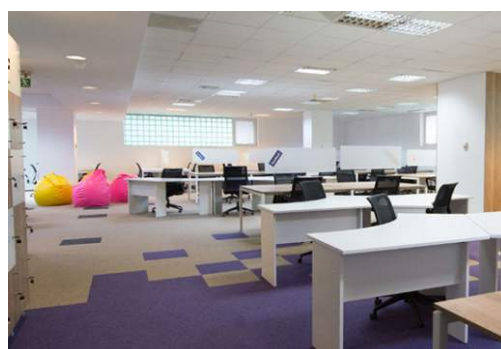
Also, Telekom Romania is promoting Deutsche Telekom's international programs dedicated to start-ups and/or entrepreneurs such as ChallengeUP (rolled out by Deutsche Telekom, Cisco and Intel which supports start-ups to develop their ideas), Telekom Innovation Contest (which brings winning start-ups of 2015 edition to an exclusive Innovation Expo in Budapest in 2016) and Business Wall of Fame (rolled out in Romania and other several countries within the group).

Another of our approaches on supporting innovation is to help the development of digital spaces in which new ideas can flourish and change the world. In 2015 we have supported with digital services 3 co-working initiatives to develop and successfully manage their activities:

- Techhub
- WeLoveDigital
- NOD Makerspace



Techhub



WeLoveDigital



NOD Makerspace

Find out more about the innovations we support [here](#)

SPORT

Sport, in all its forms, is essential for human wellbeing and health but also enables friendships, cooperation, mutual understanding contributing to stronger communities. When sport is also connected with other social needs it can become even more significant.

As a leader of telecommunication sector in Romania and part of the society, we are determined to be an active player, take the lead and inspire others to get involved and play.

Continuing to extend our sport sponsorship policy, in 2015 we became the main sponsor for the Romanian National Football team, for the period 2015-2016. It came naturally as we share the same values: fair-play, integrity and the will to succeed.

Sport is good and Biggest Sports Hour

When sport connects thousands of people from different communities it demonstrates our common needs and interests for healthy leaving and companionship. Besides direct sponsorship, our engagement in supporting sports has another component. Through our sport initiatives we are leveraging donations to social causes, multiplying the outcomes of our efforts with the help of all. In 2015, Telekom Romania, in partnership with SmartAthletic and Getfit, organized the fifth edition of the “Biggest Sports Hour” event in Bucharest, Braşov and Mamaia.

Over 50,000 persons (active participants or supporters) took part at 89 sports classes held by 115 national and international trainers. Within the event, over 1,000 people benefited of free medical tests.

From the funds raised at this edition, Telekom Romania Foundation acquired the medicine Asparaginaza, necessary to children with leukemia from Fundeni Institute.

Other major event powered by Telekom Romania was the 1st edition of the International Braşov Marathon at which participated over 1,200 people. From the funds raised at this edition, Telekom Romania Foundation covered the therapy costs for 10 children with autism within “Cristal Children” Association.

Also, the company supported other two traditional sport events very appreciated and loved by all the runners, namely Gerar Semimarathon – a competition with high level difficulty because it rolls out on heavy snow weather and Forest Cross – a traditional competition that aims to raise funds in order to plant trees in the deforested areas of the country.



Estimated number of participants in recreational sport activities

53,000

Cash donations leveraged through sport initiatives and events

2,500 EURO

People benefiting of free medical tests

1,000

VOLUNTEERING

Building a culture of participation

When it comes to social responsibility we should not forget that this implies both personal and corporate dimension. One of the goals of our strategy is to keep all our colleagues up to date with our initiatives and corporate responsibility programmes and to support them in taking part on these programmes. Our internal volunteering programmes provide the framework in which every employee can contribute according to its personal values to our efforts for a better and fairer society.

We are encouraging and supporting our employees to engage actively within society by providing them the information needed through our internal communication channels and facilitating their actions through our various partnerships with civil society organisations.

Our volunteering framework provides the informational, technical and administrative support for direct employee involvement in improvement of individual and social health conditions by enabling them to participate directly in activities addressing the following aspects:

- Reforestations
- Blood donation
- Supporting sport events
- Promotion of healthy leaving
- Supporting children healthcare

We have concluded the 2015 volunteering activities in November when 100 of our employees planted over 7,000 saplings over 50,000 square meters near Ploiesti within "Adopt a Forest" initiative coordinated by MaiMultVerde

For over 7 years Telekom Romania supports afforestation programs undertaken by NGOs active in environmental protection. From 2009 to 2015, more than 900 of our employees and volunteers planted 50,500 saplings and carried afforestation activities on more than 8 hectares in collaboration with ViitorPlus and MaiMultVerde associations.

In March 2015 we have supported the 7th edition of the Forest running race, initiated by ViitorPlus Association, inviting all sport lovers to run for children and nature. The funds raised with this occasion were directed to plant a sapling for every new-born in Romania, within the "Children's Forest-Adopt a tree" initiative. In October 2015, volunteers from Telekom Romania together with volunteers of ViitorPlus Association planted a total of 1,800 seedlings of lime and English oak on an area of 10,000 square meters in the village of Draganesti-Vlasca, Teleorman County.





6. ENVIRONMENTAL SUSTAINABILITY

- Environmental strategy
- Environmental management system
- Climate protection strategy
- Improving energy efficiency
- Materials usage and waste management
- Other environmental aspects
- Environmental awareness

TOWARDS A LOW CARBON SOCIETY

Safeguarding the quality of the environment is a major concern of Telekom Romania. In that respect, we strive to minimize the environmental impact of our operations and to raise awareness of our employees and stakeholders on acting more responsibly on the issue of environmental protection. Environment aspects of concern and attention include: Energy Use and Climate Change, Resource Use and Waste Management, Ozone, Water, Environmental Awareness, Biodiversity, EMF, Visual impact and Noise.



Our commitment to environmental protection is expressed directly within the framework of the environmental management systems that we have implemented for our mobile and fixed operations.

We know that we have an important role to play in the journey towards a low carbon society. For this reason we are also engaged in increasing the social awareness regarding environmental challenges and opportunities and in developing of new products and services which will enable the users to decrease their environmental impact.

ENVIRONMENTAL STRATEGY

Ecologic sensitivity

To fulfill our vision of a low carbon society, our goal is to preserve the ecological capital by a combination of careful environmental management and deployment of cutting-edge technologies to achieve material functions, contributing to the achievement of United Nations Sustainable Development Goals.



Environmental strategy

We have developed our environmental strategy around three general goals: reduction of our own environmental impact, increase the environmental awareness of our employees, stakeholders and communities and contribute to low carbon society through products and services we provide.

We are constantly monitoring our environmental performance using a wide range of indicators regarding consumption of materials, energy and fuels, waste generation and recycling and we systematically seek to find new ways to reduce our impact. Environmental challenges and opportunities are an integral part of our internal and external communication initiatives and of our community engagement projects. We have already developed and launched services like Smart City solution, videoconferencing and cloud application which are addressing key environmental aspects regarding energy consumption, emissions and dematerialization.

Within the framework of our environmental management systems, we are analyzing our activities and operations with regard to their environmental impact, we set programmes and measures to increase our performance and we monitor our progress monthly. We collect selectively and recycle various materials, such as paper, plastic, IT&C equipment, accessories, batteries, ink cartridges, etc. In parallel, all Telekom Romania companies implemented actions to encourage stakeholders to reduce, reuse and recycle resources through various public campaigns, events and projects.

1	Reduce the environmental impacts of our own operations
<ul style="list-style-type: none">▪ Energy consumption▪ Emissions▪ Materials and waste▪ Water▪ Corporate fleet▪ Biodiversity▪ EMF▪ Noise▪ Visual impact	
2	Increase the awareness of stakeholders regarding environmental challenges
<ul style="list-style-type: none">▪ Internal communication campaigns▪ Demonstration projects▪ Support of environmental initiatives through sponsorship and volunteering▪ Recycling programmes together with commercial partners▪ Supplier environmental assessment▪ External communication campaigns	
3	Provide services and products which contribute to low carbon society
<ul style="list-style-type: none">▪ Smart cities solutions▪ Dematerialization solutions▪ Business cloud▪ Fleet management▪ Recycling and reuse	

ENVIRONMENTAL MANAGEMENT SYSTEM

Environmental management

Both our companies, Telekom Romania Communications and Telekom Romania Mobile Communications have implemented environmental management systems certified according to ISO 14001:2008 standard in 2014, respectively 2015.

Our integrated management policy on quality, health and safety and environment defines our 10 commitments, defining also the general performance goals we are pursuing to improve our performance.

Integrated management policy principles:

- We are continuously improving our operations performance by establishing, monitoring and reviewing our goals with the intention to meet and where possible exceed the expectations of our partners;
- We act proactively by complying with the applicable legal requirements or even exceeding them, where possible; We ask our employees, our contractors and suppliers to actively participate in achieving our goals in terms of quality, occupational health and safety and the environment by implementing all adopted regulations and programs;
- We pursue innovative approach with regard to our operations, our products and services, adopting preventive measures to reduce the environmental impact of pollution and to avoid possible injury or diseases of our staff, partners and the general public;
- We inform the public, employees and partners on issues related to Quality, Occupational Health and Safety and Environment;
- We voluntarily protect the public by the principles and recommendations described in the policy about electromagnetic fields, including transparency, information, and participation and promoting scientific elements;
- We seek to improve continuously the effectiveness of our integrated management system.

Environmental management systems performance overview (mobile + fixed operations)

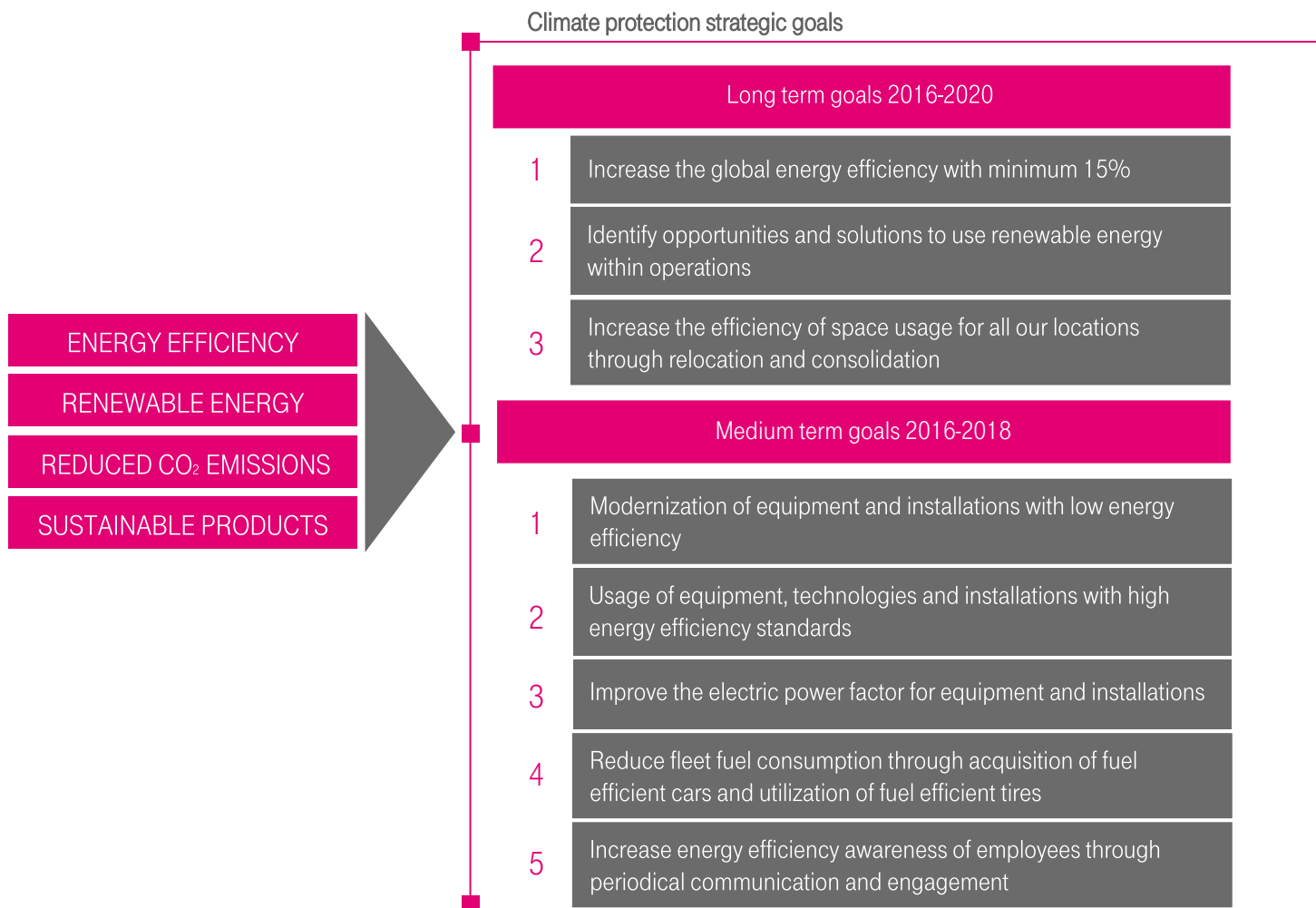
	fixed	mobile
Environmental incidents or accidents (number)	0	0
Environmental penalties (value EURO)	0	0
Environmental budget (estimated value of spending EURO)	260,000	60,000
Employees trained regarding reduction of environmental impacts (approx. number)	1,566	384
External environmental complaints received and remediated (number)	3	0

CLIMATE PROTECTION STRATEGY

Energy efficiency and climate protection strategy

We have committed ourselves to contribute to a low carbon society both directly, by reducing our own CO₂ emissions and indirectly, by providing services and products with a low carbon footprint over their life cycle which can also support our clients to reduce their own emissions.

Our strategy, part of Deutsche Telekom Climate Protection strategy is focusing on long and middle term goals on 4 pillars: reduction of energy consumption through efficiency measures, increasing the percentage of energy used from renewable sources, reduction of direct CO₂ emissions and increase portfolio of sustainable products.



To support the implementation of our Climate Protection Strategy, we are constantly monitoring our performance regarding energy consumption and CO₂ emissions using a set of key performance indicators (KPIs) developed to cover all aspects of our operations.

We calculate our CO₂ emissions on the basis of standards such as the internationally recognized Greenhouse Gas (GHG) Protocol, which distinguishes between three CO₂ emissions categories: GHG Scope 1, 2 and 3.

CO₂ EMISSIONS

We are measuring our direct (scope 1) and indirect (scope 2) CO₂ emissions based on the methodology of GHG Protocol and we plan to extend our measuring, monitoring and reporting to Scope 3 within the next 2 years.

The CO₂ emission calculation is based on our environmental indicators data base, covering all types of energy we consume in our operations: electricity, fuels, heating energy and natural gas.

In 2015 our total CO₂ emissions, direct and indirect (scope 1 + scope2) dropped with 23.9% compared with 2014, from 12,2581.1 t CO₂-eq to 93,317.97 t CO₂-eq. One of the most relevant aspects which determined the reduction was the introduction of energy efficiency measures in the telecommunication network.

CO₂ emissions monitoring

CO₂ emissions evolution breakdown for Telekom Romania

tons CO ₂ -eq	2014	2015	Annual comparison
Total CO ₂ emissions	122,578.1	93,317.97	
Direct emissions (scope 1)	14,627.06	14,077.12	
Indirect emissions (scope 2)	107,954.04	79,240.85	

CO₂ emissions Telekom Romania Communications (tons CO₂-equivalent)

	2014	2015
Total CO ₂ emissions	79,348.28	62,652.19
Direct emissions (scope 1)	12,692.24	11,859.08
Indirect emissions (scope 2)	66,659.04	50,793.11

CO₂ emissions Telekom Romania Mobile Communications (tons CO₂-equivalent)

	2014	2015
Total CO ₂ emissions	43,229.82	30,665.78
Direct emissions (scope 1)	1,934.82	2,218.04
Indirect emissions (scope 2)	41,295.00	28,447.74

IMPROVING ENERGY EFFICIENCY

Energy consumption

In 2015 our total energy consumption for mobile and fixed operations was 286.35 GWh, 1.75% lower than in 2014 (291.39 GWh) due to the fact that we have managed to reduce electricity consumption for mobile network and data centers and the fleet fuel consumption.

Energy efficiency

Improving energy efficiency represents one of our major sustainability objectives as it contributes both to reduction of our own environmental impact but also contributes to general social effort to reduce environmental footprint and fight climate change. For both our fixed and mobile operations we have developed energy efficiency plans which are reported yearly to ANRE (National Regulatory Authority for Energy). Our energy efficiency management approach is based on:

- Long term goals towards 2020;
- Midterm goals covering a period of 2 years;
- Yearly operational efficiency measures.

Through our energy efficiency and conservation programmes we managed to achieve energy savings of 5.93 GWh, out of which, 4.25 GWh of electricity and 1.67 GWh of district heating and fuel consumption.

The most relevant measures we took in 2015 were:

- Modernization of electricity network;
- Increase control and management of temperatures in the equipment rooms of BTS (base transceiver stations);
- Replacement of old equipment and air conditioning systems.

ELECTRICITY CONSUMPTION

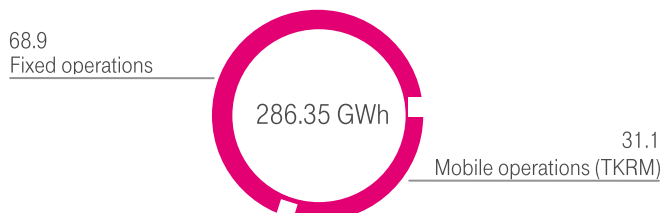
In 2015, our total electricity consumption (mobile + fixed operations) was of 215.08 GWh, 1.7% lower compared with 2014 (218.89 GWh). Our mobile and fixed networks accounts for almost 90% of our total electricity consumption representing our main focus within the modernization process.

In 2014 and 2015 we have restructured and consolidated our commercial spaces, reducing their numbers and improving space usage efficiency in the existing ones, which lead to a direct reduction of electricity consumption of more than 10%.

We continued the upgrade process of the mobile telecommunication network and the implementation of saving energy solutions and we managed to reduce the electricity consumption by almost 10% compared with 2014. Nevertheless, we expect an increase for 2016 as we are continuing to expand our coverage

Energy consumption KPIs

Total energy consumption Telekom Romania 2015 (GWh)
(% mobile and fixed operations)



Energy consumption evolution Telekom Romania (fixed + mobile operations) (GWh)

	2014	2015	Annual comparison
Electricity consumption	218.89	215.04	↓
District heating and fuel consumption in buildings	27.45	29.91	↑
Fuel consumption (fleet)	45.05	41.4	↓

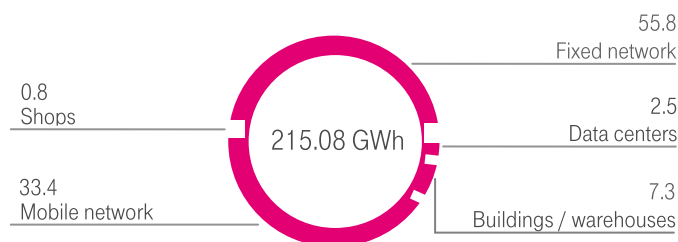
Energy consumption evolution Telekom Romania Communications (GWh)

	2014	2015
Electricity consumption	133.04	135.13
District heating and fuel consumption in buildings	26.57	28.06
Fuel consumption (fleet)	38.07	34.06

Energy consumption evolution Telekom Romania Mobile Communications (GWh)

	2014	2015
Electricity consumption	85.85	79.91
District heating and fuel consumption in buildings	0.88	1.85
Fuel consumption (fleet)	6.98	7.34

Breakdown of electricity consumption Telekom Romania (%)



District heating and fossil fuel consumption

We are using district heating energy and natural gas for heating purposes in our buildings and shops, especially for our fixed operation locations. We have installed electricity backup generators using diesel on all our technical locations to ensure non-interrupted service provision and technical systems integrity. Our improvement options are limited by old heating infrastructure but also by limited control of heating generation and distribution. District heating is used only on our fixed operations facilities and compared with 2014, the consumption increased slightly with 2%.

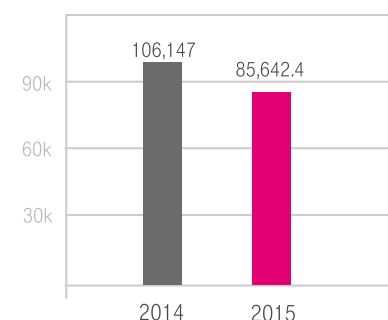
Compared with 2014, we have managed to reduce the consumption of diesel associated with backup electricity generators in our buildings and base stations with 19.3%, leading also to a reduction of our direct CO₂ emissions. Partially this aspect has been influenced by a reduced number of interruptions of electricity supply from the national grid, leading to a reduced need of generators.

Fleet fuel consumption

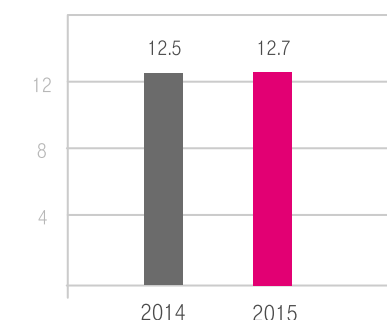
Our car fleet consists of service vehicles used for all technical operations and commercial vehicles used by our sales team. In 2015 our fuel consumption decreased with almost 9% compared to 2014 based mainly on fleet restructuration both in term of number of cars, which decreased, and vehicle types. The average fuel consumption per kilometer within the fleet decreased also with 5.2%, from 0.071 l/km in 2014 to 0.067 l/km in 2015.

Evolution of energy consumption for Telekom Romania

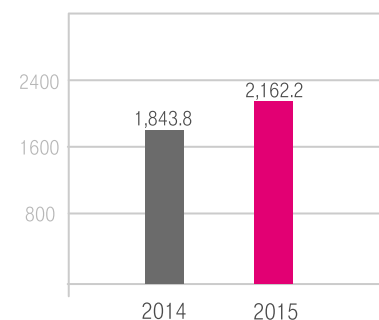
Fossil fuel consumption for electricity generation (liters)



District heating consumption (GWh)



Natural gas consumption (thousands m³)



Energy consumption KPIs

Energy consumption breakdown for Telekom Romania

	2014	2015
District heating (GWh)	12.5	12.76
Natural gas consumption (thousands m ³)	1,843.8	2,162.2
Fossil fuel for electricity generation (liters)	106,147	85,642.4

Energy consumption breakdown for Telekom Romania Communications

	2014	2015
District heating (GWh)	12.5	12.7
Natural gas consumption (thousands m ³)	1,743.5	1,932.2
Fossil fuel for electricity generation (liters)	93,520	74,225

Energy consumption breakdown for Telekom Romania Mobile Communications

	2014	2015
District heating (GWh)	-	-
Natural gas consumption (thousands m ³)	100.33	229.99
Fossil fuel for electricity generation (liters)	12,627	11,417.45

MATERIALS USAGE AND WASTE MANAGEMENT

Our approach

Through our environmental policy and objectives we have committed ourselves to manage and reduce the environmental impacts of our operations and we have established a precise and detailed monitoring system for all materials and resources we use. This enables us to identify the improvement potential and establish targeted actions and measures on the aspects within our control.

To advance our material efficiency and waste management we developed our strategy around 7 key principles:

- Monitoring materials consumption associated with our operations;
- Reduce the usage of materials with high environmental impacts in their production phase;
- Prevent waste generation whenever is possible;
- Reuse whenever possible the materials or recycle them through specialized companies;
- Manage all electric and electronic waste to prevent environmental impact;
- Develop products and services which contribute to dematerialization;
- Enhance environmental awareness, internally and externally, to increase participation in recycling practices.

We focus on managing our packaging materials, reduce our waste quantities and increase the recycling rate. In the same time we are developing initiatives and programmes to support collection and recycling of old electric and electronic equipment from the market.

We control all package materials used in commercial and marketing activities, monitoring monthly the consumption of wood, plastic, cardboard and paper consumption.

Packaging materials

Our commercial operations use packaging materials to pack, transport and deliver our product to shops and customers. Also, we are using package materials within marketing and administrative activities. Within this category, we are monitoring the following material: plastic, paper and cardboard, wood. In 2015 our consumption structure of packaging materials shifted as we moved towards replacing plastic based packaging with paper, cardboard and wood.

Packaging waste

(tons)

	fixed	mobile	Total
Paper and cardboard	113,391	3,640	117,031
Plastic	46,525	0.126	46,525.126
Wood	39,884	6,461	46,345

WASTE MANAGEMENT

Waste categories

We are classifying the waste generated by our fixed and mobile operations in main categories, according to specific criteria.

- Hazardous waste (lead batteries, lamps, portable batteries);
- Technical waste generated during technical operations on our networks and systems (e.g. cables, metals, electronic and telecommunication equipment) and used products (e.g. phones and related accessories, etc.);
- Others (waste categories not included in the previous categories, such as residual waste).

All materials that can be recycled or managed in an environmental way are disposed separately with authorized contractors and the rest of the waste is sent to landfills or incinerated.

In 2015 we have produced 6,927.70 tons of waste and we managed to recycle a total 3,255.98 tons of waste. Internally, our awareness rising efforts focused on paper, cardboard and mobile devices and accessories recycling and we saw an increase of recycling rate of all these categories.

- 2,469.5 t cables, aluminum and cooper were sent to recycling in 2015;
- 578.89 t of IT and telecommunication equipment was sent to recycling in 2015;
- Paper recycling reached 10% as we managed to recycle 101.33 t out of total 1,121.91 t generated;
- 2.68 tons of plastic have been collected and sent for recycling;
- Mobile devices and accessories recycling quantity was 0.71t compared with 13.64 tons in 2014.

Hazardous waste

The waste types included in our hazardous waste category are the lead batteries which we use in base stations as energy backup source, lubricants, lamps, car oil and batteries. In 2015 we have collected and eliminated with the help of authorized companies 100% of our hazardous waste, without any environmental incident. Lead batteries represent 99% of the hazardous waste and the yearly quantity of lead batteries waste we collect depends directly on the number of batteries reaching the end of their lifetime.

Waste monitoring

Waste quantities generated 2015

(tons)

	fixed	mobile
Hazardous waste	50.3	0
Technical waste	2,881.59	179.85
Others	3,532.58	283.39
Total	6,464.47	463.24

Waste quantities recycled in 2015

(tons)

	fixed	mobile
Recycled waste	3,044.64	211.35
Non-recycled waste	3,419.83	251.89
Total	6,464.47	463.24

Technical waste breakdown

(tons)

	2015
Cables, aluminum, cooper, etc.	2,469.5
WEEE	1.97
Plastic	2.68
Wood	2.82
IT hardware and telecommunication equipment	578.89
Other waste (obsolete merchandise)	37.15

Technical waste

Metals, cables, wood, electrical and electronic equipment withdrawn from service represents the major part of our technical waste. Beside these categories we are also including here the WEEE collected within our offices and shops, mobile and fixed phones, phone accessories, batteries and ink cartridges. The difference between 2014 and 2015 quantities of recycled technical waste is determined by the cycle of replacing old infrastructure and equipment, which is not constant over the years.

In 2015 we have collected 0.71t of phones, batteries and accessories through “one-to-one” mechanisms. IT hardware and telecommunication equipment represent the main WEEE type we collect and manage. In 2015 we have continued our modernization programme by replacing old equipment. We have decommissioned and collected 578.89t of IT hardware and telecommunication equipment. We have also collected 1.97t of small WEEE (MP3, cameras, etc.). In order to manage and control the environmental impact of the ink cartridges, we are reusing as much cartridges as possible through refilling and for the rest which are at the end of their refilling cycle, we have established a separate collection systems which help us to send all unused cartridges to authorized companies for recycling. In 2015 we have reused a total number of 195 cartridges and we have sent for recycling 0.42t.

Paper recycling

When it comes to paper, our efforts are oriented towards reduction of consumption and increasing recycling. In 2015 we consumed 66.9 tons of paper in our offices, 4.5% less compared with the 70.08 tons in 2014. In terms of waste, we have recycled 10% of total paper and cardboard waste generated, respectively 101.33 t out of total 1,121.91 t generated.

Our “Green Office” initiative, active from 2008, is playing an important role in increasing the awareness of our employees.

GREEN OFFICE represents the Telekom Romania internal environmental awareness rising platform addressing the topics of material, energy and waste. It enables internal communication, events and activities which highlights the importance of everyday life behaviour of our employees in protecting the environment.



OTHER ENVIRONMENTAL ASPECTS

Telekom Romania is addressing all its environmental aspects, including in its strategy and management systems not just the material aspects but also the aspects with a lower impact. We are monitoring our environmental performance regarding ozone layer depletion substances, water consumption, EMF radiation, biodiversity and noise.

Ozone protection

We are using refrigerants within our cooling systems for offices and technical rooms and our objective is to avoid and reduce the leakages of refrigerants which can occur due to technical failures, during reparations and refilling activities. To improve the control of refrigerants and increase the efficiency of our cooling systems, we have implemented a clear maintenance and verification programme which allows us to detect failures and leakages, we are working with authorized companies and experts and we trained and authorized our internal personnel. In 2015, at national level, our cooling systems lost through leakages a total quantity of 2,029 kg of refrigerants.

Water consumption

Water consumption is associated with our administrative and commercial activities, respectively with our office and commercial buildings. We are using water only from public sources. Besides increasing the awareness of our employees, we have limited technical influence on water usage which depends on buildings owners (except Telekom owned buildings).

In 2015 our total water consumption increased with 3.88% compared with 2014, mainly driven by the increased consumption within mobile operations.

Compliance with environmental laws and regulations

In 2015 we have received 3 external complaints regarding the noise impact of our equipment. The complaints have been checked together with the Environmental Guard and generated a set of 10 corrective measures which have been implemented.

In the reporting period, Telekom Romania Communications and Telekom Romania Mobile Communications were not part of any other incidents of non-compliance with environmental regulation.

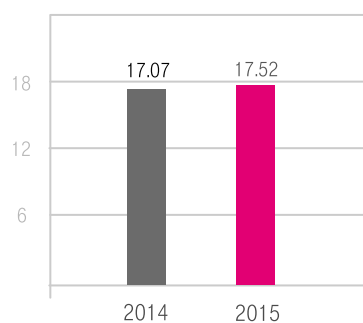
Quantity of refrigerants replenished in 2015 (kilograms)

	2015
R134a	6.3
R407c	693.8
R410a	829.75
R427a	500

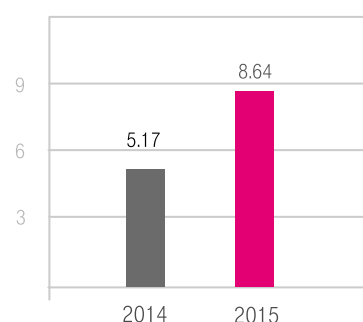
Water consumption (cubic meters)

	2014	2015	Annual comparison
Fixed operations	93,410.4	93,660	↗
Mobile operations	5,272	8,851.5	↗

Water consumption / employee fixed operations m3



Water consumption / employee mobile operations m3



Biodiversity

Telekom Romania is aware of the high value of biodiversity for Romania and recognizes the close relationship between biodiversity, sustainable development and human well-being. At the same time, the provision of high quality telecommunication services everywhere and at any time necessitates the operation of a geographically extensive network of telecommunication installations (base stations and wireless communication stations) including, inevitably, in protected area. In 2015 we had 31 base stations that were situated in protected areas.

All protected area sites are developed, installed and operated based on Environmental Impact Assessment studies approved by designated authorities, in line with the national legislation. The contents of these studies and the approval process that includes a public consultation phase are specified in the relevant legislative acts. These studies, on the basis of current scientific knowledge, conclude that impacts on biodiversity are not material, and therefore there are no protected and/or restored habitat areas that are affected by the operations.

Noise and visual impact

Telecommunication technical installations are not generating noise but the auxiliary equipment. Our electricity generators exhaust and ventilator systems and outdoor cooling equipment represent noise sources of our operations. In 2015 we have received and solved 3 external complaints regarding the noise level of our equipment. We are maintaining the noise level of our equipment below legal thresholds through maintenance programmes and by replacing the old equipment with new ones, part of our modernization programme.

The visual impact is associated with our Base Stations which usually have visible elements needed to be placed on high ground. We are making constant efforts to reduce the visual impact by integrating our Base Stations within existing infrastructure, collaborating with other telecommunication operators and public utilities companies. We are also using smaller Base Station equipment where possible. We did not receive any complaint regarding the visual impact of our installation in 2015. We also use different architectural techniques, especially in the urban environment, which help us to integrate and blend our equipment within the visual environment, harmonious and without any negative visual impact.

Electromagnetic fields

The topic of electromagnetic fields has been discussed for more than 40 years.

Telekom Romania is aware about the concerns related with EMF Radiation and adopted the EMF Policy to ensure that it is addressing all these concerns. On this topic, our management and communication activities are based on the principles of transparency, awareness rising, participation and scientific approach.

Following our EMF Policy we have adopted a number of practices which help us to monitor, analyse and communicate publicly all aspects related with EMF. Based on these practices we are confident to declare that the levels of electromagnetic fields, in all our Base Stations, are significantly lower than the national limits set by the Order of the Minister of Public Health no. 1193/2006 which transposes Recommendation 1999/519/EC on the limitation of exposure of the general public to electromagnetic fields (0 Hz to 300 GHz), a reference document for all the EU Member States, endorsed by the Commission on Non-Ionizing Radiation Protection (ICNIRP), a non-governmental organization formally recognized by World Health Organization.

We have also conducted radio emissions study for every Base Station that we have in Romania with the occasion of environmental assessment, part of the authorization process with Romanian authorities. In 2015, there were performed 52 EMF measurements on Telekom Romania sites at the request of our external stakeholders. The measurements performed by ANCOM have not indicated levels exceeding the limits provided by the Order of the Minister of Public Health no. 1193/2006.

In its turn, the Romanian National Authority for Management and Regulation in Communications (ANCOM) makes publicly available real time results of the electromagnetic field strength measurements performed through its fixed monitoring sensors installed in urban centers. In addition, ANCOM performs measurements with mobile equipments which are also publicly available.

[Find out more about EMF monitoring here](#)

ENVIRONMENTAL AWARENESS

Part of its corporate responsibility policy, Telekom Romania is developing and implementing awareness rising initiatives for its own employees, its clients and for the general public, to support, not just the achievement of its own sustainability performance goals, but to support the change of behaviour of general public regarding environmental aspects.

Environmental awareness initiatives

In 2015 we have continued to engage our employees and partners on environmental topics through our internal and external communication channels. The most relevant of our initiatives were:

- With the occasion of Earth Hour, through our internal newsletter, we have informed more than 7,000 employees about the importance, benefits and best practices concerning energy saving and we have used our SMS service to urge our clients to save energy;
- We have trained 1,950 employees on environmental topics;
- In collaboration with National Society for batteries Recycling (SNRB), we have organized internal communication campaign to promote ecological attitude and selective collection of batteries waste, using internal newsletter and intranet informative materials. Our employees responded by collecting almost 300 kg of used batteries;
- All company's shops were distributed flyers with information for customers, regarding electric and electronic equipment waste;
- In partnership with NGOs, we have organized outdoor employee volunteering activities for planting of more than 8,800 trees and maintaining 10h of forest planted in previous years.



AWARDS AND RECOGNITION

Our efforts to contribute to Romania social, ecological and economical development have been recognized and appreciated by the civil society and our stakeholders. Among other, we have been awarded for our community support campaigns and projects, for our transparent and consistent reporting of non-financial data and also for our environmental performances.

Telekom Romania Awards (selection)



Telekom Romania awarded twice in the Romanian CSR Awards, first place in the category "Community Support" for Teimplici.ro project, and second place in the category "Internal CSR campaigns" with Recycle and Innovate project (April 2015).



Telekom Romania awarded the "Greenest company in Romania", at the Forbes Romania's Gala, for social responsibility and involvement in collecting and recycling waste (November 2015).

Telekom Romania received "The Silver Award for Excellence", for the campaign Recycle and Innovate, at the Romanian PR Awards, 23th edition (November 2015).



Telekom Romania ranked 1st in the IT&C industry and 6th nationally in the Romanian CSR Index 2015, a ranking based on disclosure of non-financial data according to Directive 2014/95/ UE, GRI G4 and Dow Jones Sustainability Index 2014. The CSR assessment includes the Top 100 most valuable companies in Romania (as ranked by Ziarul Financiar, most prestigious financial newspaper in Romania) (December 2015).



International Recognition

Since May 2015, Telekom Romania is a participant in the Global Compact Network Romania, and its CEO is a member of the Steering Committee. Telekom Romania is thus committed to respect the Ten Principles of the United Nations Global Compact.

PERFORMANCE OVERVIEW

ECONOMIC ASPECTS

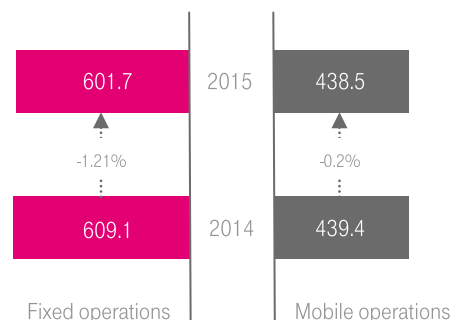
- Financial results
- Market presence and commercial performance
- Direct and indirect economic impacts
- Procurement

FINANCIAL RESULTS

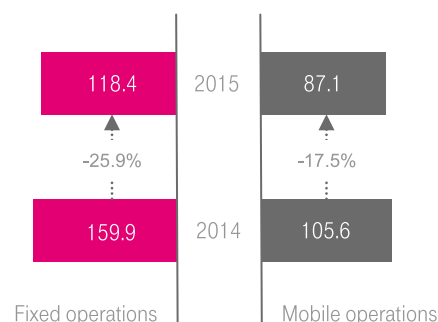
Economic value generated and distributed (million €)

	2014	2015	Annual comparison
Total revenues	1,048.5	1,040.2	
Total operating expenses	1,091.5	1,138.6	
Pro forma EBITDA	265.5	205.5	
Taxes and contributions*	174.2	147.05	

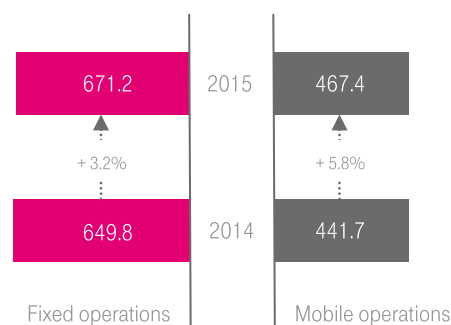
Total revenues evolution brakedown in million €



Pro forma EBITDA evolution brakedown in million €



Total operating expenses evolution brakedown in million €



Summary

- Mobile operations revenues remained stable, at 438.5 million Euros, down 0.2% in 2015 vs 2014;
- Mobile broadband service revenues registered a positive evolution, with an advance of 14% in 2015 vs 2014;
- Telekom Romania maintained a constant investment level over the last 5 years, of around 150 million EURO per year;
- Fixed operations revenues slightly decreased by almost 1% in 2015 compared with 2014 reflecting mainly the continuous decrease of fixed voiced segment;
- ProForma EBITDA decreased in 2015 by 26% compared with 2014, affected by higher TV content and handsets and TV sets related costs, as a result of company's focus on providing improved and seamless customer experience for both fixed and mobile segments;
- ProForma EBITDA margin reached 87.1 million Euros in 2015, decreasing compared with 2014 by 17.5%, affected by increased investment and development costs.

*Total taxes paid at national level except penalties which are reported separately

MARKET PRESENCE AND COMMERCIAL PERFORMANCE

Market presence

Summary

- ANCOM's data regarding the fixed telephony services show a downward trend both in the number of access lines and, respectively, in the number of subscribers, as well as in the volume of the voice traffic achieved;
- The number of mobile subscription based users continued to rise to 10.7 million (+8%), whereas the active prepaid cards number fell by 5% (to 12.5 million);
- The penetration rate of mobile telephony services per 100 inhabitants reached 116.4% by the end of 2015;
- By the end of 2015, in Romania there were 14.7 million mobile broadband connections, growing by 22% per year;
- Mobile broadband internet penetration rate per 100 inhabitants reached 74%, an increase by more than 13 p.p. compared to 2014;
- The very strong market competition exclusively on tariff is gradually slowing down, with competitors focusing on exclusive content, increasing broadband access speeds or introducing fixed-mobile convergent FMC bundles;
- TV market is almost saturated in terms of customers (95% penetration), but TV services growth is possible through relevant content packaging and the right technology mix;
- The mobile market is saturated and the operators had to deepen their relationship with existing customers to maximize monetization opportunities;
- Since the T brand launch in September 2014 and until the end of December 2015, Telekom Romania gained 208,000 fixed-mobile convergent customers;
- At the end of 2015, Telekom Romania 4G network covered 57% of the urban population and 32.4% of the total population;
- On the fixed segment, Telekom Romania's FTTx footprint covered 1.4 million households in 25 Romanian cities.

Telekom Romania on the market

5,500 localities
3G population coverage

57% urban population
32.4% total population
4G population coverage

Over **99%**
GSM/GPRS population coverage

Over **90%**
GSM/GPRS geographic coverage

5.75 million
Mobile subscribers

2.17 million
Fixed voice telephony lines

1.4 million households
Fiber optics coverage

1.45 million
TV subscribers

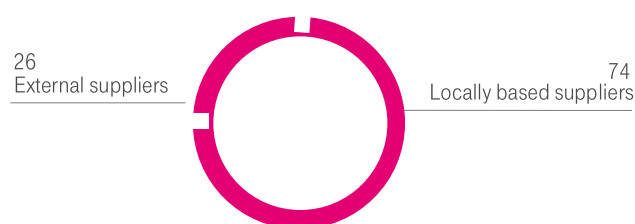
1.2 million
Fixed broadband subscribers

Procurement economic implications

Summary

- 74% of Telekom Romania total supplier spending in 2015 has been realized with local suppliers (suppliers based in Romania);
- In 2015, local suppliers represented 86.2% of total number of suppliers in Telekom Romania supply chain;
- The contracts with all suppliers include specific clauses or annexes on health and safety, anti-corruption, security, environment protection, confidentiality and compliance with Telekom Romania Supplier Code of Conduct.

Spending on local suppliers % of total procurement spending in 2015



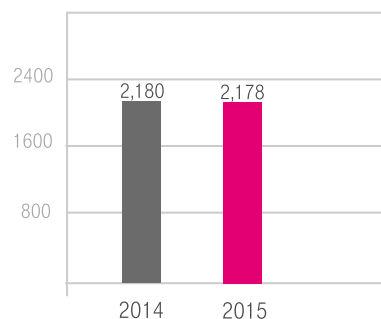
Commercial performance

Summary

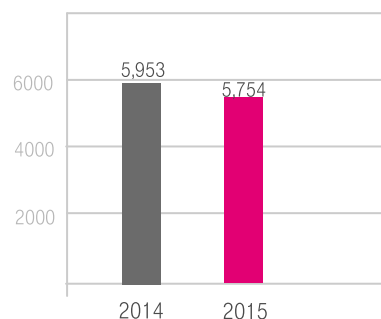
- The operational integration of mobile and fixed operations is complete and is reflected commercially in the launch of MagentaONE integrated offers;
- The convergent services generated a more than double increase of mobile revenues in Q4 2015 compared to Q4 2014, with corresponding increase in the number of MagentaONE customers, which reached over 208,000, up by more than 48,000 since Q3 2015;
- On the business fix segment, Telekom Romania Communications maintained its leading position both in terms of RGUs and revenues;
- At the end of Q4 2015, the total mobile customer base (including Zapp) was of 5.754 million;
- The overall postpaid customer base increased by 3.7% in 2015 vs. 2014, accounting for 29% of total customer base;
- Telekom Romania Mobile Communications registered an increase of 16 pp in the weight of smartphones out of the total terminals sold in 2015 versus 2014;
- Mobile broadband business customer base increased by 22% in Q4 2015 vs. Q4 2014 and by 25.5% on a yearly basis;
- In March 2015 Telekom Romania and Smart Sun Solutions —planted the first digital tree in Romania in Timisoara, offering free solar generated electricity for charging mobile devices and free WI-FI.

Evolution of commercial KPIs

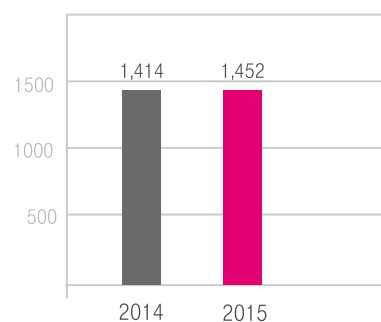
Evolution of fixed lines
thousands



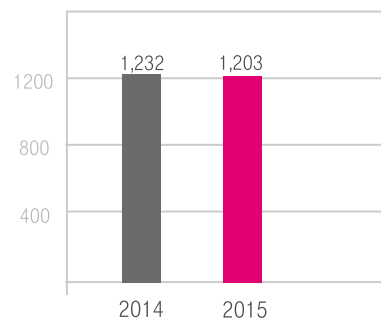
Evolution of mobile customer base
thousands



Evolution of TV services
thousands



Evolution of broadband services
thousands



SOCIAL ASPECTS

- Employment
- Employee engagement and development
- Employee health and safety
- Social engagement
- Customer responsibility

Employment

Employment data Telekom Romania Communications

Summary

- 100% of fixed operations employees are part of collective labour agreement;
- In 2015, an employee union has been formed within Telekom Romania Mobile Communication but no collective working agreement was concluded by the end of the year;
- At the end of 2015, the total workforce of our mobile and fix operation was of 6,368 full time employees, slightly decreasing with 1.9% compared with 2014;
- Male to female remuneration ratio is 1:1 for both mobile and fixed operations;
- In 2015, 86 women and 12 men from our fixed and mobile operations took parental leave;
- No employee resigned during child care leave with pay, and all men and women, returned to their normal duties.

	2014	2015
Full time employees (indefinite contractual period)	5,472	5,344
Female employees (%)	38	37
Employees covered by collective bargaining agreements (%)	100	100
Employee turnover as a percentage of total employees (%)	4.11	4.93

Employments data Telekom Romania Mobile Communications

	2014	2015
Full time employees (indefinite contractual period)	1,018	1,024
Female employees (%)	58	53
Employees covered by collective bargaining agreements (%)	0	0
Employee turnover as a percentage of total employees (%)	23.78	22.52

Employee engagement and development

Values addressed within the employee engagement process

Summary

- In 2015 we launched „One Intranet” - the first integrated Intranet platform, YAM groups & campaigns, info e-mails, weekly electronic newsletters, internal campaigns and activations, SMS messages, live streaming and informative leaflets and posters;
- 26% of the employees took part in internal contests organized to promote corporate and commercial initiatives;
- 1,000 employees participated in the first edition of Development Days – a new concept of training, through which the internal trainers team, along with famous training company, presented the employees concepts and new ways to approach it;
- In 2015, more than 100 employees have been certified on specific technical topics: CISCO, PMP, ACCA, ITIL etc.

Good climate in the team

We can feel like in a family, it is up to us to create the working atmosphere we want.

Development opportunities

We make available soft skills training, technical certificate courses, promotions and internal recruitment, opportunities which enable every employee to advance its career within Telekom Romania or within the DT Group.

Technology and innovation

Telekom is a place where every employee can be in touch with the highest technological peaks and to permanently enrich its knowledge.

Summary

- In 2015 our compliance training programme reached a total of 3,141 employees and it was focused on three key compliance topics: Anti-Corruption, Anti-Trust and Data Privacy on Telecommunication Secrecy;
- During 2015, Telekom Romania was not part of any incidents of non-compliance with regulations regarding money laundering and corruption;
- In 2015, 4,176 employees were trained on information security aspects;
- With the occasion of Earth Hour, through our internal newsletter, we have informed more than 7,000 employees about the importance, benefits and best practices concerning energy saving and we have used our SMS service to urge our clients to save energy;
- In 2015, 1,541 employees participated in E-learning and classroom training course on data protection and privacy of communications.

Compliance training

in number of hours	2014	2015
Total compliance training hours	7,684	3,191
Anti-Corruption	5,849	1,647
Data Privacy training for internal employees	6,337.5	3,292
Anti-Trust	141	495
Data Privacy on Telecommunication Secrecy for internal employees	1,059	436
Data Privacy for external employees (call centres)	215	4
Induction Training on Compliance	135	268
Code of Ethics and Insider Trading		26
Anti-Money Laundering		73

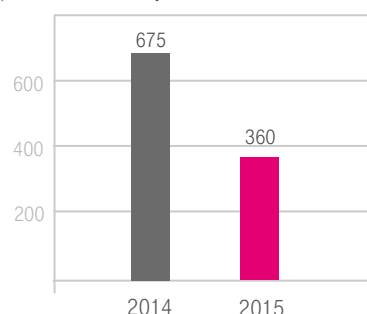
Employee health and safety

Summary

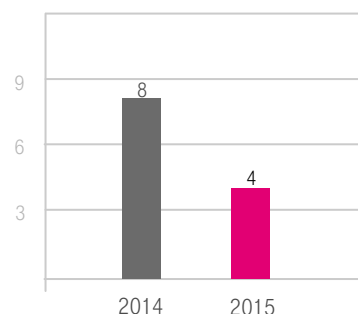
- There were no fatal accidents in our fixed and mobile operations in 2015;
- In 2015, 338 jobs have been reassessed from the perspective of H&S risk perspective (107 mobile operations employees, 231 fixed operations employees);
- 198 H&S internal reports issued, analyzed and closed;
- Both companies have successfully recertified their OHSAS management systems;
- In 2015 no occupational disease have been identified, no working accidents recorded for mobile operations and 4 working accidents have been recorded for fixed operations;
- Both companies' establish Health and Safety Committees which are directly involved in setting the H&S objectives and programmes. On a yearly basis, the management issues the —Report of the General Director- CEO to the Health & Safety Committee presenting the overview of the H&S management system performance;
- During the reporting period, Telekom Romania participated in 11 inspections from local authorities on emergency situations resulting in 1 financial penalty of 2,222 EURO.

Health and safety KPIs

H&S lost day rate
(number of lost days due to non-fatal accidents)



Work accidents
(number of non-fatal accidents)



Telekom Romania Communications

	2014	2015
Work-related fatal accidents (number of employees)	0	0
Work-related non-fatal accidents (number of employees)	7	4
Work-related non-fatal accidents (lost days)	610	360
Health and safety training (hours/employee)	21.32	20.1

H&S training (number of employees) 2015

	fixed	mobile
H&S periodical training	5,344	1,081
H&S induction training	767	187
First aid training	60	0
H&S specialist training	14	8

Telekom Romania Mobile Communications

	2014	2015
Work-related fatal accidents (number of employees)	0	0
Work-related non-fatal accidents (number of employees)	1	0
Work-related non-fatal accidents (lost days)	65	0
Health and safety training (hours/employee)	8.08	11.59

H&S medical exams (number of employees) 2015

	fixed	mobile
Medical examination at hiring	767	501
Periodical medical examinations	4,943	860
Other medical examinations	44	16

Social engagement and contribution

Summary

- In 2015 we have extended our social engagement and contribution with 600,000 EURO through Fundatia Telekom and our own platform Teimplici.ro, through internal scholarship and volunteering programs, through partnering in external relevant projects and by using our services and infrastructure to support social causes and initiatives;
- In 2015, through teimplici.ro platform we have directly financed projects amounting 70,000 EURO, addressing Education, Health, Sport, Environment, Development and Innovation;
- From the funds raised during the 2015 edition of the —Sport is good campaign, the Telekom Romania Foundation acquired the medicine Asparaginaza, necessary to children with leukaemia from Fundeni Institute;
- Via Telekom Romania Foundation, the taxes raised at the 5 km race of Brasov International Marathon powered by Telekom Romania but also 10% from the value of the competitive races (marathon, relay, half marathon and 10 km), were donated to the Association „Cristal children”, in order to cover the expenses necessary for the therapy sessions for 10 children with autism;
- Telekom Romania Foundation together with Telekom Romania developed a crowd funding campaign meant to help 8 NGOs to raise funds in order to implement their social, educational and environmental projects by using Telekom Romania phone and SMS lines;
- Through ‘Together for Romania’s athletes’ initiative, the Telekom Romania Foundation, in partnership with the Romanian Olympic Foundation, granted financial support of 100 Euros/month to 5 ex-athletes with serious health problems.

Social engagement contribution within our communities

Amount invested in the social projects supported during 2015 (EURO)

613,730

Beneficiaries in the social projects supported during 2015

406,428

Number of people reached by social engagement initiatives supported within Teimplici.ro platform

29,495

Number of total participants involved in volunteering actions during 2015

985

Number of employees participating in volunteering initiatives in 2015

271

Number of supported fundraising initiatives

59

Sums collected via Telekom donation lines (approximated figure) (EURO)

1,000,000

Summary

- During 2015, together with Cisco and Webhit, part of 5 national educational projects funded through EU funds, we provided technical support for implementation of 20 telepresence centers in schools and 16 centers where telepresence is complemented by a software application, providing students in remote areas access to high-quality content and facilitating contact with teachers in big cities;
- Over 650 students have applied for the –Telekom Scholarship Programme 2015 edition. 20 applications have been selected for the final evaluation, out of which 10 were awarded with 1 full year scholarship of more than 10.000 LEI (around 2,200 euro) each;
- During 2014-2015, within our STEP project (co-financed from the European Social Fund through the Sectorial and Operation Program Development of Human Resources 2007-2013. Invest in People), 525 students benefited from career counselling services, 255 students benefited from internship and obtained an internship certificate and a qualification on their university specific, 9,000 applied for an internship, 1,500 were selected and benefited from the experience of 100 mentors;
- Since September 2015 Telekom Romania has been running the fourth round of the Coder Dojo Bucharest North Workshops, with over 50 children and youngsters aged 7 to 16, studying programming and computer-assisted electronics based on the Arduino development platform;
- Over 50,000 persons (active participants or supporters) took part at 89 sports classes held by 115 national and international trainers, during the Biggest Sports Hour event in Bucharest, Braşov and Mamaia. During the events, over 1,000 people benefited of free medical tests;
- In October 2015, volunteers from Telekom Romania together with volunteers of ViitorPlus Association planted a total of 1,800 seedlings of lime and English oak on an area of 10,000 square meters in the village of Draganesti-Vlasca, Teleorman County.

Results of Telepresence initiative

Number of students' beneficiating of telepresence systems from Telekom Romania, Cisco and Webhit

8,000

Number of schools with telepresence systems from Telekom Romania, Cisco and Webhit

36

Results of Telekom Scholarships programme

Telekom Romania financial contribution in 2015

270,000 LEI

Total number of students awarded with Telekom scholarships

95

Total number of students awarded with Telekom scholarships in 2015

10

Results of Telekom sport initiatives

Estimated number of participants in recreational sport activities

53,000

Customer responsibility

Summary

- In 2015 TUV Hellas certified the Telekom Romania Information Security Management System based on ISO 27001;
- On Quarter to quarter basis, the TRI*M index (Customer Satisfaction & Loyalty study) maintained at similar level for mobile residential customers and registered a 3 points decrease for residential fixed customers while for business customers, TRI*M index maintained at similar level for mobile customers while for fixed it decreased 4 points;
- During 2015 we have received 3 external complaints regarding data privacy, out of which 2 have been determined as non-compliant with national regulation and resulted in a total of 7,778 EURO financial penalty.

10 seconds average waiting time at the call center for residential and business customers of integrated fix and mobile services, as of May 2015

ENVIRONMENTAL ASPECTS

- CO₂ emissions
- Energy efficiency
- Packaging and waste
- Water consumption and other environmental aspects
- Environmental management performance
- Compliance data

CO₂ emissions

Summary

- In 2015 our total CO₂ emissions, direct and indirect (scope 1 + scope2) dropped with 23.9% compared with 2014, from 122,581.1 t CO₂-eq to 93,317.97 t CO₂-eq. One of the most relevant aspects which determined the reduction was the introduction of energy efficiency measures in the telecommunication network.

CO₂ emissions evolution breakdown for Telekom Romania

tons CO ₂ -eq	2014	2015	Annual comparison
Total CO ₂ emissions	122,578.1	93,317.97	↓
Direct emissions (scope 1)	14,627.06	14,077.12	↓
Indirect emissions (scope 2)	107,954.04	79,240.85	↓

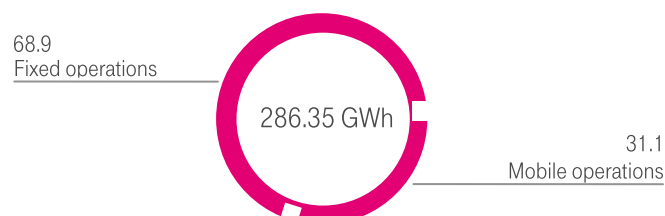
Energy efficiency

Summary

- In 2015 our total energy consumption for mobile and fix operations was 286.35 GWh, 1.75% lower than in 2014 (291.39 GWh);
- Through our energy efficiency and conservation programmes we managed to achieve energy savings of 5.93 GWh, out of which, 4.25 GWh of electricity and 1.67 GWh of district heating and fuel consumption;
- In 2015, our total electricity consumption (mobile + fix operations) was of 215.08 GWh, 1.7% lower compared with 2014 (218.89 GWh);
- In 2014 and 2015 we have restructured and consolidation our commercial spaces, reducing their numbers and improving space usage efficiency in the existing ones, which lead to a direct reduction of electricity consumption of more than 10%;
- We continued the upgrade process of the mobile telecommunication network and the implementation of saving energy solutions and we managed to reduce the electricity consumption by almost 10% compared with 2014.

Energy consumption data

Total energy consumption Telekom Romania 2015 (GWh)
(% mobile and fixed operations)



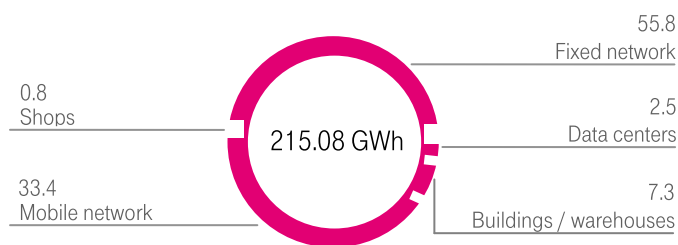
Energy consumption evolution Telekom Romania (fixed + mobile operations) (GWh)

	2014	2015	Annual comparison
Electricity consumption	218.89	215.04	↓
District heating and fuel consumption in buildings	27.45	29.91	↑
Fuel consumption (fleet)	45.05	41.4	↓

Summary

- Compared with 2014, we have managed to reduce the consumption of diesel associated with backup electricity generators in our buildings and base stations with 19.3%, leading also to a reduction of our direct CO₂ emissions;
- In 2015 our fuel consumption decreased with almost 9% compared to 2014 based mainly on fleet restructuration both in term of numbers of cars, which decreased, and vehicle types. The average fuel consumption per kilometer within the fleet decreased also with 5.2%, from 0.071l/km in 2014 to 0.067 l/km in 2015;
- District heating is used only on our fix operations facilities and compared with 2014, the consumption increased slightly with 2%.

Breakdown of electricity consumption Telekom Romania (%)



Energy consumption breakdown for Telekom Romania

	2014	2015
District heating (GWh)	12.5	12.76
Natural gas consumption (thousands m ³)	1,843.8	2,162.2
Fossil fuel for electricity generation (liters)	106,147	85,642.4

Packaging and waste

Summary

- In 2015 we have collected and eliminated with the help of authorized companies 100% of our hazardous waste, without any environmental incident;
- In 2015 we have collected 0.71t of phones, batteries and accessories through one-to-one mechanisms, we have decommissioned and collected 578.89t of IT hardware and telecommunication equipment and we have also collected 1.97t of small WEEE (MP3, cameras, etc.);
- In 2015 we have produced 6,927.70 tons of waste and we managed to recycle a total 3,255.98 tons;
- In 2015 we have reused a total number of 195 cartridges and we have sent for recycling 0.42t;
- In 2015 we consumed 66.9 tons of paper in our offices, 4.5% lower compared with 2014 and we have recycled 10% of total paper and cardboard waste generated, respectively 101.33 t out of total 1,121.91t.

Packaging waste (tons)

	fixed	mobile	Total
Paper and cardboard	113,391	3,640	117,031
Plastic	46,525	0.126	46,525.126
Wood	39,884	6,461	46,345

Waste quantities generated 2015 (tons)

	fixed	mobile
Hazardous waste	50.3	0
Technical waste	2,881.59	179.85
Others	3,532.58	283.39
Total	6,464.47	463.24

Waste quantities recycled in 2015 (tons)

	fixed	mobile
Recycled waste	3,044.64	211.35
Non-recycled waste	3,419.83	251.89
Total	6,464.47	463.24

Water and other environmental aspects

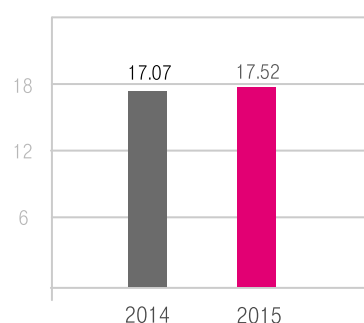
Summary

- In 2015 our total water consumption increased with 3.88% compared with 2014, mainly driven by the increased consumption within mobile operations;
- To improve the control of refrigerants and increase the efficiency of our cooling systems, we have implemented a clear maintenance and verification programme which allows us to detect failures and leakages;
- In 2015, at national level, we replenished under careful observation 2,029 kg of refrigerants (R134a, R407c, R410a, R427a);
- In 2015 we have received 3 external complains regarding the noise impact of our equipment. The complaints have been checked together with the Environmental Guard and generated a set of 10 corrective measures which have been implemented;
- In 2015 we had 31 base stations that were situated in protected areas;
- In 2015, there were performed 19 EMF measurements on Telekom Romania sites at the request of our external stakeholders. The measurements performed by ANCOM have not indicated levels exceeding the limits provided by the Order of the Minister of Public Health no. 1193/2006.

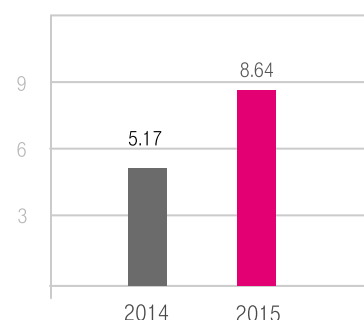
Water consumption (cubic meters)

	2014	2015	Annual comparison
Fixed operations	93,410.4	93,660	
Mobile operations	5,272	8,851.5	

Water consumption / employee fixed operations
m³



Water consumption / employee mobile operations
m³



Environmental management

Summary

- Both our companies, Telekom Romania Communications and Telekom Romania Mobile Communications have implemented environmental management systems certified according to ISO 14001:2008 standard in 2014, respectively 2015;
- No environmental incidents or accidents have been recorded during the reporting period;
- 1,950 employees were trained on environmental topics, in 2015, within our fixed and mobile operations.

Environmental management systems performance overview (mobile + fixed operations)

	fixed	mobile
Environmental incidents or accidents (number)	0	0
Environmental penalties (value EURO)	0	0
Environmental budget (estimated value of spending EURO)	260,000	60,000
Employees trained regarding reduction of environmental impacts (approx. number)	1,566	384
External environmental complaints received and remediated (number)	3	0

GRI INDEX

Our 2015 Corporate Responsibility Report has been developed based on the requirements defined by the Global Reporting Initiative (GRI), in accordance with the Core option of GRI4.

GRI	Summary description	Status	References and notes	Page
General standard disclosures				
Strategy and analysis				
G4-1	CEO Letter	F	Message from our CEO	8
G4-2	Key impacts, risks and opportunities	F	ICT for sustainable development	3
			ICT contribution un UNSDG	4
			Our vision of sustainable society	6
			Message from our CEO	8
			Corporate Governance structure	20
			Compliance and risk management	23
			Corporate responsibility strategy and management	28
Organizational Profile				
G4-3	Organization name	F	Reporting framework	10
			The road to T	11
G4-4	Primary brands, products and services	F	The road to T	11
			Market and services	14
G4-5	Headquarters location	F	Telekom Romania at a glance	12
G4-6	Where the organization operates	F	Telekom Romania at a glance	12
			Market and services	14
G4-7	Nature of ownership and legal form	F	Corporate governance structure	20
G4-8	Markets served	F	The road to T	11
			Market and services	14
G4-9	Scale of the organization	F	Telekom Romania at a glance	12
			Financial performance	13
G4-10	Total number of employees by type	F	Telekom Romania at a glance	12
			Employment	60
G4-11	Collective bargaining agreements	F	Employment	60
			Equal opportunities and diversity	61
G4-12	Supply chain description	F	Sustainability in the supply chain	56
G4-13	Organizational changes during the reporting period	F	The road to T	11
G4-14	Organization precautionary approach or principle	F	Compliance management systems	25
			Enterprise risk management	26
G4-15	External charters, principles, or other initiatives	F	Reporting framework	10
			Corporate responsibility commitments	31
G4-16	Membership associations	F	Key partnerships	37

Index Key: F – fully P – partially Not – not reported

GRI	Summary description	Status	References and notes	Page
General standard disclosures				
Identified material aspects and boundaries				
G4-17	Entities included in financial statements	F	Financial performance	16
G4-18	Reporting Principles for Defining Report Content	F	Reporting framework	9
			Stakeholder engagement	33
			Materiality assessment process	38
G4-19	Material aspects included in the report	F	Identification of sustainability aspects	39
			Results of the materiality process	41
G4-20	Aspect Boundaries within the organization	F	Identification of sustainability aspects	39
			Prioritization of material aspects	40
G4-21	Aspect Boundaries outside the organization	F	Results of materiality process	41
G4-22	Restatements	F	No restatements have been issued	
G4-23	Changes from previous reports in terms of scope and/or boundaries	F	Reporting framework	10
Stakeholder engagement				
G4-24	Stakeholder groups	F	Stakeholder engagement [Stakeholder mapping]	34
G4-25	How stakeholders were identified	F	Stakeholder engagement [Stakeholder mapping]	34
G4-26	Approach to stakeholder engagement	F	Stakeholder engagement. [Engagement mechanisms]	34
G4-27	Topics raised during stakeholder engagements	F	Stakeholder engagement. [Engagement topics]	35
Report profile				
G4-28	Reporting period	F	Reporting framework	10
G4-29	Date of most recent report	F	Reporting framework	10
G4-30	Reporting cycle	F	Reporting framework	10
G4-31	Report contact	F	Reporting framework	10
G4-32	—In accordance option, GRI index and report assurance	F	Reporting framework	10
			GRI Index	105
G4-33	Policy regarding report assurance	F	Reporting framework	10
Governance				
G4-34	Governance structure of the organization	F	Corporate governance structure	20
Ethics and integrity				
G4-56	Code of conduct	F	Values and guiding principles	19

Index Key: F – fully P – partially Not – not reported

GRI	Summary description	Status	References and notes	Page
Specific standard disclosures – Economic				
Economic performance				
G4-DMA	Generic Disclosures on Management Approach	F	Commercial strategy and performance	13
			Financial performance	16
			Corporate responsibility management objectives	29
			Contribution to the UN Sustainable Development Goals	43
G4-EC1	Economic Value	F	Telekom Romania at a glance	12
			Financial performance	16
			Employee working tools & benefits	66
			Social engagement	69
G4-EC2	Climate change risks	F	Message from our CEO	8
			Smart cities for Romania	50
			Environmental strategy	82
			Climate protection strategy	84
G4-EC4	Government financial assistance	F	No government financial assistance received during the reporting period	
Market presence				
G4-DMA	Generic Disclosures on Management Approach	F	Prioritization of sustainability aspects	40
			Contribution to the UN Sustainable Development Goals	43
G4-EC5	Entry level wage by gender	F	Equal opportunities and diversity	61
Indirect economic impacts				
G4-DMA	Generic Disclosures on Management Approach	F	Prioritization of sustainability aspects	40
			Contribution to the UN Sustainable Development Goals	43
G4-EC7	Infrastructure investments	F	Bridging the digital divide	46
G4-EC8	Indirect economic impacts	F	Bridging the digital divide	46
			Responsible products and services	48
			Smart cities for Romania	50
Procurement practices				
G4-DMA	Generic Disclosures on Management Approach	F	Prioritization of sustainability aspects	40
			Contribution to the UN Sustainable Development Goals	43
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	F	Sustainability in the supply chain	56
			Spending on local suppliers	57

Index Key: F – fully P – partially Not – not reported

GRI	Summary description	Status	References and notes	Page
Specific standard disclosures – Environmental				
Materials				
G4-EN1	Materials used by weight or volume	F	Materials usage and waste management	88
Energy				
G4-EN3	Energy consumption (Scope 1 +2)	F	Improving energy efficiency	86
G4-EN5	Energy intensity	F	Improving energy efficiency	86
G4-EN6	Energy reductions	F	Improving energy efficiency	86
G4-EN7	Reductions in energy requirements of products and services	P	Responsible products and services	48
Water				
G4-EN8	Total water withdrawal by source	F	Other environmental aspects	91
G4-EN9	Water sources significantly affected by withdrawal of water	F	No waters sources have been significantly affected by withdrawal of water	
Biodiversity				
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	F	Other environmental aspects	91
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	F	Biodiversity	92
Emissions				
G4-EN15	GHG emissions (Scope 1)	F	CO2 emission	85
G4-EN16	GHG emissions (Scope 2)	F	CO2 emission	85
G4-EN19	Reduction of GHG emissions	F	CO2 emission Improving energy efficiency	85 86
G4-EN20	Emissions of ODS	P	Ozone protection	91
Effluents & Waste				
G4-EN22	Total water discharge by quality and destination	F	Water consumption	91
G4-EN23	Waste by type and disposal method	F	Waste management	89
G4-EN24	Total number and volume of significant spills	F	No significant spills registered during the reporting period	
G4-EN25	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	F	Waste management	89
G4-EN26	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	F	No water bodies and related habitats are significantly affected by Telekom Romania discharges of water and runoff. All waste water is being discharged in the local municipal sewage in all areas of operations	
Products and Services				
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	F	Waste management	89

Index Key: F – fully P – partially Not – not reported

GRI	Summary description	Status	References and notes	Page
Specific standard disclosures – Environmental				
Compliance				
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	F	Other environmental aspects	91
Transport				
G4-EN30	Environmental impacts from product distribution and employee travel	F	Improving energy efficiency Fleet fuel consumption	86 87
Overall				
G4-EN31	Total environmental protection expenditures and investments by type	F	Environmental management system	83
Supplier Environmental				
G4-EN32	New suppliers screened using environmental criteria	F	Sustainability in the supply chain	56
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	F	Compliance with environmental laws and regulation	91
Specific standard disclosures - Social				
Labor practices & decent work				
Employment				
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	F	Employment	60
G4-LA2	Benefits provided to full-time employees	F	Employees working tools and benefits	66
G4-LA3	Return to work and retention rates after parental leave, by gender	F	Equal opportunities and diversity	61
Labor/Management relations				
G4-LA4	Minimum notice periods regarding operational changes	F	Employment	60
Occupational Health and Safety				
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees	F	Employee health and safety	62
G4-LA6	Rates of injury, occupational disease, lost days, absenteeism, and work related fatalities	F	Health and safety performance	63
G4-LA8	Health and safety topics covered in formal agreements with trade unions	F	Employee health and safety	
Training & Education				
G4-LA9	Average hours of training for employees	F	Compliance in practice Information security and data privacy Health and safety performance Environmental awareness	27 54 63 93
G4-LA10	Programs for skills management and lifelong learning	F	Employee engagement	64
Diversity and Equal Opportunity				
G4-LA12	Composition of governance bodies and breakdown of employees	P	Corporate governance structure	20
G4-LA13	Ratio of basic salary and remuneration	F	Equal opportunities and diversity	61
Supplier Assessment for Labor Practices				
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	F	Sustainability in the supply chain	56

Index Key: F – fully P – partially Not – not reported

Index Key: F – fully P – partially Not – not reported

GRI	Summary description	Status	References and notes	Page
Specific standard disclosures – Social				
Labor Practices Grievance Mechanism				
G4-LA16	Grievances about labor practices	F	Health and safety performance	63
Human rights				
G4-HR2	Employee training on human rights	F	Compliance in practice	27
Non-discrimination				
G4-HR3	Total number of incidents of discrimination and corrective actions taken	F	No discrimination incident have been recorded during the reporting period	
Freedom of Association and Collective Bargaining				
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated and at significant risk, and measures taken to support these rights	F	Sustainability in the supply chain Equal opportunities and diversity	56 61
Child Labor				
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor	F	Sustainability in the supply chain Equal opportunities and diversity	56 61
Forced or Compulsory Labor				
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor	F	Sustainability in the supply chain Equal opportunities and diversity	56 61
Indigenous Rights				
G4-HR8	Total number of incidents of violations involving right of indigenous peoples and actions taken	F	No incidents of violations involving right of indigenous peoples have been recorded during the reporting period	
Assessment				
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	F	Integrating responsibility into operations	32
Supplier Human Rights Assessments				
G4-HR10	New suppliers screened for human rights	F	Sustainability in the supply chain	56
G4-HR11	Human rights impacts in the supply chain	F	Sustainability in the supply chain	56
Human Rights Grievance Mechanism				
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	F	No grievance about human rights impact have been recorded during the reporting period	
Local communities				
G4-SO2	Operations with significant actual and potential negative impacts on local communities	F	Telekom Romania has no operations with significant actual or potential negative impacts on local communities	

Index Key: F – fully P – partially Not – not reported

GRI	Summary description	Status	References and notes	Page
Specific standard disclosures – Social				
Anti-corruption				
G4-SO3	Total number and percentage of operations addressed for risks related to corruption and the significant risks identified	F	Compliance management system Compliance in practice	25 27
G4-SO4	Communication and training on anti-corruption policies and procedures	F	Compliance in practice	27
G4-SO5	Confirmed incidents of corruption and actions taken	F	Compliance in practice	27
Public policy				
G4-SO6	Political contributions	F	Telekom Romania is not involved in any political aspects and did not had any political contribution during the reporting period	
Anti-competitive behavior				
G4-SO7	Total number of legal actions for anti - competitive behavior, anti-trust, and monopoly practices and their outcomes	F	Responsible competition	44
Compliance				
G4-SO8	Monetary value of significant fines	F	Compliance in practice	27
			Responsible competition	44
			Customer service and satisfaction	53
			Information security and data privacy	54
			Health and safety performance	63
			Other environmental aspects	91
Supplier Assessment for Impact on Society				
G4-SO9	New suppliers screened for impacts on society	F	Sustainability in the supply chain	56
G4-SO10	Significant actual and potential negative impacts on society in the supply chain	F	Sustainability in the supply chain	56
Grievance Mechanisms for Impacts on Society				
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	F	Other environmental aspects	91
Product responsibility				
Customer Health and Safety				
G4-PR1	Percentage of significant product and service categories for which health and safety are assessed for improvement	F	Information security and data privacy	54
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	F	Information security and data privacy	54

Index Key: F – fully P – partially Not – not reported

GRI	Summary description	Status	References and notes	Page
Specific standard disclosures – Social				
Product and Service Labeling				
G4-PR3	Type of product and service information required by the organization's procedures for product and service	F	Customer responsibility	52
			Customer service and satisfaction	53
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling	F	Customer service and satisfaction Information security and data privacy	53 54
G4-PR5	Surveys measuring customer satisfaction	F	Customer service and satisfaction	53
Marketing Communications				
G4-PR6	Sale of banned or disputed products	F	Telekom Romania is not selling banned or disputed products	
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	F	No incidents of no-compliance with regulations and voluntary codes concerning marketing communication	
Customer Privacy				
G4-PR8	Complaints regarding breaches of customer privacy and losses of customer data	F	Information security and data privacy	54
Compliance				
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	F	Customer service and satisfaction	53
			Information security and data privacy	54

Index Key: F – fully P – partially Not – not reported