



Evolving sustainably with digitalisation:  
targets, measures, outcomes

Digitalisation is about to fundamentally change entire economic sectors and business models as well as societal and personal conventions with enormous dynamism and it will do so in an evolutionarily disruptive way. This 'Dvolution' also harbours considerable advantages from a social and ecological point of view — for instance by promoting equal opportunities within the context of access to information, education and knowledge. In particular, however, since digitalisation preserves resources and protects the environment in general, it is conducive to more sustainable forms of business, living and consumption.



## NETWORK & CUSTOMERS

In its role as a driver of digitalisation and beyond the provision of connectivity and bandwidth, Telekom Austria Group provides entire industries, business models and societal as well as personal areas of life with a wide range of positive development possibilities. PAGE 18



## EMPLOYEES

Digitalisation is accompanied by a profound change of the foundations and methods of working. This includes the question of how employees interact within the company as well as with customers, suppliers and other stakeholders. Telekom Austria Group actively promotes the competences required. PAGE 30



## ENVIRONMENT

Information and communications technologies can contribute to a more ecological and thus, sustainable, style of life. For it is important to find innovative solutions for challenges such as climate change. PAGE 24

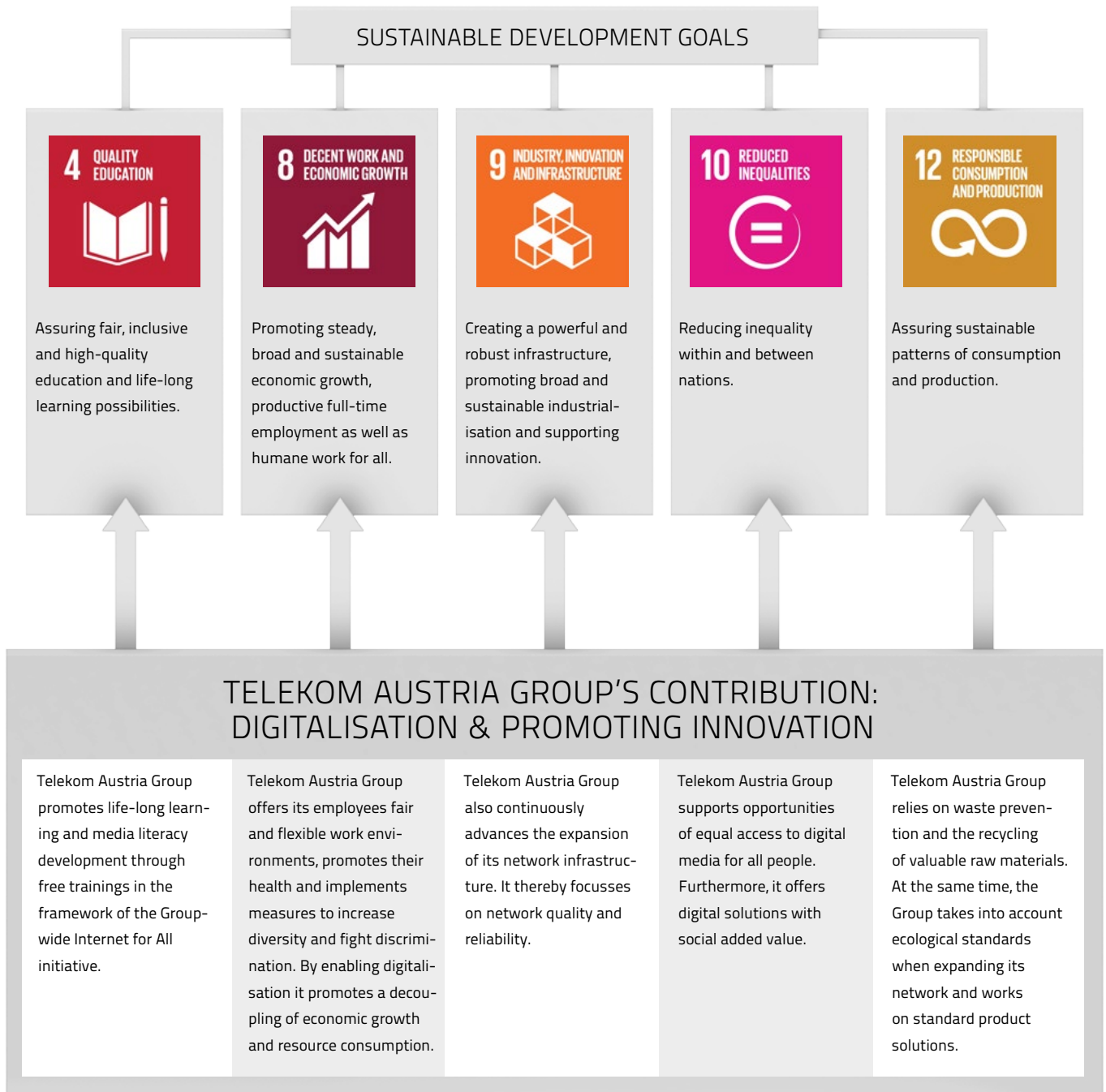


## SOCIETY

By providing the technological basis and educational offers for an equal, digital access to information, education and knowledge, Telekom Austria Group not only serves as a responsible member of our society, but also as an element bridging gaps. PAGE 38

# TELEKOM AUSTRIA GROUP'S CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

In 2015, the members of the United Nations adopted targets for a sustainable development (Sustainable Development Goals or SDG) on economic, social and ecological levels. These goals have come into effect on 1 January 2016 and will remain valid for 15 years (until 2030). Politics, the civil society and the economy work together on their implementation. Telekom Austria Group is making significant contributions to the following SDGs:



# TELEKOM AUSTRIA GROUP

GEOGRAPHICAL PRESENCE → 102-2, 102-4, 102-6, 102-7

As a leading communication provider in the CEE region employing 18,203 people, Telekom Austria Group offers its approximately 24 million customers on seven markets communication solutions, payment and entertainment services as well as integrated business solutions. Its state-of-the-art broadband infrastructure enables a digital lifestyle and allows customers, companies and devices to become part of a network at any time and in any place.



## AUSTRIA

### A1

Revenue: 2,575.5 EUR mn  
Employees: 8,352  
CO<sub>2</sub>: 26,320 t

## BULGARIA

### Mobiltel

Revenue: 412.0 EUR mn  
Employees: 3,808  
CO<sub>2</sub>: 52,995 t

## CROATIA

### Vipnet

Revenue: 398.3 EUR mn  
Employees: 1,288  
CO<sub>2</sub>: 28,593 t

## BELARUS

### velcom

Revenue: 321.0 EUR mn  
Employees: 2,248  
CO<sub>2</sub>: 30,926 t

## SLOVENIA

### A1 Slovenija

Revenue: 214.1 EUR mn  
Employees: 532  
CO<sub>2</sub>: 6,206 t

## REPUBLIC OF SERBIA

### Vip mobile

Revenue: 221.1 EUR mn  
Employees: 917  
CO<sub>2</sub>: 33,763 t

## REPUBLIC OF MACEDONIA

### one.Vip

Revenue: 119.4 EUR mn  
Employees: 822  
CO<sub>2</sub>: 26,653 t

Figures as of 31 December 2016. Employees in full-time equivalents. Revenues referencing on the full year 2016. As of Q1 2016, the Telekom Austria Group changed its reporting structure to be fully aligned with América Móvil. The renaming of Si.mobil d.d. in A1 Slovenija, d.d. in the course of the rebranding became effective in April 2017. CO<sub>2</sub> includes Scope 1 and Scope 2 market-based emissions. Scope 1 includes direct emissions from combustion of fossil fuels for heating, electricity production and mobility but does not including cooling agents. Scope 2 measures indirect emissions from electric energy and district heating. CO<sub>2</sub> in CO<sub>2</sub> equivalents excluding compensation.

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## SOCIETY

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# D(E)VOLUTION?

In the context of cultural change, the title of our latest sustainability report denominates the elimination or replacement of traditional habits. Figuratively speaking, this more than applies to digitalisation which can be seen as a kind of current digital evolution. It is no less than a mega trend of our time. Not entirely new, but extremely dynamic and — in more than one sense — characterised by sustainability. We can thereby not even decide whether we want to participate or not. For it will take place with or without us, and will without a shadow of a doubt shape our living conditions and development possibilities.

Because of its evolutionary and even disruptive effects, digitalisation is about to fundamentally change entire industries and business models as well as societal and personal conventions. No wonder then that it is often referred to as the fourth industrial revolution or Industry 4.0. In this context, we also frequently encounter the terms Internet of Things, virtual reality, artificial intelligence, and big data.

It is obvious that information and communications technology plays a decisive role in this development. Also, it holds great potential — not only for a telecommunications provider such as Telekom Austria Group offering the foundations for such applications by providing infrastructure and connectivity. Overall, digitalisation brings about immense opportunities for economic growth as well as varied ways of societal and individual development. At the same time, it shows where less may in fact represent progress: It promotes a more efficient, resource-saving and therefore more sustainable way of working and living in the interest of both people and the environment.

In the course of its transformation from a traditional telecommunications provider to an ideal digitalisation partner, Telekom Austria Group, too, has committed to more efficiency, flexibility, security and sustainability. The latter plays a considerable role in this context, not least because of the fact that consumption of digital instead of physical experience and interaction offerings can make significant contributions to resource conservation and environmental protection. In this sense, a sustainable 'cultural change' towards 'using instead of owning' and substituting physical resources such as hardware and data carriers with virtual resources such as cloud solutions mark a positive 'devolution' in the spirit of the report's title.



Consequently, Telekom Austria Group commits to the targets of the triple bottom line of sustainable development ('People, Planet, Profit') — and not just because they secure its business activity in the long run, but also because it makes its management actively assume societal and environmental responsibility. The company's express commitment to the UN Global Compact follows along the same line. Furthermore, Telekom Austria Group has evaluated to which of the 17 targets pursuing a sustainable economical, social and ecological development passed by the United Nations in 2015 (Sustainable Development Goals or SDG) it can contribute with its initiatives (see page 3).

To make sure such sustainability activity can unfold its maximum potential from the perspective of its stakeholders, Telekom Austria Group conducted another materiality analysis in the spring of 2017 (see page 10). Highlights of the Group's CSR commitment such as Internet for All which — with 124,000 participations — far exceeded its targets for 2016 were based on the action areas and objectives derived from said analysis. Moreover, it will continue to consistently work on improving its energy efficiency (2016 by 45 %).

When it comes to employees, it not only introduced a Group-wide social media tool to further cooperation and know-how exchange ('Workplace', see page 32) in the year under review, but also subjected the company's corporate culture and one of its core elements, the 'Guiding Principles' (see page 36), a quasi 'digital evolution' in 2016: They now also follow our common purpose of 'Empowering Digital Life'.

→ 102-14

ALEJANDRO PLATER, CEO & COO

SIEGFRIED MAYRHOFFER, CFO

# EMPOWERING DIGITAL LIFE: TELEKOM AUSTRIA GROUP'S STRATEGIC DIRECTION

Telekom Austria AG and its subsidiaries ('Telekom Austria Group' with headquarters in Vienna) are leading providers of fixed-line and mobile communication services serving some 24 million fixed-line and mobile communication customers in seven Middle and Eastern European countries.

Through its majority owner América Móvil, Telekom Austria Group has been part of a world-leading, multi-national telecommunications corporation since 2014. As a member of this group of companies operating globally, Telekom Austria Group capitalises on effects of scale and synergies, among others in the areas of product development, technology and purchasing.

Following its guiding principle of Empowering Digital Life, Telekom Austria Group presents itself as the perfect partner for the economy and society in the age of digital transformation. Its self-image as a driver of digitalisation therefore represents an important element in Telekom Austria Group's strategic direction. Its strategic direction (see graphic, page 8) aims at optimising its core business, expanding its product portfolio and launching targeted M&A activities. Cost and investment efficiency is the crucial premise dominating all strategic targets and decisions.

In its growth strategy, the Group not only builds on its leading role in the CEE region but—as part of América Móvil—also relies on the strength of one of the largest telecommunications providers in the world, serving 280 million customers in the mobile communications sector alone. Operational excellence is paramount when it comes to the corporate strategy's implementation, in order to have the right financial leeway for investments at one's disposal. All structures and processes as well as investment decisions are therefore constantly reviewed and questioned. The Group routinely pursues improvements to ways of thinking and work methods to become more efficient every day. Telekom Austria Group's cross-market target is to not keep redeveloping products

over and over again but to swiftly roll out proven products on other markets ('one to many'). Internally, the strategy's implementation builds upon the Guiding Principles within the corporate culture: Team, Trust and Agility (see Employees, page 30).

In all its strategic initiatives, Telekom Austria Group's conservative financial strategy always presupposes maintaining the investment grade ratings Baa2 from Moody's and BBB from Standard & Poor's. This central priority, in turn, also applies to the corporate strategy's core elements.

In terms of increasing efficiency, optimising the core business and expanding the product portfolio, the sustainability strategy is tied to the corporate strategy. In this context, sustainability is regarded as a long-term value driver which—besides actively embodied ecological and societal responsibility—also yields economic benefits, for instance through increased energy efficiency which reduces environmental impacts as well as costs.

The telecommunication market offers a wide range of attractive opportunities. High-quality and high-performance communications solutions make both professional and private life easier and more efficient. At the same time, a massive increase in data traffic, rapid technological progress and

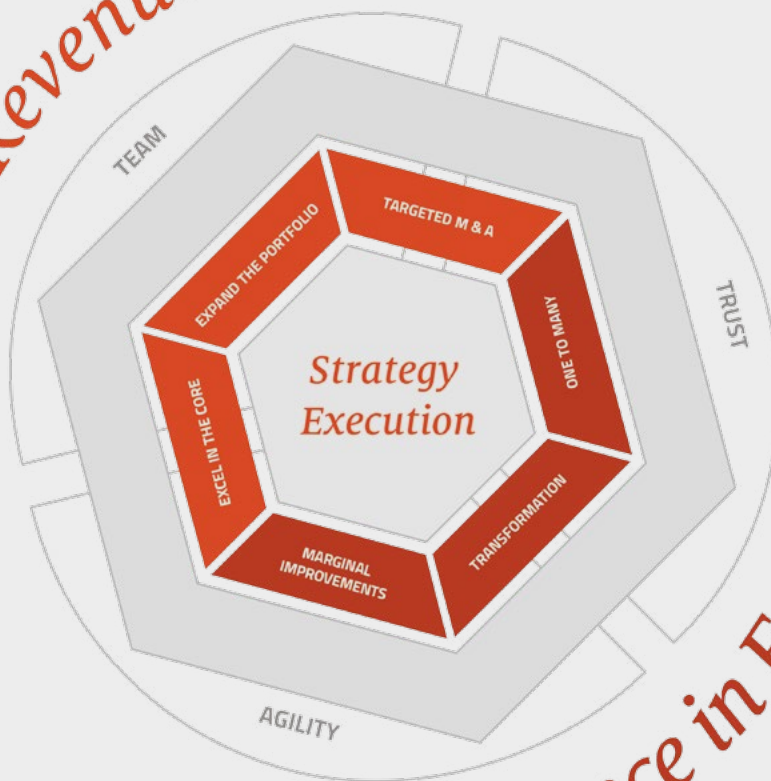
## TELEKOM AUSTRIA AG SHAREHOLDER STRUCTURE AS PER 31 DECEMBER 2016

América Móvil <sup>1</sup>	51.00%
ÖBIB (Republic of Austria) <sup>2</sup>	28.42%
Widespread shareholdings including employee shares and own shares	20.58%

→ 102-5

- 1) As per notice in accordance with §§ 91 ff Austrian Stock Exchange Act dated 29 July 2016 as well as América Móvil press release dated 22 August 2016.
- 2) As per registration for annual meeting on 25 May 2016.

Focus on Revenue Growth



Excellence in Execution

strong customer demand for first-class network and service quality pose corresponding challenges. These require ongoing and massive investments and place high demands on performance capabilities and therefore, also on the infrastructure's energy requirements. Thus, Telekom Austria Group not only faces market risks such as intense competition, unstable economic momentum and regulatory market intervention, putting pressure on prices and profitability. Progressing

climate and environmental change as well as societal framework conditions can also influence corporate development. To prepare for such risks in a timely manner, a central risk management constantly monitors respective developments and implements appropriate counter measures when and if required. More information on the risk management at: [www.telekomaustria.com/en/ir/annual-reports](http://www.telekomaustria.com/en/ir/annual-reports) → 102-1, 102-2, 102-3, 102-4, 102-7, 102-10

#### ECONOMIC FIGURES OF TELEKOM AUSTRIA GROUP<sup>3)</sup>

(in EUR mn)	Revenue	EBITDA <sup>4)</sup>	Operating income	Net result	Equity	Market capitalisation (in EUR bn) <sup>5)</sup>
2016	4,211.5	1,354.3	486.7	413.2	2,770.7	3.7
(in EUR mn)						
2015	4,125.3	1,368.7	571.7	392.8	2,426.0	3.4
(in %)						
Change	2.1	-1.1	-14.9	5.2	14.2	11.2
→ 102-5						

3) From the first quarter of 2016 forward, Telekom Austria Group's reporting structure follows that of América Móvil. The comparison period of 2015 was adapted accordingly. For details see: [www.telekomaustria.com/en/ir/new-reporting-structure](http://www.telekomaustria.com/en/ir/new-reporting-structure)

4) The key figure EBITDA is defined as the annual result not including financial result, profits taxes, write-offs and—if applicable—impairments / reversals.

5) As of 31 December 2016

# SUSTAINABLE, SYSTEMATIC GOALS

Digitalisation brings about immense opportunities for economic growth as well as varied ways of societal and individual development. At the same time, it furthers efficient, resource-conservation and thus more sustainable way of working and living that benefits mankind and its environment. Telekom Austria Group's sustainability strategy aims at consistently tapping said potentials.

A standardised system is needed to display sustainability initiatives and progress in a transparent way and on a comparable basis (periodic, business and industry comparisons). Such a system also provides a valid basis for certification and audit certificates. The following definitions of terms and processes therefore reference to the recommendations and requirements of the Global Reporting Initiative (GRI; sustainability reporting standard) as well as the annual progress report as laid down in the UN Global Compact.

The starting point of Telekom Austria Group's systematic approach to sustainability management is the three-pillar model of sustainable development, the triple bottom line of People, Planet and Profit. Its understanding of responsibility thus includes social, ecological and economic factors. Telekom Austria Group furthermore supports the development goals ratified in 2015 by the United Nations (Sustainable Development Goals, SDG) by means of targeted activities (see page 3). The Group's sustainability strategy focusses on four strategic action areas derived from a comprehensive materiality analysis (see page 10). By means of a stakeholder survey, topics relevant to the company were thereby analysed and

prioritised in accordance with social, economic and ecological aspects. Every action area is supported by clear targets and specific key figures. In 2015, new goals for 2018 were worked out and codified.

As a result of another materiality analysis in the spring of 2017, the topics of data security and protection as well as communication infrastructure emerged as the most important ones. Compared to the materiality analysis conducted in 2015, the topic of data security and protection has gained in importance. Both customers and suppliers rank this topic as the most significant one. Employees, on the other hand, regard fair and flexible working as the most important topic. Overall, stakeholders give topics such as waste and employee health less priority. When compared to 2015's, the methods of 2017's survey have changed in that one can now better differentiate between individual topics. 2017's materiality analysis furthermore put greater emphasis on impacts when compared with 2015's. A complete comparison is not entirely possible since the results of 2017's materiality analysis have been illustrated in a different way.

Telekom Austria Group engages in continuous dialogue with its stakeholders. This exchange takes place on three levels: Through systematic information via various information channels, through talks and surveys as well as by giving them the chance to actively participate through memberships and partnerships. Depending on topic and group, different formats such as informational events, idea competitions or surveys conducted with customers or employees are used. However, personal talks with suppliers, customers or NGOs are also employed in the framework of meetings, conferences or road shows. —> 102-43, 102-44, 102-49

## AWARD

1<sup>st</sup> place in the category Socially Responsible Brand (velcom)

# IDENTIFYING TOPICS IN THE CONTEXT OF SUSTAINABILITY

→ 102-40, 102-43, 102-46, 102-47, 103-1

## INVOLVED STAKEHOLDERS

### 1. TOPIC IDENTIFICATION

- Identifying 68 relevant topics considering the requirements of the GRI Reporting Standard (topics, indicators, sector supplement). Topics determined in the course of the ongoing stakeholder dialogue as well as sector-specific topics were also covered in the process.
- Two-stage evaluation process resulting in 21 summarised topic groups
- Topic validation by external and internal experts

### 2. IMPACT EVALUATION

- Evaluation of potential impact of selected topics in the course of a workshop and in talks with external and internal experts (on a scale of 1 to 4 depending on impact magnitude)
- Assessment of relevant initiatives' contribution in the light of the UN's Sustainable Development Goals (see page 3)

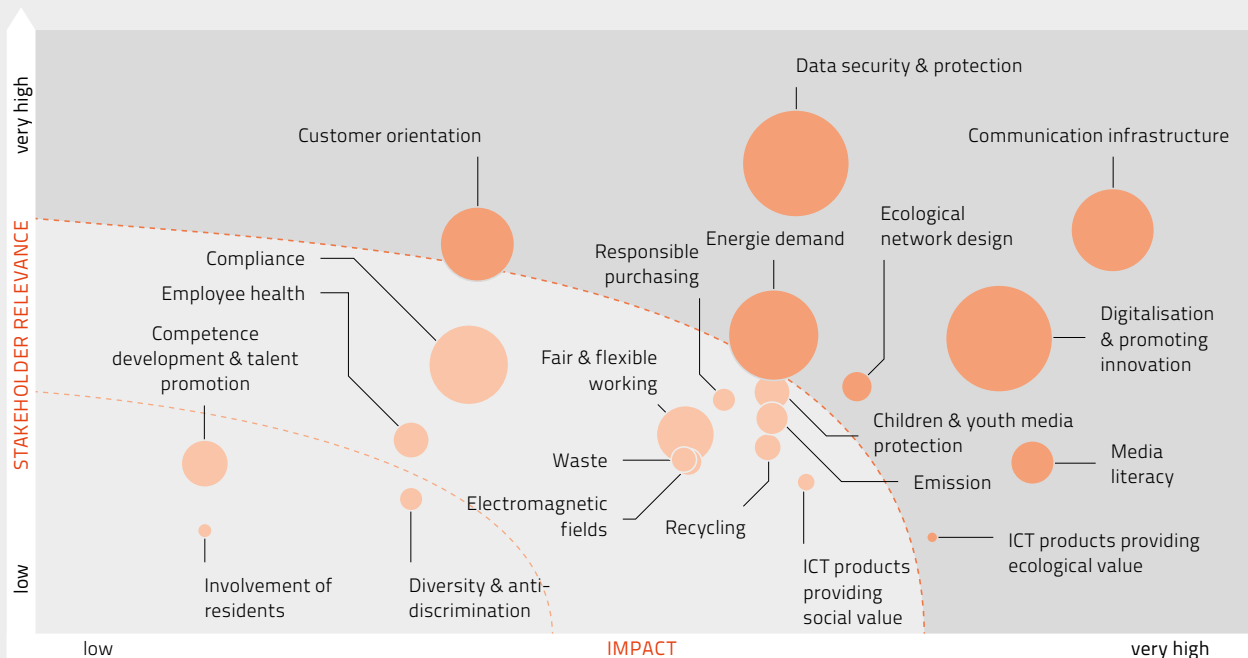
### 3. ONLINE SURVEY

- Assessment of the 21 selected topic groups by internal and external stakeholders in the course of an online survey (response: 700 participants)
- Selection and rating of top 10 topics in order of importance

Internal experts, external experts from the fields of science, research and from NGOs

Employees, customers, suppliers, the economy, politicians & special interest groups, media, the scientific, research & education communities

## MATERIALITY MATRIX



Ball size represents business relevance for Telekom Austria Group.

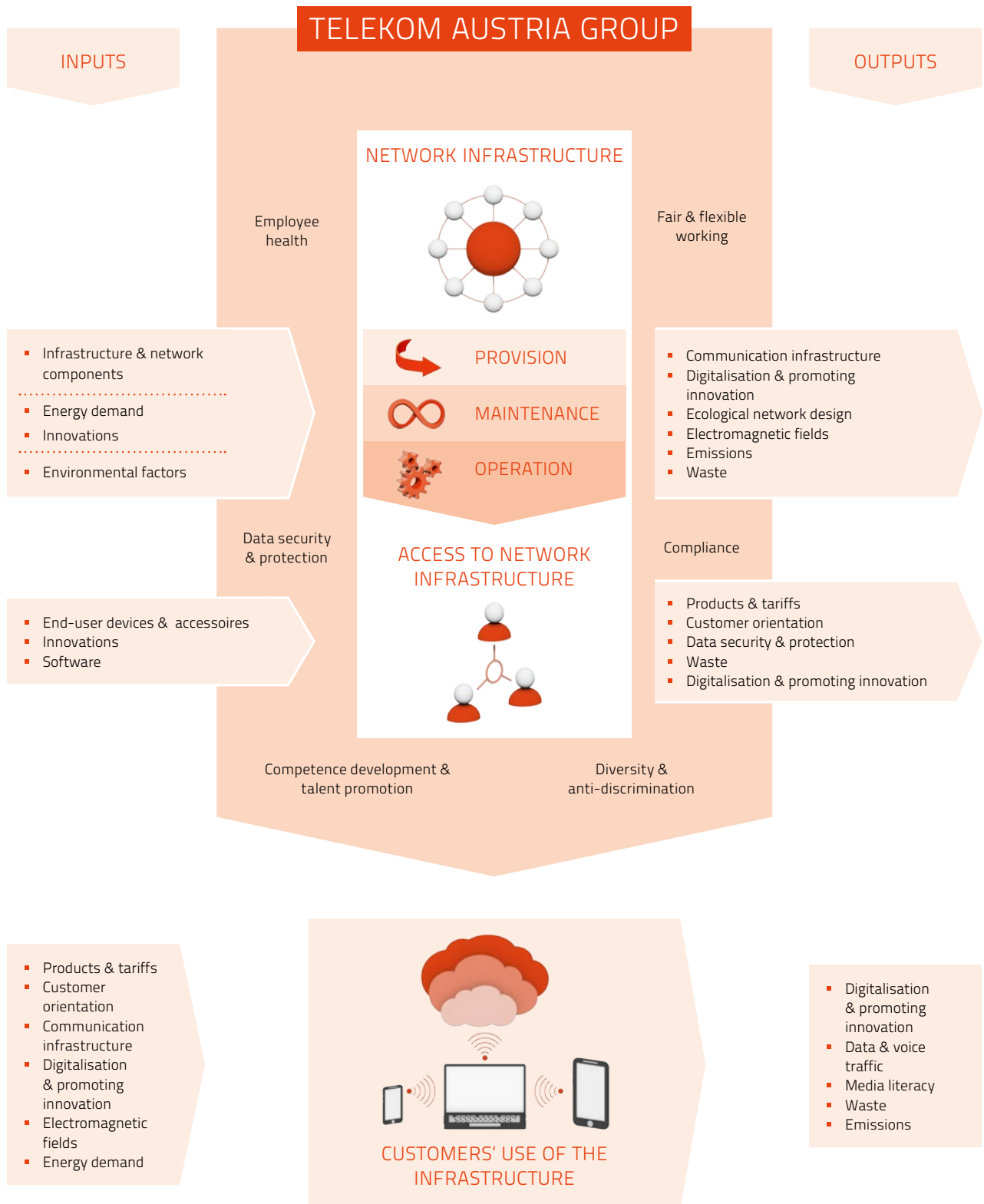
A topic's importance is based on its impacts on the environment, society, economy as well as how interesting it is to Telekom Austria Group's stakeholders. Thus, the topics most important to Telekom Austria Group are those that have the biggest impact and those that are most relevant to the stakeholders.

As an additional dimension, the topics were assessed with regards to their business relevance for Telekom Austria Group. This allows for a perspective that takes into account the topics' sustainability context and their economical significance for the company.

# TELEKOM AUSTRIA GROUP'S VALUE CHAIN

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

→ 102-9, 102-46



# THE FOUR STRATEGIC



## NETWORK & CUSTOMERS

With a high-performing and secure infrastructure as well as product range providing real added value to its customers, society and the environment, Telekom Austria Group is positioned as a responsible partner on its market.

### TARGETS 2016-2018<sup>1)</sup>

- LTE coverage of 80% in Telekom Austria Group
- Fibre coverage in Austria exceeding 70% with at least 30 Mbit/s
- Identification and promotion of marketable innovations, for example via start-up initiatives

### ASSIGNMENT OF TOPICS AND MATERIAL TOPICS

Communication infrastructure

Customer orientation

Digitalisation & promoting innovation

Electromagnetic fields

Involvement of residents



## ENVIRONMENT

To continuously reduce its ecological footprint, Telekom Austria Group relies on energy efficiency, increased use of renewable energy, resource conservation and promoting climate-friendly mobility.

### TARGET 2012-2020<sup>2)</sup>

- Reducing CO<sub>2</sub> emissions by 25%

### TARGETS 2016-2018<sup>1)</sup>

- Reducing power demand by 30% per terabyte of transferred data volume
- Reaching a constant recycling rate of 70%
- Reducing in-house paper consumption by 10%

### ASSIGNMENT OF TOPICS AND MATERIAL TOPICS

Energy demand

ICT products providing ecological value

Ecological network design

Emissions

Recycling

Waste

1) Baseline for targets is 2015. 2) Baseline for target is 2012. 3) Due to a new strategic direction, the Group-wide goal of implementing a health pass was replaced by the goal to promote continuous learning. Health promotion initiatives are implemented locally by the respective subsidiary.

# ACTION AREAS



## EMPLOYEES

Telekom Austria Group taps its employees' valuable potential by means of continuous further development in an international, modern working environment. Its corporate culture is characterised by team, trust and agility. Diversity and flexibility are the key to our success.

### TARGETS 2016-2018<sup>1)</sup>

- 38% women in management positions
- Anchoring of flexible work arrangements
- Create a general framework to promote constant learning<sup>3)</sup>

### ASSIGNMENT OF TOPICS AND MATERIAL TOPICS

Fair & flexible working

Employee health

Diversity & anti-discrimination

Competence development & talent promotion



## SOCIETY

Digital media provide equal opportunities to all people in the knowledge-based society. That is why, apart from local and social projects, Telekom Austria Group supports competent and safe media use in a targeted manner.

### TARGETS 2016-2018<sup>1)</sup>

- 150,000 participants in media literacy trainings
- Promotion of social projects according to local needs

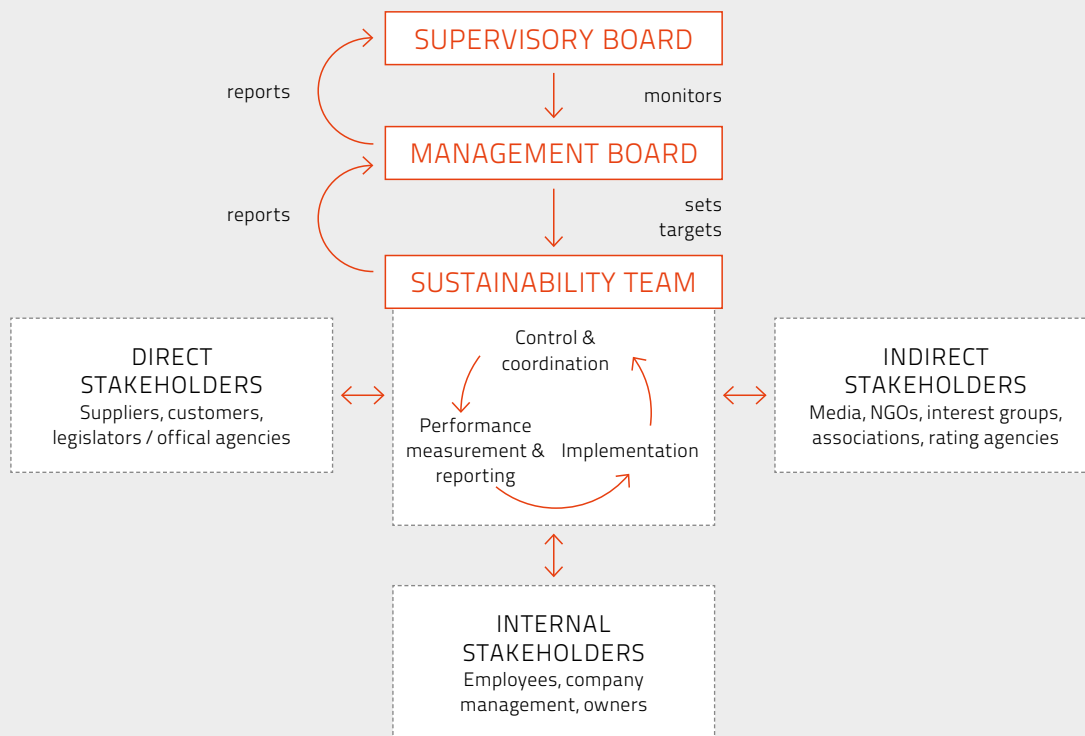
### ASSIGNMENT OF TOPICS AND MATERIAL TOPICS

Media literacy

ICT products providing social value

The material topics of compliance, responsible purchasing and data security & protection are assigned to the management chapter. On the basis of 2017's materiality analysis, the highlighted topics emerged as material topics. You can find the management approach (103) towards these topics here: [www.telekomaustria.com/en/csr/sustainability-reports](http://www.telekomaustria.com/en/csr/sustainability-reports)

# THE SUSTAINABILITY MANAGEMENT'S ORGANISATIONAL STRUCTURE



## SUSTAINABLE MANAGEMENT

Since 2010, Telekom Austria Group has been using a Group-wide, integrated sustainability management system which is progressively developed. CEO Alejandro Plater, supported by CFO Siegfried Mayrhofer, is the principal and patron of sustainability agendas. A Corporate Sustainability Team, as part of Group Communications and Sustainability, reports directly to the CEO. This team manages and coordinates the implementation of the sustainability strategy in collaboration with the respective person responsible at the subsidiaries. Its cross-national approach guarantees compliance with the superordinate Group targets. At the same time, the sustainability strategy provides the flexibility necessary to honour regional features and a basis for exchange.

With the introduction of Workplace ('Facebook at Work'), Telekom Austria Group established a digital Group-wide knowledge, work and exchange platform in 2016 (see Employees, page 30). Since then, the Group Sustainability Board — consisting of top management members — has been

communicating and coordinating their activities through this social network as well. In particular, this digital platform furthers the transnational networking of employees and managers all the way to the top management as well as inter-

### CERTIFIED ENVIRONMENTAL MANAGEMENT SYSTEMS

#### A1

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

#### A1 Slovenija<sup>1)</sup>

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

#### Vip mobile

- ISO 14001 (since 2015)

1) Si.mobil d.d.'s renaming into A1 Slovenija d.d. came into effect in the course of the rebranding in April 2017.

national exchange and know-how transfer within Telekom Austria Group. The Board and other decision-makers will use designated groups to directly report on progress and current topics from the field of sustainability at regular intervals. This measure aims at reaching the goal of maximum integration of sustainability aspects in the framework of the business strategy. → 102-18

## PLAYING IT SAFE WHEN IT COMES TO DATA PRIVACY

All subsidiaries of Telekom Austria Group are committed to complying with the highest data privacy and security standards. In addition to the statutory requirements in the respective countries, all subsidiaries follow the data security standards created for this purpose as well as other data privacy and data security directives specific to their countries. In the case of Austrian subsidiary A1, for instance, comprehensive certifications such as ISO 27001, ISAE 3402 and ECO Datacenter 3.0 warrant these high security standards.

At the Austrian subsidiary A1 the data protection officer has been serving as a contact person for compliance with statutory and internal data protection regulations for years.

The European Union's General Data Protection Regulation currently presents a significant challenge and will continue to do so in the years to come. With the respective ruling in May of 2016, data protection law in the EU was harmonised and subjected to mostly uniform rules. It focusses on the protection of personal data and aims at the following: Offering effected persons increased control over their data and comprehensive information on its use, improving protection of children as well as facilitating access to legal protection.

### EXTERNAL INITIATIVES TELEKOM AUSTRIA GROUP (SELECTION)

#### TELEKOM AUSTRIA GROUP

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

→ 102-12

### VOLUNTARY MEMBERSHIPS (SELECTION)

#### A1

- klimaaktiv mobil project partner (since 2014)
- Austria Cyber Security Forum of Kuratorium Sicheres Österreich (since 2014)
- Code of Conduct on Data Centres Energy Efficiency (since 2009)

#### MOBILTEL

- Bulgarian Red Cross (since 2004)
- Bulgarian Charity Aid Foundation (since 2004)

#### A1 SLOVENIJA

- Forum EMS (since 2008)
- Green Network (since 2001)

#### VIP MOBILE

- Responsible Business Forum (since 2008)

More memberships at [www.telekomaustria.com](http://www.telekomaustria.com)

→ 102-13

The EU's basic data protection regulation will come into effect on 25 May 2018 and has already been gradually implemented by Telekom Austria Group since 2016.

## COMPLIANCE

Honest, fair and transparent operation is an important part of Telekom Austria Group's corporate culture. To live up to these standards of integrity, the Group utilizes and elaborates Compliance Management System. The top management's role model effect as well as employees acting with a high degree of personal responsibility are thereby of particular importance.

To prevent potential misconduct, Telekom Austria Group has established clear rules for legally compliant and honest conduct in all business relationships. Furthermore, adequate controls were integrated into the business processes. Applicable across the Group, its Code of Conduct was reworked in early 2017 and adjusted to the new Guiding Principles (see Employees, page 30). Apart from the Code of Conduct, a version of which is available to all subsidiaries in their respective country's language as well as in English, detailed compliance rules provide help on specific topics. These include corruption prevention and conflicts of interest, gifts and invitations, dealing with confidential information, management counselling and lobbying, sponsoring, donations and advertising, capital market



## USEFUL INFORMATION FOR GRI EXPERTS

- 102-6: Telekom Austria Group offers its products and services to business and private customers from all sectors.
- 102-7: Telekom Austria Group has seven operating companies which are in accordance with the GRI definition of 'operation'. In some cases the holding company also fulfills these criteria and is highlighted accordingly.
- 102-10: No significant changes in the reporting period to the organisation's size, structure and supply chain in the reporting period. Please refer to the annual report 2016 page 18 for details on the ownership structure.
- 102-11: In all its activities, Telekom Austria Group honours the precautionary principle by taking into account potential future developments and findings in its decisions (e.g. scenario analysis in the context of risk management, please see annual report 2016 for further details on page 74)
- 102-18: There is no separate committee for decision-making on ecologic and social topics. With respect to committees on economic decisions please refer to the Corporate Governance Report on page 37 of the annual report 2016.
- 102-42: All groups that are impacted by Telekom Austria Group's regular business activity form the basis for stakeholder identification. Stakeholder selection was based on prioritisation via internal databases.
- 102-43: Stakeholder dialogues are an ongoing process and their results are likewise included in the preparation of reports.
- 102-46: Boundaries for material topics were defined according to an impact assessment inside and/or outside the organisation.

Telekom Austria Group's ability to influence the topic was considered as well.

- 102-48: No re-phrasing of information from past reports took place.
- 102-49: No changes to the extent and topical boundaries compared to earlier reporting periods.
- 201-1: Net added value 2016: EUR 845 mn to employees, EUR 816 mn for paid investments, EUR 233 mn to capital providers and EUR 166 mn to public agencies.
- 205-1: In 2016, the holding company as well as the seven operating companies A1, Mobiltel, velcom, Vipnet, A1 Slovenija, Vip mobile and one.Vip were internally assessed with regards to corruption risks. The companies generated almost 100% of Telekom Austria Group's overall turnover and all locations of the above mentioned subsidiaries were taken into account. In the course of the risk analysis, the management analysed 18 different corruption scenarios and defined mitigating measures. Taking into consideration the measures that have already been implemented, no significant remaining risks could be identified.
- 205-2: All employees and business partners are given access to information on compliance as well as corruption prevention (see [www.telekomaustria.com/en/group/compliance](http://www.telekomaustria.com/en/group/compliance)). Almost 100% of employees, managers and suppliers were actively informed. Approximately 3,000 (approx. 16%) of employees and managers (including Board members) received training on corruption prevention. The Holding's Supervisory Board and Executive Board as well as all subsidiaries receive corruption prevention information at least once per year, the entire Executive Board receives training annually.
- 418-1: No substantiated complaints regarding the violation of customers' privacy or loss of customer data were submitted in 2016, the year under review.

compliance and antitrust law. The compliance guidelines provide support in making sure that moral integrity is a matter-of-fact part of everyday work. The effectiveness of the compliance management system is furthermore increased by means of regular communication measures and trainings, the help desk ask.me, audits as well as anonymous whistleblowing platform tell.me.

An annual compliance risk assessment guarantees the needs-based development of the compliance programme. In 2013, Telekom Austria Group's compliance management system was reviewed and certified in accordance with the IDW PS 980 standard by an external auditor. In 2016, additional elements of the Compliance Management System were successfully

reviewed on their effectiveness by the Group's Internal Audit and Group Compliance. To this end, communication measures to promote moral integrity and measures relevant to compliance when hiring new managers and employees were audited. Also reviewed were process and documentation requirements regarding donations and sponsoring as well as compliance with internal regulations concerning gifts and invitations.

Some 50 % of all approximately 30 leads submitted through the tell.me whistleblowing platform in 2016 were substantiated and relevant to compliance. Depending on the nature of the transgression, the consequences ranged from individual trainings or process improvements to the termination of

collaborations with business partners as well as employees. The internal ask.me helpdesk dealt with some 300 inquiries regarding compliance in 2016. Approximately 4,200 classroom training courses and 2,600 online training courses on compliance in the fields of corruption prevention, data protection, antitrust law and capital market compliance were held this year. A total of approximately 6,800 employees and managers attended the compliance training courses (approx. 3,000 of which focussed on corruption prevention).  
→ 205-2

Further information on Telekom Austria Group's Compliance Management System at:  
[www.telekomaustria.com/en/group/compliance](http://www.telekomaustria.com/en/group/compliance) → 102-16

## SUSTAINABILITY HAS ITS ROOTS PRIOR TO THE CORE BUSINESS

The sustainability of business activity is not just represented in the immediate ecological and social effects of one's own business processes. That is why Telekom Austria Group also includes upstream business processes, meaning the purchase of goods and services, into the respective assessment of its value chain. According to a 2013 study conducted by GreenBiz.com<sup>2)</sup>

### MEASURES TAKEN IN PURCHASING

- Employee protection and work conditions in accordance with the regulations of the International Labour Organization (ILO) have been included in the Code of Conduct, the purchasing conditions and framework contracts
- Behavioural guidelines for suppliers regarding sustainability implemented
- Social and ecological requirements toward products and services (including life-cycle perspective)
- Environmental and social criteria for regular vendor rating introduced at Austrian A1
- Sustainability criteria integrated into tenders
- Sourcing 100% of electricity from renewable sources at the Austrian subsidiary A1, 66% at the Slovenian A1 Slovenija

in cooperation with Trucost, upstream processes such as resource extraction, manufacturing, transport and packaging account for a not insignificant 85 % of all sustainability effects in the telecommunication industry.

Telekom Austria Group's core business accounts for the majority of the purchasing volume: This concerns infrastructure components for its fixed-line and mobile communication networks, end-user devices (mobile phones, tablets, set-top boxes, modems, routers ...), IT and hardware components as well as power required to operate the networks. Office equipment, on the other hand, only represents a small portion of the overall purchasing volume.

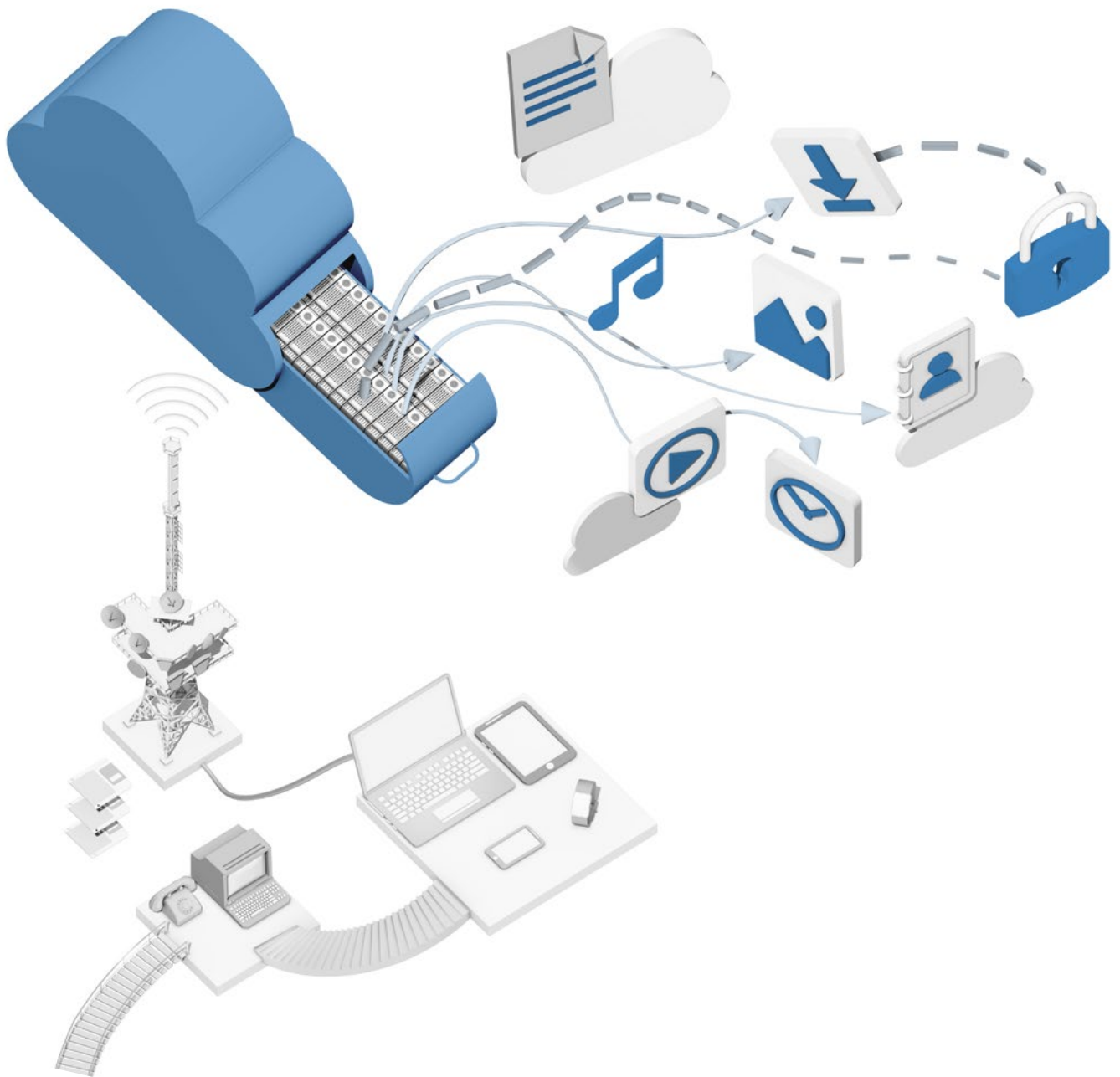
Apart from commercial criteria, Telekom Austria Group — depending on the respective requirements — also considers ecological criteria such as environmental friendliness or energy efficiency in its purchasing activities. At the same time, it includes labour rights, corruption prevention regulations and data protection factors in its considerations. The use of so-called conflict minerals such as tin, tantalum, tungsten and gold which are often extracted under critical conditions presents a challenge to the industry in the production of ICT products. Telekom Austria Group does not manufacture such products, but uses and sells them in the course of its business activities.

Telekom Austria Group pursues the approach to anchor sustainability in its supply chain to the greatest extent possible. For this purpose, a perennial project was created together with the purchasing section in 2012. Various measures such as the integration of ESG<sup>3)</sup>- criteria into the vendors self-assessment — especially at Austrian subsidiary A1 — or the acquisition of resources from sustainable sources were successfully implemented in the past three years (see box). Only long-term and effective measures can guarantee permanent and successful deep anchoring of sustainability aspects in the purchasing process. This is why Telekom Austria Group intends to consistently follow its chosen path.

→ 102-9, 102-10

2) The State of Green Business 2013, GreenBiz und Trucost

3) Environmental Social Governance



# MORE THAN AN ICT PROVIDER: EMPOWERING DIGITAL LIFE

In its role as a driver of digitalisation and beyond the provision of connectivity and bandwidth, Telekom Austria Group provides entire industries, business models and societal as well as personal areas of life with a wide range of positive development possibilities.

Innovation plays an important role as a differentiating factor in the highly competitive ICT sector. At the same time, one's offers to the customers must be characterised by sustainable value. Is that a contradiction? No. At least not when seeing innovation as a contemporary, even pioneering contribution to the development of economical, social and personal potential.

## FUTURE-PROOF INFRASTRUCTURE IN THE DIGITAL AGE

To make sure new products and services enrich one's professional and private life, networks and applications on which they are based must be highly capable, safe and prepared for future needs. At the same time, services and content offered by traditional ICT providers is competing with so-called OTT (over the top) providers that offer their services without having their own infrastructure (e.g. Netflix, ...). Despite this fact, local market knowledge and customer care will continue to play an important role.

## SUSTAINABLE INVESTMENT IN FIXED-LINE NETWORKS & MOBILE COMMUNICATION

Telekom Austria Group sees itself as a driver and pioneer of the digital age. Correspondingly, beyond its traditional core business — providing connectivity and bandwidth — it offers know-how for digital business models and solutions, from conceptualisation to operation. Convergence plays a major role in this context, not least in the light of the dynamic increase of data volumes transferred via these networks. For only the intelligent combination of fixed-line networks and mobile communication allows for ever growing regional coverage at higher bandwidths. Its corporate footprint shows the priority Telekom Austria Group gives this fact in the framework of its strategic direction: The Group is operating as a convergent provider in six out of seven countries it is active in (Austria, Bulgaria, Croatia, Belarus, Slovenia, Republic of Macedonia).

This is accompanied by targeted LTE expansion in the mobile communication network as well as the expansion of the fibre network and copper-based broadband technologies in the fixed-line network such as vectoring, VPlus and G.fast. LTE (4G) accelerates data transfer in the mobile communication network by a factor of ten when compared to UMTS. Austrian subsidiary A1 is approaching full LTE expansion. In Croatia, Slovenia and the Republic of Serbia as well as the Republic of Macedonia, the accelerated roll-out of the LTE technology is also advancing at full steam. Thus, even remote regions will be supplied with higher bandwidths including increased capacity and better stability. —>PA1

## BROADBAND ROLL-OUT IN THE FIXED-LINE NETWORK

In 2016, the Group invested a total of EUR 764.1 mn (CAPEX), focussing particularly on broadband expansion. When it comes to the fixed-line network, Telekom Austria Group aims at offering fibre coverage of 70 % at speeds of at least 30 Mbit/s in Austria by the end of 2018. This is why it started its accelerated broadband roll-out as early as 2015. By the end of 2016, 50 % of Austrian private and business addresses could be

## AWARDS

- Overall winner of the **futurezone network test 2016** (A1)
- **Connect Test 2016:** Awarded the best rating of 'excellent' for the eighth time in a row (A1)
- **Top Service Austria** (A1)
- Winner of the **COMMUNICATIONS.INNOVATION.FUTURE** award (velcom)
- **Best voice quality** within the Commonwealth of Independent States, awarded by **DMTEL** (velcom)
- **Best in Test** award in the 2016 P3 Communications network test (one.Vip)

provided with at least 30 Mbit/s products via the A1 fixed-line network. 70 % coverage is scheduled to be reached by the end of 2018. —>203-1

## TURBOCHARGING MOBILE DATA

When it comes to the mobile communication network, Telekom Austria Group employs LTE carrier aggregation to provide faster mobile Internet in metropolitan areas across Austria, Bulgaria, Croatia and the Republic of Serbia. This allows for data transfer rates of up to 300 Mbit/s. Combined with a modulation method new to the mobile communication market as well as three frequency ranges, the possible transfer rate in the live network of Austrian subsidiary A1 increased to more than

## DIGITALISATION & NETWORK & CUSTOMERS

Telekom Austria Group aims at becoming the first contact point and central partner in the digital transformation of companies and to tap into new potentials in the field of digital services such as cloud and ICT solutions. Yet, digital telecommunications solutions also concern more and more realms of life in the private customer sector. In this context, the focus is on solutions for entire households and convergent product bundles containing, for instance, TV and music streaming services as well as cloud solutions. Apart from the visualisation of network infrastructure, services are also mapped in a virtual, cloud-based infrastructure. This allows for significantly improved operating processes at lower costs as well as an accelerated market launch of new services, thus offering an ideal platform for competitive innovation.

500 Mbit/s in 2016. This method bundles frequencies in the area of 2.6 GHz, 1,800 MHz as well as 800 MHz and combines them with the complex modulation method 256 QAM. This yields significantly higher bandwidths than today's LTE standard. —>PA4

A field trial in the A1 live network transferred 513 Mbit/s onto a mobile router and 463 Mbit/s onto a smart phone — a considerable step towards the fifth mobile communication generation (5G). The latter is technically based on 4G. 5G is expected to arrive in 2019, even if the generally applicable technical specifications are still to be defined. Its implementation could then start in 2020. —>102-2

## NETWORK RELIABILITY AND SAFETY

Telekom Austria Group is one of the largest backbone network operators in the world. It operates 200 nodes in 47 countries and is regarded as a particularly trustworthy partner when it comes to the reliability of its networks. Among others, the certification of Austrian subsidiary A1's leased lines (including alarm transmission) in accordance with ISO 9001 — confirming particularly high quality management standards — prove that. The fact that it regularly achieves top results in tests and rankings of its network quality (see Awards, page 19) confirms Telekom Austria Group's pioneering role regarding infrastructure. —>PA3

Not least, this quality and reliability is crucial in emergency situations, in which Telekom Austria Group deploys specially trained emergency response teams, while subsidiaries help each other out too. They furthermore cooperate closely with the fire brigades, paramedics and the Red Cross. Of course, calling official emergency phone numbers is free in all of the Group's countries. —>PA6

## TELEKOM AUSTRIA GROUP'S COOPERATIONS

- **Research Centre for Telecommunications Vienna**
- **Vienna University of Technology**
- **Christian Doppler Laboratory** for Wireless Technologies for Sustainable Mobility
- **Josef Ressel Center** for user-friendly and secure mobile environments

—>102-12

Electromagnetic fields (EMF) are a recurring topic when talking about mobile communication. Speculation on this topic abound despite the fact that the results of international research efforts such as the Scientific Committee on Emerging and Newly Identified Health Risks (SCENIHR), commissioned by the EU Commission, find no causal connection between mobile communication and health risks. One thing is ensured: Telekom Austria Group meets or achieves values significantly lower than the limit value recommendations defined by the ICNIRP/WHO for base stations and mobile end-user devices in daily use. Furthermore, the different national laws and regulations in Telekom Austria Group's countries of operation are strictly adhered to. A Group-wide EMF policy ensures that. If and when needed, designated EMF teams inform the population on location. Beyond that, regular measurements are taken during network construction and expansion while cooperating with local authorities and decision-makers. —>IO6

## A1 DIGITAL INTERNATIONAL GMBH AND START-UP PROMOTION PROGRAMME

The establishment of A1 digital international GmbH highlights Telekom Austria Group's self-conception as a driver of digitalisation. The new subsidiary predominantly operates in the B2B area. This encompasses comprehensive services to accompany and support companies in the digitalisation process. A1 digital thereby focusses on two core fields: The Internet of Things (IoT) and cloud-based ICT solutions. International M2M (machine to machine) solutions are also part of the portfolio: From fleet management to smart metering services, meter data management and roll-out services all the way to modular solutions for industrial automation and remote maintenance, smart M2M technologies form the backbone of the IoT.



### USEFUL INFORMATION FOR GRI EXPERTS

—>PA10: Cost-control and contract overview tools are offered by all subsidiaries.

—>IO6: Only devices, which comply with the relevant norms (EN 50360, EN 50566) are considered in the product portfolio of Telekom Austria Group.



Promoting innovation, even beyond its own sphere, Austrian subsidiary A1 has been supporting start-ups in the framework of its A1 Start Up Campus initiative since 2011. At the A1 Start Up Campus, start-ups have been receiving support and know-how from A1 experts in the form of offices, media presence, events and ICT infrastructure since 2015. Some 10 start-ups have already made use of these offers →TA1,2

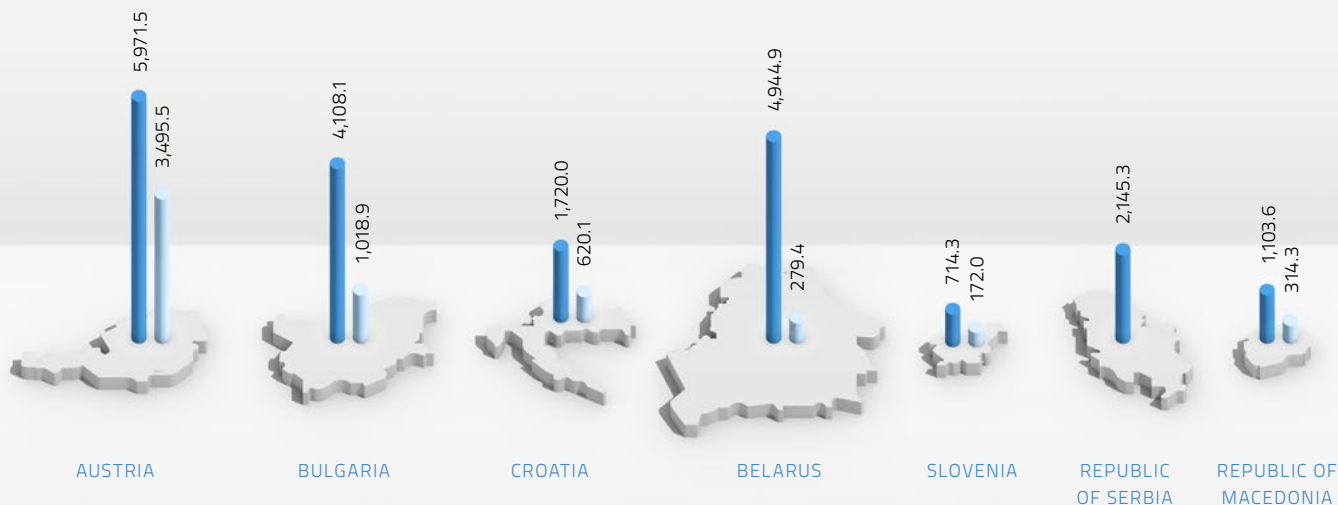
## CUSTOMERS

Digitalisation enters more and more aspects of life. Telekom Austria Group meets the associated demand with telecommunications solutions that — besides business applications — increasingly focus on solutions for entire households, too. It thus, for instance, covers all its customers' needs with convergent product bundles containing, for example, TV and music




streaming services or cloud solutions. New products such as the A1 Hybrid Modem are the result of a clear focus on customer needs (see Thinking globally, leading regionally, page 23). In order to identify these needs and to find out how the Group's products and services are received on the market, Telekom Austria Group utilises many information channels: Shops and service lines, social media such as Facebook, Twitter and YouTube, customer apps and Google+ as well as designated support communities.

## MOBILE COMMUNICATION CUSTOMERS & RGUs (IN THOU.)




- Number of mobile communication customers
- Number revenue generating units (RGU's) in fixed-line



# THE ROADMAP—NETWORK & CUSTOMERS

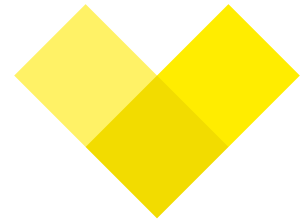
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SAID 2015	DONE 2016	PLANNED 2017	TARGETS <sup>1)</sup>
<ul style="list-style-type: none"> <li>▪ Demand-oriented expansion of the network infrastructure using innovative broadband technologies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investments (CAPEX) of EUR 764.1 mn in broadband expansion, including acquiring additional frequencies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pushing demand-oriented infrastructure expansion as well as increased use of new technologies</li> </ul>	<ul style="list-style-type: none"> <li>  <b>2016–2018</b>  <b>LTE coverage of 80% in Telekom Austria Group</b> </li> <li>  <b>2016–2018</b>  <b>Fibre coverage in Austria exceeding 70% with at least 30 Mbit/s</b> </li> </ul>
<ul style="list-style-type: none"> <li>▪ Further expansion of the initiative A1 Start Up Campus</li> <li>▪ Evaluation of the expansion of the start up initiative to subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>▪ Establishing innovation officers in the subsidiaries to further the promotion of innovation and start-ups</li> <li>▪ Staging an 'Innovation JAM Session' to further develop the e-health business field at Austrian subsidiary A1</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rolling out services offered by start-ups promoted in Austria on other markets in the footprint of the Telekom Austria Group</li> <li>▪ Starting the 'Intrapreneurship' programme to offer employees the possibility to implement innovative ideas as start-ups</li> </ul>	<ul style="list-style-type: none"> <li>  <b>2016–2018</b>  <b>Identification and promotion of marketable innovations, for example via start-up initiatives</b> </li> </ul>

1) Baseline for targets is 2015.

# THINKING GLOBALLY, LEADING REGIONALLY



Large-scale smart meter roll-out in Graz (Styria): In a matter of four years, 187,000 meters are converted to smart meters for Stromnetz Graz GmbH & Co. KG. Apart from replacing the meters, Austrian subsidiary A1 also organises the entire technician deployment planning, parts of the material logistics and the customer project management. The project took off in November 2016 while the roll-out itself will take place in 2018.

In early 2017, Belarusian subsidiary velcom implemented the world's first entirely virtual commercial core network in the framework of its 'virtual one core' lighthouse project. velcom thus owns one of the most innovative virtual telecommunications core architectures based on OpenStack—an open-source software—and serial standard hardware. This allowed velcom to reduce its operating costs by more than 50%. Voice telephony and Internet customers benefit from this technology through more flexibility and new functionalities.



Since July 2016, Austrian subsidiary A1 has been offering its customers a hybrid modem that combines mobile communication and fixed-line infrastructure, thus being able to offer fixed-line products at higher bandwidths. The modem's smart technology allows for the combination of both technologies' bandwidths. As and when needed, the A1 Hybrid Modem supplements the DSL fixed-line broadband connection with 4G/LTE, thus providing speeds of up to 100 Mbit/s. This allows households to surf the Internet with higher bandwidths.

## adscanner

Since 2016, Austrian subsidiary A1 has been promoting the start-up AdScanner in the framework of its A1 Start Up Campus initiative. AdScanner tracks TV campaign signals on all channels in real time and can thus immediately report when and where commercials have been placed. This data is subsequently combined with that provided by the A1 TV customer panel—consisting of 4,000 participating TV households—which allows the programme to provide precisely calculated contact opportunities for the respective placement. The second important function of AdScanner lies in monitoring the competition: One can precisely follow when and on which channels competitors place commercials.





# DIGITALISATION BENEFITTING MANKIND AND THE ENVIRONMENT

Information and communications technologies can contribute to a more ecological and thus, sustainable, style of life. For it is important to find innovative solutions for challenges such as climate change.

New technologies are not an end in themselves but are to serve economical, societal and individual development. Thereby, digitalisation increasingly reaches into business and personal spheres alike and requires ever more powerful information channels to do so. These put processes in motion that allow for massive savings in terms of time, money and natural resources. They also make it possible to transfer know-how from one place to another.

## ENVIRONMENTALLY FRIENDLY: STREAMING INSTEAD OF FLYING

Today, a surgeon in a US hospital can perform a surgery on a patient in a European clinic without having to board a plane and flying there. Information and communications technology (ICT) serves as an extended arm. One substantial side effect of performing a surgery remotely from the U.S. is that this method is easy on the environment — data transfer instead of air travel. Now, digitalisation enables people to perform tasks across huge distances and thus reduces travelling needs. Which represents another important step, for international goods and passenger transport contributes to one of the biggest environmental issues of our time: climate change. Although climate change is something of a constant in earth's history, it is currently accelerating at a rate that might pose a threat to the world as such. Compared with other processes, our climate is extremely complicated and complex. International efforts are required to calculate it. And these, in turn, require a respective communication infrastructure.

## ECONOMICAL AND ECOLOGICAL POTENTIAL

In a study, the Global e-Sustainability Initiative (GeSI) states that ICT has the potential to separate economical growth from an increase in global emissions. The emission of the greenhouse gas CO<sub>2</sub>, above all, is attributed to fast climate change. If one managed to maintain the same level of CO<sub>2</sub> emissions or even reduce them, one would achieve a massive breakthrough. In case digitalisation could serve as one strategy to actually reach this goal, it could eliminate the biggest obstacle standing in the way of a global climate policy. The fact that, on top of this, comprehensive use of ICT could also reduce global emissions by 20 % by 2030 and bearing in mind that — despite a dynamic growth in transported data volumes — the ICT sector's emissions could be reduced by 1.97 % in the same period is an added bonus.

The study also highlights an aspect that is often neglected when it comes to communications technology: Agriculture. Correctly used, ICT can increase harvest yields by up to 30 % and save lots of drinking water and oil.

## SUSTAINABLE INITIATIVES AND ECOLOGICAL CRITERIA

By means of cautious adaptation in the course of its business activities, even a European communications company such as Telekom Austria Group can contribute to global efforts to tackle climate change. For example, by making the expansion, operation and maintenance of its infrastructure as well as its removal as sustainable as possible. This is why Telekom Austria Group has integrated ecological criteria into the decision-making process in upstream processes such as the

### RATINGS 2016 (SELECTION)

CDP: B–

OEKOM: B–

### AWARD

**Leader Energy Award** in the category 'Technology and projects based on renewable energy' (velcom)

procurement of goods and services. In this area, environmental friendliness and energy efficiency, among others, are decision-influencing factors. Operating and maintaining a network infrastructure requires energy supply, which produces CO<sub>2</sub> emissions. To reduce them, Telekom Austria Group must lower its own energy consumption. This is achieved through increased efficiency when it comes to how the energy is used. Thus, energy efficiency could be increased by 45 % between 2015 and 2016. In the same period, Telekom Austria Group's overall energy consumption amounted to 753,788 MWh. Its electricity demand amounted to 620,678 MWh, 61 % of which came from renewable sources. In 2017, the company ran 5,167 vehicles, consumed 7,588,533 litres of fuel and thus emitted a total of 205,457 tons of CO<sub>2</sub>.

## DIGITALISATION & THE ENVIRONMENT

Digitalisation is beneficial to more sustainable forms of economic activity, life and consumption. It can reduce real-world distances such as those travelled in the context of business trips as well as the need for hardware, energy, paper and other resources. Furthermore, it can optimise processes regarding energy consumption or transport logistics. The networked control of building technology or traffic flows also harbours great resource savings potential. The same holds true for digitally monitoring the need for machine and device maintenance and repairs. From both an entrepreneurial and personal perspective—for instance by replacing resource-intensive data carriers for software, games, films or music with cloud and streaming services—digitalisation provides manifold possibilities of combining efficient work with a sustainable lifestyle.



## MOBILE PHONE RECYCLING

Number of mobile phones returned through initiatives



## SAVING POWER WITH NEW TECHNOLOGIES

The largest environmental impact caused by Telekom Austria Group's business activities results from electricity consumption. The power needed to run its networks amounted for some 80 % of its overall energy demand. Reaching maximum efficiency in this area is among the most important environmental measures. Among others, this concerns GSM resources at mobile communication base stations. These are adapted in a needs-based manner. They only run at full power — with the respective power consumption — at peak times. Once mobile communication traffic dies down, they are shut down in steps. Technologies such as Single RAN (Radio Access Network) also help saving power. Since 2013, mobile communication base stations are therefore converted to Single RAN technology. This lowers power consumption, makes the network faster and increases its capacity. Some 4,000 mobile communication base stations have already been converted. Moreover, innovative cooling methods such as hot-spot suction, cold-aisle containment or heat recovery systems yield a reduction in power demand by up to 75 % when compared with conventional cooling systems. —>302-4, 302-5

## ENERGY FROM SUSTAINABLE SOURCES

However, measures raising efficiency alone cannot replace the entire amount of electricity. That is why Telekom Austria Group aims at sourcing power demand that cannot be eliminated by those measures as sustainably as possible. For instance, through the use of power generated from renewable sources such as the sun, water or wind. Telekom Austria Group's largest solar power park has been in operation in Belarus since mid-2016, covering an area of 41 hectare and generating 19 MWh of electricity annually using 85,000 solar panels (see Thinking globally, leading regionally, page 29). The Croatian, Bulgarian, and Slovenian subsidiaries of Telekom Austria Group run more than 65 mobile communication base stations using solar and wind power or hydrogen fuel cells.

Even though operating networks does not immediately consume any fuel, their maintenance, continuous expansion, quality assurance as well as services provided to customers do. This is due to the fact that employees must use vehicles to perform these tasks. The mission in this field is the same as when it comes to power: To achieve maximum efficiency. The first step is to reduce the kilometres travelled. Innovative logistics concepts, video conference and telepresence solutions are utilised to achieve this. The second step is all about the use of sustainable propulsion systems such as natural-gas-powered as well as hybrids and electric vehicles.



## USEFUL INFORMATION FOR GRI EXPERTS

- >302-2: In 2016, energy consumption outside the organisation came in at 68,028 MWh. This includes the power used by mobile phones sold to customers as well as Telekom Austria Group business trips using taxi, train or aeroplanes.
- >305-1: Biogenic Scope 1 emissions amounted to 1,313 tons of CO<sub>2</sub>; no data is available for Scope 2 and Scope 3 emissions.
- >306-2: Telekom Austria Group is committed to proper waste disposal and complies with the regulations in the respective countries.



## TOTAL ENERGY CONSUMPTION TELEKOM AUSTRIA GROUP

in 2016



### ENVIRONMENTALLY FRIENDLY CORPORATE CULTURE

For Telekom Austria Group, environmental protection is more than a friendly commitment — it is a social responsibility. Besides that, it offers possibilities to further increase the intelligent use of resources in all corporate areas. Purchasing less and throwing less away as well as utilising things that can be recycled promotes a corporate culture of increased efficiency. This is why Telekom Austria Group follows ecological principles in its life cycle management: Waste prevention, resource conservation and trying to keep valuable raw materials in the cycle as long as possible. Always in accordance with the motto Reduce — Reuse — Recycle.

The company thus ensures that technical facilities remain in use as long as possible. After that, everything is supposed to be recycled. Devices and facilities no longer operational are systematically disassembled and their parts properly recycled. Life cycle management not only promotes a culture of efficiency but also the migration of technology and the replacement of old platforms. After all, new devices are more energy efficient than old ones.

### ENVIRONMENTAL PROTECTION AS A BONUS FOR CUSTOMERS

Apart from increased efficiency, Telekom Austria Group also targets customer benefits when pursuing its environmental measures. Despite the fact that it does not produce mobile

### COOPERATIONS

- **ETNO** (Telekom Austria Group)
- **klimaaktiv mobil** (A1)
- **Code of Conduct** on Data Centres Energy Efficiency (A1)
- **Green Network** (A1 Slovenija)<sup>1)</sup>

end user devices itself, it contributes to resource conservation through its mobile phone recycling programme. In order to recycle these valuable resources, almost all of Telekom Austria Group's subsidiaries — some of them since 2004 — offer their customers the chance to drop off old devices free of charge. 70 to 80 % of their components can be recycled and reused by specialised recycling businesses to which the subsidiaries hand them over. In Austria, for example, 100 % of the proceeds from the mobile phone recycling programme go to climate protection projects. This recycling process furthermore prevents pollutants from old mobile phones to get into environmental cycles. Additionally, it counteracts the need to mine rare earth materials to produce mobile phone components. The mining and distribution of these raw materials is often in the focus of social critics who point out the social issues in the mining countries. Environmental protection, after all, not only serves the competitive aspects of a corporate culture but — above all — the people. —→ 301-3, PA11


<sup>1)</sup> The renaming of Si.mobil d.d in Slovenija, d.d. in the course of the rebranding became effective in April 2017.



# THE ROADMAP—ENVIRONMENT

 IN IMPLEMENTATION 
  NOT ACHIEVED 
  ACHIEVED



SAID 2015	DONE 2016	PLANNED 2017	TARGETS
<ul style="list-style-type: none"> <li>Accelerated introduction of energy-efficient equipment in the framework of the life-cycle management programme</li> </ul>	<ul style="list-style-type: none"> <li>Taking comprehensive energy efficiency measures to reduce CO<sub>2</sub> emissions</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of a carpooling platform at Austrian subsidiary A1</li> </ul>	 <b>2012–2020<sup>1)</sup></b> Reducing CO <sub>2</sub> -emissions by 25%
<ul style="list-style-type: none"> <li>Accelerated introduction of energy-efficient equipment in the framework of the life-cycle management programme</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive energy efficiency measures, e.g. the use of energy efficient equipment in the framework of life cycle management, optimisation of air conditioning units, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Continuation of comprehensive energy efficiency measures across entire Telekom Austria Group</li> </ul>	 <b>2016–2018<sup>2)</sup></b> Reducing power demand by 30% per terabyte of transferred data volume
<ul style="list-style-type: none"> <li>Optimisation of waste separation</li> </ul>	<ul style="list-style-type: none"> <li>Awareness-raising and internal campaigns on the topic of resource conservation and waste separation</li> </ul>	<ul style="list-style-type: none"> <li>Sharing of best practice information on waste separation within Telekom Austria Group's subsidiaries</li> </ul>	 <b>2016–2018<sup>2)</sup></b> Reaching a constant recycling rate of 70%
<ul style="list-style-type: none"> <li>Switch to follow-me printers, digitalisation of work processes</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive switch to follow-me printers as well as initiation of a project to promote digital work processes</li> </ul>	<ul style="list-style-type: none"> <li>Continuation of measures to digitalise work processes</li> </ul>	 <b>2016–2018<sup>2)</sup></b> Reducing in-house paper consumption by 10%

1) Baseline for target is 2012. 2) Baseline for targets is 2015.



# THINKING GLOBALLY, LEADING REGIONALLY



In the summer of 2016, Belarusian subsidiary velcom opened its first solar power park. Since then, 85,000 solar panels distributed across an area of some 41 hectares produce some 19 megawatt hours of electricity annually. The power generated from sunlight is directly fed into the Republic's power grid. Thus, the solar power park ranks among the largest in Belarus.



Belarusian subsidiary velcom has been offering mobile phone recycling since 2016. When dropping off a tablet or old mobile phone at a shop during the campaign period, customers receive 10,000 free minutes. Even non-customers can make use of this service and likewise receive a SIM card with 10,000 free minutes. Austrian subsidiary A1 has also extended its mobile phone recycling programme which it runs since 2004. Since 2016, business customers are invited to participate in the mobile phone recycling programme.



A successful mobility concept has made its way to the Austrian subsidiary A1 in December 2016: A1 Car Sharing. 240 vehicles are available to employees across Austria. Important error messages generated by the vehicle are electronically transmitted while they are opened and closed using an access card. Electronic trip reports are also possible. This increases the efficiency of using operating equipment and improves their availability for short trips.



In 2016, Bulgarian subsidiary Mobiltel opened a new recycling centre aimed at using resources already in operation as long as possible, without physically or chemically converting them. All equipment returned such as modems, routers, remote controls, etc. is meticulously inspected for technical operability, repaired if possible, renewed or cleaned. Every month, this is supposed to breathe new life into some 12,000 devices and accessories.





# TEAM, TRUST AND AGILITY

Digitalisation is accompanied by a profound change of the foundations and methods of working. This includes the question of how employees interact within the company as well as with customers, suppliers and other stakeholders. Telekom Austria Group actively promotes the competences required.

## OUR PURPOSE: EMPOWERING DIGITAL LIFE

As a driver of digitalisation within its markets, Telekom Austria Group has given this mega trend the priority it deserves. Digitalisation is a promising business opportunity. At the same time, it is a matter of responsibility to stand by the customers by providing them with equal access and secure connectivity as well as with solutions and services that enrich their private and professional life. Moreover, the company's infrastructure and service portfolio form the basis for business and public customers and enable them to offer their customers as well as citizens high-quality products and services. Together with Telekom Austria Group's shareholders, employees, customers and partners and through initiatives that aim at fostering start-ups (see Network & Customers, page 20) the Group is dedicated its common purpose: Empowering Digital Life.

## CORPORATE CULTURE AND GUIDING PRINCIPLES

In the digital era business success is strongly driven by new ways of working. In 2016, three Guiding Principles that perfectly serve people's needs in the digital years to come have therefore been developed and agreed on across the Group: Team, Trust and Agility. Telekom Austria Group is convinced that these principles will lead it to excel in fulfilling customer expectations and paying back to society.

### DIGITALISATION & EMPLOYEES

Digitalisation and innovative communication solutions based on it create entirely new possibilities when it comes to the design of work environments. The possibility to cooperate independent of place or time as well as exchange information across social networks or knowledge platforms offer great potentials in terms of productivity and enhancing a work environment's appeal. Thus, Telekom Austria Group increasingly invests in the use of its central e-learning platforms which allow for training courses to be held independent of time and place and in its Group-wide social media platform Workplace. The latter promotes inter-departmental cooperation in international project groups and virtual teams as well as know-how transfer within the Group.

## OUR GUIDING PRINCIPLES

### Team

We work together by using shared assets and strengths to fulfil our customers' expectations. It is important to us to be open and transparent as a team in everything we say and do. Everyone's opinion counts, everyone is empowered to act.

### Trust

Trust creates an environment in which curiosity, openness and collaboration are key. We truly stand behind what we say and we keep our promises. We trust in the knowledge and empowerment of all employees. We employ integrity in our interactions with each other as well as with customers, suppliers and partners. This helps us to become better every day.

### Agility

The digital world is not waiting for us to adapt. We take decisions and execute them quickly. We learn in our daily work, when talking to colleagues and in our social networks. We learn from our failures and always try again.

→ 102-16

In addition to being willing to learn new things ('Constant Learning') and focussing on mutual strengths within the Group ('One Company'), Telekom Austria Group's Guiding Principles are important 'enablers' for a corporate culture that is actively imbued with life and serves the Group's common purpose of 'Empowering Digital Life'. The Guiding Principles' three core elements (see box above) form the framework of Telekom Austria Group's new self-conception and the associated working methods that are conducive to a positive development of the company in the long term.

## DIVERSITY: THE POTENTIAL OF VARIETY

Characterised by dynamic change, the complexity of tasks in the digital age has seen a steep rise. That is why it is easier for diverse teams than for individuals to master this myriad of associated challenges. Teams work most effectively if they manage to link as much expertise and as many different skills



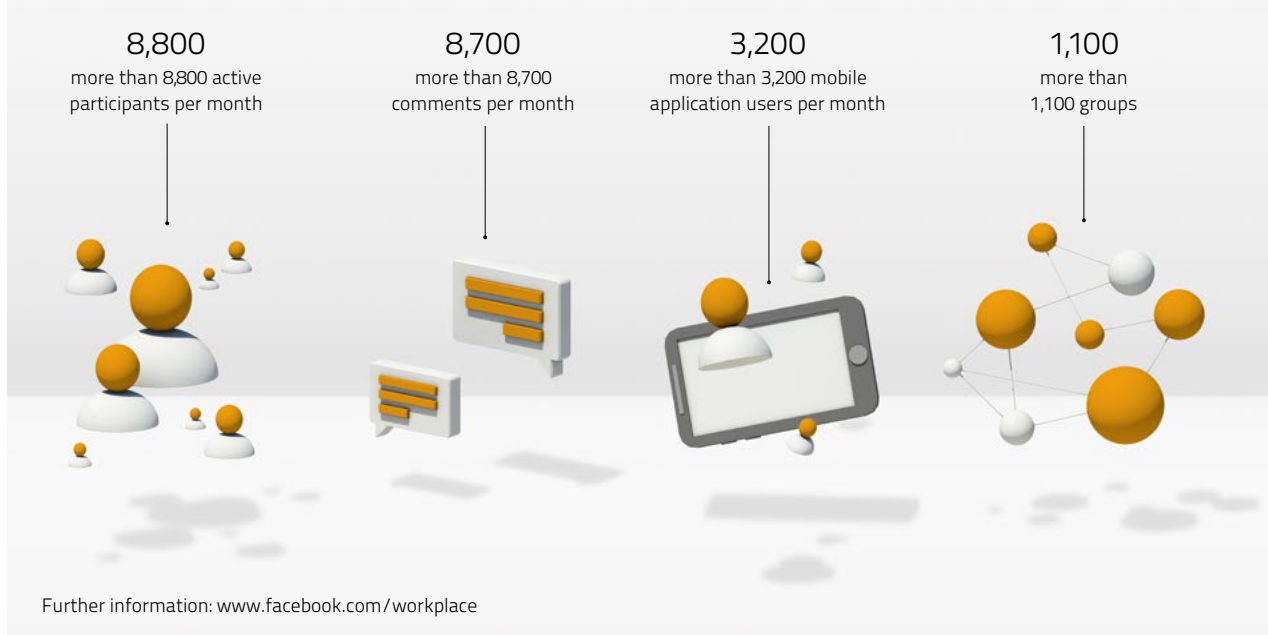
as possible. The team members' varied know-how, also referred to as diversity, is an essential success factor. For only different views of a problem yield comprehensive and efficient solutions. Echoing these sentiments, Telekom Austria Group has signed a Charta of Diversity. It thus publicly commits to utilising and maintaining the wide range of cultural traditions and skills at its seven subsidiaries.

Telekom Austria Group also makes a clear statement when it comes to equal rights for women: Gender equality is a fixture in all its activities. Many programmes promoting women

to take up technical professions, for instance, contribute to this. Telekom Austria Group aims at increasing the share of women in management positions to 38 % by 2018. In 2016, the company focussed on recruiting women for top expert and management positions and on offering flexible ways of working and child care initiatives to reach this target. In Austria, a successful women's network is providing women with a platform to exchange ideas, share know-how and support one another. All of this resulted in an increase of the proportion of woman in management positions from 35 % in 2015 to 36 % in 2016. —> 102-12

## ROLL-OUT OF AN INTERNAL SOCIAL NETWORK

Group-wide key figures for Workplace, the internal social media platform.



## CONSTANTLY LEARNING FROM EACH OTHER

Digitalisation profoundly affects communication, collaboration and skill development within Telekom Austria Group. Learning mainly takes place 'on the job', while new knowledge is deepened through exchange with other team members, during their work, in personal talks and via digital solutions such as cloud-based e-learning tools.

Employees are expected to be open to new ideas and to think in new dimensions — including actively breaking away from old routines, showing entrepreneurship and self-motivation by taking personal responsibility for their professional growth and career opportunities.

In 2016 Telekom Austria Group took part in the first wave of companies that rolled out Facebook's enterprise solution Workplace, which has since then been available to all of the Group's employees. As a social media tool for collaboration and knowledge sharing, it is connecting employees throughout the Group so that everyone in the company can access the information needed, reach out to each other and gain new knowledge faster and more accurately (see Thinking globally, leading regionally, page 37).

In an ever-changing industrial and societal environment, the competencies required are constantly changing as well. Developing and maintaining the appropriate skills is therefore a critical success factor for the company. One of Telekom Austria Group's three strategic enablers — besides the Group's Guiding Principles and focussing on mutual strengths ('One Company') — is 'Constant Learning'. This applies to the individual employee as well as to the organisation as a whole. Aligned with Workplace and through a cloud-based digital learning solution, the company is providing employees with access to state-of-the-art learning opportunities (also accessible via a mobile application) and a broad content pool. In 2016, development programmes for Sales and IT have been created that also strongly rely on e-learning in combination with other learning methods as well as mutual exchange within the communities. So called 'Competence Channels' with a special focus on sales, future networks, digital life and leadership on the Workplace platform are enabling employees to steer their learning journey themselves and to receive

1) The renaming of Si.mobil d.d in Slovenija, d.d. in the course of the rebranding became effective in April 2017.

## FURTHER TRAINING PROGRAMMES (SELECTION)

- New Manager Program (A1)
- Local Leadership Development Program (Mobilitel)
- Development@vipnet to promote new competences (Vipnet)
- Manager's School (velcom)
- Si.academy programme for employees to promote new competences (A1 Slovenija<sup>1)</sup>)
- Development Center for employees in Sales (Vip mobile)

→404-2

regular updates on the latest developments in the digital sector. →404-2

'Young Potentials' from the entire Group can apply to take part in a Group-wide further education programme at the Telekom Austria Group Business School. In the course of their training, they are also working on evolving Telekom Austria Group's corporate culture and are encouraged to find new ways of working and learning. In order to cover its future demand for young specialists, Telekom Austria Group trains its own apprentices. Austrian subsidiary A1 trained 182 apprentices in 2016, Bulgarian subsidiary Mobilitel 61.

## LEADERSHIP IN THE DIGITAL AGE

The digital era also alters corporate management standards. Talents are no longer aspiring life-long careers with big companies. They rather decide on where they want to work based on what currently fits their personal and lifestyles. Companies therefore have to be aware of both customers' and employees'

## AWARDS

- **Best Workplace Launch Campaign** in EMEA (Telekom Austria Group)
- **Winner of the HR Excellence Award** for the change process Customer needs you (A1)



needs and show the ability to serve them accordingly. This requires an altered management style. First and foremost, leadership in the digital age means to break up old, hierarchical leadership patterns and to trust and empower employees to act in an agile way within their teams. For multinational companies such as Telekom Austria Group, it is essential to promote this spirit on an international level. In 2016, Telekom Austria Group has pursued this objective via the Group-wide launch of its Guiding Principles and Workplace.

Digitalisation creates momentum and requires a change of leadership. However, it is still up to managers to execute this new style of leadership. In the current time frame, not the ones who make the best predictions but the ones who best adapt to current developments are the ones who will be successful. Telekom Austria Group expects its managers to show a high level of willingness to change permanently in order to ensure that leaders, their teams and the company are fit for the future. The Group encourages its managers to utilise common strengths and to remain open to learning and adapting to new demands. Quarterly leadership webcasts are held throughout the Group to enrich the ongoing discussion about new ways of leading in a dedicated competence channel on the company's Workplace platform. Thus, not only managers but everyone in the company can take part in this discussion.

At Telekom Austria Group, Group-wide performance management standards make sure that the quantifiable performance of employees is given just as much attention as the 'how' aspect of their daily work based on Telekom Austria Group's Guiding Principles. Personal development is a major aspect within the performance management process and has been included in the latter in 2016.



#### USEFUL INFORMATION FOR GRI EXPERTS

→302-2: 50% of all employees are covered by the provisions of collective bargaining agreements. National requirements are observed at all subsidiaries.

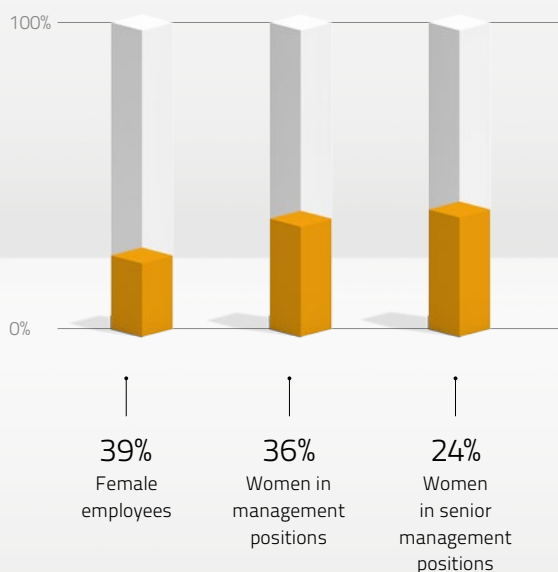
→401-2: Benefits are available to all employees equally.

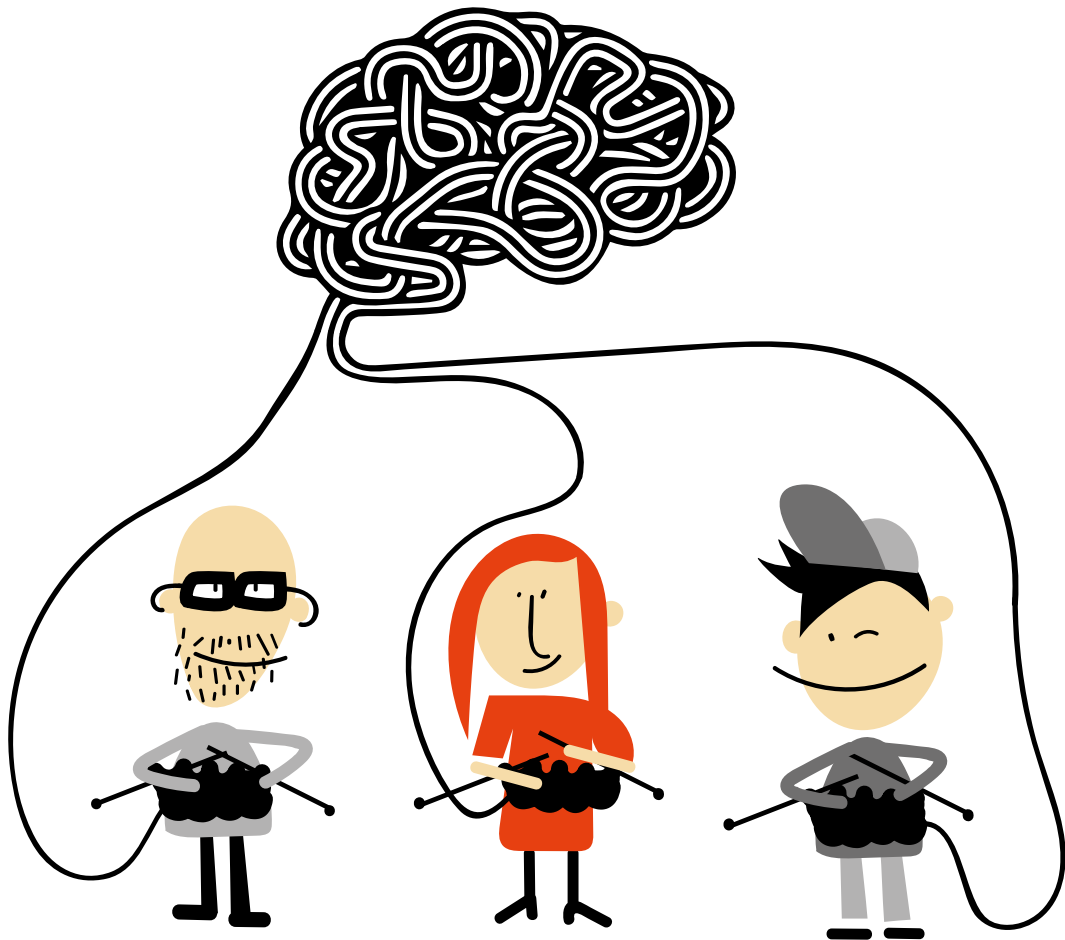
Contemporary styles of leadership strongly includes the use of feedback, in particular peer-to-peer feedback. Telekom Austria Group encourages employees to appreciate each other using Feedback Cards (see Thinking globally, leading regionally, page 37) which are also based on behavioural best practice examples in line with the Guiding Principles. Telekom Austria Group takes feedback seriously, which is why the company carried out its employee survey TAGisfaction in 2016 and is taking respective steps wherever room for improvement is identified.

→404-3

All of this aims at creating a working environment that creates value for the company, its employees, customers and the society. This is how Telekom Austria Group wants its employees to experience their 'Employee Journey' — as a journey that is Empowering Digital Life.


#### PROMOTION OF WOMEN 2016





Let's learn  
from each other!

# THE ROADMAP — EMPLOYEES

 IN IMPLEMENTATION 
  NOT ACHIEVED 
  ACHIEVED



SAID 2015	DONE 2016	PLANNED 2017	TARGETS <sup>1)</sup>
<ul style="list-style-type: none"> <li>▪ Evaluation of measures to support women</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continuing the women matter network at Austrian subsidiary A1</li> </ul>	<ul style="list-style-type: none"> <li>▪ Extending the women's network on an international basis</li> </ul>	 <b>2016–2018</b> <b>38% women in management positions</b>
<ul style="list-style-type: none"> <li>▪ Implementation of measures to promote flexible working arrangements</li> </ul>	<ul style="list-style-type: none"> <li>▪ Launch of a Group-wide social media platform (Workplace) to allow flexible, international collaboration</li> <li>▪ Introducing a uniform mobile work agreement (A1)</li> <li>▪ Launch of Telekom Austria Group's new Guiding Principles</li> </ul>	<ul style="list-style-type: none"> <li>▪ Defining a mobile work agreement across the entire Telekom Austria Group</li> <li>▪ Creating framework conditions for working together in virtual work environments</li> <li>▪ Regular Culture Pulse Checks throughout Telekom Austria Group</li> </ul>	 <b>2016–2018</b> <b>Anchoring of flexible working arrangements</b>
<ul style="list-style-type: none"> <li>▪ Establishment of a Group-wide knowledge platform</li> </ul>	<ul style="list-style-type: none"> <li>▪ Launch of a Group-wide social media platform (Workplace) to allow for transnational exchange</li> </ul>	<ul style="list-style-type: none"> <li>▪ Introducing a new Group-wide e-learning platform</li> <li>▪ Evaluating the Group-wide implementation of Feedback Cards (see Thinking globally, leading regionally, page 37)</li> </ul>	 <b>2016–2018</b> <b>Creating framework conditions for the promotion of continuous learning<sup>2)</sup></b>

1) Baseline for targets is 2015.

2) Due to a new strategic direction, the Group-wide target of implementing a health pass was replaced by the goal to promote continuous learning. Health promotion initiatives are implemented locally by the respective subsidiary.



# THINKING GLOBALLY, LEADING REGIONALLY



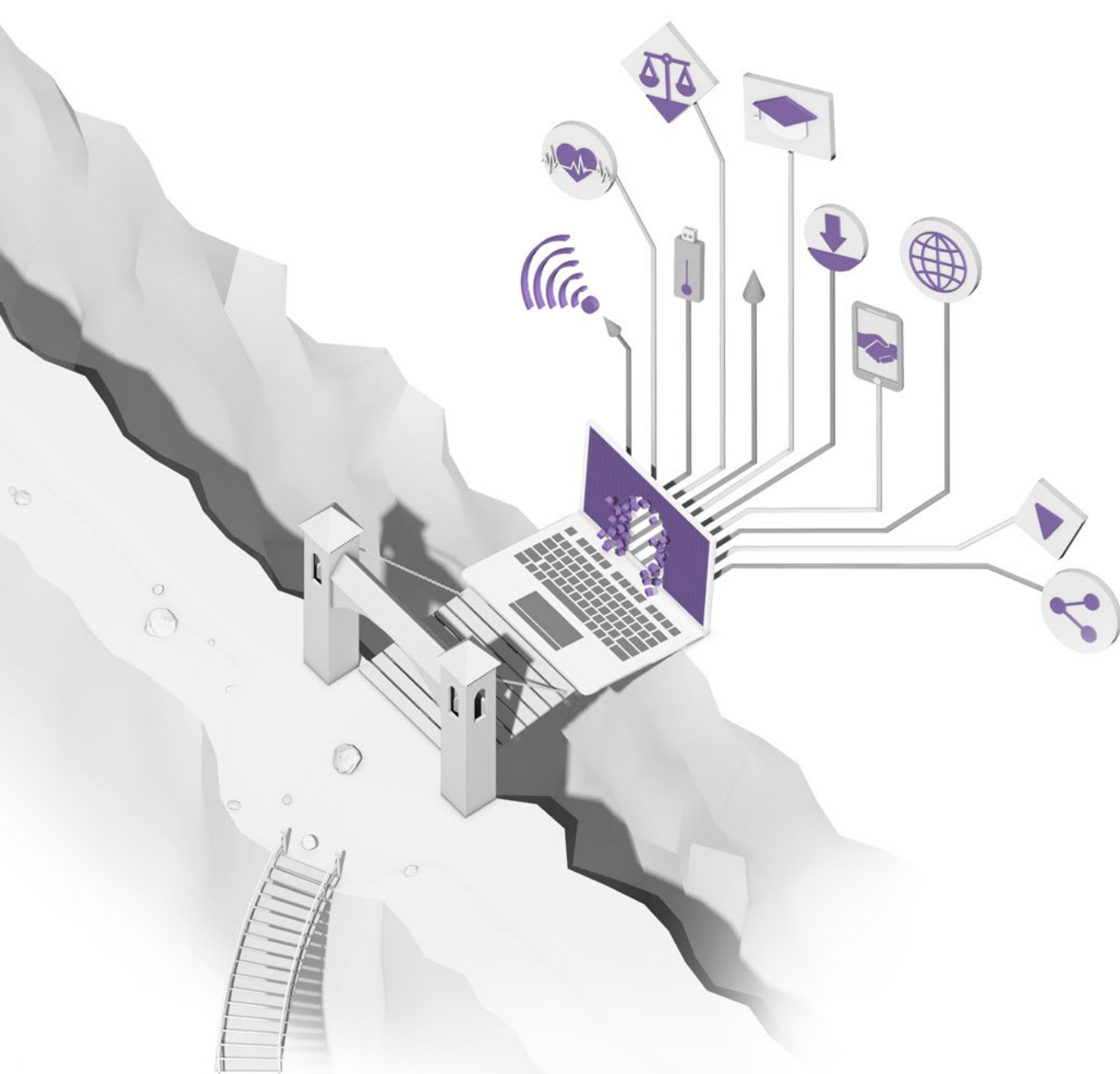
@workplace  
by facebook

For the fifth time, Austrian subsidiary A1 staged its A1 Team Triathlon in September 2016. For the first time, it had invited teams from Telekom Austria Group's other subsidiaries. Teams of three took to the track with more than 1,000 employees forming a total of 335 teams to participate in this event in 2016. From members of the board to apprentices, all tiers could be seen swimming, cycling and running. Of course, the event focused on having fun and team building, apart from the sporting aspect.

In the autumn of 2016, Telekom Austria Group rolled out its social media platform. As a standalone collaboration and communication solution, this tool not only allows one to communicate with colleagues transparently, efficiently, swiftly and regardless of one's location but greatly improves one's ability to share and utilise knowledge and creativity.



Belarusian subsidiary velcom gives all its employees the chance to hand one another personal Feedback Cards. These are used to give direct feedback and express mutual appreciation. The cards can be sent to one's colleagues in digital form or via mail.



# BRIDGING DIGITAL, SOCIETAL DIVIDES

By providing the technological basis and educational offers for equal, digital access to information, education and knowledge, Telekom Austria Group not only serves as a responsible member of our society, but also as an element bridging gaps.

Tablets instead of books. In schools, not at the beach. Certain pedagogues and politicians involved in educational policies think that school children will soon be free from the burden of carrying cumbersome text books around. Schools are supposed to support so-called digital natives, meaning children who were born into the digital era, using methods to which they can relate. In our day and age, this means mostly smart phones and tablets. Studies have been highlighting the possibilities of networked learning by means of such electronic devices for years.

## INFLUENCE BECOMES NORMALITY

This example illustrates to what an extent digitalisation already permeates our society. While past generations used to perceive books as the most normal element of education and everything digital as mere 'modern influence', digital life is a normality for younger members of society. Education and training institutions — and not only those serving younger generations — will have adjust to this fact. For the thought that learning ends with school graduation is obsolete as well. Life-long learning is, in fact, a prerequisite for people to keep up with the pace of our highly advanced society.

## DIGITALISATION AS A DRIVER FOR SOCIETY AND SCIENCE

If only — after discovering the moons of Jupiter — Galileo Galilei had been able to contact the international community of scientists via digital media, the entire history of science would have taken a different direction. Today, using a tablet or smart phone, every child on the planet can catch up on scientific discoveries in minutes, more knowledge, in fact, than even the best scientists would have had at their disposal twenty years ago. Rapid developments in cosmology, genetics, biotechnology and quantum mechanics are the result of digitalisation. Telecommunications companies such as Telekom Austria Group thus provide the foundation for scientific achievements as well as social and economical development options in the 21<sup>st</sup> century.

Factual knowledge in almost all fields has risen to a status that virtually dwarves the greatest achievements of past epochs. While archaeologists in the 1990s used to look for sunken civilisations for years (and sometimes in vain), today, their discovery sometimes takes mere weeks. Thanks to young scientists like Sarah Parcak, who knows how to make the best of satellite technology and digitalisation, archaeologists have recently made discoveries that would have exceeded the wildest dreams of scientists only a few decades ago.

Studies such as Strategy&'s Global Information Technology Report 2016 forecast that increased digitalisation results in a larger gross domestic product, lower unemployment rates and more innovation activity. This means that digitalisation is more than a 'nice to have' but actually concerns the very heart of a society. In fact, society is already being kept alive by a 'digital pacemaker'.

1) Number of Austrian participants in 2014 corrected thanks to higher data quality.

## PARTICIPATION IN MEDIA LITERACY TRAININGS

from 2011 to 2016  
(accumulated)

TOTAL 2011–2016: —  
**124,512**  
2016: 25,499

TOTAL 2011–2015: —  
**99,013**  
2015: 24,481

TOTAL 2011–2014: —  
**74,532**  
2014: 21,174<sup>1)</sup>

TOTAL 2011–2013: —  
**53,358**  
2013: 24,483

TOTAL 2011–2012: —  
**28,875**  
2012: 24,292

INITIATIVE STARTED  
IN AUTUMN OF 2011  
**4,583**

2016  
Austria: 23,549, Bulgaria: 1,625, Croatia: 75,  
Slovenia: 150, Republic of Serbia: 100

TARGET 2012–2016:  
100,000 participants in media  
literacy trainings



## DIGITALISATION & THE SOCIETY

Digitalisation also offers significant advantages for the society as a whole. Digital media, for example, gives all people equality of opportunities in terms of personal and societal development. This is why Telekom Austria Group supports competent and safe media use in a targeted manner. Providing infrastructure and the foundations for economic development in rural areas is one important part of this effort, for network expansion also means bridging the digital gap between urbanised and rural regions as well as between societal situations—for instance with a view to educational and development possibilities. This is paramount for a society's social and economic development.

## STEPS TO CONSOLIDATE DIGITALISATION

Companies such as Telekom Austria Group serves as a driver of digitalisation. It provides connectivity and bandwidths that allow for the creation of future scientific, societal, economical and educational models. In its role as a pioneer of digitalisation and know-how carrier, however, Telekom Austria Group wants to be more than an infrastructure provider. It sees itself as the ideal partner accompanying economy and society toward the path of digital transformation. To this end, it has adapted its corporate culture which it practices daily (see Employees, page 30). Its corporate culture is also based on the Group's guiding principle of 'Empowering Digital Life'.

To achieve this goal, Telekom Austria Group not only relies on the provision of technological access to digital sources of knowledge, information and education. Apart from increasing its activities in mobile and fixed-line broadband extension, it also uses social initiatives aimed at bridging the 'Digital Gap'. In other words, it attempts to build 'societal bridges'. To this end, it supports the development of the skill set and abilities needed to explore individual potential associated to digitalisa-

tion. As early as 2011, it founded the A1 Internet for All media literacy initiative in Austria and rolled out comparable projects and initiatives in most countries the Group is active in.

## DIGITALISATION FOR THE YOUNG AND OLD: INTERNET FOR ALL

13 different workshops taking place in Austria were developed to help children acquire digital skills as early as when starting primary school. The content of the workshops is also being provided as school materials. At the Vienna location, the children's training programme was extended by a so-called Digital Study Room (see Thinking globally, leading regionally, page 43). During designated information evenings, the parents are given information on their children's Internet usage habits and how to protect them from possible dangers associated with them.

Furthermore, the A1 Internet for All initiative offers more than 30 different trainings for seniors, reaching from first steps to editing photos. By means of an access programme tailored to this age group, the company aims at lowering their Internet entry threshold and kindling their curiosity. Expert knowledge of media literacy topics and a training concept based on that build the foundation to gently accompany seniors on their way to a digital life. Courses building upon each other as well as practical exercises and examples from every day digital life, tips on how to correctly work with digital media and more introduce the seniors to the Internet. Additionally, they train how to use laptop computers, tablets and smart phones, and resolve individual issues in open question & answer sessions. Aspects of security are an essential part of all courses. A recommendation rate of 99 % proves the A1 Internet for All initiative's quality and relevance for the target groups at which it is aimed. Several subsidiaries to Telekom Austria Group also offer information brochures for seniors, children and families. The Slovenian subsidiary, for instance, has been offering a smart phone brochure tailored to seniors since 2016 (see Thinking globally, leading regionally, page 43). —>PA2

Austrian subsidiary A1 offers trainings aimed at consolidating digital competences at three permanent locations in three provincial capitals as well as monthly tours to regions in the countryside. The programme enjoys the support of 30 partners from social and educational fields. With 124,512 in 2016, the Group well exceeded its Group-wide goal of 100,000 media literacy training participants which it had set itself in 2012 (see graphic 'Participations in media literacy trainings', page 39). Thus, according to a scientific evaluation carried out by the NPO Institute at the Economic University of Vienna in 2016, the Austrian subsidiary A1 significantly contributed to closing the Digital Gap in Austria.



### USEFUL INFORMATION FOR GRI EXPERTS

—>TA5: Open source technologies are promoted in the framework of the Internet for All initiative.

## COOPERATIONS (SELECTION) INITIATIVES AND SOCIAL PARTNERSHIPS

- **Specialisterne**—Integration of persons suffering from a condition in the autism spectrum into the labour market (A1)
- **Cooperation with Listen Up**—a platform supporting deaf people and people with hearing impairments (Mobiltel)
- **Do The Right Thing**—Project aimed at promoting internal volunteer work by employees (Vipnet)
- **Children.Autism.Parents**—Development and provision of the free DAR Communicator application for persons suffering from autism (velcom)
- **Cooperation with SAFE.SI**—Trainings for children on the safe use of mobile phones and data transfer (A1 Slovenija<sup>2)</sup>)
- **Cooperation with Blue Shell**—support for single parents and families with disable children (Vip mobile)
- **SOS Children's Village**—Free fixed-line phones; Business customers are invited to donate (one.Vip)

## COOPERATIONS FOR SAFE INTERNET USE

- **Vienna University Children's Office** (A1)
- **Saferinternet** (A1, Mobiltel)
- **SAFE.SI** (A1 Slovenija)
- **Belgrade Seniors' Association** (Vip mobile)

—> 102-12

Health naturally plays a big role in a society whose members are getting older and older. In many areas of the healthcare system, e-health solutions offer new possibilities. In Austria, for instance, A1's Medical Data Network already links physicians, hospitals, laboratories and other health care institutions. The multi-media hospital bed, also referred to as 'E-Care Terminal' makes lying in a hospital bed a more varied experience while adding several services to everyday hospital operations and supporting care personnel.

Even simple applications such as one.Vip's make life easier: Their app reminds users of doctor's appointments by sending them text messages. Slovenian subsidiary A1 Slovenija's helps diabetics with monitoring their blood sugar level with the app Vem, kaj jem! ('I know what I eat!'). E-government solutions help Slovenian subsidiary A1 Slovenija facilitate communication between citizens and authorities. Text and chat messages represent valuable means of communication for deaf people. Telekom Austria Group's subsidiary in Belarus offers special rates to persons with impaired hearing, while the Slovenian one helps blind and deaf people with special rates that include large data allowances (unlimited text messages and voice telephony).

Using these and many other measures and initiatives, Telekom Austria Group actively assumes its social responsibility by building societal bridges (and not just digital ones) to lead the way to equal opportunities in the time of digitalisation.

—> 203-2, PA2

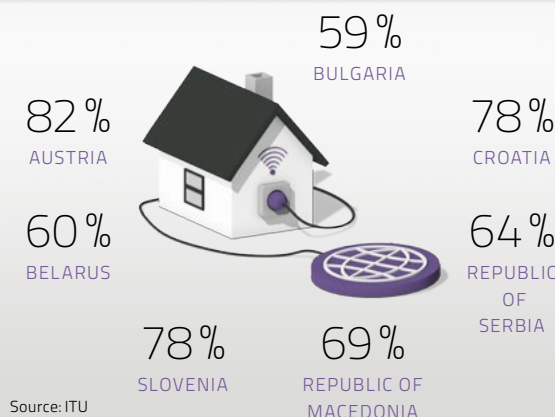
## WHAT ELSE DIGITALISATION CAN DO FOR SOCIETY

Above all, digitalisation can make everyday life easier for socially disadvantaged or physically impaired people. For instance, new information technology is able to integrate blind or seriously visually impaired people into general educational activities in such a way that they no longer need to learn Braille. Vipnet, Telekom Austria Group's Croatian subsidiary, also offers visually impaired people mobile phones with larger displays and simplified menu navigation.

## AWARDS



- **Good Practice**—Austrian Social Ministry's Good Practice award for A1 Internet for All (A1)
- **Rescuers of Childhood** award (Mobiltel)
- **Best Private Education Initiative award** for project Read Belarusian with velcom (velcom)

## HOUSEHOLDS WITH ACCESS TO THE INTERNET 2015






2) The renaming of Si.mobil d.d. in A1 Slovenija, d.d. in the course of the rebranding became effective in April 2017.

# THE ROADMAP—SOCIETY

 IN IMPLEMENTATION 
  NOT ACHIEVED 
  ACHIEVED



SAID 2015	DONE 2016	PLANNED 2017	TARGETS →
<ul style="list-style-type: none"> <li>More than 20,000 participations in media literacy trainings</li> <li>Implementation of the new media literacy workshop programme in Belarus<sup>2)</sup></li> </ul>	<ul style="list-style-type: none"> <li>25,499 participants in media competence trainings</li> <li>Nine information evenings for parents with 206 participants in the framework of the A1 Internet for All initiative</li> <li>Publication of a free brochure on the safe use of mobile phones in Slovenia</li> </ul>	<ul style="list-style-type: none"> <li>Workshop programme aimed at promoting media literacy launched in Belarus</li> <li>Training course offers aimed at promoting digital competence at schools and for seniors extended</li> </ul>	<p> <b>2016–2018<sup>1)</sup></b> 150,000 participations in media literacy trainings</p> <p> <b>2012–2016<sup>1)</sup></b> 100,000 participants in media literacy trainings</p>
<ul style="list-style-type: none"> <li>Continuation of social initiatives based on local needs</li> </ul>	<ul style="list-style-type: none"> <li>Social initiatives such as Do the Right Thing continued in Croatia, cooperation with SAFE.SI on the safe use of mobile phones in Slovenia, partnership with SOS Children's Village in Republic of Macedonia etc.</li> </ul>	<ul style="list-style-type: none"> <li>Continuation of social initiatives tailored to local needs</li> </ul>	<p> <b>2016–2018<sup>3)</sup></b> Promotion of social projects according to local needs</p>

1) Baseline for target is 2015.

2) A comprehensive evaluation on the implementation of a media literacy initiative was conducted in 2016 at the subsidiary in Belarus. Due to local framework conditions, the workshop programme's roll-out is scheduled for 2017.

3) Baseline for target is 2011.



# THINKING GLOBALLY, LEADING REGIONALLY



By means of the A1 Internet for All Campus, the Austrian subsidiary has been offering tutoring for children and adolescents since 2016. The digital study room gives them the chance to research presentation topics or do homework online. Media pedagogues support the children and adolescents in using digital media for school assignments. Additionally, it offers coding workshops for 7- to 13-year-olds, where they are introduced into the world of programming. In small groups, they bring Lego figures to life and solve tasks using robots.



## Čini pravu stvar

The Croatian subsidiary Vipnet introduced a crowdfunding platform for social projects in 2016. The social network brings private individuals and organisations together. Everyone can register on the website and subsequently create a charity campaign for a certain organisation or topic. Through sharing the project on other social networks, friends, acquaintances and family members are encouraged to donate money to the respective cause. The current total amount donated is displayed in real-time on the website. Donations are transferred directly to the charity organisations with no fees being charged. [www.cinipravustvar.hr](http://www.cinipravustvar.hr)



In the framework of the Internet for All initiative, Slovenian subsidiary A1 Slovenija—in cooperation with the University of Maribor—designed and produced a brochure titled Varna uporaba mobilnih telefonov ('On the safe use of mobile phones'). The brochure is aimed at seniors and is supposed to instruct them on the safe use of mobile phones, besides introducing them to basic functions such as PIN, PUK, button lock and more.



In the autumn of 2016, the Belarusian subsidiary velcom presented a new project titled MOVABOX. Its aim is to preserve and promote the culture, language and literature of Belarus. Contemporary Belarusian authors and their works are introduced to a wider audience. MOVABOX combines offline and online elements. Offline activities include meetings with authors writing children's literature, where books are exchanged and read together. When it comes to online activities, MOVABOX offers a literature quiz. Winners receive a MOVABOX, full of Belarusian literature.

# GRI CONTENT INDEX

THIS REPORT WAS CREATED WITH REFERENCE TO VARIOUS GRI STANDARDS AND THE TELECOMMUNICATIONS SECTOR SUPPLEMENT PILOT VERSION 1.0. → 102-54

The following GRI Content Index lists all topics that have been identified as material to Telekom Austria Group as a whole in the course of the materiality assessment in 2017. The management approaches of the material topics have been collectively published on the website ([www.telekom-austria.com/en/csr/sustainability-reports](http://www.telekom-austria.com/en/csr/sustainability-reports)). Information

concerning the role of the Supervisory Board is provided in the Corporate Governance Report, which is part of Telekom Austria Group's annual report. For more information on the extent of and details on the audit, please refer to the external certificate on page 53. → 102-47, 103-1, 103-2, 103-3

✓ External audit    = External audit for Austria    AR: Annual Report 2016    ● full    ○ partial

	Page	Description	Reporting level	Assurance
<b>GRI 102: GENERAL DISCLOSURES 2016</b>				
<b>ORGANISATIONAL PROFILE</b>				
102-1	7f	Name of the organisation	●	✓
102-2	4, 7f, 20, 56, AR 86f	Organisation's most important brands, products and services	●	✓
102-3	7f, 56	Location of headquarters	●	✓
102-4	4, 7f	Countries in which the organisation operates to a significant extent	●	✓
102-5	7f, AR 18, 86f	Ownership and legal form	●	✓
102-6	4, 16, AR 50ff, 86f, 94ff	Markets	●	✓
102-7	4, 7f, 16, AR 13ff, 18ff, 50ff, 80, 84f, 139ff	Scale of the organisation	●	✓
102-9	11, 17, 56	Supply chain	●	✓
102-10	7f, 16f, AR 18, 139ff	Significant changes to the organisation and its supply chain	●	✓
102-11	16, AR 74ff	Precautionary Principle or approach	●	✓
102-12	15, 20, 41, 43	External initiatives	●	✓
102-13	15	Association memberships	●	✓
<b>STRATEGY</b>				
102-14	6	Highest decision-maker's statement on the importance of sustainability and organisation's sustainability strategy	●	✓
<b>ETHICS AND INTEGRITY</b>				
102-16	15ff, 31, AR 26f	Organisation's values and codes of conduct	●	✓

## GOVERNANCE

102-18	14ff, AR 21f, 30ff	Governance structure	●	✓
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## STAKEHOLDER ENGAGEMENT

102-40	10	List of incorporated stakeholder groups	●	✓
102-41	34	Collective bargaining agreements		✓
102-42	16	Basis for identifying and selecting stakeholders	●	✓
102-43	9f, 16	Approach to stakeholder involvement and whether stakeholders have been involved in report preparation	○	
102-44	9	Topics raised by stakeholders and organisation's reaction	○	

## REPORTING PRACTICE

102-45	AR 139ff	List of companies included in the consolidated financial statements	●	✓
102-46	10f, 16	Method of defining report content and topic boundaries	○	
102-47	10, 44	List of material topics	●	✓
102-48	16	Restatements of information	●	✓
102-49	9, 16	Changes to topic extent and boundaries compared to previous reporting periods	●	✓
102-50	55	Reporting period	●	✓
102-51	55	Date of most recent report	●	✓
102-52	55	Reporting cycle	●	✓
102-53	56	Contact point for questions regarding the report	●	✓
102-54	44ff	Report of the 'in-accordance'-option	●	
102-55	44ff	GRI Content Index	●	✓
102-56	44ff, 55	External assurance	●	✓

## GRI 103: MANAGEMENT APPROACH 2016

103-1	10, 44, 55	Material topics explanation and boundaries	●	
103-2	44, 55	Components of the management approach	●	
103-3	44, 55	Evaluation of the management approach	●	

## GRI 201: ECONOMIC PERFORMANCE 2016

201-1	16	Direct economic value generated and distributed	●	
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## GRI 202: MARKET PRESENCE 2016

202-2	52	Proportion of senior management hired from the local community	○	
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## GRI 203: INDIRECT ECONOMIC IMPACTS 2016

203-1	19, AR 13ff	Infrastructure investments and services supported	○	
203-2	41	Significant indirect economic impacts	○	

## GRI 205: ANTI-CORRUPTION 2016

205-1	16	Operations assessed for risks related to corruption	●	✓
205-2	16f, 48	Communication and training about anti-corruption policies and procedures	○	

### GRI 301: MATERIALS 2016

301-3	27, 50	Reclaimed products and their packaging materials	○	
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### GRI 302: ENERGY 2016

302-1	48f	Energy consumption within the organisation	○	≡
302-2	26, 48	Energy consumption outside of the organisation	●	
302-3	49	Energy intensity	●	≡
302-4	26, 48f	Reduction in energy consumption	●	
302-5	26	Reductions in energy requirements of demand for products and services	○	

### GRI 305: EMISSIONS 2016

305-1	26, 48, 51, 55	Direct (Scope 1) GHG emissions	●	≡
305-2	48, 51, 55	Indirectly incorporated (Scope 2) GHG emissions	●	≡
305-3	48, 51, 55	Other indirect (Scope 3) GHG emissions	●	≡
305-4	48, 50	GHG emissions intensity	●	≡
305-5	51	Reduction in GHG emissions		
305-7	48	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions		

### GRI 306: EFFLUENTS AND WASTE 2016

306-2	26	Overall weight of waste by type and disposal method	○	
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### GRI 401: EMPLOYMENT 2016

401-2	34	Benefits provided to full-time employees that are not provided to temporary or part-time employees	○	
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### GRI 404: TRAINING AND EDUCATION 2016

404-2	33f	Programmes focussing on competence management, life-long learning and support for retiring employees	○	
404-3	34	Percentage of employees receiving regular performance and career development reviews	○	

### GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 2016

405-1	51f	Diversity among governance bodies and employees	●	
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### GRI 418: CUSTOMER PRIVACY 2016

418-1	16	Number of substantiated complaints concerning breaches of customer privacy and loss of customer data	○	
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## TELECOMMUNICATIONS SECTOR SUPPLEMENT — INTERNAL OPERATIONS 2003

IO6	20	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets	●	✓
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## TELECOMMUNICATIONS SECTOR SUPPLEMENT — PROVIDING ACCESS 2003

PA1	19	Policies and practices to enable the deployment of telecommunication infrastructure and access to telecommunication products and services in remote and low population-density areas.	●	
PA2	40f	Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, illiteracy, and lack of education, income, disabilities, and age.	●	
PA3	20	Policies and practices to ensure the availability and reliability of telecommunications products and services	○	
PA4	19f	Quantification of the level of availability of telecommunication products and services in areas where the organisation operates.	●	
PA6	20	Programmes to provide and maintain telecommunication products and services in emergency situations in the service area	●	
PA10	20	Initiatives to ensure clarity of charges and tariffs	●	
PA11	27	Initiatives to inform customers about product features that will promote responsible, efficient, and environmentally friendly use	●	

## TELECOMMUNICATIONS SECTOR SUPPLEMENT — TECHNOLOGY APPLICATIONS 2003

TA1	20f	Examples of the resource efficiency of telecommunication products and services delivered	●	
TA2	20f	Examples of telecommunication products, services and applications that have the potential to replace physical objects	●	
TA5	40	Description of practices protecting intellectual property rights and access to open-source technologies	●	

## MEDIA LITERACY

	39ff, 52	Information on the Internet for All initiative	●	✓
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# DATA APPENDIX



## NETWORK & CUSTOMERS

### CUSTOMERS<sup>1)</sup>

	2016 Number of customers (in thou.)	2015 Number of customers (in thou.)	Change (in %)
Austria	8,174	8,041	2
Bulgaria	4,651	4,775	-3
Croatia	2,005	1,990	1
Belarus	5,124	4,957	3
Slovenia	785	774	1
Republic of Serbia	2,145	2,109	2
Republic of Macedonia	1,245	1,308	-5
<b>Telekom Austria Group</b>	<b>24,129</b>	<b>23,954</b>	<b>1</b>

1) Total number of mobile communication customers and total number of fixed-line connections

### ANTI-CORRUPTION TRAININGS

	Anti- corruption trainings	Share of trained employees (in %)
Austria	631	7
Bulgaria	659	17
Croatia	746	58
Belarus	718	32
Slovenia	134	25
Republic of Serbia	79	9
Republic of Macedonia	25	3
<b>Telekom Austria Group</b>	<b>2,992</b>	<b>16</b>

→ 205-2



## ENVIRONMENT

### CALCULATION METHOD — EMISSIONS

In its calculation method for direct, indirect and other indirect emissions, Telekom Austria Group follows the internationally recognised definition of the Greenhouse Gas Protocol of the WRI/WBCSD (World Resources Institute and World Business Council for Sustainable Development). Included in the calculation for direct emissions are all greenhouse gases, not just those covered by the Kyoto Protocol. The calculation methods are based on data published by ecoinvent (AR4 100-year (IPCC 2007-4<sup>th</sup> Assessment Report)). Figures given as CO<sub>2</sub> equivalents. Nature of gases and source of emission factors and of Global Warming Potentials (GWP) reported by energy providers for Scope 2 emissions as well as calculated Scope 3 emissions are unknown. The base year

according to GRI is not relevant to Telekom Austria Group.

→ 305-1, 305-2, 305-3, 305-4, 305-7

### CALCULATION METHOD — ENERGY

The calculation method is — as long as self provision is not concerned — based on the invoices issued by the respective energy providers. For the conversion into kilowatt hours factors of the ecoinvent database have been taken into account. When data was not available, estimates were made in some cases. Furthermore, term inaccuracies may occur if invoices do not exactly match the reporting period. For the energy share of fuels the heating value was considered. Neither steam nor cooling energy was purchased. → 302-1, 302-2, 302-4

### VEHICLE FLEET

	Number of vehicles	Consumption of petrol (in l)	Consumption of diesel (in l)	Consumption of alternative fuels (in l)	Kilometres driven (in thou.)
<b>2016</b>					
Telekom Austria Group	5,167	547,712	6,812,521	228,222	104,879
<b>2015</b>					
Telekom Austria Group	4,784	378,728 <sup>1)</sup>	6,911,124 <sup>1)</sup>	190,711	109,595
<b>Change (in %)</b>					
Telekom Austria Group	8	45	-1	20	-4

### AIR POLLUTANTS GENERATED BY THE VEHICLE FLEET<sup>2)</sup>

	NO <sub>x</sub>	SO <sub>2</sub>	PM <sub>10</sub>
<b>2016 (in g/km)</b>			
Telekom Austria Group	0.660	0.191	0.066
<b>2015 (in g/km)</b>			
Telekom Austria Group	0.666	0.188	0.067
<b>Change (in %)</b>			
Telekom Austria Group	-1.3	1	-1.4

→ 305-7

1) Due to increased data quality Belarus' key figures 'consumption of petrol', 'consumption of diesel', 'NO<sub>x</sub>', 'SO<sub>2</sub>' and 'PM<sub>10</sub>' from 2015 were corrected.

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

## DIRECT AND INDIRECT ENERGY

2016 (in MWh)	Electricity <sup>1)</sup>	Heating fuels <sup>1)</sup>	District heating	Fuels <sup>3)</sup>	Total energy consumption	Total energy consumption in Tera Joule (TJ)
Austria	298,983	16,227	28,869	49,532	393,611	1,417.00
Bulgaria	86,168	128	407	10,758	97,462	350.86
Croatia	57,742	3,694	3,671	4,193	69,299	249.48
Belarus	75,714	0	3,235	4,280	83,229	299.62
Slovenia	28,403	0	276	531	29,210	105.16
Republic of Serbia	37,730	0	1,071	2,721	41,522	149.48
Republic of Macedonia	35,939	1,484	0	2,032	39,455	142.04
<b>Telekom Austria Group</b>	<b>620,678</b>	<b>21,533</b>	<b>37,530</b>	<b>74,048</b>	<b>753,788</b>	<b>2,713.64</b>
<b>2015 (in MWh)</b>						
Austria	299,530	16,226	30,766	51,060	397,582	1,431.30
Bulgaria	78,970	130	243	7,377	86,719	312.19
Croatia	53,549	4,489	3,455	4,129	65,622	236.24
Belarus <sup>4)</sup>	79,459	0	2,867	4,385	86,711	312.16
Slovenia	23,862	0	345	275	24,482	88.14
Republic of Serbia	37,778	90	762	2,489	41,119	148.03
Republic of Macedonia	24,965	2,751	0	2,579	30,295	109.06
<b>Telekom Austria Group</b>	<b>598,113</b>	<b>23,685</b>	<b>38,438</b>	<b>72,292</b>	<b>732,529</b>	<b>2,637.10</b>
<b>Change (in %)</b>						
Austria	0	0	-6	-3	-1	-1
Bulgaria	9	-1	68	46	12	12
Croatia	8	-18	6	2	6	6
Belarus	-5	n. a.	13	-2	-4	-4
Slovenia	19	n. a.	-20	93	19	19
Republic of Serbia	0	-100	41	9	1	1
Republic of Macedonia	44	-46	n. a.	-21	30	30
<b>Telekom Austria Group</b>	<b>4</b>	<b>-9</b>	<b>-2</b>	<b>2</b>	<b>3</b>	<b>3</b>

Table may include rounding differences. 1 Joule = 2,77777778 x 10<sup>-10</sup> MWh

→ 302-1, 302-4

- 1) Purchased and in-house production as well as diesel for emergency generators
- 2) Includes oil and gas
- 3) Includes diesel, petrol, CNG, LPG und natural gas without diesel for emergency generators
- 4) Due to increased data quality, Belarus' key figure 'Fuels' from 2015 was corrected.

## ENERGY AND FUEL CONSUMPTION<sup>1)</sup>

2016 (in TJ)	From non-renewable sources	From renewable sources <sup>2)</sup>
Telekom Austria Group	338.75	15.15

1) Oil, diesel, petrol, LPG, CNG and natural gas, including diesel for emergency generators → 302-1  
2) Share of biogenic fuels in diesel and petrol

## ENVIRONMENT — RELATIVE INDICATORS

2016	Energy Efficiency Index <sup>1)</sup> (in MWh per terabyte)	Share of e-billing (in %)	Water consumption (per FTE, in m <sup>3</sup> )
Telekom Austria Group	0.3	64	16

1) Energy Efficiency Index is defined as total electrical energy consumption, divided by total transported data volume via fixed and mobile telecommunication networks. → 302-3

## WASTE

2016 (in kg)	Paper	Recyclable Metal	Other <sup>2)</sup>	Electronic Waste <sup>1)</sup>	Hazardous Waste Batteries <sup>1)</sup>	Other <sup>3)</sup>	Residual Waste	Total
Telekom Austria Group	995,802	1,738,550	622,555	1,104,577	850,853	423,359	2,175,230	7,910,925
<b>2015 (in kg)</b>								
Telekom Austria Group	1,159,898	1,800,630	558,198	671,119	255,761	263,639	2,277,007	6,986,252
<b>Change (in %)</b>								
Telekom Austria Group	-14	-3	12	65	233	81	-4	13

Quantities were defined according to invoices of waste management companies or if this was not possible according to volumina of waste container capacities as well as waste collection intervals disposal. 1) Due to increased data quality, the key figures 'Electronic Waste' and 'Batteries' from 2015 were corrected. 2) Other recyclable waste issued by plastic, glass and biological waste. 3) Other hazardous waste includes mainly mobile phones and other hazardous materials.

## WASTE — PAPER CONSUMPTION

2016 (in kg)	Printing & copy paper	Other <sup>1)</sup>	Total
Austria	94,786	699,097	793,883
Bulgaria	107,627	127,897	235,524
Croatia	10,792	161,663	172,455
Belarus	49,660	34,239	83,899
Slovenia	5,229	72,914	78,143
Republic of Serbia	21,520	114,138	135,658
Republic of Macedonia	50,000	144,479	194,479
<b>Telekom Austria Group</b>	<b>339,614</b>	<b>1,354,427</b>	<b>1,694,041</b>
<b>2015 (in kg)</b>			
Austria	96,311	792,843	889,154
Bulgaria	91,175	161,809	252,984
Croatia	11,833	140,898	152,730
Belarus	40,943	40,493	81,436
Slovenia	5,042	69,209	74,251
Republic of Serbia	26,867	106,398	133,265
Republic of Macedonia	35,860	138,573	174,433
<b>Telekom Austria Group</b>	<b>308,030</b>	<b>1,450,222</b>	<b>1,758,252</b>
<b>Change (in %)</b>			
Austria	-2	-12	-11
Bulgaria	18	-21	-7
Croatia	-9	15	13
Belarus	21	-15	3
Slovenia	4	5	5
Republic of Serbia	-20	7	2
Republic of Macedonia	39	4	11
<b>Telekom Austria Group</b>	<b>10</b>	<b>-7</b>	<b>-4</b>

1) Other includes mainly paper used for customer invoices and packing paper.

## WASTE — MOBILE PHONE RECYCLING

2016	Number of old mobile phones collected
Austria	18,522
Bulgaria	3,145
Croatia	20
Belarus	191,192
Slovenia	924
Republic of Serbia	n. m.
Republic of Macedonia	n. m.
<b>Telekom Austria Group</b>	<b>213,803</b>
<b>2015</b>	
Austria	24,385
Bulgaria	1,345
Croatia	220
Belarus	n. m.
Slovenia	455
Republic of Serbia	n. m.
Republic of Macedonia	n. m.
<b>Telekom Austria Group</b>	<b>26,405</b>
<b>Change (in %)</b>	
Austria	-24
Bulgaria	134
Croatia	-91
Belarus	n. m.
Slovenia	103
Republic of Serbia	n. m.
Republic of Macedonia	n. m.
<b>Telekom Austria Group</b>	<b>710</b>

→ 301-3

## WASTE — WATER CONSUMPTION

2016 (in m³)	Total
Telekom Austria Group	309,378
<b>2015 (in m³)</b>	
Telekom Austria Group	304,542
<b>Change (in %)</b>	
Telekom Austria Group	2

## ENVIRONMENT — RELATIVE INDICATORS

2016	Share of renewables in the electricity consumption <sup>1)</sup> (in %)	Recycling quota <sup>2)</sup> (in %)	CO <sub>2</sub> intensity <sup>3)</sup> (per FTE)	Average paper consumption (kg/FTE)
Austria	99	70	3	11
Bulgaria	19	9	14	28
Croatia	39	53	22	8
Belarus	0.5	81	14	22
Slovenia	66	91	12	10
Republic of Serbia	24	60	37	23
Republic of Macedonia	17	84	32	61
<b>Telekom Austria Group</b>	<b>61</b>	<b>67</b>	<b>11</b>	<b>19</b>
<b>2015</b>				
Austria	99	67	3	11
Bulgaria	19	14	13	25
Croatia	39	42	22	10
Belarus	0.5	68	18	23
Slovenia	67	91	20	10
Republic of Serbia	24	65	38	31
Republic of Macedonia	19	90	27	38
<b>Telekom Austria Group</b>	<b>60</b>	<b>64</b>	<b>12</b>	<b>17</b>

→ 305-4

- 1) Derived from purchased electricity, values for Austria and Slovenia were calculated, the others measured on the basis of the standard national grid factor.  
2) Fractions handed over to be recycled (non-hazardous waste, electronic waste and batteries) in relation to total waste.  
3) CO<sub>2</sub> intensity includes CO<sub>2</sub> emissions from Scope 1 and Scope 2 market-based (excluding compensation) divided by the number of employees by end of the year.

## GREENHOUSE GAS EMISSIONS

2016 (CO <sub>2</sub> in t)	DIRECT AND INDIRECT					OTHER Scope 3
	Direct Scope 1	Indirect Scope 2 market-based	Indirect Scope 2 location-based	Total Scope 1+2 market-based	Total Scope 1+2 market-based including compensation	
Austria	17,587	8,733	100,413	26,320	9,950	13,560
Bulgaria	4,049	48,947	48,947	52,995	52,995	29,900
Croatia	2,183	26,411	26,411	28,593	28,593	12,300
Belarus	1,497	29,429	29,429	30,926	30,926	18,453
Slovenia	141	6,065	6,065	6,206	6,206	2,559
Republic of Serbia	978	32,785	32,785	33,763	33,763	19,387
Republic of Macedonia	985	25,669	25,669	26,653	26,653	13,884
<b>Telekom Austria Group</b>	<b>27,419</b>	<b>178,038</b>	<b>269,718</b>	<b>205,457</b>	<b>189,087</b>	<b>110,044</b>
<b>2015 (CO<sub>2</sub> in t)</b>						
Austria <sup>1)</sup>	17,827	10,029	–	27,856	12,456	11,453
Bulgaria	3,230	44,723	–	47,953	47,953	23,443
Croatia	2,385	24,476	–	26,861	26,861	11,168
Belarus <sup>2)</sup>	1,585	30,723	–	32,308	32,308	16,487
Slovenia	73	10,072	–	10,145	10,145	2,613
Republic of Serbia	998	32,679	–	33,677	33,677	16,962
Republic of Macedonia	1,486	23,484	–	24,970	24,970	12,051
<b>Telekom Austria Group</b>	<b>27,584</b>	<b>176,186</b>	<b>–</b>	<b>203,770</b>	<b>188,370</b>	<b>94,177</b>
<b>Change (in %)</b>						
Austria	–1	–13	–	–6	–20	18
Bulgaria	25	9	–	11	11	28
Croatia	–8	8	–	6	6	10
Belarus	–6	–4	–	–4	–4	12
Slovenia	93	–40	–	–39	–39	–2
Republic of Serbia	–2	0	–	0	0	14
Republic of Macedonia	–34	9	–	7	7	15
<b>Telekom Austria Group</b>	<b>–1</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>0</b>	<b>17</b>

→ 305-1, 305-2, 305-3, 305-5

Direct Scope 1 includes direct emissions from combustion of fossil fuels; emissions from cooling agents were not considered.

Indirect Scope 2 includes indirect emissions from electric energy and district heating.

Scope 3 takes into account the following emissions, which are not included in Scope 2: The costs associated with the upstream emissions from heating energy, electricity and fuels (fleet) and business travel (taxi, plane, train). These upstream emissions have been calculated according to ecoinvent. Emissions from the downstream use of customers' mobile phones: For the three best-selling devices per subsidiary, a battery voltage of 3,7 Volt (V) was assumed and multiplied by the battery performance [mAh] according to the manufacturer (mAh \* V / 1000) = Wh). This is equivalent to the electricity demand per charge cycle per mobile phone. Assuming that a mobile phone is charged once a day, electricity demand has then been extrapolated for the whole year and subsequently the average electricity demand for the three best-selling devices per subsidiary was determined.

These values were multiplied with the amount of SIM cards in circulation for each subsidiary.

1) Austrias' key figure 'Total Scope 1+2 marked-based including compensation' was corrected for the year 2015.

2) Due to increased data quality, Belarus' key figure 'Direct Scope 1' from 2015 was corrected.

3) Due to increased data quality, Belarus' and Austrias' key figure 'Scope 3' from 2015 was corrected.



## EMPLOYEES

### SHARE OF LOCAL PERSONS IN LEADERSHIP TEAMS

2016 (in %)

Austria	100
Cluster Croatia / Macedonia	86
Cluster Serbia / Slovenia	44
Bulgaria	89
Belarus	27
<b>Telekom Austria Group</b>	<b>70</b>

### SHARE OF WOMEN IN SENIOR MANAGEMENT POSITIONS

2016 (in %)

Austria	57
Cluster Croatia / Macedonia	14
Cluster Serbia / Slovenia	33
Bulgaria	22
Belarus	0
<b>Telekom Austria Group</b>	<b>24</b>

### COMPOSITION OF THE GOVERNANCE BODIES<sup>1)</sup> (AGE STRUCTURE)

2016	Total (in HC)	Women (in %)	below 30 (in HC)	30–50 (in HC)	above 50 (in HC)
Telekom Austria Group	11	18	0	4	7

1) Capital representatives on the Supervisory Board

→ 405-1

## GENDER DIVERSITY

	2016 (in %) Share of female employees	2015 (in %) Share of female employees	2016 (in %) Share of female executives	2015 (in %) Share of female executives	2016 (in %) Share of local management	2015 (in %) Share of local management
Austria	26	26	19	18	97	98
Bulgaria	48	54	54	58	99	99
Croatia	41	42	43	40	100	97
Belarus	67	61	40	38	11	40
Slovenia	40	40	39	40	59	59
Republic of Serbia	53	51	46	45	100	98
Republic of Macedonia	45	45	50	60	100	100
<b>Telekom Austria Group</b>	<b>39</b>	<b>38</b>	<b>36</b>	<b>35</b>	<b>87</b>	<b>90</b>

→ 202-2, 405-1

## ACCIDENT STATISTICS

	Accidents 2016 (number or in working days)	Fatal accidents	Days lost to accidents
Austria	5	0	18
Bulgaria	8	0	234
Croatia	11	0	175
Belarus	1	0	10
Slovenia	2	0	42
Republic of Serbia	8	0	346
Republic of Macedonia	8	1	110
<b>Telekom Austria Group</b>	<b>43</b>	<b>1</b>	<b>935</b>
	2015 (number or in working days)		
Austria	129	0	1,240
Bulgaria	3	0	45
Croatia	19	0	396
Belarus	0	0	0
Slovenia	1	0	6
Republic of Serbia	1	0	78
Republic of Macedonia	7	0	221
<b>Telekom Austria Group</b>	<b>160</b>	<b>0</b>	<b>1,986</b>

## EMPLOYEE AGE STRUCTURE<sup>1)</sup>

2016 (in FTE)	below 30	30-50	above 50
Austria	670	4,677	3,242
Bulgaria	1,370	2,301	137
Croatia	192	1,030	65
Belarus	809	1,356	83
Slovenia	96	412	24
Republic of Serbia	138	763	16
Republic of Macedonia	135	655	32
<b>Telekom Austria Group</b>	<b>3,411</b>	<b>11,193</b>	<b>3,598</b>
2015 (in FTE)	below 30	30-50	above 50
Austria	598	4,897	3,017
Bulgaria	1,187	2,285	135
Croatia	198	984	57
Belarus	682	1,009	86
Slovenia	60	424	24
Republic of Serbia	164	702	13
Republic of Macedonia	170	732	40
<b>Telekom Austria Group</b>	<b>3,059</b>	<b>11,033</b>	<b>3,372</b>

1) Apprentices not included

→ 405-1



## SOCIETY

### A1 INTERNET FOR ALL

	Trainings	Participations	Participant satisfaction (in %)	Supporting employees <sup>1)</sup>	Recommendation rate (in %)
<b>2016</b>					
Austria	1,762	23,549	97	763	99
<b>2015</b>					
Austria	1,666	22,980	99	811	99
<b>Change (in %)</b>					
Austria	6	2	n. m.	-6	n. m.

1) Employee support in the first respective reporting year

### MEDIA LITERACY TRAININGS

	2016 Participations	2015 Participations	Change (in %)
Austria	23,549	22,980	2
Bulgaria	1,625	1,055	54
Croatia	75	248	-70
Belarus	n. m.	n. m.	n. m.
Slovenia	150	131	15
Republic of Serbia	100	n. m.	n. m.
Republic of Macedonia	n. m.	67	n. m.
<b>Telekom Austria Group</b>	<b>25,499</b>	<b>24,481</b>	<b>4</b>

# ASSURANCE STATEMENT<sup>1)</sup>

## INTRODUCTION

We were requested to perform a limited assurance engagement on Specific Topics of the Sustainability Report 2016 (hereafter 'the Report') of Telekom Austria Group (hereafter 'TAG').

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

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

For this engagement the 'Allgemeinen Einkaufsbedingungen für Beratungsleistungen und Services — Version Jänner 2015' as issued by TAG were agreed. Subsidiary the 'General Conditions of Contract for the Public Accounting Professions', as issued by the Chamber of Public Accountants and Tax Advisors in Austria on March 8, 2000, revised on February 21, 2011 ('AAB 2011'), are binding. In cases of gross negligence the maximum liability is limited to EUR 2,000,000 and in cases of ordinary negligence the maximum liability is limited to EUR 5,000. This amount constitutes a total maximum liability cap which may only be utilised up to this maximum amount even if there is more than one claimant or more than one claim has been asserted.

## SUBJECT MATTERS

- Review, if the disclosed information regarding the following General Standard Disclosures complies with the disclosure requirements as defined in GRI Standard — GRI 102: General Disclosures 2016:
  - Disclosure 102-1, Disclosure 102-2, Disclosure 102-3, Disclosure 102-4, Disclosure 102-5, Disclosure 102-6, Disclosure 102-7, Disclosure 102-9, Disclosure 102-10, Disclosure 102-11, Disclosure 102-12, Disclosure 102-13, Disclosure 102-14, Disclosure 102-16, Disclosure 102-18,

Disclosure 102-40, Disclosure 102-41, Disclosure 102-42, Disclosure 102-45, Disclosure 102-47, Disclosure 102-48, Disclosure 102-49, Disclosure 102-50, Disclosure 102-51, Disclosure 102-52, Disclosure 102-53, Disclosure 102-55 und Disclosure 102-56

The Review includes no examination of the content.

- Review of the procedures, systems and structures for collecting, gathering, aggregating and validating of the following in the Report disclosed topics:
  - Economic Performance Indicators: Operations assessed for risks related to corruption (Disclosure 205-1)
  - Environmental Performance Indicators (only the contribution of A1, the operative subsidiary of TAG in Austria): Energy consumption within the organization (Disclosure 302-1), Energy intensity (Disclosure 302-3), Direct (Scope 1) GHG emissions (Disclosure 305-1), Energy indirect (Scope 2) GHG emissions (Disclosure 305-2), Other indirect (Scope 3) GHG emissions (Disclosure 305-3), GHG emissions intensity (Disclosure 305-4)
  - Policies and practices with respect to Specific Absorption Rate (SAR) of handsets (Telecommunication Sector Specific Indicator IO6)
  - Disclosed indicators regarding the social initiative 'Internet für Alle'

## CRITERIA

Based on an assessment of materiality and risk we have evaluated the obtained information and supporting documents with respect to the conformity of the subject matters with the GRI Standards GRI 102: General Disclosures 2016, GRI 205: Anti-Corruption 2016, GRI 302: Energy 2016 und GRI 305: Emissions 2016 issued by the Global Sustainability Standards Board (GSSB) and the Pilot Version 1.0 of the GRI Telecommunications Sector Supplement issued by the Global Reporting Initiative (GRI).

<sup>1)</sup> The German text of the signed Statement, which refers to the German Version of the Report, is the only binding one. The English translation is not binding and shall not be used for the interpretation of the English Version of the Report.

## PROCEEDINGS

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

## RESTRICTION IN USE

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

## CONCLUSIONS

### DISCLOSURE REQUIREMENTS

Based on our work described above nothing has come to our attention that causes us to believe that the disclosed information regarding the following General Standard Disclosures Disclosure 102-1, Disclosure 102-2, Disclosure 102-3, Disclosure 102-4, Disclosure 102-5, Disclosure 102-6, Disclosure 102-7, Disclosure 102-9, Disclosure 102-10, Disclosure 102-11, Disclosure 102-12, Disclosure 102-13, Disclosure 102-14, Disclosure 102-16, Disclosure 102-18, Disclosure 102-40, Disclosure 102-41, Disclosure 102-42, Disclosure 102-45, Disclosure 102-47, Disclosure 102-48, Disclosure 102-49, Disclosure 102-50, Disclosure 102-51, Disclosure 102-52, Disclosure 102-53, Disclosure 102-55 und Disclosure 102-56 are, in all material respects, not in conformity with the disclosure requirements stipulated in GRI Standard GRI 102: General Disclosures 2016.

### PROCEDURES, SYSTEMS AND STRUCTURES FOR COLLECTING, GATHERING, AGGREGATING AND VALIDATING OF SPECIFIC TOPICS (QUALIFIED CONCLUSION)

Due to unavailability of information the amount of electricity sold, heating sold, cooling sold and steam sold are not disclosed as requested by Disclosure 302-1 (Energy consumption within the organization).

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

- Economic Performance Indicator: Operations assessed for risks related to corruption (Disclosure 205-1)
- contribution of A1 (the operative subsidiary of TAG in Austria) to the Environmental Performance Indicators: Energy consumption within the organization (Disclosure 302-1), Energy intensity (Disclosure 302-3), Direct (Scope 1) GHG emissions (Disclosure 305-1), Energy indirect (Scope 2) GHG emissions (Disclosure 305-2), Other indirect (Scope 3) GHG emissions (Disclosure 305-3), GHG emissions intensity (Disclosure 305-4)
- Telecommunication Sector Specific Indicator: Policies and practices with respect to Specific Absorption Rate (SAR) of handsets (IO6)
- disclosed indicators regarding the social initiative 'Internet für Alle'

were, in all material respects, not appropriate.

Vienna, July 17, 2017

Deloitte Audit  
Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer  
Engagement Partner

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

# REPORT DETAILS

This sustainability report includes Telekom Austria Group's Group-wide activities and key figures in accordance with the reporting scope and the reporting period of the 2016 annual report. For selected projects, qualitative information on the individual topics was included beyond 2016 up to the second quarter of 2016 and noted separately in the report. → 102-50

Financial key figures and staff data relate to the Group segment reporting segments defined in line with IAS 8, while environmental key figures and other social performance indicators were collected for the operating companies of the respective countries. The consolidation of these key figures (especially when it comes to emissions) refer to ownership structures, whereby only 100 % subsidiaries are taken into account. Telekom Austria Group assumes that the subsidiaries not mentioned would have only made a minimal contribution to the published key figures, due to their size or activity (e.g. holding function). If key figures for non-operating companies were collected together with those for operating subsidiaries for organisational reasons, they were not differentiated from each other and accordingly taken into account in the overall amount. The Telekom Austria Group sustainability report is published once a year; the report for the 2015/2016 period was published in August 2016. → 102-51, 102-52, 305-1, 305-2, 305-3

This report is in reference to a series of GRI standards published by the Global Sustainability Standards Board (GSSB) (in the style of option 'core'). A detailed list of the individual GRI standards this report refers to is included in the Content Index on page 44. A description and the respective boundaries of the management approach (GRI 103: Management approach 2016) toward the material topics is available on the website of Telekom Austria Group at [www.telekomaustria.com/en/csr/sustainability-reports](http://www.telekomaustria.com/en/csr/sustainability-reports). During the second quarter of 2017, a new materiality analysis was conducted. The topics and indicators of the GRI Sector Supplement 'Telecommunications' were also included in the materiality analysis. The scope of the reported indicators has changed compared to the previous year. Selected topics and indicators were reviewed by an independent auditor (see page 53 for details on the scope of the audit review). The certification was entrusted to Deloitte Audit Wirtschaftsprüfungs GmbH. Aside from the verification of the sustainability report, the company has further business relationships with Deloitte Audit Wirtschaftsprüfungs GmbH. All

content, topics, indicators and measures in the report refer, unless indicated otherwise, to Telekom Austria AG and its subsidiaries. Employees of the respective departments have been entitled by the Executive Board with the complete and accurate provision of information and documents for the verification process. The report was released by Alejandro Plater, CEO of Telekom Austria Group, 17 July 2017. This report meets the requirements of an annual progress report in accordance with the United Nation's Global Compact. → 102-56

The report is divided into three large sections; an introductory chapter explains the devised sustainability strategy in connection with Telekom Austria Group's core business and key social and environmental trends. The main section of the report is dedicated to the four major action areas and deals with the strategic targets, implemented measures and current challenges. In the third part of the report, the quantitative data and key figures are recapped in the form of a data section. The GRI Content Index provides information on the individual topics and indicators and the exact wording of the applied GRI standard. The sustainability report chiefly focusses on environmental and social aspects of Telekom Austria Group's activities. For further information on economic development, the organisation profile and corporate governance, please refer to Telekom Austria Group's annual report for 2016 ([www.telekomaustria.com/en/ir/annual-reports](http://www.telekomaustria.com/en/ir/annual-reports)). Data collection for the sustainability report is based on the use of internal reporting processes as well as standardised questionnaires in the individual operating subsidiaries of Telekom Austria Group. This data is assessed centrally and subjected to plausibility checks. Telekom Austria Group's Corporate Sustainability Department evaluates the questionnaires annually with regard to current developments, requirements and objectives. Definitions of and calculation methods used for individual indicators and key figures set out in the report are explained in detail by means of footnotes, either in the respective chapter itself or in the data appendix starting on page 48. To indicate that person designations in the sustainability report refer to both women and men, a gender-appropriate formulation was used. For the sake of legibility, only the masculine form was used in other cases; however, the report always addresses both women and men.

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### IDEA & CONCEPT

GREAT

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studioastic

### CONCEPTION AND PRODUCTION ONLINE EDITION

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→ 102-53

Editorial deadline: June 2017

<sup>1)</sup> The renaming of Si.mobil d.d in Slovenija, d.d. in the course of the rebranding became effective in April 2017.

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