



**TELEKOM ROMANIA**

BUSINESS PERFORMANCE AND  
DIGITAL TRANSFORMATION

Sustainability Report 2017



EXPERIENȚE ÎMPREUNĂ.

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970.7 million Euros  
consolidated revenues



10 million approx.  
services contracts



2.6 million households  
covered by FTTx network



0.5 million clients  
for convergent services



98% from urban population and 85% of total population  
(rural and urban) covered by 4G network



0.8 million Euros  
social investments



173,000 beneficiaries  
social investment



5,500 beneficiaries  
with digital abilities



726 volunteers



6,373 employees



43% women employees



100% employees covered by  
collective labor agreements



224,376 hours of training for employees



271 GWh energy used



35.8% of total electricity  
from renewable energy



83,416 tons of CO2 direct and  
indirect emissions (scopes 1 and 2)



1,177 tons of managed waste



10 ISO certifications  
in the integrated management system



11,113 respondents  
for the materiality survey



84.5% of our suppliers  
are from Romania

# 2017



Miroslav Majoroš,  
Telekom Romania CEO

Dear readers,

As a telecom company, we are proud of supporting Romania on its path to forming an information-based society. Digital transformation is at the forefront of our activity, it is a main priority of our work and thus we strongly believe in facilitating technological access to the entire Romanian society. In recent years, Telekom Romania has initiated an extensive transformation plan that focuses on the organizational structure, culture and processes of the company as to support and enhance Telekom's digital experience.

Therefore, we managed to succeed in achieving a couple of things that until last year seemed impossible: offers that played a role in changing the rules of the Romanian telecom market, the best mobile data network and overcoming a complex integration process. The organizational changes were not an easy task but the result allows us to rely on a more agile organization capable of coping with any possible industry determined challenges or any possible future ones. From a technological point of view, we continued the process of expanding our FTTH and 4G networks whilst simultaneously paving the way for the future 5G technology. Therefore, at the end of 2017, our high-speed fiber-optics network was covering over 2.6 million households whereas the 4G network had expanded to 98% of the urban population, its coverage on a national level reaching a percentage of 85%. Moreover, we have also seen a strong growth in the mobile and fixed convergent segment, where, by combining the benefits of these two segments, we

reached over 500,000 customers at the end of 2017. Telekom's mobile network achieved the highest score for mobile data services as a result of the performance tests conducted by an independent auditor, P3 Communications, in August 2017 on all of the Romanian mobile networks.

Under the #Netliberare and #Businessliber umbrellas we set out new commercial offers that shifted the local Telekom's market paradigm, our clients welcoming and taking interest in these new offers, fact reflected through the outstanding sales results on both the residential and business segments. We also focused on extending the IoT and Smart City solutions, in-line and according to Deutsche Telekom's group vision. This has been done by implementing Smart Cities models in Constanța and Piatra Neamț as well as through digitalizing schools by implementing smart educational services in over 50% of Romania's counties (interactive boards, electronic catalogue and virtual reality learning programs).

Telekom Banking, the newest financial digital project in Romania, developed and tailored in partnership with the Polish Alior Bank offers individuals affordable banking products and services online through [www.telekombanking.ro](http://www.telekombanking.ro) and through Telekom's network of stores, including Telekom stores under the Germanos brand.

Of course, there is room for improvement, especially regarding client satisfaction levels. This quality enhancement and improvement process is of a permanent nature in order to maintain and increase customer trust in our brand.

The transformation process of our company is still undergoing. We will launch multiple initiatives based on offer simplification, promoting online sales and adopting self-management mechanisms for customers. These initiatives will be backed-up by network optimization, database consolidation, process review and automation, front-line focus and bureaucracy reduction.

In 2017, in order to integrate the expectations of the society in which we carry out our business, we had a comprehensive dialogue with over 11,000 representatives from 9 interest groups of our company. These interest group representatives ranged from customers and employees to public authorities and community members. The most important topics that resulted from these dialogues were data security and confidentiality, customer satisfaction, employment, business performance and business continuity. All these topics are discussed at large in this sustainability report.

Recognizing the growing and changing needs of the Romanian society, we come to meet them through tailor-made and relevant programs addressed to its communities. In 2017, Telekom Romania's social contribution totaled 0.8 million Euros, sum which helped finance projects aimed at improving the lives of vulnerable groups, developing digital skills, promoting health through sport and supporting the development of local communities. Amongst these initiatives, we can also mention the annual scholarship program, which so far supported over 100 Romanian students.

Environmental protection is not optional; it became a necessity and a duty for us all to ensure a healthy and livable environment for the future generations. In 2017 we managed 1,177 tons of waste generated as a result to our activities and managed to increase the efficiency of our operations with approximately 20% in regards to energy consumption and CO2 emissions (relative to the data traffic – TB).

None of what we have achieved so far would have been possible without our colleagues, whose passion and professionalism support the development of the company. Therefore, our priority as a company is to provide them with a safe and creative environment in which they can work, grow and evolve. In order to support the ongoing digital transformation, we promote new working patterns as well as strive through different programs and initiatives to develop their digital competencies.

We wish to become a recognized digital company where people love to perform and work.

Our integrated management system guides our day-to-day activities, and our efforts to remain in the upper sphere of a highly competitive environment are reflected through the certifications under ten ISO standards ranging from quality, environment, occupational safety, information security up to compliance, risk and anticorruption management.

The 2017 Sustainability Report, the third communication on the progress made by our company as a member of the United Nations Global Compact, demonstrates that we commit ourselves to preserving its principles and promoting it to both stakeholders and for the general public. We have also detailed our direct and indirect contribution to the UN's 17 Sustainable Development Goals (SDG) through our sustainability strategy and activities.

In 2018, we continue to roll out our new strategy on three main pillars: convergence, digitization and growth mentality. At the same time, we continue to work on implementing digitization initiatives and simplifying the experience offered to customers through all of our contact points. We continue our sustainability actions, focusing on the needs of the society and the groups on which our company has a direct impact.

Finally, I proudly invite you to read Telekom Romania's third sustainability report and its ambitious commitments.





# 1 SETTING THE SCENE

970.7 million Euros  
consolidated revenues



100% employees  
covered by  
collective labor  
agreements



170 million Euros  
approx. invested



6,373 employees



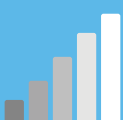
10 million approx.  
services contracts



0.5 million clients  
for convergent services



2.6 million households  
covered by FTTx  
network



98% from urban population  
and 85% of total population  
(rural and urban) covered  
by 4G network



43% of employees  
are women



# 2017



We aim at supporting the sustainable development of the Romanian economy and society, especially by assisting it in its path towards digital transformation. As a company, we remain focused on operational improvements that will help us secure our position on a challenging and dynamic market. The main challenge presented by the telecom industry in Romania is to maintain high quality services and customer care standards in a market, which remains price driven, with low margins and a very aggressive competitive environment. However, the dynamic changes of the Romanian market generate exciting opportunities for innovative solutions and sustainable evolution.

In line with the market's dynamics, we can say that 2017 was a year that brought a bundle of new perspectives both for our clients, our business and our company. We implemented a series of commercial initiatives within the process and technology sphere, done in line with our strategy, which would allow for future growth.

We shifted the local telecom's market paradigm by launching new commercial offers. In the technology area, we continued expanding the FTTH and 4G networks, while preparing for the upcoming 5G technology approach. The expansion of both fixed and mobile networks has been a priority for us in recent years. Throughout 2017, we doubled LTE coverage, continued our initiatives to upgrade and optimize our mobile networks, and accelerated our expansion plans to provide our customers with an enhanced experience every day.

Our efforts and technology investments have helped to strengthen our position on the market. Telekom's mobile network achieved the highest score for mobile data services as a result of the P3 Communications independent auditor's performance tests on all mobile networks in Romania in August 2017.

In order to successfully run our new strategy, we will continue to focus on implementing digitization and offer simplification initiatives. At group level, we have great plans and ambitions for 2018, and so we will focus on three main pillars: convergence, digitization and a growth mentality..

## 1.1 REVIEW OF THE YEAR

Telekom Romania is one of the largest telecommunications companies in Romania in terms of revenues and a leading player on the convergent fixed-mobile services market. Our operations are managed from several hundred offices, technical spaces and stores all over the country, with the headquarters in Bucharest.



Key 2017 financial and market figures<sup>1</sup>

	Telekom Romania Communications	Telekom Romania Mobile Communications
Revenue	€ 607.7 million	€ 464.9 million
EBITDA	€ 101.9 million	€ 58.2 million
SUBSCRIBERS	<b>2,098,052</b> fixed telephony sub- scribers <b>1,180,192</b> broadband subscribers <b>1,470,341</b> TV subscribers	<b>4.7 million</b> mobile services clients

In 2017, Telekom Romania Communications S.A. revenues grew slightly by 0.9% to 607.7 million Euros. Adjusted EBITDA had an upward trend throughout 2017, reaching 101.9 million Euros, up 9% from 2016.

In the fourth quarter of 2017, the number of converged subscribers continued to grow, exceeding the threshold of 500,000 customers, up 36% over the same period last year. In addition, the total number of TV service customers recorded a slight increase (+ 0.4%) reaching 1.47 million users, while the number of broadband customers reached 1.18 million. Compared to the fourth quarter of 2016, revenues for fixed voice services continued to decline (-15.1%), and revenue for broadband and TV services declined by 4.8% and 1.9%, respectively.

Also in the fourth quarter of 2017, Telekom Romania Mobile Communications S.A. recorded revenues of 139.5 million Euros, up 14.4% over the same period last year due to the higher revenues generated by the subscription segment and higher revenues of the sale of equipment. Revenue from services also rose 13.1 percent, to 83.5 million Euros. Client base of Telekom Romania Mobile Communications S.A. totaled 4.7 million customers (of which 34.5% represent postpaid customers). In the fourth quarter of 2017, adjusted EBITDA decreased by 16.9% compared to the same period of the previous year to 14.7 million Euros.

<sup>1</sup>As presented by OTE Group.

1.2 OUR PURPOSE AND OPERATING  
CONTEXT

## WHO WE ARE

Telekom Romania is a dynamic brand that provides a complete and innovative array of fixed and mobile telecommunication services specifically customized for a large community base of customers, which totals approximately 10 million service contracts.

Our innovative solutions open an infinite world of opportunities that enables us to share the most beautiful and emotional experiences with our family, friends, colleagues and all those around us. Our mission is to enrich people's lives by providing them with fixed and mobile integrated services, state-of-the-art 4G technologies, fiber optics as well as Internet TV, thus bringing our users a new entertainment experience with exclusive and quality content access, on all screens, and advanced interactive features. Telekom Romania is the trusted partner of the companies, for which we offer complete communication and IT&C. Our network connects people, devices in order to ensure a better, safer and simpler future. Telekom Romania is present on the Romanian market in 2014 after the joint rebranding of Romtelecom and COSMOTE Romania.

In addition, an important step for the transformation program initiated in 2017 was the merger of Telekom Romania's mobile operations under one entity: Germanos Telecom Romania SA, Sunlight Romania Filiala București SRL and Telemobil SA were absorbed under Telekom Romania Mobile Communications S.A.





**Ownership Telekom Romania Communications S.A**

Ministry of Communication and Information Society

45.99%

OTE International: 54.01%

**Ownership Telekom Romania Mobile Communications S.A.**

Cosmote Mobile Communications S.A. – 70%

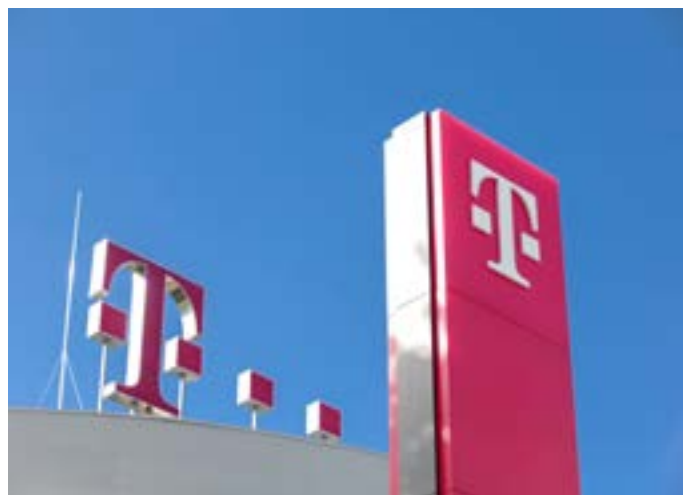
Telekom Romania Communication S.A. - 30%

Telekom belongs to Deutsche Telekom, one of the leading global telecommunication companies, which is a shareholder of the Hellenic Telecommunications Organization (OTE).



OTE Group is the largest telecommunications provider on the Greek market and one of the leading telecom groups in Southeast Europe with presence in Greece, Romania and Albania. OTE is among the largest listed on the Athens Stock Exchange and offers a full range of telecommunications services: from fixed-line and mobile telephony, broadband services, to paid TV and ICT solutions. In addition to its core telecommunications activities, OTE is also active in maritime communications, real estate and professional trainings. [More information on OTE Investor Relations section.](#)

Deutsche Telekom, one of the world's leading integrated tele-communications companies with approx. 168.4 million mobile customers, 28 million fixed-network lines and more than 19 million broadband lines (as of December 31, 2017). Deutsche Telekom is present in more than 50 countries and hires around 218,300 employees worldwide. More information on [DT Investor Relations section.](#)

**Romanian market context**

According to "Europe's Digital Progress Report 2017" a report under the auspices of European Commission, the digitalization of Romania is still a challenge – the country ranks 28th out of the 28 EU Member States. The Romanian rate of digitalization of economy, including the public services and digital skill is still low. On the positive side, the report notes that "Romanians benefit from coverage of fast broadband connections in urban areas, which translates into the highest share of subscriptions in the EU. The take-up of mobile broadband is also accelerating".



## KEY INDUSTRY TRENDS IN ROMANIA



**Network improvements:** increased infrastructure investments made by Romanian telecom operators;



**Growing consumer appetites:** increased mobile data and smart devices usage;



**High-spec areas of technological innovation:** top speed mobile Internet, IoT solutions, machine to machine services (M2M) and cloud computing;



**Convergence of services:** bundles including mobile, fixed and TV services in one package gaining more and more ground;



**Price-driven market:** demand for digital services remained uneven and deeply heterogeneous, defined largely by price sensitivity rather than practical or utilitarian criteria.



## OUR OFFERS

We are offering our customers fixed and mobile integrated services, latest technologies like 4G, optical fiber, as well as Internet TV, which brings users a new entertainment experience, typified by access to exclusive high quality content, on all screens, with an array of advanced interactive features. Telekom Romania is the trusted partner for companies, providing them with complete communications and IT&C solutions. Our network is bringing together people, machines and content, connecting them for a better, safer, simpler future.

## COMPETITOR LANDSCAPE

In the fixed line of business, Telekom is competing with RDS&RCS and UPC Romania, both companies having large optical-fiber networks extending over significant portions of the country. Our main competitors in the mobile segment are Orange and Vodafone, with great national coverage of LTE networks and fast speed access.

[Telekom Romania](#) is one of the biggest players on the local IT&C market, offering a wide variety of turnkey solutions for the B2B segment. Covering fixed, mobile, Internet and TV markets, the company provides advanced solutions ranging from managed services to desktop virtualization, unified communications, and IT security. It also offers a host of cloud computing solutions for vertical markets such as retail, HoReCa, banking, healthcare, transport and logistics, industry, startups, education, and more.

### 4G unlimited Internet for all our clients at the price of only 5 Euros/month

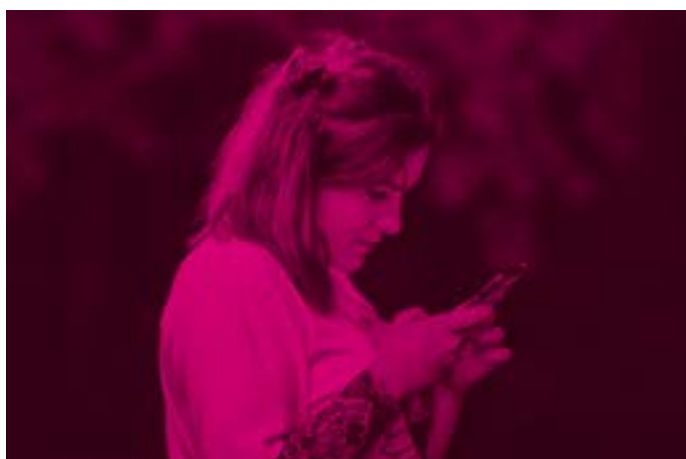
Continuing the #Netliberare promise to make the Internet as accessible as possible for all Romanians, Telekom Romania launched, for the residential customers, an unique offer – unlimited Internet for 5 Euros/month:

- 4G UNLIMITED INTERNET for all mobile services subscriptions, which also have a fixed services subscription from Telekom, starting from 5 Euros/month (VAT included);
- INTERNET for home through fiber optics, from 5 Euros/month (VAT included), in a two fixed services bundle;
- INTERNET TV from 5 Euros/month (VAT included), in a two fixed services bundle.



### TV SERVICES FOR ALL SCREENS

With our Internet TV subscriptions, customers can enjoy exclusive and exclusive TV content, which they can access on any device at auspicious prices. Telekom Sport Channels provide customers with their favorite sports and access to the most important competitions, which they can watch live anywhere on TV, laptop, PC, smartphone or tablet, by using the Telekom TV Web & Mobile and Telekom TV features. With Internet TV and its advanced features such as Pause and Continue, users will be able to stop and start their favorite matches and competitions and resume them anytime they want.



### DIGITAL ERA

2017

- Increase by 50% of Telekom Mobile apps users > 100,000 active users per month.
- 4% of the total number of smartphone users manage their accounts through mobile apps.
- Stable number of customers using e-bill ~ 420.000 customers.
- 1 in 60 sales are made through electronic order channels (e-channel).
- >4% of fixed services and >6% of mobile services customers choose to pay their bill online.



### DIGITAL BANKING

Telekom Banking, the newest digital financial project in Romania, developed in partnership with the Polish bank Alior Bank, offers individuals affordable banking products and services online through [www.telekombanking.ro](http://www.telekombanking.ro) and through [Telekom's network of stores](#) including Telekom stores under the Germanos brand.

With the offer of Telekom Banking (current accounts, debit cards, deposits), customers can carry out daily banking operations and transactions in the Online Currency Exchange platform.

### LEADING POSITION ON THE FIXED B2B SEGMENT

We maintained our leading position in Managed Virtual Private Networks, Fixed Internet and Cloud IaaS in the B2B segment, with a 3.7% increase in revenues. Moreover, we extended the number of installed access points (AP) for the Managed Wi-Fi product dedicated to B2B, which offers wireless routers, smart gateways and access points. At the same time we focused on selling several cloud services, including Smart Office, Unified Communication, Smart Bill and Smart POS.

In addition, the Smart City solutions project piloted in Bucharest, Constanța and Piatra-Neamț contributed to the presence of Telekom Romania in all areas of operating ICT solutions.



### LEADING THE MARKET & SETTING NEW TECHNOLOGY STANDARDS



2.6 million households' footprint FTTx



98% of the urban population and 85% of the total population (rural and urban) benefit from the 4G network's coverage.



Strong Fixed-Mobile Convergence growth, due to combination of mobile and fixed strengths up to 500,000 customers;



Consolidation of the market position as turn-key IT&C solutions provider, leading position on the business fixed segment and for VPN respectively as well as significant growth in premium Internet;



Focus on highly innovative IoT and Smart City solutions, in line with Deutsche Telekom vision;



Digitalization of schools: several smart education services were introduced (interactive board, virtual reality learning and electronic catalogue) in a selected number of cities.

### WE ENABLE DATA DRIVEN SOLUTIONS

In 2017 Telekom Romania mobile network has achieved the highest score in data services.

- Telekom Romania mobile network has achieved highest score in data services by independent audit company P3 communications in August 2017.
- The certificate is awarded following performance testing of all mobile networks in Romania conducted by P3 communications in August this year in several cities, towns, as well as on connecting roads;
- This achievement confirms Telekom Romania's commitment to offer its customers the best experience in using mobile broadband services, following efforts of modernization, expansion and optimization of its mobile networks.



## 1.3 OUR WAY OF WORKING

Throughout our daily work we follow a set of specified rules or principles that manage our culture within the company as well as our interactions with third parties. These principles also serve as the basis for our Code of Conduct, explaining what they mean in our daily work as well as their tangible and practical impact.

### OUR PRINCIPLES AND CODE OF CONDUCT

- I. Customer delight and simplicity drive our action
- II. Respect and integrity guide our behavior
- III. Team together – Team apart
- IV. Best place to perform and grow
- V. I am T – Count on me

### WHO ARE OUR EMPLOYEES?

Our company would never be able to reach its success without a qualified, open and ambitious staff. At the end of 2017, we were employing almost 6,373 people, the vast majority of which work full time (91%). A little more than half of our employees are males (57%), compared to women, which represent 43% of our workforce. The majority (70%) are aged between 30 and 50 years. Almost half of our staff works in the office, whereas another half conducts fieldwork or other type of work. All our employees on indeterminate-term contracts are employed full-time.

Our company rejects any form of discrimination at the workplace and declares itself in favor of the promotion of equal opportunities as well as diversity of all employees in terms of gender, age, culture, religion, abilities and sexual orientation, as per our Code of Human Rights and Social Principles.



### INFOGRAPHIC CONTAINING SELECTED HR DATA

	2015	2016	2017	
Work-related fatal injuries	0	0	1	🔴
Work-related non-fatal injuries (lost days)	360	530	198	🟢
*Injury rate* (number of accidents/total number of working hours by all employees)	0.12	0.16	0.12	🟢
Lost days rate** (total number of lost days as a result of accidents / total number of working days planned for the year in scope)	11.72	9.7	3.4	🟢
Lost days rate female	n/a	3.26	1	🟢
Lost days rate male	19.14	13.7	3.4	🟢
Number of occupational diseases cases	0	0	0	🟢
	2015	2016	2017	
Indefinite contract employees	5,828	5,586	5,813	🟢
% of employees with contracts on an indefinite period	92	92	91	🔴
Definite contract employees	540	498	560	🟢
Full time employees	6,231	6,049	5,799	🔴
Part time employees	137	35	14	🔴

\*Injury rate = (Total number of injuries / Total hours worked) x 200,000. The factor 200,000 is derived from 50 working weeks for 40 hours per 100 employees. The data includes all accidents resulted in injury, including first-aid injuries.

\*\*Lost day rate = (Total number of lost days / Total hours worked) x 200,000. The factor 200,000 is derived from 50 working weeks for 40 hours per 100 employees. Lost days are calculated as calendar days and their count begins on the day of the injury.

\*\*\*Absentee rate = (Total number of missed absentee days / Total number of workforce days worked) x 25,000. The factor 25,000 is derived from 50 working weeks of 5 days per 100 employees. This rate is not monitored per gender.



	2015	2016	2017	
% of employees under 30 y.o.	19	17	17	→
% of employees over 30 y.o.	65	64	69	↗
% of employees over 50 y.o.	16	19	14	↘
% of Female employees	39	39	43	↗
% of Male employees	61	61	57	↘

	2015	2016	2017	
% Turnover rate < 30 y.o.	27	35	43.17%	↗
% Turnover rate >30 y.o. < 50 y.o.	5	6	9.84%	↗
% Turnover rate >50 y.o.	0.8	0.3	0.59%	↗
New employees <30 y.o.	628	372	525	↗
New employees >30 y.o. <50 y.o.	321	157	397	↗
New employees >50 y.o.	7	7	14	↗

	2015	2016	2017	
Turnover rate for female employees	11.01%	12.35%	16.97%	↗
Turnover rate for male employees	7.06%	8.13%	12.30%	↗
New female employees	397	275	479	↗
New male employees	559	321	457	↗



## NON-DISCRIMINATORY COMPENSATION

Here at Telekom Romania (both fixed & mobile) no distinction or differentiation on grounds of sex with regard to pay is practiced. The remuneration ratio between men and women is 1-to-1. The wages of serving employees are determined by their level of education, years of employment and the level of position they hold. The minimum (basic) wage is adjusted according to the wage category the employee belongs to.



## HOW WE SUPPORT OUR STAFF

### SUPPORT FROM THE FIRST DAY ON

Our induction program for the new employees includes a separate familiarization section on Compliance issues, on the Code of Ethics, Sustainable Development, as well as on internal policies of the Group.

### LONG TERM CONTRACTS

Both the 2016 – 2018 Collective Labor Agreement of Telekom Romania Communications employees, signed in 2016 June 1st and valid until 2018 March 1st, and the Collective Labor Agreement for Telekom Romania Mobile Communications signed in 2016 June 1st and valid until 2018 March 1st, ensure their jobs and regulate payroll issues, leaves, benefits, compensation, employee working hours issues and health and safety issues.

### GENDER EQUALITY

In Telekom Romania (both fixed and mobile branches), there is no distinction or differentiation on grounds of sex and gender when it comes to payment. The remuneration ratio between men and women is 1-to-1.

## 1.4. OUR SUSTAINABILITY STRATEGY

### OUR SUSTAINABILITY STRATEGY

Telekom Romania, as part of Deutsche Telekom and OTE Group, as well as member of Global Compact Network Romania aims to embed sustainability in its business strategy. We also aim to contribute to the achievement of the United Nations' Sustainable Development Goals (UNSDG) and we are delivering our contribution here in Romania.



### 2017 GERMAN SUSTAINABILITY AWARD FOR TELEKOM ROMANIA'S PARENT COMPANY

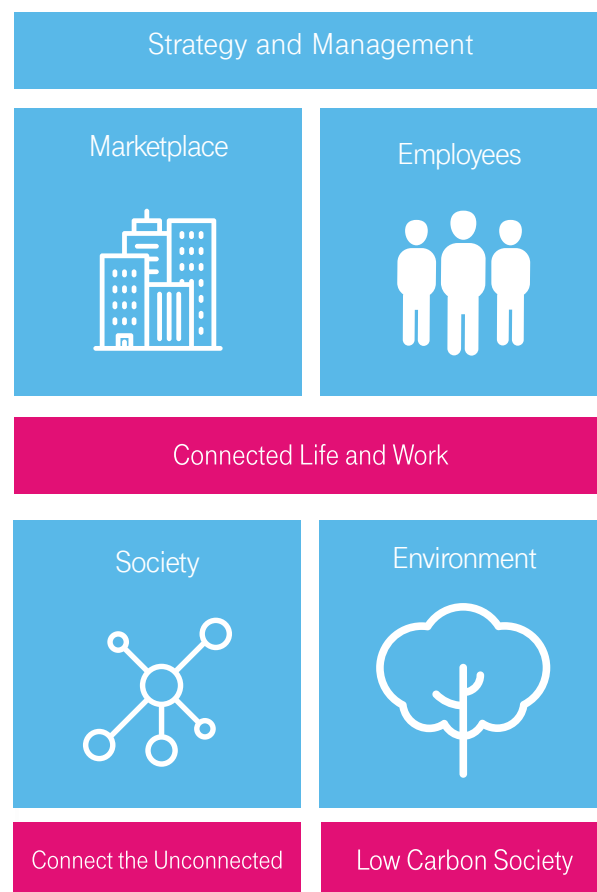
In 2017 Deutsche Telekom received the National German Sustainability Award in the "Large Companies" category for its comprehensive, Group-wide sustainability management strategy.

This award for environmental and social commitments honors top performance in sustainability. The "Large Company" category award is given to companies that develop new sustainable approaches characterized by innovative products and services, high environmental standards in production processes, and additional social responsibility measures in their value chain.

### THINKING GLOBALLY ABOUT SUSTAINABILITY

Telekom Romania believes that sustainability refers to creating economic value through responsible core business practices and increasing its positive impact on society and economy as well as reducing negative environmental impacts. To achieve this vision we focus on material issues presented in this report and we track our progress based on KPI's.

The core of Telekom Romania's strategic thinking is consistent with the sustainability strategy of Deutsche Telekom Group as well as the OTE Group CR Policy.



In order to measure and steer our CR performance, Telekom Romania uses guidelines and indicators developed by either Deutsche Telekom or OTE Group. These indicators are of the essence as they help us to systematically and transparently optimize and improve our performance.

## 2017 SUSTAINABILITY KEY PERFORMANCE INDICATORS

Strategic area	Key Performance Indicator		2014	2015	2016	2017	
Planet	Carbon intensity	(kg CO2/Terabyte bzw. kWh / Terabyte)	n/a	n/a	33.44	27.31	📉
	Energy intensity	kg CO2/Terabyte bzw. kWh / Terabyte	n/a	n/a	111.97	87.09	📉
	CO2 emissions (Scope 1&2)	(quantities emitted in t)	107,954	79,241	68,220	69,471	📈
	Electricity consumed	(electricity consumption in GWh)	218	215	205	199	📉
	Renewable Energy	(share of renewable energy in total electricity consumption)	n/a	42	42	42	➡️
	Used Cell-Phone Collection	(cell phones collected in thousands / customers in millions)	0.62*	0.62*	0.83*	0.37*	📉
	Waste	(total waste in t)	10,311	6,834	8,769	3,037	📉
Society	Community Investment	(involvement in the community either financially or in-kind in thousands of Euros)	254	640	452	806	📈
	Social Commitment	(difference between the assessment of the importance of social commitment and Telekom Romania's social commitment activities (expressed in percentage points )	n/a	-14	-10	-5	📈
	Media Literacy	(% of people reached through programs addressing media literacy from total number of beneficiaries)	0	0.17	8.07	5	📉
People	Employee Identification with CR Commitment	(employees identification with Telekom Romania's CR commitment in %)	n/a	78	n/a	67	📉
	Work-related fatal injuries		0	0	0	1	📈
	People supported	(the number of people who benefited from community activities in thousands of people)	413	407	352	173	📉

\* cases in which we do not have indicator in fixed but have in mobile

## OUR LONG TERM VISION: TO LEAD THE DIGITALIZATION OF ROMANIA

Our corporate culture, a set of values serving as road signs for all our activities, is a key factor that will shape our way of working towards digitization. These road signs, reflected in our Guiding Principles, define how we behave and act on our values in practice, both within and outside the organization.

### TELEKOM ROMANIA CONTRIBUTES TO UN SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs), also known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.



#### No poverty (#1)

Certain groups are disproportionately represented among the poor, and face additional constraints in escaping poverty. Businesses also have the opportunity to proactively take measures to address constraints faced by these groups, such as through inclusive business models or innovative products. All the time we try to increase efficiency, competitiveness and market access for SMEs.



#### Good health and well-being (#3)

Health is a fundamental human right and a key indicator of sustainable development. All actors, including the private sector need to collaborate to develop health care solutions that work for people, families, communities and nations. We support e-health policies and strategies that foster health education through a portfolio of smart health solutions aimed

at educating the market as well as providing access to preventive information and/or remote diagnostics.



#### Affordable and clean energy (#7)

Business can accelerate the transition to an affordable, reliable and sustainable energy system by investing in renewable energy resources, prioritizing energy efficient practices, and adopting clean energy technologies and infrastructure. Providing ICT-enabled solutions such as smart grids, smart buildings, and smart logistics which can play a major role towards an energy efficient future, reducing global GHG emissions.



#### Industry, Innovation and Infrastructure (#9)

Investment in infrastructure and innovation are crucial drivers of economic growth and development.

ICT plays a crucial role in providing affordable and increased access to information through enabling research into new, sustainable technologies and solutions.



#### Sustainable cities and communities (#11)

By 2050, 70% of the world's population will live in cities, making cities critical in achieving a sustainable future for the world. ICTs can play a significant role in reducing the carbon footprint of cities by moving to a more intelligent use of energy but also connecting various "smart" realms of activities like electric mobility, e-Health, e-Care, and e-Governance.

Since we are a representative of the ICT sector, we have indirect impact and influence in contributing to other SDG's:



#### Zero hunger (#2)

Facilitating access to timely information that helps trigger rapid responses when battling hunger, managing the procurement, storage and distribution of essential food.



#### Quality education (#4)

Widening the access by reducing the physical and social barriers to education, supporting the improvement of the educational management and contributing to the modernization process of schools.



#### Gender equality (#5)

Providing mobile services that help fight violence against women.



#### Clean water and sanitation (#6)

Support in mapping and monitoring water infrastructure.



#### Climate action (#13)

ICT plays a crucial role in sharing climate and weather information and in forecasting and early warning systems.



#### Decent work and economic growth (#8)

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



#### Reduced inequalities (#10)

By facilitating a broad and easy access to Internet, ICT can address health, education and economic inequalities by focusing on most marginalized groups or regions.



#### Responsible consumption and production (#12)

ICTs have the potential to foster sustainable consumption and production through product-specific improvements, increased dematerialization and virtualization, and the implementation of smart technologies.



#### Life below water (#14)

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



#### Life on land (#15)

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



#### Peace and justice, strong institutions (#16)

ICTs can play an important role in crisis management, humanitarian aid and restoring peace. For example, governments are starting to make more and more information readily available to the masses via the Internet/"ICT" sphere, pieces of legislation posted online, digitalization of some processes (apply online for certain permits).



#### Partnerships for the goals (#17)

The spread of ICTs and global interconnectedness has great potential to bridge the digital divide by developing more knowledge-based economies and societies.



## 1.5. FUTURE TRENDS AND OPPORTUNITIES FOR ROMANIA

### I. SMART CITIES & SMART HOMES

We live in an era of profound technological transformation that links people, objects – and even houses and whole cities into a network of collective interaction and data exchange. ICT-based solutions help at leading this digital transformation by providing means for sharing, measuring and connecting resources.

At Deutsche Telekom and Telekom Romania we believe that smart cities should form an ecosystem empowered by a more efficient administration of public services through ICT-based solutions, ultimately increasing the quality of life for its citizens, attracting visitors and supporting the economic development of the cities and their surrounding regions.



#### ADDED VALUE FOR CITIZENS

"The Smart City projects are the living proof that the public sector answers with openness to the need of new services of public interest, which provide new benefits for citizens and decrease the operating costs for the City Hall. Telekom Romania, as system integrator, acts as an interface between the specific needs of the local administration and the citizens and as a provider of technological solutions that can be integrated in order to meet these needs; together, we manage to generate more added value for the citizens"



Ovidiu Ghiman,  
Chief Commercial Officer Business Segment,  
Telekom Romania



### SMART CITY CONSTANȚA

After the successful implementation of the idea of a smart city in Bucharest in 2016, Telekom Romania moved on to implement another smart-city pilot project in Constanta on June 16th, 2017. The project includes solutions for smart parking and smart lighting, multifunctional lighting tower (with components like video surveillance, electric charging dock for cars, environment sensors, LED display), as well as free Wi-Fi.

The solutions implemented by Telekom Romania in the area of Constanta's Sports Hal consist in equipping a parking lot of 50 places with sensors connected to a platform, which processes data regarding parking spot availability in real time. In addition, five lighting poles using the LED technology, a multifunctional tower integrating nine functionalities and free Wi-Fi connectivity for the persons passing by are also part of the smart solutions ensemble. The municipality will be able to monitor in real time, through a dedicated platform, the level of occupancy.

The multifunctional tower provides the urban security component, with 360 degrees surveillance cameras. In addition, it is fitted with temperature, wind, pressure and noise sensors, making information available on the environment's quality in the city, all in real time.

These solutions are based on the IoT (Internet of Things) concept, according to which the sensors embedded in these systems communicate online through smart interfaces. The project was implemented together with the technology provider ZTE.

## SMART CITY PIATRA NEAMȚ

After helping develop Bucharest and Constanta, we have launched our third smart-city project in December 2017. The project includes smart street furniture, smart street lighting, and charging station for electric cars, air quality monitoring system, smart video surveillance and free Wi-Fi in Piatra-Neamț.

The pilot project in Piatra Neamț foresees the implementation of several innovative components, amongst which “smart” pieces of street furniture. Through the solar-powered energy-bank, the visitors of the park can charge their mobile devices and they can connect to Wi-Fi Internet services. The intelligent street lighting solution, installed in the same area, offers the ability to reduce the light output according to predefined scenarios, resulting in lower energy consumption levels. The project also includes the implementation of a station that charges simultaneously two electric cars, through which the owners of such vehicles can charge them within a reasonable time.



## WHAT DOES THE MODEL OF “SMART CITY” CONSIST OF?

### PUBLIC TRANSPORT MANAGEMENT

- Real-time information on public transport and traffic
- Efficient management of public transport (real-time information with regards to arrival times of busses, line information or route changes)
- Citizens having remote access to traffic information (traffic density on a certain avenue at a certain time)
- Bike-sharing systems (where are the “bike sharing depots” located and number of available bicycles).

### SMART PARKING

- Lower carbon emissions
- Fluid traffic, reduced congestion
- Efficiency in parking surveillance
- Reduced illegal parking
- Greater efficiency of traffic monitoring

### SMART STREET LIGHTING

- Energy-efficient
- Flexible intensity depending on occupancy
- Alert in case of copper theft
- Real-time maintenance reports
- Detailed traffic analysis based on time intervals monitoring

### WASTE MANAGEMENT

- M2M solution for selective pick-up of garbage bins
- Reduced costs of logistics due to fill-level sensors
- Innovative billing solutions enabling a more fair waste management pricing
- Garbage collectors able to notify the city authorities when containers are used improperly

### E-MOBILITY

- Mapping the network charging stations for electric vehicle drivers
- Integration of parking spaces with mobile consumer applications
- Automated transaction tracking creating transparency on vehicle energy costs

### TELEMEDICINE

- Connecting patients with adequate health care providers and specialists
- Facilitating remote medical examination
- Health care cost reduction and optimization of medical activity
- Encouraging “second opinion” consultations

## INNOVATIVE COMMUNITIES ARE AT THE HEART OF SMART CITIES

Smart cities and smart people are the opposite sides the equation. This is why; apart from supporting smart infrastructure, we do our best to support smart people. We encourage innovation that can contribute to social and economic progress while protecting the environment. Besides the innovative solutions in our portfolio, we are an active supporter of the local tech and creative start-up community (read more below in chapter on Internet of Things). We encourage early stage start-ups to submit their proposals as to where they see room for collaboration. These innovative products and services are then assessed by our subject matter experts and, depending on the development stage, the start-up will be offered customized recommendations for its further development or a partnership. Among the piloted projects are:

- [SEMSEYE](#), which provides in-store analytics for retailers;
- [DeviceHub.net](#), an IoT-based project management platform for manufacturers;
- [Omnipaste](#), an application, which allows desktop computers to connect to an Android device;
- [SafeDrive](#), a mobile application rewarding drivers for not using their phones.

## II. TELEKOM BANKING. YOUR BANK IN YOUR POCKET.

The universe of financial services is in a continuous innovative expansion. The new technologies in the digitalization area are the ones that allow banks to offer new services to those looking for simple and efficient solutions, tailored to their expectations. Nowadays, technologies in the Internet of Things area offer financial companies the ability to gain a flexibility that can also become a benchmark for other business markets.

Hence, the idea of Telekom Banking – the latest digital financial project in Romania, developed within the partnership between Telekom Romania and Alior Bank, one of the largest banks in Poland. It aims to meet the needs of consumers for fast, easy-to-use products and services, available wherever and whenever.

Telekom Banking services are being launched gradually, starting with two modern and intuitive pillars - daily (primary) banking and a new solution on the Romanian market, online exchange platform.

In 2018, Telekom Banking offer will also include device-financing services for products in the Telekom Romania's offer, as well as unsecured personal loan and overdraft.



## EXTENDING THE BOUNDARIES OF CREATIVE FREEDOM

"Telekom Banking is the result of Telekom Romania's promise to support the creative freedom of its customers and partners in everything they do. After liberating the Internet, it is time for the banking services. What we aim is to provide services fitted to the new IT&C culture that we live in today. Setting you up with all the possibilities that new technologies offer means to exploit the today's innovation, capable to shape the future of the Romanian financial and banking segment."

Miroslav Majoros,  
CEO Telekom Romania



## WE'RE THANKFUL FOR YOUR TRUST

In 2017, Telekom Romania conducted recurrent surveys in order to measure customer satisfaction and loyalty and thus capture customers' opinions. In 2017, Telekom Romania maintained scores on the TRI\*M Loyalty Index: the performance evaluation of Telekom Romania maintains at a total level of good scores (79%).

### III.START UPS & INTERNET OF THINGS



The times of the traditional Internet are almost gone. The Internet, which started as a network accessible only from computers and then for mobile devices constantly keeps spreading into new levels, dimensions and devices. Soon the majority of devices, starting from a vacuum cleaner through a fridge up to your AI (artificial intelligence) assistant will be connected and entangled in a seamless web of interactions. This is how the Internet of Things comes into reality. According to the McKinsey Global Institute, the Internet of Things could have an annual economic impact of \$3.9 trillion to \$11.1 trillion worldwide by 2025. What's more, it is predicted that the IoT installed base will increase by about 15 to 20 percent annually through 2020. We are tapping into this fascinating and promising trend.



How? Deutsche Telekom's start-up incubator hub:raum, offers various programs and formats that aim to create business opportunities between the innovative start-up eco-system and Deutsche Telekom. In addition hub:raum selectively invests in early-stage start-ups that have a strategic fit to Deutsche Telekom's business and innovation priorities. Many of these start-ups are related to the Internet of Things. In 2017 hub:raum cooperated with approximately 80 startups during our hub:raum programs: NB-IoT, Empower Spaces, Future Communication, hub:raum Low Latency Prototyping and Go Ignite. Therefore, the range of areas was wide and depended on the type of program. In general, the investment limit for one startup was 300,000 Euros. Many of these start-ups are from Romania. Throughout the years, hub:raum programs empowered Romanian start-ups, such as DeviceHub and Omnipaste, CTF, TypingDna, Flashnet or Agritel. What is interesting, there is no single country that would stand out from others in a special way in terms of the count of supported start-ups. We observe a stable progress in developing countries of CEE region, which is similar to the situation in Western European countries.

## KNOW-HOW. HOW TO GET ADMITTED FOR HUB:RAUM PROGRAMS?

## 2 TRANSFORMATION TO A DIGITAL SOCIETY. WHERE ARE WE?



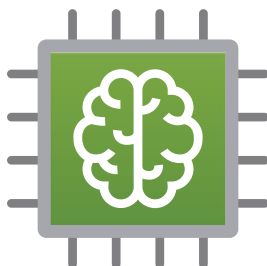
- 25 measures to enhance children online safety

- 222 safety visits in different company locations



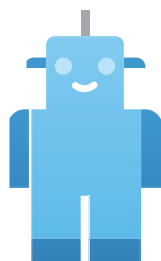
- 33 students in internship

- 224,376 training hours for employees



- 32,867 online training hours

- 50% of Romanian counties with modern learning technologies



# 2017

- 130 children participated in CoderDojo programming courses



The ongoing digital transformation gets more rapid from year to year. With the times of traditional Internet almost gone, the global web keeps encompassing more and more dimensions of reality – not only our computers and mobiles, but also everyday items we use the vehicles we drive, the houses we live in, the offices we work in and the cities we roam. With the rising number of items capable of supporting a Wi-Fi transmitter, the complexity of networks we interact with grows rapidly to form a tangled web. They all share information with one another – mostly for the benefit of humanity, by speeding up social and economic progress as well as offering more opportunities for knowledge gathering and exchange.

Telekom Romania proudly takes part in this technological transformation of the world by offering smart solutions to those who prioritize efficient connection and smooth data exchange. We ensure great customer experience with our cloud solutions and transfer offers, as we know that together with the rising complexity of the world, the joyful simplicity of experience is what really matters.



Unfortunately, apart from those who thrive thanks to global interconnectedness, there are still some who struggle to plug into digital dimension of opportunities. We are aware of this fact, hence our programs that raise social inclusion through coding workshops or virtual lessons. Thanks to our projects that connect the unconnected, the young generations can learn to use the digital tools for their personal fulfillment and professional advantage.

Beside digital exclusion, another problem that keeps plaguing the modern world – and will keep doing so in the centuries to come – is insufficient security. From the digital trace you leave while surfing the web, to online check-ins, and up to digital banking operations you leave a trail of vulnerable data that could be exploited and used against you. Telekom Romania has both knowledge about security threats as well as the tools that combat them, to make a safer world amid the unpredictable ocean of data.



## 2.1 FUTURE REQUIRES SIMPLICITY. BETTER CUSTOMER EXPERIENCE

We need telecommunication technologies because we want to simplify the complexity of information exchange, and thus a proper technological solution and a proper service is crucial. In a mature and saturated market like Romania's, those who offer more functionality, simplicity for a better price land ahead of the competition.

This is why in 2017, our customers witnessed the simplification of our current offers and the introduction of a new portfolio of products and services for both B2C and business customers.

Throughout #Netliberare (for residential) and #BusinessLiber (for companies) campaigns, we've expanded our customer communication benefits by introducing bids that revolutionized the local telecoms market. Telekom was the first operator in the Romanian market to introduce unlimited 4G subscriptions to the subscriber segment as well as unlimited free streaming video traffic for card users from just 5 Euros per month.

Also, in October 2017, Telekom Romania introduced Freedom subscriptions through the #BusinessLiber campaign, which unveiled for the first time in the business segment unlimited 4G Internet, voice and unlimited messaging from 5 Euros per month. #BUSINESSLIBER has radically changed the services offered to entrepreneurs by eliminating for the first time in the Romanian communications services market the minimum contractual period and the termination fee.

**HAI #NETLIBERARE!**

**WeAccelerate  
#BUSINESSLIBER**

#### #NetLiberare Campaign

#### #BusinessLiber Campaign

Client: residential

Client: business (B2B)

For the first time on the market, Telekom introduced 4G unlimited mobile Internet, starting from 5 Euros /month:

Mobile services with unlimited 4G Internet starting from 5 Euros / month

Internet TV in a bundle with fixed Internet starting from 5 Euros / month

A unique debut on the business segment of the Romanian telecoms market. Unlimited 4G Internet in addition to unlimited voice and messaging services, from 5 Euros/month, with Freedom subscriptions, without a minimum contract period and no cancellation fee.

Throughout 2017, Telekom Romania continued to focus on the fixed-mobile converged services segment, bringing customers more simplicity and convenience in using all communications services - fixed and mobile telephony, fixed and mobile Internet services as well as services TV.

## 2.2 CYBER SECURITY

Without security there is no good customer experience. It is worth noting, that the majority of people nowadays seem to have trust in the security of the digital products and services they use.

Significant trust in the security level could be determined by many factors. This on one hand could stem from the lack of awareness regarding the security issue and on the other, from the trust in the provider of such services and belief in the professional approach regarding the problem.

Telekom Romania does its best to provide top-notch level of cyber-security. We constantly invest in security of the services and products we provide. Thanks to our complex routine procedures and surveillance, all data and information is protected against misuse and gets processed solely for the purpose for which it is intended. To raise the security level even further, the information is encoded and the companies do not store the content of customer communications on the companies' systems.



	2014	2015	2016	2017	
Data privacy for internal employees	1,560	632	3,296	926	↓
Information security	N/A	4,176	2,685	2,459	↓

## OUR MANAGEMENT APPROACH TO ENSURE BEST SECURITY POSSIBLE:

- Information Security & Data Protection Policy (it defines standards for an adequate level of security to protect information and all data, including personal data).
- Privacy Code of Conduct.
- Binding Policy for Privacy of Personal Data Privacy within the DT Group.

In 2017, the main focus was on closing the gap analysis for the GDPR project and starting the process of updating existing privacy practices. Policies cover areas such as:

- Security of IT systems;
- Corporate information and data security for personal data;
- Security of human resources;
- Processing personal data of clients / employees;
- Collection of customer consent;
- Privacy and security policy;
- Data breach policy.

In 2017, Telekom Romania registered 43 customer complaints related to data privacy issues for Telekom Romania Communications S.A. and 41 customer complaints regarding data privacy issues for Telekom Romania Mobile Communications. In addition, in the same year, Data Protection Authority performed two investigations one of which ended with a fine of 3,000 RON for incorrect personal data and contacting the customer without prior consent. Telekom Romania continues to work hard in order to prevent such issues from occurring in the future.



Reviewing 150 and performing 31 new Physical Security Risk Assessments (due to legal obligation);



Upgrading security systems in 47 retail shops;



Performing 222 Physical Security on-site visits.

## MORE SECURITY THROUGH MORE COMPETITION

Just as hackers compete in order to get better, those who protect your data develop their skills to prevent and counteract. This is why, in 2017 Deutsche Telekom launched a worldwide competition - it called on participants to create a privacy bot - an intelligent, digital data protection tool. The bot had to be useful for all sorts of web services, not just aimed at individual providers such as Facebook or travel portals.

A team from Germany won by developing a privacy bot that automatically verifies the Privacy Notices of Internet services based on individual preferences specified by the user. The privacy bot also provides a variety of other information relating to data privacy, such the number of data privacy incidents affecting the relevant Internet provider in the past. Such bots will be gradually more popular in our digitalized future.

## ENSURING SECURITY THROUGHOUT TELEKOM ROMANIA



23 physical security incidents recorded and successfully managed;



About 4,800 access requests managed by Security Dispatch;



Providing event and close protection services for 32 events;



## YOUR CHILDREN NEED SAFETY. WEB SECURITY AND MINORS

Telekom Romania offers content suitable for all age groups. In order to make the access to this content more manageable and secure, we make sure the content offered by the third parties is based on and in-line with the Romanian law. In addition, we make use of the categorization tools, which means that adult only suitable content is provided only on request. We also offer parental control tools that filter content. This service is available on both IPTV as well as DVBC platforms.

In many cases, children adapt faster than their parents to technology and this is the reason why their parents need to be well informed about the services enabled by the technological progress (such as voice and SMS calls, image sharing, Internet access and social networks). The need is urgent, especially that according to UNESCO the vast majority of children surf the web unattended and almost a half of them shares vulnerable personal data via the Internet. By acknowledging the threats, parents could apply technological measures and teach their children about the responsible use of technology.

- autonomous actions by Telekom Romania, which – in accordance with its policy – can restrict or eliminate the information as well as shut down or block the access to any website that does not follow the policy;
- constant updates of relevant information – in our contractual agreements the providers have the obligation not to change the nature and classification of their content without prior notice to Telekom.

### CEOS FOR KIDS

Telekom Romania is a member of Deutsche Telekom Group, which is part of the “CEO Coalition to Make the Internet a Better Place for Kids”. This self-regulatory platform was launched by the European Commission in December 2011 and aims at making the Internet a safer place for children.

In January 2013, Deutsche Telekom has committed itself to adopting a set of 25 measures to further increase child safety online. These apply to each company within the Deutsche Telekom Group, including Telekom Romania companies.



To facilitate this process, Telekom Romania offers many tools, such as:

- special third party program for content filtering;
- service called “PRS restrictions” which allows for restriction of access to SMS and chat for adult content offered by third parties;

### EVERY HELP STARTS FROM SOMEONE'S ACTION

You can learn more about preventing online abuse by contacting 116 111, the European children's telephone line, managed by Telekom and Children's Phone Association in Romania. Via 116 111, you can also report digital abuse, such as cyberbullying, online grooming, children's exposure to illegal content on the Internet, exploitation of children online. You can also request free legal counselling offered by the specialists in the organization. Information can also be sent to the e-mail address: [telefonulcopilului@telefonulcopilului.ro](mailto:telefonulcopilului@telefonulcopilului.ro). Visit also [www.116111.ro](http://www.116111.ro) for relevant information regarding bullying. Moreover, information can also be found on the OradeNet online portal (<http://oradenet.salvaticopiii.ro/>). This portal is part of a European program whose goal is to promote safe, secure and creative usage of the Internet by children and teenagers.



Telekom Romania also employs other means to rise the nationwide security level. In case of possible complaints to be received by Telekom Romania through various channels (call centers 1234, email, [sesizari@telekom.ro](mailto:sesizari@telekom.ro), contact form from company website), the relevant structures within organization follows the NTD procedure and direct the complaining customers to the reporting application of the national hotline organization [OradeNet](#).

## 2.3 INNOVATIVE TECHNOLOGIES WITH TRANSFORMATIVE IMPACT

Constant transformation is one of the central conditions of our postmodern, technological era. This transformation must be done with responsibility, which is at the heart of everything we do. Our products and services are comfortable and secure for the length of their lifetime. In every case we care about appropriate and informative labelling as well as about the confidentiality of our clients' personal data. We take responsibility very seriously, which allows us for standardizing and embedding good practices into our daily routine. Thanks to this, we make sure all our products and services are certified and carry all mandatory markings required by EU legislation, directives and regulations regarding safe use, hazardous substances restrictions and the reduction of electronic waste.

What is more, we are investing in developing products and services that address the current social, economic and environmental challenges. Our product and service strategy aims to achieve the following goals:

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



Telekom Romania helps consumers and business customers effectively lower their energy consumption and reduce CO2 emissions with our growing offer of green products and innovative ICT solutions. We have been offering services to dematerialize business processes such as online billing, digitized workflows and cloud computing for several years. Each year we invest to further grow and develop these solutions, offering our business customers the competitive edge they need to succeed whilst helping them grow in sustainable ways.

By moving common business applications like email, CRM software and bundled productivity software (spread sheets, file sharing, word processing, etc.) from local computer systems to centralized cloud services one can cut IT electricity consumption at the company level and directly contribute to CO2 emissions reduction.

Our One Drive cloud service enables enterprises to minimize also the traditional high logistics and maintenance costs (hardware/ software).



Another useful service in this sense is teleconferencing, which provides substantial sustainability benefits, such as fuel, time and costs reduction associated with the decreased need to travel in order to interact with others. This teleconferencing application allows business customers to make video conferences from anywhere and using any device.

### **SMART OFFICE: AUTOMATION, SECURITY AND... NIGHT VISION**

Turning ITC technological innovations into specific solutions means offering services that meet a range of needs to businesses of different profiles and sizes. When it comes to Romania, it is essential that we help small and medium companies manage their resources more efficiently and identify new opportunities for developing their own business.

Our machine-to-machine (M2M) packages, Security Package and Comfort Package, allow companies to control, monitor and automatize their offices remotely. Both packages, available for free in AppStore and Google Market, are managed through mydlink Home application which intuitively connects and coordinates all the equipment using the office Wi-Fi. Through user-friendly functionalities, customers can then tailor the settings to fit their needs and add other smart devices to the package such as water sensors, sirens, IP cameras or Wi-Fi audio extender.

The Comfort Package includes a Smart Plug, a motion sensor and a HD camera with built-in night vision function, allowing thus the human eye to see up to 5 meters in complete darkness. For those who are looking for a more secure environment, the Security Package includes a connecting hub, a 3-in-1 sensor for door and window opening, temperature and light, a siren and a HD camera monitor. Connected Home Hub ensures the connection between the Wi-Fi network and the other devices, while users can control and monitor the office remotely through the mydlink Home application.

## **2.4 OUR EMPLOYEES: TRANSFORMATION REQUIRES TALENTED HUMAN CAPITAL**

No company would grow without a dedicated support of its employees. Without our staff's creativity, valuable insight and willingness to reshape their local community Telekom Romania would not be successful. We support the talented youth and offer them valuable opportunities within the company as well as support to our employees from their first day at work, by offering induction programs; we want them to feel economically stable with us, and hence we offer long-term contracts. We care about both their personal and professional development by offering trainings, maternal leaves and opportunities to expand their knowledge. We also care about those who could one day think of changing the course of their lives – by offering contract termination compensation. The relationship we establish with our staff is not limited to their time with Telekom Romania. This is because we are deeply convinced that what is technically referred to as “human capital” – that is to say the skills and the skills, experience and valuable knowledge of our employees is the best capital Romania has ever had.



## EMPLOYEE BENEFITS & TRAINING

We provide a range of benefits and programs to employees, supporting them and their families in their day-to-day lives, promoting a healthy work and life balance and helping them through personal emergencies.

### OPPORTUNITIES FOR YOUNG TALENTS

- In 2017, we had 33 student interns in the Technology and Information Division and 5 employees in Management Trainee Program in the Strategy, Transformation and Wholesales Division. The Management Trainee program started in 2016 with recruitment and was under development in 2017.
- We created The New Management Trainee Program, which is an initiative aimed at creating a new professional team within the Strategy Division – Transformation Management Office. They will embark upon a critical mission: to maximize the value of our strategic projects and to ensure a higher efficiency of our core processes.

### PROFESSIONAL AND PERSONAL DEVELOPMENT

All Telekom Romania employees participated in trainings during 2017, both in classroom and online on the company e-learning platform.

- 2,711 (unique participants) participated in the classroom in one or more trainings, in the following areas: F2F trainings - Coaching & feedback, VUCA training (Volatility, Uncertainty, Complexity & Ambiguity), Sales, Negotiation and Client Relations; Black-belt negotiation; Leadership; Efficient Communication; Growth Mindset; e-Learning training (Softskills, Global English); Technical trainings from IT&C area etc. Each participant benefited on average of four training days.
- In total, our employees took part in 224,376 training hours, both in classroom and online, on average 35 training hours per employee and 9,5 hours per participation.
- The employees benefited of 32,867 online training hours in 2017.

PROFESSIONAL ADVICE. 100% of the Telekom Romania employees evaluated as to their performance.

SUPPORT FOR MOTHERS. Telekom Romania provides pregnancy leave and maternity leave to care for children.

INSURANCE. Life insurance (Risks covered – death, total and partial permanent disability by any cause, hospitalization by any cause, allowance for temporary disability due to hospitalization) and Private Pension Pillar 3 are assured.

ATHLETICS. Telekom Romania offers its employees Sport Club – 7Card and World Class.

GROUP PRODUCTS AND SERVICES. Fixed line phones, Internet and TV packages up to a maximum limit are offered only for employees in Telekom Romania Communications (fixed business).

FAMILY. The families of our employees are very important to us. Therefore, in our offer of benefits we have: Christmas money gift for children, Easter money gift for children, “1st of June” children money gift, Gift voucher.

FREE TIME. Holiday bonus, Christmas bonus, Easter bonus, “8th of March” money gift for women, settlement of expenses for tourism and/or treatment will make moments enjoyable during free time.

OTHER BENEFITS. We can include other benefits such as: provision of special prices for goods and services of other companies, meal tickets, settlement of expenses for transport home – work – home, on site chair massage, fuel card, medical services for employees and dependents based on subscription.

The benefits are the same for all categories, the differences are as follows:

- For employees with a part-time contract, the benefits were granted in proportion to the actual time worked
- For employees with fixed-term contracts, the benefits were granted in proportion to the duration of the contract.



## 2.5 DIGITAL INCLUSION - HOW WE CONNECT THE UNCONNECTED

At Telekom Romania we believe in a better world for all. We try to accomplish this goal by focusing on digital inclusion and helping the unconnected benefit from the ongoing global transformation.

Nowadays, many people who live in technologically advanced societies forget that connectivity in itself is one of the most important facilitators of global change and civilizational progress. In recognition of this fact, the General Assembly of the United Nations claimed in June 2016 that access to the Internet is a human right. This means that those deprived of this access should be perceived as seriously disadvantaged. Even though the lack of digitalization constitutes a more burning problem in the global South, some Western countries also have to deal with an insufficient level of digitalization.

To fight digital exclusion in Romania we prepare various programs that connect the unconnected.



### WHAT WE DO TO CREATE MORE INCLUSIVE WORLD FOR ALL

- We invest in the upgrade and expansion of infrastructure and increase the opportunities of citizens' network connectivity;
- We offer products and services at affordable prices, to make more people join in;
- We give access to new technologies to a gradually rising number of people, thus helping them to unpack the benefits of technology for their own betterment.



In 2017, Telekom Romania, together with its technology partner Ericsson, organized the first live demonstration of the 5G network capabilities in Southeastern Europe. The live demonstration highlighted the capabilities of 5G technology through a prototype testing platform, including speed testing, latitude and directional beamforming, reaching aggregate speeds of up to 24 Gbps, that is, over 60 times higher than today's 4G local high-speed business, with an approximate latency of at least half of that of today's mobile networks. Once this technology becomes commercially available in 2020, according to the current international agenda, it is expected that its new capabilities, features and solutions will accelerate the process of digital transformation of industries and the transition to interconnected society.

**Affordable Prices for All.** We also strive to provide services and products at different prices and offers in order to make them affordable for everyone. These tailored offers influence the dynamics of digitalization. In 2017, Telekom Romania simplified the portfolio for B2C and B2B customers regarding their products and services. The company, through #Netliberare (residential) and #BusinessLiber (B2B) campaigns offered Internet access and extended communication benefits for residential and business customers, at a starting price of 5 Euros per month. The offer had immediate results on the B2B segment, Telekom doubling its sales and recorded an increase of the number of business customers.



**Access to All.** Telekom Romania actively supports equal access to new technologies for all, promoting the countries' transition to the new digital era.

A current priority in Romania is Internet coverage and the expansion of communication networks in isolated areas. An example of this is the RoNet project, which aims to expand broadband infrastructure (fiber optic) to cover and implicitly provide electronic communications services in disadvantaged rural areas which are not yet enjoying access to a high-speed Internet network.

The ultimate goal of this project is to facilitate the development of these areas by offering access to information for the inhabitants, provide them with a connection to digital news and knowledge sources, and ultimately pave the way towards economic growth and employment through the development of local businesses. Telekom Romania is the group of companies that won the tender organized by the Ministry of Communications in 2014 for the RoNet project, which aims to build a communications network in deprived areas, in a number of 662 localities.

## DIGITAL LITERACY – KEY TO THE FUTURE

A country's youth is a stakeholder of its future. This is why Telekom Romania focuses on improving technological conditions of Romanian children in schools and other educational institutions throughout the country.

Here are some of the projects we proudly participate in:



## DIGITALIZATION OF ROMANIAN SCHOOLS – ELECTRONIC CATALOGUE

Telekom offers modern learning technologies in over 50% of Romanian counties, both in urban and rural areas. To support the digitization of schools in Romania, Telekom has launched the Smart Education project, which provides Romanian schools with the Adservio educational management platform, which contains an online schoolbook, Internet and electronic equipment useful for the teaching and for the learning process such as laptops, tablets, projectors, smartboards, etc. The Smart Education Package contributes to the effective organization of the educational process in Romania, improving the quality of the teaching process, diminishing bureaucratic related actions and increasing the interaction between teachers, pupils and parents.

Schools that had the platform introduced have shown up to 63% fewer absences and improvement in test results. Other research shows that children prefer to use technology in the learning process (in comparison to traditional pen-and-paper approach) which suggests the value of technological transition in the schools will yield even more benefits in the future.







### Developing early programming skills – Coder Dojo

Telekom Romania acknowledges that digital era requires digital literacy which should be taught alongside the traditionally understood literacy. This is why, since 2011, we have been the host of Coder Dojo workshops that offer children aged 7-16 free lessons in computer programming in an informal environment. More than 130 children attended the workshops during the school year 2016-2017 to study programming and computer-assisted electronics based on the Arduino development platform; 10 volunteer mentors coordinated the participants.

### Virtual lessons – the promise of telepresence

Distance learning can be as effective as traditional teaching procedures. Having this in mind, Telekom Romania in partnership with Cisco and Webhit, provides modern technologies for distance education/long-distance learning in 36 schools throughout Romania. The project, launched in 2015, offers 10,000 pupils a variety of resources ranging from digital learning to live virtual lessons. Children can follow the class content and interact with it in real time, which gives them an opportunity to learn from teachers based in other schools. This often allows for a unique interaction between schools in rural and urban areas. The schools participating in the program recorded a significant rise in attendance rates together as well as an improvement in performance.

### Technologies for the future

We are proud to have provided equipment for the **International Center for Research and Education in Creative Technologies (CINETic)**, the first international center specialized in the study of digital interaction. Telekom Romania handled the supply and configuration of CINETic laboratories, as well as the equipment, software as well as data and voice network in the CINETic building.



# 3 BEING A GOOD CITIZEN MATTERS



**Telekom Romania** does its best to support societal undertakings, helping school children develop their skills, supporting those in need or helping create a healthier lifestyle through sport. We strive to make this world a better place not only as a company, but also on an individual level with the help of our employees. Our staff participates in engagement programs and volunteering actions that help create new, or tighten existing relationships.

Starting with financial support for the underprivileged children, through supporting those who suffer from grave medical conditions, up to supporting the victim of natural disasters, Telekom Romania Foundation alleviates suffering and creates a valuable societal contribution that changes the lives of many giving them a spark of hope.

We design and develop products and services that aim to reduce CO2 emissions, thus lowering humanity's carbon footprint. In our socially responsible undertakings, we are driven by the ideal of a circular economy, building and rebuilding the overall health of the system by recovering, re-using and re-introducing back in the economic cycle as many things as possible.



### Telekom Romania Foundation

Telekom Romania Foundation is a non-profit organization, which acts as the link between Telekom Romania and various local communities. It advances, develops and continues the socially responsible initiatives of Romtelecom Foundation for Romanians that was launched in 2008. For nearly 10 years Telekom Romania Foundation has been supporting causes such as helping severely ill children and adults as well as people facing life-threatening emergencies. The foundation organizes various social, humanitarian, educational, environmental and disaster related response projects and campaigns. The annual campaign encourages our employees and third parties to contribute 2% of their annual income tax to support our Foundation's activities.

### How do we choose our causes?

We identify the areas and the social categories that require more focus and support through direct interaction with our employees and local communities alike.



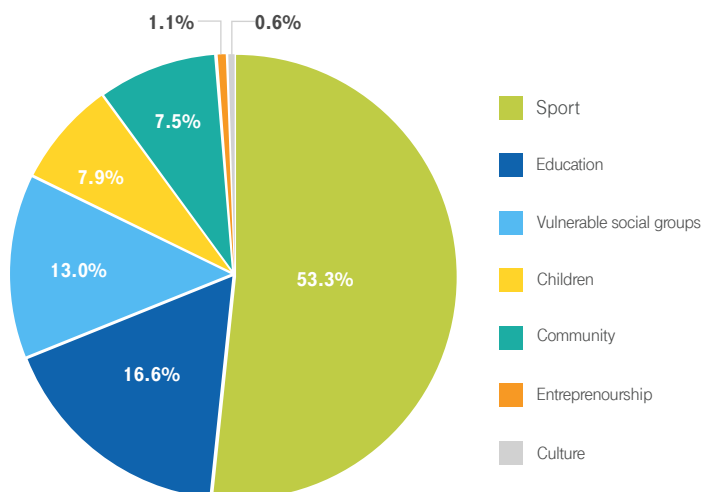
## 3.1 SOCIAL ENGAGEMENT

**Telekom Romania Foundation** has a special place in our organization. It was founded to support a wide variety of causes. Among others, the Foundation supports people in difficult situations, social causes, children and adults diagnosed with serious illnesses, talented young students and humanitarian fund raising campaigns for victims of floods or other natural disasters.



## CONTRIBUTION THAT LASTS. TELEKOM ROMANIA

### Telekom Romania Societal contribution 2017



€ 0.806 million total social contribution  
Our main areas of social contribution are: education, the support of children and vulnerable social groups, sport.



95% financial support (monetary contributions)



5% support in kind (non-monetary contributions/materials)



64 organizations



173,000 beneficiaries



5,500 beneficiaries developing digital skills



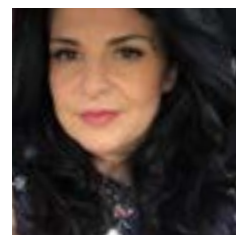
726 volunteers

## HOW WE HELP

From 2010 on our program “You choose and we help together”, has been continuously supporting 70 children and adults from the disadvantaged backgrounds across Romania.

In 2017 the program was a laureate of one of the most important competitions dedicated to corporate social responsibility, Romanian CSR Award. Competing with over 120 projects, it ranked as second best program in “supporting employees” category.

“With <<You choose and we help together!>> we constantly try to find all sorts of initiatives to raise funds. This award is for all those who helped this project, by support, by personal donations, by acting as ambassadors, or by actively participating in raising funds”.



Ionela Păunică,  
Executive Director Telekom Romania Foundation

We support a range of medical institutions and initiatives assisting those in need. Together with the Red Cross we collected food and clothes in the aid of disadvantaged families. In 2017 we helped especially those people in the Romanian countryside who were affected by harsh weather conditions and heavy snow. Telekom Romania delivered 200 tons of wood, 1.2 tons of food and more than 200 blankets.





“We support local communities and we want to do more, as there are still too many people in the country who suffer due to harsh living conditions. With the help of a team of Telekom volunteers’ we managed to reach out to people who were out of food or materials to keep themselves warm. Together, we showed that we care and that we can deliver our support at the right time and place”



**Ruxandra Vodă,**  
Corporate Communications Director Telekom Romania

Telekom Romania has been cooperating together with the Telekom Romania Foundation and the P.A.V.E.L. Association to spread joy among children with cancer for the 9th consecutive year, at Christmas. The volunteers of the two organizations shared fruits, sweets, and gifts with a total of 220 patients at the pediatric oncology and hematology departments of the Oncological Institute Prof. Dr. Al. Trestioreanu, Fundeni Clinical Institute, M. Curie Children Emergency Hospital and Prof. Dr. Grigore Alexandrescu Emergency Hospital for Children.

## COMMUNITY INVESTMENTS

Teimplici.ro was launched in 2014 and focuses on identifying needs in communities where new information technologies bring benefits in the fields of education, health, environment, innovation, development, and social protection. The strategy is to identify partners that are promoting beneficial IT&C technology applications throughout Romanian communities. In 2017, 10 projects were implemented with the help of 10 NGO partners.



1. “Virtual Children’s Integration and Social Interaction - Oculus Rift” - a project developed with the support of the Black Sea Therapy Association for Autism in partnership with the Constanta County School Inspectorate.
2. “Designing the multifunctional hall in the Darko Jenő Secondary School in Dalnic” operated by the Step by Step Parents’ Association.
3. Edulier - the online community support platform for children with specific learning disabilities (TSI) - The Edulier Association in partnership with the Fairy Carpet.
4. “Wildlife Help” - Association for the Conservation of Biological Diversity in partnership with the Center for Wildlife Rehabilitation.
5. “MIRA Play Therapy for People with Neuro motor Disabilities” through the Maltese Help Service Association in Romania in partnership with the DOG ASSIST Association.
6. “My Voice My Space” app - The Children’s Phone Association in partnership with the IGPR (General Inspectorate for Child Protection) and the Ministry of National Education and
7. “Sensory room for long-term hospitalized babies” - the project of One and One Association.
8. “Tourist connectivity through the development of a mobile application in the Transylvanian Hills” -WWF Association for the Danube Carpathians Program Romania in partnership with the Mioritics Association.
9. “Virtual meetings for my future” - The PACT Foundation in partnership with the Romanian Business Leaders Foundation.
10. “Internet in the Village” - The project of Merci Charity Boutique, in partnership with nurseries and schools in Gogan, Bernadea and Daia.



## TELEKOM SCHOLARSHIPS

In 2017, Telekom Romania again granted ten scholarships each worth 11,250 lei (equivalent to more than 2,500 Euros) to young people with outstanding academic results. In addition to the scholarships, we also offered five special awards consisting of a Samsung Galaxy tablet to five students. Since 2002, Telekom Romania has developed several initiatives to support talented and ambitious young students in laying the foundations for a successful career in the future. So far, more than a 100 young people have received support.



"The <<Telekom Scholarship>> program orientation to support students in Sciences creates future professionals and innovators in the field of information and communication technology. We are glad that we can consolidate the tradition of excellence in IT&C, a field that sustainably contributes to the development of all industries in Romania."



Florina Șerban,  
Corporate Responsibility Expert Telekom Romania

## SPORT

### FOOTBALL

In 2017, Telekom Romania continued its support for the Romanian National Football Team being its main sponsor. This initiative is in line with Telekom's strategic commercial direction of offering customers top sports content and experiences, and, is in line with the Deutsche Telekom

International sponsorship strategy.

### SKATING

Another project exerting a major impact on Romanian society is the Telekom Skating Arena operated by the Ion Țiriac Foundation. The company financed the establishment of the only existing skating rink in the Bucharest Ilfov district with the aim of promoting sport among children, young people and offer support to local sports teams.

### MARATHONS

In January 2017, the company financed the 7th edition of Gerar Half Marathon organized at the campus of Bucharest's Polytechnic University. The project is intended to promote outdoor running in any weather. Approximately 700 runners took part in the two sections of cross-country (10 km) and the half marathon (21 km). Telekom Romania's employees had the opportunity to participate as runners, or as volunteers in the organizing team of the event.

In May 2017, Telekom Romania organized Brașov International Marathon, in the Sports is Good campaign. 2,700 runners from Romania and abroad competed in the marathon (with 26% more than in 2016).



## BIGGEST SPORT HOUR

During June and July 2017, Telekom Romania in partnership with Smart Athletic organized the 7th edition of the sports event “The Biggest Sports Hour” in Bucharest, Braşov, and Mamaia.

The event was a genuine multidimensional show that involved around 35 fitness classes, coordinated by 118 instructors, and 18 sport disciplines, involving cycling, street workout, freewheel, table tennis, football, handball, Up&Down or cross. In addition, 3 (there) medical areas offered over 500 ECG tests for possibly detecting the sudden death syndrome and for medical aesthetic sessions. The Red Cross, offered first aid and resuscitation courses for 100 children and adults; And the Leventer Foundation, offered tests for skin cancer. More than 50,000 people in 21 cities in Romania attended the event.

In addition, during the event, Telekom Romania Foundation supported two charitable causes throughout the event: 40 families without income from Giurgiu County received non-perishable food and the Casa Speranței Hospice for children and adults with incurable diseases received financial donations gathered through the “Sport is good” cross, part of “The Biggest Hour of Sport” event in Braşov.



## VOLUNTEERING

In Telekom Romania the development and promotion of corporate volunteering programs and social contribution activities has been giving the employees an opportunity to actively express their solidarity with others.

- The Blood Donation Program. The program has become a part of the Telekom culture, volunteers from Telekom Romania being active participants in the program – 40 people in 2017.



- Other voluntary activities of Telekom Romania were part of other different socially responsible projects mentioned in this report, amongst which: supporting the poor and the underprivileged by engaging into personal interaction and bringing support to the households in need.

- In 2017, 726 volunteers participated in social contribution initiatives.





## 3.2 ENVIRONMENTAL IMPACT

### HOW WE SUPPORT CIRCULAR ECONOMY

Instead of using resources and designing technologies without planning, we, as humanity, start to perceive civilizational development as an endeavor that must be sustainable. As our knowledge on various ecosystems and environmental dynamics expands, we realize that both technological and industrial policies influence the whole planet. The idea of a circular economy assumes economic systems could be transformed into systems that are recycling and reusing as much matter as possible – and where this is impossible, it should at least aim at reducing the negative impact on the environment.

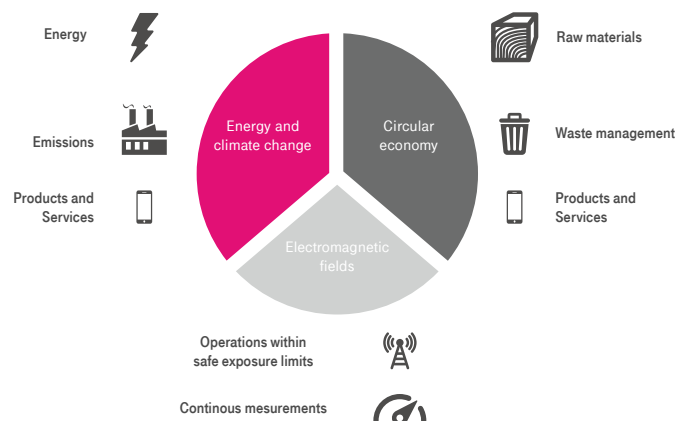


### STRAIGHT PATH TO CIRCULAR ECONOMY

Telekom Romania follows Deutsche Telecom's Circular Economy Strategy, which strives to minimize the environmental impact of operations and to raise awareness of our employees and stakeholders with regards to environmental protection and environmentally responsible actions. This is why Telekom Romania is:

- Applying the principle "Reduce – Reuse – Recycle" to all its activities.
- Expanding the lifetime and overall utilization of the equipment provided to customers, and facilitating recycling services of their discarded equipment.
- Informing and encouraging citizens to adopt recycling practices.

### IMPLEMENTING THE ENVIRONMENTAL STRATEGY IN 3 STEPS



### RECYCLING FOR CLEAR ENVIRONMENT

We developed a campaign related to recycling in partnership with the ECOTIC Association. It was a pilot-project for the recycling of waste electrical and electronic equipment (WEEE) in 10 offices in Bucharest. The purpose of the campaign is to raise awareness of the separate collection and recycling of WEEE.

### SHARING MAY BE BETTER THAN OWING

The sharing economy has been more than just an attitude for some time now and has become a significant part of our industry. Its core idea is a conviction that many items (such as cars) do not have to be owned to remain useful. They can be effectively shared, which contributes to resource conservation. What is more, such an attitude entails cost savings, waste reduction and increased environmental protection.

### GOLD FROM THE OLD? MATERIALS THAT CAN BE EXTRACTED FROM OLD TECHNOLOGY AND AFTERWARDS RECYCLED

A good example is a copper cable. Such cables have been a main component in our telephone lines for decades. To a certain extent, these are now being replaced with fiber-optic cables within the scope of broadband build-out. The old cables are processed in accordance with environmental standards at certified waste disposal facilities, making it possible to recycle up to 90 percent of the material.





## CO2 EMISSIONS

Tone CO2-equiv.	2016	2017	
Total CO2 emissions	582,386	743,797	↗
Direct emissions (scope 1)	13,627	13,934	↗
Indirect emissions (scope 2)	68,220	69,482	↗
Other indirect emissions (scope 3)	500,539	660,381	↗

## ENERGY CONSUMPTION

GWh	2016	2017	
Electricity consumption	205.2	199.7	↘
District heating and fuel consumption in buildings	29.7	35.5	↘
Fuel consumption (fleet)	39.1	36.5	↘
Total	274	271	↘

“Digitization is a continuous and accelerated process and, to meet the needs of society, the company improves service quality by developing the network and at the same time gradually reducing energy consumption and greenhouse gas emissions. Consequently, starting in 2017, we monitor two indicators relevant to IT & C: “carbon intensity” and “energy intensity”, representing our impact on energy consumption and CO2 emissions per unit of product (TB).”



Alin Anton,  
Environmental Protection Coordinator Telekom Romania

## FIGHTING CLIMATE CHANGE

### MAKING OFFICES SUSTAINABLE

Sustainability is also important when it comes to everyday life at the office. Our workstations are designed to be environmentally friendly, using energy-efficient equipment.

We share a vision of a low carbon society and we act towards making it a reality. We act directly, by reducing our own CO2 emissions and indirectly, by providing services and products with a low carbon footprint. Simply speaking, a carbon footprint is a total amount of carbon dioxide emission by an entity. By keeping it low over our service and product life cycle, we reduce our customers' CO2 footprint. Our goal in this regard is defined by Deutsche Telekom Group's Climate Protection strategy, which aims for 20% less CO2 emissions by 2020.

### FOUR PILLARS OF OUR ENVIRONMENTAL STRATEGY

- I. Lower energy consumption through efficiency measures
- II. Increased share of renewable in used energy sources
- III. Reduction of direct CO2 emissions
- IV. Expanding our sustainable products portfolio


## ESG KPI “CARBON INTENSITY”

kg CO2/Terabyte	2016	2017	
Telekom Romania	33.44	27.34	↘

## ESG KPI “ENERGY INTENSITY”

kWh/Terabyte	2016	2017	
Telekom Romania	111.97	87.83	↘

## WATER CONSUMPTION

Water consumption m <sup>3</sup>	2016	2017	
Total Water Consumption	101,893	81,183	

mobile antennas. In terms of wave transmission, radio and television antennas are similar to mobile phone ones, the electromagnetic fields certainly not being radioactive, as similar fields are also generated by many other electrical appliances, which we use on a daily basis: radios, TVs, hair dryers, computer screens, wireless fixed telephones, washing machines or refrigerators.

### 3.3 MOBILES, MASTS AND HEALTH. MONITORING OUR ACTIVITIES

Technology is a blessing that must be managed properly in order to maximize its benefits for the society. We continuously monitor various key aspects related to our activities that may have an impact on the environment as well as on the health and wellbeing of a society. We recognize the need to acknowledge and map out mobile-related challenges such as maintaining low noise levels, preserving natural landscapes and measuring the impact of electromagnetic fields.

#### ELECTROMAGNETIC FIELDS

The impact of electromagnetic fields (EMF) is a topic that is under scrutiny for more than 40 years. Aware of the concerns related to EMF Radiation, we adopted the EMF Policy that addresses these concerns by means of transparency, and by raising awareness and taking on a participatory, scientific approach. Following our EMF Policy we have adopted a number of practices, which help us monitor, analyze and publicly communicate all aspects related to EMF. Based on these practices, we are confident that the levels of electromagnetic fields in all our Base Stations are significantly lower than the national imposed limits, enforced through the Order no. 1193/2006 of the Minister of Public Health. This Order transposes Recommendation 1999/519/EC on the limitation of exposure of the public to electromagnetic fields (0 Hz to 300 GHz), being a reference document for all the EU Member States; the Commission on Non-Ionizing Radiation Protection (IC- NIRP), a non-governmental organization formally recognized by the World Health Organization, endorsing it. In 2017, 39 measurements were carried out in our networks.

Mobile networks function based on the emission of electromagnetic waves, which mostly come from the

#### ELECTROMAGNETIC FIELDS POLICY

Telekom Romania is aware of the interest the public has in mobile communications technology, mobile phones and base stations (telecom masts). Focusing on the responsibility for the millions of clients, users of mobile telephony, as well as on the interest of those stakeholders who have a base station in their neighborhood, Telekom Romania addresses public participation, environmental protection and customer needs in an open, honest and constructive manner.

At the same time, cooperating with relevant authorities and the scientific community, Telekom Romania encourages scientific studies in the electromagnetic fields and health area.

To answer the public interest and to ensure transparency, openness and constructive collaboration regarding electromagnetic fields, Telekom Romania commits itself to the following ten principles:

##### Transparency

1. Telekom Romania has set up internal responsibilities and workflows to answer any questions and complaints about technology, health, and other related issues.
2. Telekom Romania, aware of the public interest in mobile communications, supports the creation of a national database on electromagnetic fields.
3. All Telekom Romania base stations comply with national legislation on safe exposure to electromagnetic fields as well as with ICNIRP International Commission on Non-Ionizing Radiation Protection (ICNIRP) guidelines. In order to improve transparency, Telekom Romania may provide necessary data demonstrating compliance with the safety recommendations.

### Information

4. Telekom Romania strives to cooperate with all stakeholders in order to inform the public. It also encourages local authorities to cooperate with the mobile industry and to create their own programs for informing the general public.
5. Telekom Romania offers public information about the specific absorption rates (so called SAR) for mobile phones sold through its website and its stores.

### Participation

6. Telekom Romania cooperates with local authorities on questions and complaints from their citizens regarding the development of the network, as much as possible. In order to facilitate the efforts of local authorities, Telekom Romania provides relevant information on its core stations as well as on the protection of public health.
7. Telekom Romania promotes cooperation with local authorities. Our goal is to reach an agreement with local authorities on the location of base stations.
8. Telekom Romania aims to minimize the visual impact of its base stations and minimize the impact the entire network has on the environment.

### Promoting science

9. Telekom Romania fully supports the advancement of scientific knowledge about any effects of electromagnetic fields on public health.
10. Telekom Romania firmly believes that the limit values for exposure to electromagnetic fields in safe conditions must be based on consistent and substantiated research. Telekom Romania is also continuously monitoring such scientific data.



### CARING ABOUT BIODIVERSITY

Telekom Romania recognizes the close relationship between biodiversity, sustainable development and human well-being. We operate a large network of telecommunication installations (such as base stations and wireless communication stations). Some of these inevitably end up being operated in protected natural habitats or ecosystems. In 2017, 31 base stations and one building was situated in terrestrial ecosystems protected areas in the following counties: Alba, Bihor, Brăila, Braşov, Caraş Severin, Giurgiu, Gorj, Harghita, Mehedinţi, Mureş, Sibiu, Tulcea, Valcea, Neamţ, covering a total area of 0.017 km<sup>2</sup>. All “protected area operational sites” are developed, installed and operated based on Environmental Impact Assessment studies approved by designated authorities, and in line with the national legislation.



## COMPLIANCE WITH LAWS AND REGULATIONS

We closely follow legal regulations. We are maintaining the noise level of our equipment below legal thresholds through maintenance programs and by replacing old equipment. In the same vein, the levels of electromagnetic fields in all our Base Stations are significantly lower than the national limits.

In 2017, our company's environmental department registered 3 complaints regarding noise and waste. Following these, measures relevant authorities started an investigation. No monetary sanctions were received.

## HOW WE MANAGE OUR RESOURCES AND WASTE

Through our environmental policy and objectives, we are committed to managing and reducing the environmental impacts of our operations. Thus, we have established a monitoring system for all materials and resources we use. This enables us to identify the potential for improvement and set out specific measures to tackle those aspects, which are within our control.

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

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

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

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

## MATERIALS CONSUMPTION

Tone	2016	2017	
Total tons of materials consumed	658.14	271.77	↓
Paper and cardboard	355.16	227.74	↓
Plastic	25.01	1.18	↓
Wood	67.65	42.84	↓

## WASTE MANAGED

Tone	2016	2017	
Total tons of waste managed	6,988.48	3,115.56	↓
Recycled waste	2,321.82	1,177.36	↓
Non-recycled waste	4,666.66	1,938.20	↓

## WASTE DISPOSAL COSTS

Euro	2016	2017	
Waste disposal, packaging, WEEE, batteries and accumulators	268,883.5	315,209	↓



# 4 RESPONSIBLE RISK MANAGEMENT



11,113 respondents  
for the materiality survey



1,583 employees trained for compliance,  
anticorruption and anti-money laundering



10 ISO certifications  
for the integrated management system



0 incidents of nonconformity with the regulation  
regarding anticorruption and anti-money laundering



84.5% of our suppliers  
are from Romania



100% of our new suppliers from 2017 had included in their contracts  
provisions regarding occupational health and safety, anticorruption,  
security and confidentiality, environment protection

## 2017



Due to technological progress, the pace of global evolution has been gradually increasing. As the world becomes more connected, the interactions between people, objects and ideas get more intricate – which generate both great advantages and some serious costs. As the events and interactions become too dynamic to be analyzed on time, spheres of uncertainty and risks emerge together with painful lack of information. To an extent, we are all victims of this perpetual speed-up of the world and – as a society – we are only starting to adjust ourselves to this permanent condition of humanity.

### **RISK VERSUS UNCERTAINTY – QUITE A DIFFERENCE**

Contrary to popular understanding, technically speaking, risk and uncertainty are two different things.

Uncertainty is a lack of certainty stemming from the lack of necessary information. In condition of uncertainty, an outcome of an event is unknown, and – what is more – it cannot be measured or guessed. When there is uncertainty, there is no relevant information available.

Risk is a known unknown. It is a probability that some conditions may occur. In a risky condition one can still make educated guesses as to the chain of events that could probably unfold, but has to be prepared for the low probability events, which affect the process in either positive or negative ways. When there is a risk, there is some information available.

In Telekom Romania we have worked out advanced and efficient procedures and creative ways to harness the risks and avoid uncertainties.

## **4.1 MANAGING RISK**

As one of the leading players on the competitive telecommunications and information technology market of Romania, we are subject to all kinds of uncertainties and changes. In order to effectively operate in this volatile environment, we need to timely anticipate, identify, assess and manage any resulting risks.



In order to do this, we have created the Enterprise Risk Management System. It is a central, value-oriented and value-adding element of our corporate governance, which covers all strategic, operational, financial, compliance and reputational risks. Through such a system, risks and/or opportunities are identified early on, monitored and managed appropriately.

### **WHEN IT COMES TO RISK WE FOCUS ON BEST PRACTICES**

Since March 2013 Telekom Romania has implemented the ERM framework comprising of Risk and Insurance Management Policy and the Enterprise Risk Management & Corporate Governance Committee. This framework observes the provisions of ISO 31000 Risk Management Principles and Guidelines, COSO framework and COBIT. In 2016, the company has obtained the ISO31000:2009 attestation on the implemented Risk Management System.

The Enterprise Risk Management (ERM) function of Telekom Romania designed and implemented a unified, in-line with both ISO 31000 & Romanian Legislation requirements methodology for performing company-wide risk assessments.



## HOW WE COMMUNICATE RISK

The responsibility for specific risks management lays primarily with our operational managers, while the ERM team is responsible to align with them, to provide an integrated framework for risk assessment and to report the enterprise risks that meet the predefined set of criteria. In order to ensure a timely capture of potential new risks and to stay up to date with the evolution of current risks and their mitigation measures, we communicate quarterly and ad-hoc with a network of key people from different business areas. In addition to this, we also consult management, financial and industry reports, macro-economic indicators or progress reports of ongoing/planned strategic initiatives.

To increase awareness regarding our ERM methodology and to ensure alignment concerning risk management related processes, we have organized dedicated workshops with key business managers and representatives of all functions tasked with performing risk assessments in the company.

The ERM team identifies and records risks and assesses their impact and probability based on models agreed with risk owners. ERM risks exceeding Euros 500,000 EBITDA impact are included in the Quarterly ERM Report, validated by the ERM & Corporate Governance Committee.

## SYSTEM MANAGEMENT CERTIFICATIONS

### TELEKOM ROMANIA

Telekom Romania Communications and Telekom Romania Mobile Communications:

- ISO 9001: 2015 | Quality Management System – Requirements
- ISO 14001: 2004 | Environmental Management System – Requirements with guidance for use
- ISO 18001: 2007 | Health & Safety Management System – Requirements
- ISO 27001: 2013 | Information Technology – Security Techniques – Information Security Management System – Requirements
- ISO 22301: 2012 | Business Continuity Management System – Requirements
- ISO/IEC 20000-1: 2011 | Information Technology Service Management System
- ISO 31000 : 2009 | Risk Management System – Principles and Guidelines (attestation))
- ISO 37001:2016 | Anti-bribery Management Systems – Requirements with guidance for use
- ISO 19600:2014 | Compliance Management Systems – Guidelines

Telekom Romania Communications:

- Anti-corruption conformance to IDW PS 980 standard
- Antitrust Compliance Certification according to the AssS 980 standard

## 4.2 MANAGING ETHICS, OPERATIONAL RISKS AND COMPLIANCE

### OUR CULTURE OF COMPLIANCE AND INTEGRITY

At Telekom Romania “Compliance” defines the way we “want” to act, not the way we are “obliged” to act. A culture of personal ethics and integrity is at the core of our compliance programs thus a key driver and supporting element for our performance.

In fact, we have integrated the compliance principle in all our activities under the umbrella of the Compliance Management System and combined it with the goal of supporting and strengthening our core operational principles: transparency, justice, professionalism, integrity and respect for the rule of law and ethical principles.

In our day-to-day work, we focus on:

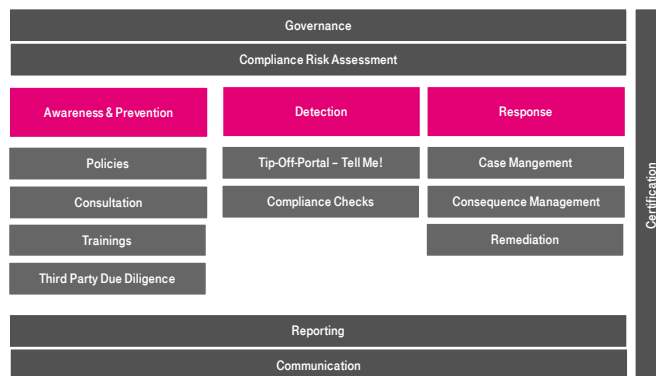
- Raising awareness about the risks of non-compliance
- Building a compliance culture;
- Prevention of misconduct;
- Detection and treatment of compliance issues;
- Providing necessary compliance consultancy.

In 2017 Telekom Romania:

- Was not part of any incidents of non-compliance with regulations regarding corruption;
- Was not part of any incidents of non-compliance with regulations regarding money laundering.
- Receive two discrimination complaints which were found non-plausible.

Our compliance management system is based on the set of best practices, as its general framework is derived from the internationally recognized principles and standards, such as the German audit standard PS 980 issued by the German Public Audit Institute.

## COMPLIANCE MANAGEMENT SYSTEM



## WE HAVE GUIDANCE IN EVERYTHING WE DO

Our compliance guidelines and compliance policies include all dimensions of interaction we are participating in. They include:

- Code of Conduct;
- Policy to combat corruption and other conflicts of interest;
- Program for preventing and combating money laundering and terrorist financing;
- Supplier Code of Conduct;
- Ethical Code of Conduct for Financial Directors in Managerial positions;
- Acceptance and Benefit Policy;
- Event Policy;
- Donation Policy;
- Sponsorship Policy;
- Fraud Policy;
- Competition law Policy;
- Integrity Warning Policy;
- Sexual harassment Policy;
- Corporate Responsibility Policy.



## COMPLIANCE MANAGEMENT SYSTEM AS STRENGTH OF OUR BUSINESS

We can intuitively feel that the concept of compliance, understood as conforming to just and proper rules, stands for clear procedures, always doing the right thing and adhering to the company's internal policies as well as the ethical principles or external legal provisions.

Every employee or member of Telekom Romania is called upon to act according to these principles.



## Fairness first of all

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

- The regulatory framework in Romania and the EU, which prohibits the use of child labor and forced labor;
- The United Nations Global Compact, signed by Telekom Romania in 2015;
- The Telekom Romania Code of Conduct and The CR Policy and Social Charter, recognizing explicitly the basic freedom of association and the right to participate in collective agreements under national legislation, and expressly prohibit unlawful discrimination or harassment based on age, sex, religion, ability, background or sexual orientation;
- The management of personal data is realized in accordance with internal policies, developed in accordance with the existing national legal framework.

The core principle of our HR management is as follows: all decisions and actions relating to matters such as recruitment, wages, growth and employee development and termination of contracts must be characterized by meritocracy, transparency and non-discrimination.



## FREEDOM OF ASSOCIATION AND COLLECTIVE LABOR AGREEMENTS

We fully comply with the Romanian regulations on labor, freedom of association and collective labor agreements. Our employees are organized within representative unions, covered 100% by collective labor agreements. Within Telekom Romania Mobile Communications, a union has been formed in 2015 and a collective working agreement was concluded in 2016.

The Collective Labor Agreements within Telekom Romania regulate health and safety topics, rights and obligations, working time, remuneration and other monetary rights, vacations, individual labor agreements, evaluation procedure in case of professional under performance, social protection, labor discipline, and union rights. The current CLAs cover the period 01/03/2016 – 01/03/2018 for fixed operations and 01/06/2016 – 01/03/2018 for mobile operations.

## WE CODIFY ETHICAL BEHAVIOUR

Our Code of Conduct is the framework guiding the behavior of all employees of Telekom Romania. It reiterates and reaffirms our strong commitment to comply with laws and regulations, as well as our commitment to comply with the specific obligations relating to ethical behavior. It is precisely this behavior, together with other ideals we share, that support us in our work. Our non-discrimination principle covers not only gender, age or religion, but also ability, origin and sexual orientation. What is more, we have established internal reporting mechanism for all questions, concerns or complaints related to non-discrimination and all Code of Conduct principles.

The Compliance Department can be contacted on the following channels:

- By mail: Compliance Department, 3-5 Piața Presei Libere, City Gate (North Tower), 18th Floor, Sector 1, 013702, Bucharest, Romania
- By e-mail: [whistleblowing@telekom.ro](mailto:whistleblowing@telekom.ro) and [raportare.nereguli@telekom.ro](mailto:raportare.nereguli@telekom.ro)
- Phone: 0800 800488
- Through the Electronic Irregular Reporting Form (available on the company's web page and on the company's intranet).

## Corruption risks and compliance sphere trainings

### NO CORRUPTION, NO UNFAIR COMPETITION: OUR CERTIFICATES

At organizational level we make sure that we conduct our behavior according to best practices.

Telekom Romania Communications S.A:

-Anti-Corruption Certification according to the German IDW PS 980 standard

-Anti-Trust certification according to the AssS 980 standard

Telekom Romania Communication S.A. and Telekom Romania Mobile Communications S.A:

-ISO 37001:2016 Anti-Bribery Management System Certification

Every business activity is related to a risk of corruption – on every level of operations. As we assessed the types of risks, the following corruption related risks have been identified in the company:

### PASSIVE VS. ACTIVE CORRUPTION

The act of active corruption is committed by those who are initiating the corrupt process, whereas passive corruption refers to the party that is accepting, or contributing to the corruptive process.



1. **Active Corruption** reflected through the following potential scenarios:

- A benefit is granted to an employee or representative of a partnering business for a biased business decision, which results in an unfair competitive advantage of the giver.
- A benefit is granted to a member of the public sector for a non-transparent impact on the decision-making process. Sales agents/advisors use part of their fees to win a contract through bribery

2. **Passive Corruption** reflected through the following potential scenarios:

- An employee/buyer deliberately puts forward the terms, which are to the disadvantage of DTAG or a Telekom entity when awarding contracts for services in return for money or other benefits.
- Employees place lucrative orders to retailer IDs and accept money in return.
- Accepting the benefit in connection with a specific business decision.
- An employee formulates selection criteria, which deliberately favor a selected supplier/consultant. In turn procurement is obliged to include this supplier/consultant in its selection. Alternatively, an employee influences an auction/tender in favor of one bidder. In return, the employee receives a benefit from the supplier/consultant.

### How we maintain compliance

Our Compliance training program is based on internal guidelines and policies, which are updated annually as part of continuous improvement of the Compliance Management System and Anti-corruption Management System.

In number of trained employees	2014	2015	2016	2017	
Induction on Compliance	135	268	215	213	↓
Anti-Corruption	5,849	1,647	1,144	672	↓
Anti-Trust	141	495	38	0	↓
Anti-Money Laundering	n/a	73	1,069	698	↓

## TELEKOM ROMANIA – A RESPONSIBLE PLAYER

In Romania, all companies are to abide by the Romanian Advertising Council's (RAC) Code of Conduct on advertising and communication. In 2017, in case of the "Netliberare" advertising campaign, RAC claimed that code's instructions were not adhered to by Telekom Romania. No changes in the promotional materials were required in the end.

In 2017 there were no legal actions against Telekom Romania for anti-competitive behavior or non-compliance with laws.

In 2017, our company's environmental department registered 3 complaints regarding noise and waste. Following these, measures were received and implemented from relevant authorities, but no monetary sanctions.

## TRANSPARENCY IN PRICING

Telekom Romania is committed to clear, simple and transparent communication of pricing issues, which is done in accordance with the current regulatory framework and as well as to provide a high level of service to its customers. The National Authority for Management and Regulation in Communications (ANCOM) regulates Telekom's product pricing or its services in order to promote effective and fair competition for the benefit of consumers. The transparency of these pricing policies includes the disclosure of billing information within the set deadlines as defined by the regulatory framework. Furthermore, the pricing information is available on the websites of both entities of Telekom Romania (mobile and fixed), and is available through the customer service centers and the brochures of the companies.

## OPERATING AS A RESPONSIBLE PLAYER ON THE MARKET

Telekom Romania supports a fair regulatory environment with equal rules of competition and regulatory predictability for investments, as well as the creation of a positive climate and the development of trusting relationships.

Telekom Romania is registered in the EU Transparency Register meaning that the company has signed the Transparency Register Code of Conduct.



## RESPONSIBILITY & SUSTAINABILITY OF OUR SUPPLY CHAIN

As the leading telecommunication company in Romania we focus on stimulating Romania's economy throughout our entire supply chain. We believe that ensuring the opportunities for sustainable growth on every level creates a positive feedback loop, which ultimately brings benefits to all of the involved parties. Such a holistic understanding of sustainability prompts fair collaboration and at the same time ensures opportunities for everyone. What is more, through our development program, we help strategic suppliers introduce or improve good business practices, which result in greater social impact, better protection of the environment and more economic efficiency. The program, developed around the four key components, results in a mutually beneficial outcome that guarantees respectful interaction.

In the spirit of these principles, we create our Supplier Assessment Framework that helps to ingrain best practices into everyday activity of all parties involved.

#### Supply Chain Management Process Lifecycle

##### SELECTION

Procurement conducted according to Procurement Policy.  
Suppliers comply with the Supplier Codes of Conduct  
Evaluation of new vendors / proposals (supplier's selection criteria including Integrity Check). Incorporation into the suppliers' contracts of clauses on health and safety, anti-corruption, security policy, confidentiality and environment protection.

##### EVALUATION

Assessment of overall major vendor performance based on cross functional criteria set/KPIs by OTE Group Management.  
Self-assessment of the major vendors' CR performance through a self-assessment sustainability performance questionnaire.  
Major vendors sign the Supplier Codes of Conduct Acceptance Declaration.

##### DEVELOPMENT

Specify plans to work on the improvement of "weak" vendors  
Monitoring of actions and results.  
Communication to Group of excluded vendors.

##### CLASSIFICATION

Classification of suppliers' based on quantitative and qualitative assessment results. Presentation of assessment results to OTE Group Management.

## THE SUPPLIERS OF TELEKOM ROMANIA

Our suppliers operate within the following dimensions of economic activity: consulting services, contractors, licenses, companies selling telecommunications equipment and services, companies developing computer hardware and software, licenses usage of content rights, building/facilities managed services, marketing services, HR services, print services, mail services.

84.5% of our suppliers are from Romania, the rest being from Asia and North America.

	2016	2017
Local Suppliers	1,123	1,006
External Suppliers	216	185

100% of new suppliers in 2017 have included contracts clauses on health and safety at work, anti-corruption, security and confidentiality, environmental protection.

## HUMAN RIGHT DUE DILIGENCE PROCESS IMPLEMENTED IN ORDER TO MEET REQUIREMENT OF UNITED NATIONS GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS COVERING DT VALUE CHAIN

### Raising awareness, trainings & engagement (6)

- Awareness for senior managers
- Active engagement with stakeholders

### Control, communication and reporting (5)

- Monitoring: Social Charter Performance Report & Employees Relations Policy Review
- Transparent communication and reporting

### Integrating a human rights perspective (4)

- Internal: Relevant business departments and processes (e.g. Supplier chain, compliance audits)
- External: Clients suppliers and further relevant groups



### Basic Statement on human rights (1)

- Respect for human rights (Social Charter, Global Compact Lead, Sustainability Code)

### Grievance mechanism (2)

- Contact points accessible internally and externally (via hotline, mailbox, post and also anonymously, i.e. Whistleblower portal TelMe!)

### Human rights risk and impact assessment (3)

- Identifying potential impact of business activities on human rights



## HOW WE SELECT OUR SUPPLIERS

We select our suppliers based on the purchase orders (POs) issued via SAP-ERP systems, within a 12-month period. After the initial selection, the business units involved carefully evaluate the suppliers and their performance. What is more, the suppliers are also obliged to fill in a self-assessment questionnaire.

Ultimately, the selection criteria is based on various important factors ranging from technical specification, price or commercial terms, through CR specific requirements up to purely contractual issues. What is more, the contracts include specific clauses or annexes on health and safety, anti-corruption, security, environment protection, confidentiality and compliance with Telekom Romania Supplier Code of Conduct. All suppliers, without exceptions, accept these clauses and annexes.



## HOW WE RATE OUR SUPPLIERS

In order to rate our suppliers we have introduced a dedicated Supplier Evaluation System. Whereas certain rating processes are conducted by the involved business units of our companies or by the suppliers themselves thanks to self-assessment. The Supplier Evaluation System allows for quantifying and comparing suppliers' performance.

## 4.3. TRANSPARENCY. MANAGING STAKEHOLDERS AND REPUTATION

Our stakeholders are crucial to our operations. Thanks to their creative insight regarding both local and global issues, Telekom Romania receives valuable information, which would not be obtainable otherwise. Our stakeholders are the people and organizations, which are capable of shaping our policy – in fact, they can affect our business and they can choose to be affected by it. We have identified groups of stakeholders based on the strength of the impact our company has on them and their related interest.



In 2017 we conducted a stakeholder update process with the OTE Group, and identified 9 stakeholder / stakeholder groups in the process.

1. Customers and prospective customers
2. Business
3. Analysts and investors
4. Media
5. Scientific, research and education organizations
6. State / Government entities
7. Suppliers
8. Employees, prospective employees and their representatives
9. NGOs and interest groups

**KEY 2017 ENGAGEMENT TOPICS AND CONCERNS WITH THE STAKEHOLDERS (EXAMPLES)****ENGAGEMENT TYPE AND FREQUENCY (DAILY, WEEKLY, MONTHLY, BIENNIAL, ANNUAL)****CUSTOMERS AND PROSPECTIVE CUSTOMERS**

Activation of products, quality of services (in relation to costs)

Technical Support (e.g. web hosting, DNS services, IPVPN)

Commercial and Billing Issues

Telephony Operations

Improving the way customer complaints are handled

Safe use of services

Electromagnetic Fields

Responsible Marketing (e.g. consumer rights)

Introduction of new technologies

Data security and privacy

Customer satisfaction surveys monthly

CR Surveys biannually

Tracking studies monthly

Call centers daily

Customer account managers daily

Social media daily

Sales network daily

**MASS-MEDIA**

Timely Response

Management

Commercial

Technology

Financial

Environment

Labor

Sustainability

Corporate announcements (press releases) and systematic contacts with media representatives weekly

Press conferences and events monthly

Answers to media enquiries on CR topics weekly

**SUPPLIERS**

Tender criteria and competitions

Communication on supplies issues

Transparency

Market policy

Economic growth

Inserting CR criteria, including environmental criteria

Consultation and dialogue on procurement procedure issues (relevant laws, telecom market issues etc.) monthly

Meetings daily

CR surveys biannually

Suppliers' evaluation annually

Partnerships daily

**NGOS AND INTEREST GROUPS**

Importance of sustainability

Internet Safety public education

Support for vulnerable groups and charities

Social contribution

Meetings and electronic communication preferred

Electromagnetic fields

Biodiversity

Environmental performance

Systematic liaison with central and local authorities bimonthly

Meetings with NGOs weekly

CR surveys biannually

Community projects weekly

Sponsorships weekly

**KEY 2017 ENGAGEMENT TOPICS AND CONCERNS WITH  
THE STAKEHOLDERS (EXAMPLES)****EMPLOYEES, PROSPECTIVE EMPLOYEES AND THEIR  
REPRESENTATIVES**

Rationalization and reduction of labor costs in agreement, to the greatest extent possible

Fair work (diversity, work-life balance)

Planning and conduct of training programs

Professional development

Health and safety

Protection of personal data

**ENGAGEMENT TYPE AND FREQUENCY (DAILY,  
WEEKLY, MONTHLY, BIENNIAL, ANNUAL)**

Intranet daily

Newsletters on all important company decisions weekly

Meetings with employees biannually

Negotiations with labor unions monthly

Employee satisfaction biannually

Pulse surveys annually

CR surveys biannually

Organization of internal events monthly

Appraisal system annually

Trainings daily

**BUSINESS, INVESTORS AND ANALYSTS**

Company strategy and results

Outlook on labor relations, regulatory decisions

Climate change policy

Corporate Responsibility Reports annually

Participation in Corporate Responsibility ratings annually

Private Meetings annually

Conference Calls annually

Meetings of Executives weekly

**STATE / GOVERNMENT ENTITIES**

Implementation of regulatory measures

Issues of effective regulatory adjustment

Specialized national goals for European digital agenda

Transparency

Governance

Economic Growth

Consultations on proposed laws and regulatory frameworks for telecommunication markets monthly

Written or verbal communication with regulatory and public sector bodies weekly

Dialogue with representatives of national and local authorities weekly

**SCIENTIFIC, RESEARCH AND EDUCATION  
ORGANIZATIONS**

Electromagnetic fields

New technologies

Products and services

Workshops, conferences, annually

Telephone conferences, emails, monthly

Questionnaires, annually

Sustainability report, annually

## OUR MEMBERSHIPS

For Telekom Romania, the stakeholder engagement is not a one off process but of a continuous nature, allowing us to develop long-standing partnerships with various stakeholder groups, including NGOs, local communities, suppliers and business sector.

Organization	Company	Participation Type
<b>NATIONAL LEVEL</b>		
United Nations Global Compact - Global Compact Network Romania	Telekom Romania Mobile Communications	Partner since 2015, Vice-President in the Steering Committee
Romanian Advertising Council	Telekom Romania	Members since 2015
The American Chamber of Commerce in Romania	Telekom Romania Communications	Member since 2015
German-Romanian Chamber of Commerce	Telekom Romania Communications	Partner since 2010
Foreign Investors Council	Telekom Romania Communications	Partner since 2010
Transparency International Romania	Telekom Romania Communications	Partner since 2014
Association of Mobile Operators in Romania	Telekom Romania Mobile Communications	Partner since 2008
Association of Romanian Telecommunications Operators	Telekom Romania Communications	Partner since 2010
<b>INTERNATIONAL LEVEL</b>		
International Telecommunication Union (ITU)	Telekom Romania	Partner since 2015
European Telecommunications Network Operators' Association (ETNO)	Telekom Romania Communications	Member
GSM Association (GSMA)	Telekom Romania Mobile Communications	Full Member



## 4.4 MANAGING STRUCTURE

The main decision maker is our Boards of Directors. They are responsible for the adoption of business strategic plans and for the monitoring of operational performance and management; they are responsible for the development of appropriate and effective risk management policies and related processes. The selection process of the members of these strategic authoritative bodies is based solely on the qualifications and expertise of the members.

### Telekom Romania Communications S.A. Board of Directors at December 31, 2017

Mr. Michail Tsamaz	President
Mr. Miroslav Majoroš	Executive member
Mr. Charalampos Mazarakis	Non-executive member
Mrs. Eirini Nikolaidi	Non-executive member
Mr. Nikolaos Stamboulis	Non-executive member
Mr. Robert Hauber	Non-executive member
Mr. Corneliu Ioan Dumitru	Non-executive member
Mr. Catalin Panaite	Non-executive member
Mrs. Adriana Kalapis	Non-executive member

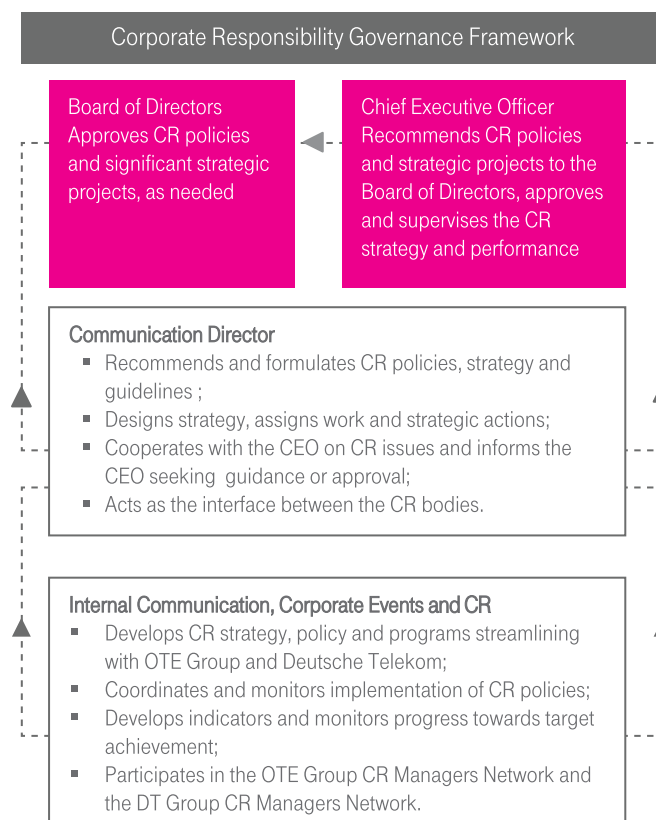
### Telekom Romania Mobile Communications S.A. Board of Directors at December 31, 2017

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

## BREAKDOWN OF CORPORATE GOVERNANCE BODIES

	2016	2017	
% of people from governance bodies <30 y.o.	0	0	→
% of people from governance bodies >30 y.o.<50	57	66	↗
% of people from governance bodies > 50 y.o.	43	34	↘
Females in governance bodies	5	8	↗
Males in governance bodies	21	19	↘
Minorities in governance bodies	0	0	→

We have connected the Corporate Responsibility Strategy with the Boards of Directors through our Corporate Communication functions. Thanks to this, we remain sure that our commitments are efficiently transformed into specified actions and results. With such a structure of governance, Telekom Romania ensures that topics related to sustainability are translated into key business processes. The process is managed as follows: (1) The Boards of Directors grants overall responsibility for Corporate Responsibility to the CEO; (2) CEO keeps BoDs up to date; (3) the Corporate Communications Director is responsible for the strategic design and implementation of relevant actions.



## METHODOLOGY OF OUR REPORT PROMOTING TRANSPARENCY

As a continuation of our regular 1-year reporting cycle, we are happy to present you our third Telekom Romania Sustainability Report. As we constantly strive to improve the quality of our corporate responsibility reporting, we are open for any of your feedback or input. Please feel free to send your suggestions or questions at [csr@telekom.ro](mailto:csr@telekom.ro).



## REPORTING SCOPE

The scope of our report encompasses the operations of Telekom Romania Communications S.A. ("Fixed Operations") and Telekom Romania Mobile Communications S.A. ("Mobile Operations") in an integrated, unified approach. Throughout the present report, the terms „TELEKOM ROMANIA“, „TELEKOM ROMANIA companies“, „We“ or „Our companies“ refer to both Telekom Romania Communications S.A. and Telekom Romania Mobile Communications S.A., the usage of plural being made as a reference to TELEKOM ROMANIA as a whole. Where possible, we presented data or facts separately for the two business entities as well made comparisons with the information from the previous years. The report as a whole presents the company's actions, challenges, results and achievements during the period January – December 2017.

Throughout this report, there were no restatements of previously reported information due to mergers or acquisitions, change of base years/periods or changes in the nature of the business. Telekom Romania, as an important step to consolidate its position on the Romanian telecom market, announced the merger of all its mobile entities: Germanos Telecom Romania SA, Sunlight Romania Filiala

Bucuresti SRL and Telemobil SA that were absorbed under Telekom Romania Mobile Communications SA. The merger process became effective as of December 1, 2017, thus no restatements were made.

An external independent auditing company has not verified the GRI disclosures but the financial data used throughout the report was taken from the company's financial statements, hence it was externally assured. In addition, the information concerning the "Social Contributions" made by Telekom Romania that was reported to OTE is also externally assured through an independent audit.

## REPORTING GUIDELINES

This report has been prepared in accordance with the GRI Standards "Core Option". The GRI Index synthesizes the way we have addressed all requirements concerning disclosures. In defining the content of the report, we have addressed all requirements concerning disclosures.



## MATERIALITY ANALYSIS

In order to ensure that all relevant sustainability aspects are covered throughout our reporting process, we followed the three steps recommended by GRI:

- I. Identification (of the aspects and boundaries that might be considered for inclusion),
- II. Prioritization (of the previously identified aspects and topics),
- III. Validation (of the prioritized aspects or topics). The results of this three-step process were used to define the structure and content of our report as well as to filter and list the applicable and relevant GRI disclosures.

For the 2017 reporting cycle, we have:

- Defined sustainability aspects connected with our services, products and operations basing on external sources, SDG's, as well as strategic priorities in DT and OTE Group.
- Prioritizing together with the top management 49 topics, through an assessment process based on Risk Methodology of our group, to obtain the most important aspects.
- Carried an extensive dialogue process with stakeholders. A survey of 26 questions, resulted from the topics above (rated on a 4-tier scale from not important to very important), has been conducted with over 11,113 respondents among the following 9 groups: customers and prospective customers; business; analysts and investors; media; scientific, research and education organizations; state / government entities; suppliers; employees, prospective employees and their representatives; NGOs and interest groups.
- The most important topics for stakeholders were: data security and privacy, customer satisfaction, employment,

business performance and resilience.

- Gained feedback to our previous [report](#) from external experts in order to understand what the main areas for improvement are.

The topic or concept of “Materiality” shows an organization the activities, impacts and achievements it should communicate; it helps define and determine the business, social and environmental topics that matter most to a business and its stakeholders. Through the “Materiality Assessment”, process a triage of what is of high importance/ less importance to be reported and emphasized on is made; in the case of Telekom Romania, the table below illustrates this process:

AREA OF TOPIC	Strategic topics - Primary material topics	Very Important topics - Secondary material topics	Important topics – Third rate topics
<b>MARKET&amp; CLIENTS</b>	<ul style="list-style-type: none"> <li>▪ Data security and privacy</li> <li>▪ Customer service and satisfaction</li> <li>▪ Business resilience (including business transformation, continuous mobile&amp; Internet access)</li> <li>▪ Economic performance &amp; impact</li> </ul>	<ul style="list-style-type: none"> <li>▪ Responsible communication with customers</li> <li>▪ Research &amp; innovation</li> <li>▪ Business enterprising</li> </ul>	
<b>SOCIAL IMPACT</b>	<ul style="list-style-type: none"> <li>▪ Support education on ICT</li> </ul>	<ul style="list-style-type: none"> <li>▪ Digital inclusion</li> <li>▪ Child safety</li> </ul>	<ul style="list-style-type: none"> <li>▪ Managing impacts to society and the local community (volunteerism, social engagement, sponsorship)</li> </ul>
<b>ENVIRONMENTAL IMPACT</b>		<ul style="list-style-type: none"> <li>▪ EMF, noise, etc.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Products &amp; services for sustainability (ICT solutions for a low carbon economy)</li> <li>▪ Energy efficiency and climate change mitigation</li> <li>▪ Materials&amp; Waste management</li> <li>▪ Circular economy</li> </ul>
<b>HUMAN CAPITAL</b>	<ul style="list-style-type: none"> <li>▪ Employment (including employee satisfaction, involvement &amp; motivation)</li> <li>▪ Employee training&amp; skill development</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fair employment (including Employees' compliance and grievance mechanisms)</li> <li>▪ Employee health&amp; safety, wellness</li> </ul>	<ul style="list-style-type: none"> <li>▪ Equal opportunities</li> </ul>
<b>COMPLIANCE, ETHICS &amp; GOVERNANCE</b>	<ul style="list-style-type: none"> <li>▪ Responsible competition</li> </ul>	<ul style="list-style-type: none"> <li>▪ Corporate compliance policies (including ethics&amp; anticorruption)</li> <li>▪ Human rights</li> </ul>	<ul style="list-style-type: none"> <li>▪ Governance &amp; management</li> </ul>

During our materiality assessment process, we have identified the aspect boundaries based on the following criteria:

- Material aspect relevance within Telekom Romania;
- Material aspects for which the impacts can occur within the boundaries of Telekom Romania, respectively during the operations directly managed by Telekom Romania (fixed & mobile operations).

A comprehensive analysis, prioritization and triage of the most relevant material topics that are to be reported was made during the drafting process of the 2016 CSR Report. For the current 2017 Sustainability Report we decide to keep all of the previously used topics, the only changes occurring when it comes to their ranking and to the level of scrutiny being put on them (e.g. both industry changes and the digitalization of society prompted a shift towards “data

security and privacy”). In addition to these changes, we have decided to drop the disclosure 419-1.

Material aspect relevance outside Telekom Romania - material aspects for which the impacts can occur outside the boundaries of Telekom Romania (operations not under direct control of Telekom Romania) at the level of contractors, suppliers, distributors and customers:

- Network maintenance and development contractors (A)
- Administrative services contractors (B)
- Facility maintenance contractors (C)
- Hardware suppliers (D)
- Software suppliers (E)
- Distributors / commercial partners (F)
- Business customers (G)
- Private customers (H)

## GRI CONTENT INDEX

In order to ensure that our report is in-line with the GRI requirements and that clear references to all materiality-related disclosures are made, we applied for and successfully completed the GRI Materiality Disclosures Service.



### GENERAL DISCLOSURES

GRI Standard	Page	Title of the disclosure	Status/Comment	SDG/UN Global Compact
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016				

## ORGANIZATIONAL PROFILE

102-1	p.7	The name of the organization	Fully implemented	
102-2	p.8	The primary brands, products, and services including an explanation of any products or services that are banned in certain markets.	Fully implemented	
102-3	p.7	The location of the organization's head-quarters	Fully implemented	
102-4	p.8	The number of countries where the organization operates and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	Fully implemented	
102-5	p.8	Ownership and legal form	Fully implemented	
102-6	p.9	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Fully implemented	
102-7	p.3, p.8	The scale of the organization	Fully implemented	
102-8	p.13	The total number of employees by employment contract and gender, the total number of permanent employees by employment type and gender, the total workforce by employees and supervised workers and by gender, the total workforce by region and gender	Fully implemented	UNGC Principle 6 SDG 8



## GENERAL DISCLOSURES

GRI Standard	Page	Title of the disclosure	Status/Comment	SDG/UN Global Compact
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**ORGANIZATIONAL PROFILE**

102-9	p.51	The organization's supply chain	Fully implemented	
102-10	p.8	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Fully implemented	
102-11	p.47	Whether and how the precautionary approach or principle is addressed by the organization	Fully implemented	
102-12	p.15, p.56	The list externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Fully implemented	
102-13	p.56	The list memberships of associations (such as industry associations) and national or international advocacy organizations.	Fully implemented	

**STRATEGY**

102-14	p.4	A statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Fully implemented	
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**ETHICS AND INTEGRITY**

102-16	p.13	Description of the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Fully implemented	UNGC Principle 10 SDG 16
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**GOVERNANCE**

102-18	p.57	The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Fully implemented	
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**STAKEHOLDER ENGAGEMENT**

102-40	p.53	Provide a list of stakeholder groups engaged by the organization	Fully implemented	
102-41	p.49	The percentage of total employees covered by collective bargaining agreements	Our employees are organized within representative unions,	UNGC Principle 3 SDG 8
102-42	p.53	Report the basis for identification and selection of stakeholders with whom to engage	Fully implemented	
102-43	p.54	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	Fully implemented	
102-44	p.54	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	Fully implemented	

## GENERAL DISCLOSURES

GRI Standard	Page	Title of the disclosure	Status/Comment	SDG/UN Global Compact
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## REPORTING PRACTICE

102-45	p.58	List all entities included in the organization's consolidated financial statements or equivalent documents	Fully implemented	
102-46	p.58	Explain the process for defining the report content and the Aspect Boundaries	Fully implemented	
102-47	p.59	List all the material Aspects identified in the process for defining report content	Fully implemented	
102-48	p.58	The effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Fully implemented	
102-49	p.60	The significant changes from previous reporting periods in the Scope and Aspect Boundaries	Fully implemented	
102-50	p.58	Period (such as fiscal or calendar year) for information provided	Fully implemented	
102-51	p.58	Date of most recent previous report (if any)	Fully implemented	
102-52	p.58	Reporting cycle (such as annual, biennial)	Fully implemented	
102-53	p.58	Provide the contact point for questions regarding the report or its contents	Fully implemented	
102-54	p.58	Claims of reporting in accordance with the GRI Standards	Fully implemented	
102-55	p.60	GRI content index	Fully implemented	
102-56	p.58	Report the organization's policy and current practice with regard to seeking external assurance for the report	Fully implemented	

## GRI 103: MANAGEMENT APPROACH 2016

103-1	p.7; p.13; p.14; p.19; p.21; p.22; p.25; p.29; p.31; p.35; p.40; p.44; p.49; p.50; p.51; p.57; p.60	For each material Aspect, report the Aspect Boundary within the organization	Material Aspects Covered by this Disclosure are: Economic Performance; Indirect Economic Impacts; Procurement Practices; Anti-Corruption; Anti-Competitive Behavior; Materials; Energy; Emissions; Effluents and Waste; Environmental Compliance; Supplier Environmental Assessment; Employment; Labor/ Management Relations; Occupational Health and Safety; Training and Education; Diversity and Equal Opportunity; Supplier Social Assessment; Non-Discrimination; Public Policy; Customer Health and Safety; Marketing and Labeling; Customer Privacy	
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## GENERAL DISCLOSURES

GRI Standard	Page	Title of the disclosure	Status/Comment	SDG/UN Global Compact
103-2	p.7; p.13; p.14; p.19; p.21; p.22; p.25; p.29; p.31; p.35; p.40; p.44; p.49; p.50; p.51; p.57	For each material Aspect, report the management approach and its components	Material Aspects Covered by this Disclosure are: Economic Performance; Indirect Economic Impacts; Procurement Practices; Anti-Corruption; Anti-Competitive Behavior; Materials; Energy; Emissions; Effluents and Waste; Environmental Compliance; Supplier Environmental Assessment; Employment; Labor/ Management Relations; Occupational Health and Safety; Training and Education; Diversity and Equal Opportunity; Supplier Social Assessment; Non-Discrimination; Public Policy; Customer Health and Safety; Marketing and Labeling; Customer Privacy	
103-3	p.7; p.13; p.14; p.19; p.21; p.22; p.25; p.29; p.31; p.35; p.40; p.44; p.49; p.50; p.51; p.57	For each material Aspect, report the evaluation of the management approach	Material Aspects Covered by this Disclosure are: Economic Performance; Indirect Economic Impacts; Procurement Practices; Anti-Corruption; Anti-Competitive Behavior; Materials; Energy; Emissions; Effluents and Waste; Environmental Compliance; Supplier Environmental Assessment; Employment; Labor/ Management Relations; Occupational Health and Safety; Training and Education; Diversity and Equal Opportunity; Supplier Social Assessment; Non-Discrimination; Public Policy; Customer Health and Safety; Marketing and Labeling; Customer Privacy	

## MATERIAL TOPICS

GRI Disclosure	Page	Omissions	Title of Disclosure	Status/Comment	SDG/UN Global Compact
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## GRI 201: ECONOMIC PERFORMANCE 2016

201-1	p.8		Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully implemented	SDG 2,7,8,9
201-4			The total monetary value of financial assistance received by the organization from governments during the reporting period.	No financial assistance has been received from the Government in 2017.	

## MATERIAL TOPICS

GRI Disclosure	Page	Omissions	Title of Disclosure	Status/Comment	SDG/UN Global Compact
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**GRI 203: INDIRECT ECONOMIC IMPACTS 2016**

203-1	p.19, p.21, p.22, p.25, p.31, p.35		Development and impact of Infrastructure Investments and Services Supported	Fully implemented	SDG 9
203-2	p.19, p.21, p.22, p.25, p.31, p.35		Significant Indirect Economic Impacts, including the extent of impacts	Fully implemented	SDG 8,10,17

**GRI 204: PROCUREMENT PRACTICES 2016**

204-1	p.52		Proportion of spending on local suppliers at significant locations of operations	Fully implemented	SDG 12
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**GRI 205: ANTI-CORRUPTION 2016**

205-1	p.50		Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Fully implemented	UNGC Principle 10 SDG 16
205-2	p.50		Communication and training of anti-corruption policies and procedures	Fully implemented	UNGC Principle 10 SDG 16
205-3	p.48		Confirmed incidents of corruption and actions taken	Fully implemented	UNGC Principle 10 SDG 16

**GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016**

206-1	p.51		Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully implemented	
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**GRI 301: MATERIALS 2016**

301-1	p.44		Materials used by weight or volume.	Fully implemented	UNGC Principle 7,8,9 SDG 7,12,13
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**GRI 302: ENERGY 2016**

302-1	p.41		Energy consumption within the organization	Fully implemented	UNGC Principle 7,8,9 SDG 7, 8, 12,13
302-4	p.41		Energy consumption within the organization	Fully implemented	UNGC Principle 8,9 SDG 7, 8,12,13



## MATERIAL TOPICS

GRI Disclosure	Page	Omissions	Title of Disclosure	Status/Comment	SDG/UN Global Compact
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**GRI 305: EMISSIONS 2016**

305-2	p.41		Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Fully implemented	UNGC Principle 7,8,9 SDG 3,12,13
305-5	p.41		Reduction of greenhouse gas (GHG) emissions	Fully implemented	UNGC Principle 8,9 SDG 13

**GRI 306: EFFLUENTS AND WASTE 2016**

306-2	p.44		Total weight of waste by type and disposal method.	Fully implemented	UNGC Principle 7,8,9 SDG 3,6,12
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**GRI 307: ENVIRONMENTAL COMPLIANCE 2016**

307-1	p.44, p.51		Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Fully implemented	UNGC Principle 8 SDG 8,16
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**GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016**

308-1	p.52		Percentage of new suppliers that were screened using environmental criteria	Fully implemented	UNGC Principle 7, 8
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**GRI 401: EMPLOYMENT 2016**

401-1	p.14		Total number and rate of employee turnover by age group, gender, and region.	Fully implemented	UNGC Principle 6 SDG 5,8
401-2	p.30		Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Fully implemented	UNGC Principle 68 SDG 8

**GRI 402: LABOR/MANAGEMENT RELATIONS 2016**

402-1			Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	The collective agreement for fixed operations stipulates consultations with unions regarding reorganization processes, when these processes result in the reduction of the number of employees, with 20 calendar days before they become effective.	UNGC Principle 3 SDG 8
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## MATERIAL TOPICS

GRI Disclosure	Page	Omissions	Title of Disclosure	Status/Comment	SDG/UN Global Compact
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**GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016**

403-1	p.49		Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programs.	Fully implemented	UNGC Principle 3 SDG 3, 8
403-2	p.13		Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Fully implemented	SDG 3,8
403-4			Health and safety topics covered in formal agreements with trade unions.	100% coverage of health and safety topics within agreements with trade unions, respectively: personal protective equipment, joint management-employee health and safety committees, participation of worker representatives in health and safety inspections, audits, and accident investigations, training and education, complaints mechanism, right to refuse unsafe work, periodic inspections.	UNGC Principle 3 SDG 3, 8

**GRI 404: TRAINING AND EDUCATION 2016**

404-1	p.30		Average hours of training per year per employee by employee category and by gender	Fully implemented	UNGC Principle 6 SDG 5, 8
404-2	p.30		Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully implemented	SDG 8
404-3	p.30		Percentage of employees receiving regular performance and career development reviews.	Fully implemented	UNGC Principle 6 SDG 5,8

**GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016**

405-1	p.57		Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other disclosures of diversity.	Fully implemented	UNGC Principle 6 SDG 5,8
405-2	p.14		Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Fully implemented	UNGC Principle 6 SDG 5, 8

## MATERIAL TOPICS

GRI Disclosure	Page	Omissions	Title of Disclosure	Status/Comment	SDG/UN Global Compact
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**GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016**

414-1	p.52		Percentage of new suppliers that were screened using social criteria.	Fully implemented	UNGC Principle 1,2,10 SDG 8, 16
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**GRI 406: NON-DISCRIMINATION 2016**

406-1	p.48		Total number of incidents of discrimination and actions taken.	No incidents of discrimination have been recorded during the reporting period.	UNGC Principle 6 SDG 5,8
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**GRI 415: PUBLIC POLICY 2016**

415-1			Total value of political contributions by country and recipient/beneficiary	Telekom Romania was not involved in any political aspects and did not have any political contribution during the reporting period.	UNGC Principle 10 SDG 16
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**GRI 416: CUSTOMER HEALTH AND SAFETY 2016**

416-2	p.44		Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully implemented	SDG 3
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**GRI 417: MARKETING AND LABELING 2016**

417-3	p.51		Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully implemented	
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**GRI 418: CUSTOMER PRIVACY 2016**

418-1	p.26		Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully implemented	
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## AWARDS AND RECOGNITION



Comunic@tii Mobile Gala	<p>"Best CEO" and "Best Mobile Technology" awards for Telekom at Comunic@tii Mobile Gala.</p> <p>Miroslav Majoros, CEO of Telekom Romania, was awarded "Best CEO" at the fourteenth edition of the Comunic@tii Mobile Gala. In addition, the "Best Mobile Technology" award went to Telekom and Ericsson for the first 5G trial in Romania.</p>
HR Innovation Forum 2017	Carmen Dumitrache, Chief Human Resources Officer, awarded for best TedEx format speech structure.
CSR Awards 2017	Telekom Romania Foundation won second place in the category "Supporting employees" for the "You choose and we help together!" project launched to offer financial support to employees and collaborators of the Telekom Group, in the CSR Awards 2017 Gala.
Gala Capital Awards	Ruxandra Voda, President of the Telekom Romania Foundation won 2nd place for the best CSR manager who had a significant involvement in social responsibility projects, competing with dozens of top management companies in Romania.
Top company involved in sports	According to the study made for the first time by Adrenallina Sport PR and The Azores, Telekom Romania ranks second in the Top of Companies involved in sports. 1. Allianz Asigurari Ţiriac; 2. Telekom Romania; 3. BCR
Business Woman Gala	Telekom Romania awarded for Excellence in Brand Communication 2017
Telekom Banking awarded at the Piaţa Financiară Awards Gala	Together with Alior Bank, we received the award for the best digital banking project in 2017.
Telekom in top 10 CSR Index 2017	Telekom ranked 8th amongst 8 companies with a score over 50% in transparency and involvement in the CR field out of the 100 analyzed in a study made by The Azores.



## GLOSSARY

<i>4G</i>	Fourth generation of mobile technology, sometimes called LTE (Long Term Evolution)
<i>B2C</i>	Business to customer
<i>B2B</i>	Business to business
<i>BPO</i>	Business process outsourcing
<i>CSR/CR</i>	Corporate social responsibility/Corporate responsibility
<i>DNS</i>	Domain name system
<i>DVBC</i>	Digital video broadcasting cable (European consortium standard for the broadcast transmission of digital television over cable)
<i>ERM</i>	Enterprise risk management
<i>EBITDA</i>	Earnings before interest, taxes, depreciation, and amortization
<i>FTTH</i>	Fiber to the home
<i>GHG</i>	Greenhouse gas
<i>GBPS</i>	Gigabits per second
<i>GB</i>	Gigabits
<i>IaaS</i>	IaaS - is a form of cloud computing that provides virtualized computing resources over the Internet
<i>IPVPN</i>	Internet Protocol Virtual private network (networking technology that allows users to connect over a public Internet connection to their main network remotely)
<i>IPTV</i>	Internet protocol television
<i>IOT</i>	Internet of things (a system of interrelated computing devices, mechanical and digital machines, objects, animals or people that are provided with unique identifiers and the ability to transfer data over a network without requiring human-to-human or human-to computer interaction)
<i>KPI</i>	Key performance indicator
<i>MBPS</i>	Megabits per second
<i>NGO</i>	Non-governmental organization
<i>RMS</i>	Risk Management System
<i>SAP-ERP</i>	Systems- enterprise resource planning software
<i>SME</i>	Small and medium enterprises
<i>SDG</i>	Sustainable development goals
<i>TB</i>	Terabyte
<i>TIC</i>	Information and communication technology
<i>TKR</i>	Telekom Romania Communication
<i>TKRM</i>	Telekom Romania Mobile Communication