

UN Global Compact Communication on Progress

Report 2017



1. Introduction

In its ten years of presence in telecommunications market in Serbia, Vip mobile has accomplished the sustainable growth in all business segments owing to its strategic determination to focus on providing the best customer experience and on continuous improvement of the network, technology and offering of the innovative products and services. Vip always puts its customers first, and the company is dedicated to adapt the products and services to their needs.

Our objective in Vip mobile is to support the improvement of the local community, while constantly achieving better business results, which is why we

continuously invest in the environment, sports, culture, education. Accepting the responsibility for our business operations and their influence, we induce, through our socially responsible operation, positive changes in the society and contribute to improving the quality of life in Serbia.



1.1. Dejan Turk

director/CEO address

In 2017 we marked ten years of presence in the Serbian market. I'm proud to say that during this period, we have thrived and succeeded to establish fair and responsible relationship with our employees, our customers, and the community we operate in. By initiating projects and practices relevant to the social and environmental situation in the country, we are glad to be able to raise awareness and make positive impact on the topics of social interest, such as helping the children and the elderly people, influencing the development of culture and sports, opening and resolving a number of environmental issues, and thus setting up the foundation of responsible, humanitarian impact in the business world.

Our CSR strategy in 2017 has been mainly related to providing digital solutions for support of education in

Serbia, programs aimed at social integration of children with disabilities and digital literacy programs.

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



A stylized, handwritten signature in black ink, appearing to read 'Dejan Turk'.



A woman with brown hair in a ponytail, wearing a bright yellow jacket and blue patterned leggings, is running on a paved road. Another person in a grey patterned jacket is running behind her. The background is a blurred asphalt road with white lane markings.

2. Vip social responsibility

2.1. Care for employees

2.2. Responsibility towards community

2.3. Sponsorships

2.4. Responsibility towards compliance

2.1. Care for employees

HR Sector 2017 strategy was focused on talent management and leadership development, strengthening of corporate culture and promoting Vip mobile as a desirable employer.

For our employees we provide additional benefits such as:

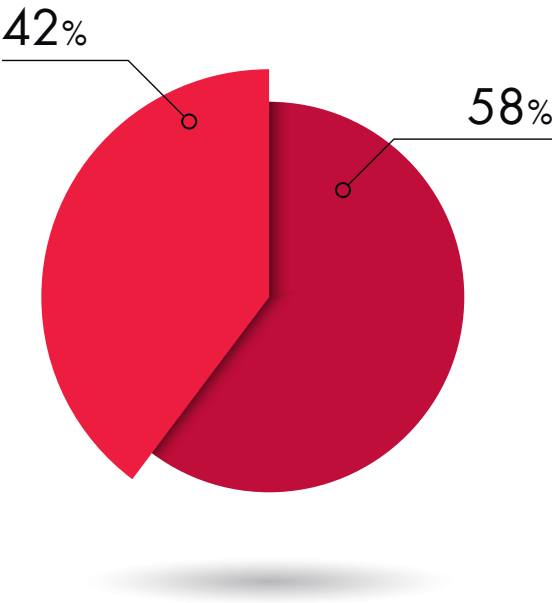
- Voluntary health insurance
- Voluntary pension insurance
- Kindergarten on site at our headquarters building
- Special benefits and discounts for shopping, sports, leisure
- Various work-life balance benefits



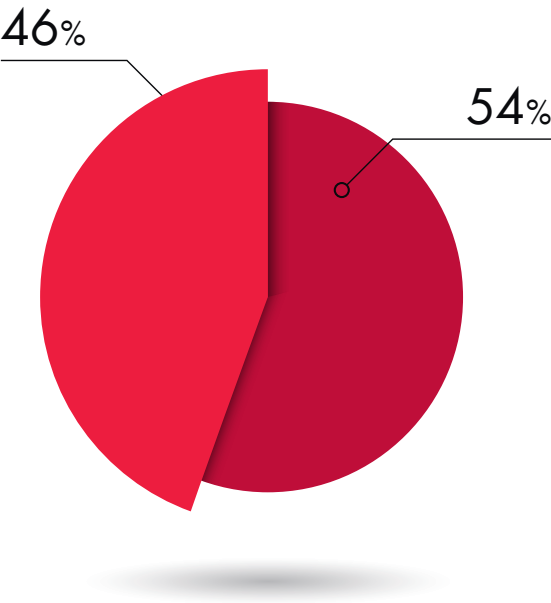
2.1.1. Basic information about Vip employees and investment in their development 2017

● Woman ● Man

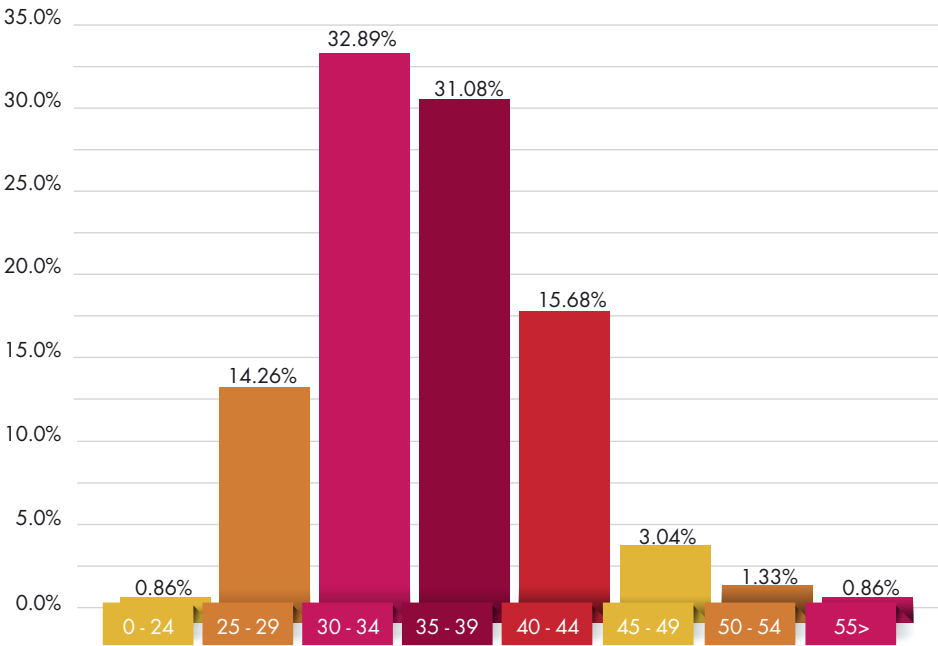
Gender structure 2017



Management share 2017



Age structure 2017



2.1.2. Managing talents, recognizing top performers, raising competencies

One of the major company aims in human resources development is continuing of employee competence development, creation of new development programs which will enable this aim's implementation and enrich the programs that have been a constituent part of Vip mobile business culture for years. Our aim is to create an inspiring and stimulating environment in which our employees can grow together with the company, fulfil their potentials and be passionate about their work. **"Gallup Strength Based Program"** means a long term development program for our company leaders as well as for the employees recognized as talents. This program includes creating of each employee's profile, based on their key strengths, 3 individual as well as 2 team coaching sessions. Each of the participants has their own individual coach with whom they continuously work on their development. During 2017 we continued the project **"Vip e-empowering classroom"**, e-learning platforms (online learning platform, a vault of new knowledge and skills in the form of virtual interactive courses on various themes) enabling access to all employees in order to provide even larger support to employee development. In the course of 2015 we had first workshops, after which we proceeded with continuous platform development. In 2017, the e-learning platform was improved, due to which, in addition to numerous new and modern functionalities, the employees gained access to a large number of various contents. E-learning knowledge and content are available at all

times, so that the employees, regardless of their gender, may use them wherever and whenever they need them. **Leadership Journey Workshops**, launched in 2016, are still contributing to our leaders' development. The program is continuously improved, so that it responds to employee development needs as well as current issues at all times. This workshop concept contributes to additional internal exchange of knowledge and experience between the younger and more experienced colleagues - and even better connecting of colleagues at all levels.

Within regularly planned activities for professional development in 2017, our employees will attend courses for development of professional skills, leadership, organizational and other "soft" skills in order to accomplish improvement in their respective fields. In addition, we continuously support internal exchange of knowledge through the rotation programs, insight into the workplace of colleagues from other departments as well as through an increasing number of cross-functional projects.

Employee development in the field of new trends and work methodologies - digitalization, agile transformation and an increasing access to new technologies are making us face the new challenges in the field of employee education. The transformation project, which is currently under way, includes, among other things, developing of internal and external education programs regarding these issues.

A1 Group Programs - A1 Group portfolio contains various development programs for the employees from all companies which are a part of this Group. Our colleagues have on their disposal "A1 Learning Hub" school open trainings, development programs for various target groups as well as various online contents. A1 Group largely participates in the development strategy for all employees, which is further developed and tailored to local needs by each of the respective companies.

Cooperation with start up community: Changes on the market, technology development and growth of start up community brought along the need for developing the new competences necessary for finding one's way around the coming era. Given the circumstances, in order to connect with the start up community, we have launched a partnership cooperation with ICT Hub within which we jointly create the strategy for development of future competences. In addition to attending the ICT Hub open trainings, we are free to hire their lecturers and organize educational programs specifically intended for our needs.

Mentorship Program - During 2017 we will launch a Mentorship Program in which our key employees will receive the support from experienced mentors from other companies who will transfer their knowledge and experience as well as various examples from other industries' practice.



2.1.3. Social Recruiting

In the course of 2017 we have continued and improved job recruiting via social networks in order to be able to search more efficiently and find the talents who are hard to come by, but also to increase the company visibility and raise the level of awareness regarding Vip as an employer.

In 2017, we have launched a new IT system for employee recruiting and selection whose functionalities will enable us to be even better positioned in various channels, among other things, social networks.



2.2. Responsibility towards community

Vip is dedicated to initiating positive changes in its environment, and, as a responsible company, it focuses its operations on improving the quality of life in Serbia.





2.2.1. Vip annual donation

In the past ten years, Vip mobile has set up annual donation aimed at most relevant social topics and vulnerable groups. The projects were focusing on providing support to the blind and visually impaired people, victims of trafficking, children with autism, children with asthma and the young ones who have been treated for cancer as well as children with disabilities.

Aware of the importance of modern technologies and creativity development in modern education, in 2017 the focus was on providing advanced digital solutions for teaching elementary school children. For this purpose, Vip

has partnered with a local foundation and supported the program "Battle for knowledge".

Through the program, elementary schools in Serbia were provided with mBot robots for teaching the basics of programming, electronics and robotics to children in elementary schools.



2.2.2. Media literacy

Nowadays, digital literacy is very important and it facilitates everyday life. In order to provide access to the knowledge about new technologies in distant and rural areas Vip has organized digital workshops in nursing homes and local community centers in less populated and underdeveloped locations. The workshops were held by Vip volunteers who explained to the participants the basics of using smartphones and computers. In this way, even in distant rural areas people were able to gain knowledge about new technologies.

A photograph of a man with a beard and short brown hair, wearing a red and grey plaid shirt, smiling while wearing large black headphones. A woman with voluminous curly brown hair, wearing a brown jacket over a grey shirt, is adjusting the headphones for him. They are standing against a textured, grey concrete wall.

2.2.3. Audio stories for children

In order to provide new and inspirational digital material for children and their parents, Vip has initiated the project "Maštalice". It is a set of new audio stories for children created with the help of children, using their inspiration and imagination and written by recognized Serbian authors. Workshops were held in kindergartens and children were asked to talk about the topics which interest

them. Each story was written with two ends, and children were the ones who were able to choose the end which they liked. With the help of pedagogues and children psychologists, children were guided to recognize good values and behavior. The final stories were then interpreted by famous Serbian actors and posted on specially created web site <http://vipmastalice.rs/>

2.2.4. Humanitarian SMS numbers

For a number of years Vip has been enabling SMS donor activities for raising of funds for the actions of general social interest, including philanthropy. In 2017 only, Vip customers have donated more than 34 million RSD via SMS humanitarian numbers.



2.2.5. Vip Ecomotivation

With constant efforts to reduce its environmental impact, Vip undertakes numerous measures for energy savings and reduction of waste and resources. In order to bring its environmental management system to an even higher level, Vip passed through certification process for ISO 14001 whereby it confirmed its commitment to sustainable management. Through its long-lasting program, Vip Ecomotivation and numerous activities within and outside the company, Vip contributes to raising awareness of its employees and of general public regarding the importance of preservation of the environment.





2.2.6. Employee volunteer service

Employees of Vip often initiate and take part in numerous volunteering activities, putting in energy, time and knowledge for the welfare of other people and the community. Every year, employees of Vip participate in the traditional volunteering action "Our Belgrade" organized by Forum of Business Leaders of Serbia, dedicated to mentoring work with students taking educational internship in Vip, participate in voluntary blood donation campaigns, as well as in environmental actions often organized by Vip Eco Team.



2.3. Vip Sponsorships

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

In accordance with the corporate business strategy, we established long term sponsorships which are directed towards the young people striving for success in sports and culture.





2.3.1. Partnership with Serbian Volleyball Federation

As general sponsor of the Volleyball Federation of Serbia (OSS), Vip supports indoor volleyball, but in 2008 Vip initiated professional tournaments in beach volleyball and formed Vip Beach Masters - National championship in beach volleyball, to popularize this attractive sport and promote talented young players. Combining competitive spirit, a good atmosphere, but also the beauty of this dynamic collective sport, this prestigious competition gathers the best volleyball players from Serbia and the region and contributes to improving the quality of

volleyball in our country. During 2017 the total of 8 tournaments were held throughout Serbia. Vip Beach Masters volleyball school was organized in all host cities of the tournament, which is intended for young talents under the age of 14 years. Since its founding, more than 12,000 boys and girls have learned how to play volleyball through this school.

A group of dancers in a dark studio with dramatic lighting. Some dancers are in the foreground, while others are in the background, creating a sense of depth. The lighting is focused on the dancers, highlighting their movements and forms against the dark background.

2.3.2. Belgrade Dance Festival

In 2017 Vip mobile, as a general sponsor for the tenth year in a row, proudly supported the 14th Belgrade Dance Festival which gathered the contemporary dance lovers in Belgrade and Novi Sad.

Enjoying the title of one of the most outstanding European event, every spring Belgrade Dance Festival brings together the most prestigious dance companies. As a major partner of the Belgrade Dance Festival, Vip mobile has introduced a distinctive pattern of large companies

investments in Serbian culture, and jointly created the slogan "Communication on the Move", best reflects the strength of a ten-year cooperation. To the popularization of artistic dance in Serbia, Vip contributes by awarding a prize "Vip calls" to prominent artists from the region with distinctive dancing career abroad, then journalistic award "Vip step forward", but also through the "Vip talents" and support to the National Dance Foundation.

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

Through the accompanying "Vip Talents" project, Belgrade Dance Festival and Vip mobile had the youngest ballet talents enrolled into the high quality educational and practical workshops held by top mentors who contribute to guiding them on their way to professional artistic dancing.



2.4. Responsibility towards Compliance

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

Telekom Austria is listed on Vienna Stock Exchanges and operates in accordance with Austria security trade acts as well as with stock exchange regulations. Vip mobile is conducting its operations in accordance with all laws and regulations in force in the Republic of Serbia and with all

business ethics principles. Vip is also fully committed to transparency in business reporting. Compliance is actively implemented and incorporated into existing processes and controls. Right way -Right results. Compliance awareness through Code of Conduct, compliance management policies, regular compliance trainings to all level employees within Vip mobile, whistle-blower (local and group), Compliance Risk assessment sessions clearly shows that it is important not only to achieve our goals, but also how we achieve them. Our business partners, users

of our services, shareholders, public, and our employees expect us to meet the highest standards, also in the sense of integrity.