Consolidated non-financial report

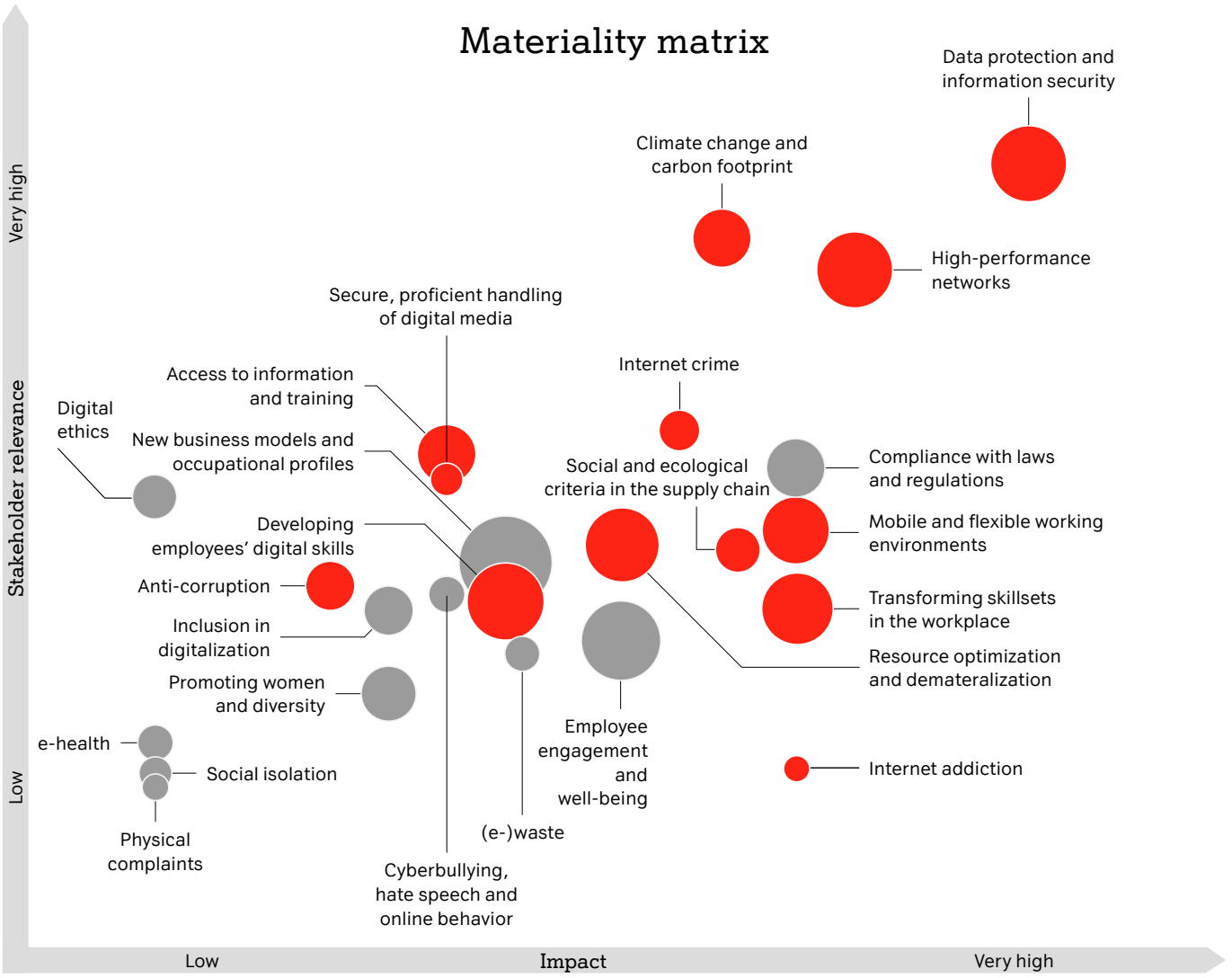
Consolidated non-financial report[1)] of Telekom Austria Aktiengesellschaft in accordance with section 267a of the Austrian Company Code (UGB) on environmental, social and employee matters, human rights and combating corruption and bribery

Telekom Austria AG, listed on the Vienna Stock Exchange, is a leading provider of digital services and communications solutions in Central and Eastern Europe with around 25 million customers in seven countries: Austria, Bulgaria, Croatia, Slovenia, Belarus, North Macedonia (A1) and Serbia (Vip mobile). Via its affiliated company A1 Digital International GmbH (hereinafter referred to as A1 Digital), Telekom Austria AG offers digital solutions in its core markets as well as in Germany and Switzerland. The scope of the consolidation according to the Group Management Report and the Consolidated Financial Statements for 2020 was referenced for the non-financial reporting. See the Group Management Report 2020 and Consolidated Financial Statements for information on business operations and the companies included in consolidation.

Telekom Austria AG and its affiliated companies, hereinafter referred to as the A1 Telekom Austria Group, strive to increase enterprise value in a sustainable manner, while taking into account all relevant economic, ecological and social aspects. This goal is supported by the Group's commitment to the Austrian Corporate Governance Code and the application of all the requirements of the internal control system, the Code of Conduct, and the compliance guidelines as well as integrated sustainability management. Compliance with the principles of the UN Global Compact and respect for human rights ensure the development of sustainably oriented strategies and goals with the involvement of all business units and hierarchies.

A materiality analysis was conducted with the help of various interest groups to identify central sustainability issues and their material impact. The materiality analysis is regularly repeated (every two to three years). The topics covered in this report and the focus areas for sustainable development were derived from the results of this materiality analysis.

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



Red points represent the topics relevant to the A1 Telekom Austria Group, on which is reported in the course of the non-financial report. The size of the points shows their relevance to the business of the A1 Telekom Austria Group. A topic's materiality is based on its impact on the environment, society and the economy, and on how relevant it is to the A1 Telekom Austria Group's stakeholders. Thus, the topics most important to the A1 Telekom Austria Group are those that have the biggest impact and those that are most relevant to stakeholders. As an additional dimension, the topics were assessed with regard to their business relevance for the A1 Telekom Austria Group. This allows an integrated perspective that takes into account the topics' sustainability context and their economical significance for the company.

1. Information on the issues derived for the A1 Telekom Austria Group from the 2019 materiality analysis

In order to identify the relevant topics, a topic research with respect to potential impacts and risks in terms of environmental, social, and employee matters was undertaken. The topics from the 2017 materiality analysis were also considered and an industry analysis was performed. These topics were analyzed in multiple rounds of internal consultation and subsequently condensed into 24 relevant topics that were assessed by internal and external stakeholders in an online survey. The stakeholders invited by the A1 Telekom Austria Group to participate in the online survey included customers, suppliers, media, politicians and special interest groups, representatives of the research, education and business communities, associations and NGOs, and employees. To evaluate the impacts, a workshop was conducted with selected internal and external experts. In order to assess business relevance, the management of A1 Telekom Austria Group was involved by means of an online survey. All in all, more than 900 stakeholders and managers of the A1 Telekom Austria Group participated in the 2019 materiality analysis.

The topics prioritized in advance were allocated to the Austrian Sustainability and Diversity Improvement Act (NaDiVeG) areas of social matters, employee matters, environmental matters, respect for human rights, combating corruption and bribery as well as an additional matter, business operations. The two topics with the highest score for each area were considered to be material for the purposes of non-financial reporting. Due to overlap between the respective content, the topics of cybercrime, access to information and education, internet addiction, and safe and skilled interaction with digital media have been combined to form a single topic cluster that is discussed jointly under social matters. On account of their compatibility, the topics of employee digital skills development and the skill shift on the employment market have been combined and are discussed jointly under employee matters. Information on diversity is also reported under employee matters. Under the method used, the topic of compliance with laws and regulations was not identified as material, though the A1 Telekom Austria Group nonetheless regards it a basic requirement.

Identification of risks – procedural perspective

Issues	▸ Polling stakeholders, peer-group analysis ▸ Interviews with relevant experts and managers ▸ Survey of ESG / Risk Management issues
ESG & Risk Management	▸ Prioritization of issues in terms of non-financial risks and opportunities ▸ Discussion of possible KPIs ▸ Preparation of analyzed issues for deep dives
Management Board & Supervisory Board	▸ Determination of strategy process focus for Management Board (ESG strategy / opportunities / risks) ▸ Supervisory Board workshop
Departments	▸ Interviews with experts from the respective departments ▸ Assessment of the risks and opportunities arising
ESG & Risk Management	▸ Content elaboration of identified risks and opportunities ▸ Definition of assessment criteria

Risks and chances – identification mitigation and assessment

Initial non-financial risks and opportunities were prepared on the basis of a materiality analysis – derived from an assessment of internal and external peers. The risk assessment for business activities as regards the issues concerned was developed further in an internal discussion between Risk Management, the ESG team and the experts in charge within the company. The annual strategy discussion between the Supervisory Board and the Management Board also focused on issues of greater concern to the public that require more management attention. Additional issues relating to COVID-19 were added at short notice throughout 2020. Peer-group analysis provides further sources for identification purposes; at the end of the risk and opportunity identification process, Risk Management, ESG and experts produce a list, then analyze, mitigate, and perform a final assessment of risks and opportunities.

Business operation matters	Social matters	Employee matters	Environmental matters	Respect for human rights	Combating corruption and bribery
▸ Data protection and information security ▸ High performing networks	▸ Internet crime + access to information and training + Internet addiction + secure, proficient handling of digital media	▸ Mobile and flexible working environments ▸ Transforming skillsets in the workplace + developing employees' digital skills	▸ Climate change and carbon footprint ▸ Resource optimization and dematerialization	▸ Social and ecological criteria in the supply chain	▸ Anti-corruption

Risks and opportunities assessed with at least a qualitatively high impact are covered in the following report, corresponding activities and mitigation measures have been compiled and presented. The assessment arises from the discussion with the responsible experts and managers within the company.

2. Material business operation matters

Data protection and information security

Concept

Compliance with high data protection standards is a fundamental requirement for the A1 Telekom Austria Group and serves to safeguard customers' trust in the Group. All companies of the A1 Telekom Austria Group undertake to comply with stringent data protection standards. They take comprehensive and wide-ranging measures to safeguard the security of customer data.

Various measures and management systems are used to mitigate risks (see Group Management Report 2020) and make the best possible use of opportunities. These range from access policies and user access management to standardized and Group-wide policies (e. g. information security policy) and employee training. The management approaches applied include certifications such as ISO 27001 (in Austria, Bulgaria, Croatia, Belarus, Slovenia and North Macedonia), the security information policy, security information standards and business continuity plans (see also the Group Management Report 2020). In particular, management has approved the A1 Group Data Privacy Governance, which aims at harmonizing the understanding of obligations binding to the operating companies, provides a thorough analysis of local legislation on data governance and establishes the specific requirements of the reliable basis that the A1 Group uses for the lawful and secure processing of personal data. These aim to ensure state-of-the-art data protection and a high security standard in order to avoid negative impacts to the greatest possible extent. The A1 Telekom Austria Group makes continuous adjustments due to extended data protection requirements with the involvement of the data protection officer. In particular, processes for projects and products, and for risk assessment, are adjusted on an ongoing basis.

The management systems are regularly evaluated. For example, ISO certification is carried out annually. Effectiveness is regularly reviewed and monitored on the basis of predefined indicators that are not disclosed for competition reasons. Adjustments are made as necessary throughout the year. A1 in Bulgaria was one of the first companies in the world to implement the new ISO 27701 standard for data protection management and obtained certification in November 2020.

Key performance indicator

The A1 Telekom Austria Group continuously promotes training and further education regarding security and data protection. More than around 22,200 e-learning modules on data protection were completed throughout the Group in 2020 (2019: around 22,000).

Opportunities and risks

Key risks relating to data security and protection include the unauthorized use of personal data and cyberattacks on IT infrastructure. The A1 Telekom Austria Group sees opportunities in the form of the trust gained among customers and the improvement to its reputation, which can result in a market and competitive advantage.

Mitigating measures include system updates in response to security issues, simulated hacker attacks, simulated phishing attacks and their processing in training and system settings (e. g. two-factor authentication), state-of-the-art encryption of passwords and personal information and privacy by design in reporting systems – the preferred use of pseudonymized or anonymous data. Standard controls and audits are used to continuously monitor the function and effectiveness of these measures. Also, cross-functional projects are likewise constantly working on minimizing risks through policies, process updates and system renewal.

Implementation / results 2020

In December 2019, A1's CERT (Computer Emergency Response Team) detected an attack in the internal office system in Austria. A1 immediately informed the data protection authorities and voluntarily notified the incident in adherence with the Network and Information Systems Security Act (NIS Act). A team of internal and external international experts immediately took care of localizing, analyzing and tracking the attacker's activities. The experts did various in-depth analyzes and did not find any evidence that customer data of A1 or third parties had been affected. All passwords across the entire company were reset in the second quarter of 2020, the password requirements for all employees have been tightened and additional security measures were introduced.

High-performance networks

Concept

The age of digital transformation is characterized by steadily rising demand for increased bandwidths and more data. Thanks to innovative digital products and services, connectivity is playing a key role in a growing number of areas of professional and private life. The high-performance, future-proof infrastructure of the A1 Telekom Austria Group proved to be a reliable basis during the coronavirus lockdowns in 2020. The Group also pressed ahead with its network rollout in 2020, although the pace of this development was slowed by the COVID-19 pandemic. Convergence, i. e., the intelligent combination of

mobile and fixed-line, remains a key pillar of the infrastructure strategy and enables efficient and extended regional coverage with increasingly large bandwidths. The fiber rollout is also establishing important foundations for 5G mobile communication and the new services that will use it. 5G, the Internet of Things (IoT) and cloud-based services for the B2B market also require high computing capacities. As a result, data centers are continuing to gain in importance as part of the A1 Telekom Austria Group's infrastructure strategy.

In the area of management systems, the A1 Telekom Austria Group has initiated the development of the future operations support system (future OSS). Systems of this type will increasingly automate the operation of networks and bring more flexibility in the coming years. In addition, the use of established management systems such as ISO 9001 will also continue. Management systems are evaluated regularly. For example, the ISO certifications are evaluated annually and were successfully carried out again in 2020.

Key performance indicator

Investment (CAPEX) made by the A1 Telekom Austria Group amounted to EUR 651.4 mn in the financial year 2020 (2019: EUR 879.8 mn), with broadband expansion being one of the focus areas.

Opportunities and risks

The uninterrupted availability of Internet access, products and services is the fundamental requirement for customer satisfaction. The key risks in providing this include the failure of parts / layers of the network due to physical damage (e. g. construction work, natural disasters), technical problems (hardware or software errors) or human error / sabotage.

In terms of opportunities, perfect performance is the key factor for further increasing customer satisfaction. Short latency, high data throughput even under heavy load and thus highly professional network management and fast services / information in the event of problems are required in order to use the networks as an opportunity. Ongoing protection and continuous improvement of the communications infrastructure and supply performance mean a significant quality advantage and thus enhanced image and reputation. Potential market and competitive advantages can be leveraged by seizing this opportunity.

Mitigating measures include network redundancy, certified service and update processes, testing and documentation and a close-knit control system. Carrying out these points ensures product and service delivery without interruption.

Implementation / results 2020

The unimpaired continuation of business operations and uninterrupted availability of our services were ensured even in the first lockdown when all employees quickly transferred to working from home. The field service was quick to adapt its working methods and customer interactions in line with COVID-19 pandemic conditions to guarantee safe working practices, to complete customer orders and to satisfy their requirements. In the field of managed services, customers requiring increased bandwidth, remote work capacity (such as virtual private networks (VPN) or resources for desktop virtualization) or security precautions were served within a matter of days.

Mobile

As the COVID-19 pandemic spread around the world, numerous governments imposed lockdowns in order to curb the virus. Behavioral patterns changed from one day to the next, and developments and empirical data that had held true for many years suddenly no longer applied. Mobile networks in particular were confronted with an increased level of customer demand that put their performance capacity to the test. A1 Telekom Austria Group's networks coped extremely well with the dramatic changes in network traffic in terms of location, services and times of day. In the case of the small number of mobile cells that were overloaded, a rapid response on the part of the network and management teams ensured that there were only isolated network disruptions. In addition, certain core systems were upgraded with new capacity in the space of just a few hours. This underlines the resilience and adaptability of the A1 Telekom Austria Group's networks. In Austria, the data volume transmitted via the 4G network increased by 65 % and capacity expansion in voice and data traffic peaked at 25 %. As lockdowns were imposed in March, in certain countries in the Group's operational footprint, voice and data traffic increased by up to 200 % year-on-year.

Some of the 5G auctions in the countries in which the A1 Telekom Austria Group operates were postponed as a result of the COVID-19 pandemic and are now expected to take place in 2021 and 2022. A1 took part in the multi-band auction for the 700 MHz, 1,500 MHz and 2,100 MHz frequency ranges in the year under review, acquiring spectrum for a total of EUR 65.6 mn. As part of the latest auction, the 2,100 MHz core band was secured and even expanded. Along with its existing leading position in the 800 MHz band and the newly acquired 1,500 MHz band, these frequency resources offer an outstanding basis for future 5G applications and capacity expansions. A1 is thus consolidating its leading position and holds the largest share of the total spectrum at around 38 %.

Following the successful acquisition of 3.5-GHz frequencies in 2019, A1 upgraded hundreds of base stations in Austria with the state-of-the-art 5G technology. In January 2020, A1 launched its 5G network in Austria with more than 350 5G base stations. A1 in Croatia is currently conducting a 5G trial. The government and the regulatory authority decided that Osijek would be Croatia's first 5G city. A1 achieved a key milestone in its technological development with the launch of 5G in the 3.6-GHz range in Bulgaria.

Fixed-line

In Austria, the fixed-line broadband expansion was driven forward by the accelerated fiber roll-out in the form of FTTC (fiber to the curb), FTTB (fiber to the building) and FTTH (fiber to the home). Fiber is getting ever closer to the customer, and newly developed areas are being connected to fiber. In addition, the capacity of existing copper lines is being increased. A1's fiber infrastructure in Austria was extended to around 60,500 km in total in 2020. A1 began introducing its own fiber to the node (FTTN) and FTTH infrastructure in Slovenia in 2020, achieving optimization in customer service and long-term cost savings.

3. Material environmental matters

Climate change and carbon footprint

Concept

The A1 Telekom Austria Group's energy consumption and the resulting CO_2 emissions represent the Group's biggest impact in terms of climate change. One of the most important environmental measures is to achieve maximum efficiency in this regard and to reduce energy requirements as far as possible. The A1 Telekom Austria Group therefore pursues an approach of enhancing efficiency and stabilizing or reducing energy requirements while simultaneously reducing CO_2 emissions. Depending on the framework conditions, it seeks to ensure that its network design is as ecological as possible – including by using electricity from renewable energies. The A1 Telekom Austria Group has summarized its commitment in a Group-wide environmental policy. Furthermore, in the remuneration policy for members of the Management Board of the company adopted by the Supervisory Board and the Annual General Meeting 2020, it was determined to include ESG targets in remuneration criteria, which have already been taken into account in the 2020 target agreements for Management Board members and for the CEOs of all national companies. The achievement of environmental goals therefore has a direct influence on management remuneration.

The environmental management systems in Austria, Croatia, Slovenia, Serbia and North Macedonia are certified according to ISO 14001. Furthermore, EMAS (eco management and audit scheme) requirements are complied with in Austria and Slovenia. Energy management in Austria is also certified according to ISO 50001. In addition, since 2014, A1 has been the first carbon-neutral network in Austria to be audited and validated annually by TÜV SÜD according to the PAS 2060 international standard. Management systems are evaluated regularly. For example, the ISO certifications are evaluated annually and were successfully carried out again for 2020. Effectiveness is regularly reviewed and monitored on the basis of predefined indicators. Adjustments are made as necessary throughout the year.

Key performance indicator

The A1 Telekom Austria Group has set the target to reduce CO_2 emissions to net zero by 2030 by reducing its own carbon footprint and by gradually switching to energy from renewables. The Science Based Targets initiative has confirmed that this target contributes to achieving the Paris Climate Agreement and the 1.5 °C target. Activities in 2020 and 2021 will focus on carbon reduction measures such as increasing the share of renewables in electricity and evaluating eco-friendly drive models in the vehicle fleet.

The A1 Telekom Austria Group did not achieve its target of reducing carbon emissions by 25 % by 2020 – as against the base year of 2012 – to the desired extent (increase of 13 %). Despite significant energy efficiency enhancements, the rise in carbon emissions proved unavoidable due to acquisitions on the one hand and the massive rise in data volumes on the other. The definition of clear responsibilities at every subsidiary of the A1 Telekom Austria Group in 2020 will ensure that targets are pursued more actively and more systematically in the future.

The A1 Telekom Austria Group is aiming to increase its energy efficiency by 80 % as against 2019 by 2030. The energy efficiency indicator (electricity required per transferred terabyte) was 0.14 MWh / terabyte in 2020 (2019: 0.18 MWh / terabyte).

Targets for 2030 [1]	Status in 2020
Reduction of CO_2 emissions to net zero by reducing our own CO_2 footprint and by gradually making the transition to energy from renewable sources	Increase of 3 % in scope 1 and scope 2 (market-based) emissions
Energy efficiency enhancement of 80 % [2]	Improvement of 22 %

1) Base year 2019
2) Measured as electricity required per transferred terabyte (in MWh / terabyte)

Fuel consumption by the vehicle fleet of the A1 Telekom Austria Group was reduced by 14 % year-on-year as a result of lower travel volumes, in particular on account of the COVID-19 lockdown months. Heating in office buildings – also on account of the COVID-19 pandemic and increased working from home – also declined (fuels for heating down 3 %; district heating down 5 %). By contrast, electricity requirements rose in all countries of the A1 Telekom Austria Group on account of the infrastructure expansion.

Energy demand is not only the A1 Telekom Austria Group's most significant environmental impact, but also the biggest source of CO_2. In addition to improving energy efficiency, the use of renewable energies is one of the measures taken to reduce CO_2 emissions. The A1 Telekom Austria Group's scope 1 emissions include CO_2 emissions from the combustion of fossil fuels for heating and mobility. Scope 2 emissions are emissions arising from energy consumption and district heating.

Direct and indirect energy (in MWh)

According to the GRI Standard for Sustainability Reports: 302-1, 302-4

2020	Electricity[1]	Fuels for Heating[2]	District heating	Fuels[3]	Total energy consumption
Austria	323,374	14,105	28,454	35,117	401,051
Bulgaria	126,996	95	302	10,061	137,455
Croatia	86,413	499	2,845	5,137	94,894
Belarus	99,010	329	3,039	3,392	105,770
Slovenia	33,814	0	277	1,172	35,264
Serbia	64,619	132	218	2,472	67,442
North Macedonia	32,564	0	0	2,158	34,722
A1 Telekom Austria Group	**766,791**	**15,161**	**35,137**	**59,509**	**876,598**
2019					
Austria	309,466	14,496	29,006	42,798	395,766
Bulgaria	120,578	124	418	10,528	131,648
Croatia	84,534	497	3,437	5,484	93,952
Belarus	91,966	375	3,768	4,074	100,183
Slovenia	32,253	0	289	1,489	34,031
Serbia	62,739	143	219	2,932	66,034
North Macedonia	31,477	0	0	2,255	33,731
A1 Telekom Austria Group	**733,013**	**15,635**	**37,138**	**69,559**	**855,346**
Change (in %)					
Austria	4	–3	–2	–18	1
Bulgaria	5	–23	–28	–4	4
Croatia	2	0	–17	–6	1
Belarus	8	–12	–19	–17	6
Slovenia	5	n. a	–4	–21	4
Serbia	3	–7	–1	–16	2
North Macedonia	3	n. a	n. a	–4	3
A1 Telekom Austria Group	**5**	**–3**	**–5**	**–14**	**2**

The environmental indicators for fiscal year 2020 were not yet available at the time of reporting. The above table contains the figures for the period from November 1, 2019 to October 31, 2020, which can be considered a representative comparison period for fiscal year 2020. If no data were available for this period, the most recent data from the past were used. While figures were compiled with the utmost care, inaccuracies may occur, for instance due to estimates. The indicators "District heating" and "Fuels" for Serbia and "Fuels" and "Electricity" for Croatia were recalculated for 2019 on the basis of an improvement in data quality.

Tables are subject to rounding differences.

1) Purchased and own production, plus diesel for (emergency) power generators
2) Including oil and gas, not adjusted for climate factors
3) Including diesel, gasoline, CNG, LPG and natural gas, not including diesel for (emergency) power generators

Scope 1 emissions were cut by 14 % as a result of reduced fuel consumption in the fleet. In Slovenia, scope 1 and scope 2 CO_2 emissions (market-based) were reduced by 43 % as against the previous year by increasing the share of renewables in electricity. The Group-wide rise in scope 2 emissions is due to higher electricity requirements. Overall, the scope 1 and scope 2 (market-based) emissions of the A1 Telekom Austria Group rose by 3 % year-on-year.

Opportunities and risks

In addition to natural disasters partly caused by climate change, CO_2 emissions due to the energy requirements of the communication infrastructure represent an environmental risk. In terms of opportunities, digital and ICT products can help to lower emissions by increasing the efficiency of processes and either preventing or significantly reducing the consumption of resources, e. g. due to less travel being required.

Direct and indirect greenhouse gas emissions including biogenic emissions (in t CO_2-equivalent)

According to the GRI Standard for Sustainability Reports: 305-1, 305-2, 305-5

	Direct (Scope 1)	Indirect (Scope 2)		Total (Scope 1+2)		Total (Scope 1+2+Comp.)	
2020		location-based	market-based	location-based	market-based	location-based	market-based
Austria	12,536	85,270	9,143	97,807	21,679	85,324	9,196
Bulgaria	3,168	64,981	64,962	68,149	68,130	68,149	68,130
Croatia	2,191	18,373	35,815	20,565	38,006	20,565	38,006
Belarus	1,340	37,708	37,708	39,048	39,048	39,048	39,048
Slovenia	311	7,931	4,809	8,242	5,120	8,242	5,120
Serbia	852	50,925	50,925	51,778	51,778	51,778	51,778
North Macedonia	1,012	22,931	22,931	23,943	23,943	23,943	23,943
A1 Telekom Austria Group	**21,411**	**288,120**	**226,294**	**309,531**	**247,705**	**297,048**	**235,222**
2019							
Austria	14,482	80,953	9,132	95,435	23,614	80,351	8,530
Bulgaria	3,811	56,620	57,550	60,430	61,361	60,430	61,361
Croatia	2,535	19,864	40,655	22,398	43,189	22,398	43,189
Belarus	1,647	35,305	35,305	36,952	36,952	36,952	36,952
Slovenia	396	7,758	8,598	8,154	8,993	8,154	8,993
Serbia	972	45,813	45,813	46,784	46,784	46,784	46,784
North Macedonia	1,083	18,932	18,932	20,015	20,015	20,015	20,015
A1 Telekom Austria Group	**24,925**	**265,244**	**215,984**	**290,169**	**240,909**	**275,051**	**225,791**
Change (in %)							
Austria	-13	5	0	2	-8	6	8
Bulgaria	-17	15	13	13	11	13	11
Croatia	-14	-8	-12	-8	-12	-8	-12
Belarus	-19	7	7	6	6	6	6
Slovenia	-21	2	-44	1	-43	1	-43
Serbia	-12	11	11	11	11	11	11
North Macedonia	-7	21	21	20	20	20	20
A1 Telekom Austria Group	**-14**	**9**	**5**	**7**	**3**	**8**	**4**

The environmental indicators for fiscal year 2020 were not yet available at the time of reporting. The above table contains the figures for the period from 1 November 2019 to 31 October 2020, which can be considered a representative comparison period for fiscal year 2020. If no data were available for this period, the most recent data from the past were used. According to the GHG Protocol, "location-based scope 2" figures refer to the average emissions factors in the area in which the energy consumption takes place. The average value at national level is used. According to the GHG Protocol, "market-based scope 2" figures refer to energy suppliers' emissions factors, insofar as these are available, or an individual energy product. The 2019 scope 1 figures were recalculated for all countries on the basis of an improvement in data quality. The scope 2 emissions ("market based" and "location based") were also recalculated on the basis of an improvement in data quality.

Tables are subject to rounding differences.

To reduce the risks, 100 % of electricity is sourced from renewable energy in Austria, solar power is promoted throughout the Group and various measures are taken to use the required energy as efficiently as possible. These range from using low-consumption equipment to increasing average temperatures at IT locations in order to reduce the need for cooling. A transition to cloud solutions for the more efficient processing and storage of data contributes to the reduction, as does active network management, which supports the most efficient technology for data transfer in addition to the investment in new technologies.

Implementation / results 2020

The A1 Telekom Austria Group therefore believes that it has an obligation to make its infrastructure as sustainable as possible. Measures to enhance energy efficiency play a key role in this regard. Another important aspect is for the Group to meet its energy requirements as sustainably as possible. It does this in particular by using electricity from renewable sources, such as solar power, hydropower or wind power, which accounted for around 43 % of the A1 Telekom Austria Group's total electricity requirements in 2020. The Austrian subsidiary, which has operated its entire network on a fully carbon-neutral basis since 2014, is a major factor in this. The A1 Telekom Austria Group also operates two large photovoltaic farms of its own: one in Aflenz, Austria, (since 2013) that produces more than 215,000 kWh of electricity per year, and one in Belarus (since 2016) that produces around 26 million kWh of electricity per year. In 2020, responsibilities were also defined by local CEOs at each subsidiary of the A1 Telekom Austria Group (tone at the top), Group-wide ESG steering was established and Group-wide standards were optimized and rolled out for tracking and calculating CO_2 emissions. Parallel to this, the "Empowering a sustainable future" campaign in particular raised employees' environmental awareness. As part of this campaign, a separate Group-wide ESG community was created on the internal collaboration platform Workplace to actively involve employees in the implementation of the ESG strategy.

Resource optimization and dematerialization

Concept

Digitalization offers huge potential for the environment in terms of resource conservation. Digital communication solutions that are now well established, such as videoconferencing and telepresence, are making communication more efficient and more environmentally friendly in many areas of work and life. The COVID-19 lockdown in particular illustrated the importance of such digital applications for keeping in touch with customers, business partners, friends and family. Virtualization can thus make work processes digital and prevent the use of physical resources. Dematerialization can also increase process efficiency. One consequence of the dynamic digital transformation is the continuous utilization of new technologies and devices / components to optimize efficiency and potential. The A1 Telekom Austria Group makes fundamental ecological principles such as continuous lifecycle management a top priority by preventing waste, conserving resources and keeping valuable raw materials in circulation for as long as possible (reduce – reuse – recycle). To this end, the A1 Telekom Austria Group offers a cellphone recycling program on almost all its markets. Continuous lifecycle management ensures that resources in circulation can be used for as long as possible. The subsidiaries in Austria and Bulgaria also reuse devices that have been returned to them and that are still functional and technologically current. When devices or equipment can actually no longer be used, they are dismantled, separated systematically by category of waste (circuit boards, copper, iron, tin, etc.) and properly recycled.

The environmental management systems in Austria, Slovenia, Serbia and North Macedonia are certified according to ISO 14001. Furthermore, EMAS (eco management and audit scheme) requirements are complied with in Austria and Slovenia.

Key performance indicator

Between 70 % and 80 % of the components of old mobile devices can be recycled and reused as raw materials by specialist recyclers to whom they are passed on. In 2020 alone, the Group as a whole ensured the proper recycling of around 84,880 devices (2019: around 64,000). The A1 Telekom Austria Group has set itself the goal of promoting a circular economy within the company and recycling at least 50,000 old devices every year until 2030.

Opportunities and risks

The A1 Telekom Austria Group sees dematerialization and resource conservation as an opportunity, as the development of innovative solutions could open up new business areas and possibilities for revenue growth. Improving process efficiency means resources such as raw materials can be used more

Target for 2030	Status in 2020
Promoting the circular economy within the company by recycling around 50,000 old devices per year	84,880 devices

effectively or their use can be prevented altogether. The COVID-19 pandemic made an unplanned contribution to accelerating this development. Increasing targets for recycling and their underlying activities contribute to the resource cycle and mitigate the risk of recycling requirements. In addition to this, active involvement in activities such as refurbishment of set top boxes also protects own investments in equipment.

Implementation / results 2020

The digitalization of internal work processes is a top priority at the A1 Telekom Austria Group for dematerialization and resource preservation. In field service, for example, digital logbooks for drivers, plans and assembly orders are increasingly being used. And the central Follow Me printer system can sustainably reduce paper requirements: print jobs are carried out only after an access card is scanned. Uncollected jobs are deleted after 24 hours. The use of Follow Me printers has resulted in 180,000 such print-outs being avoided. Also, internal campaigns raise environmental awareness among employees for programs such as cellphone recycling and get them actively involved in green activities. The A1 Telekom Austria Group also contributes to conserving resources with its cellphone recycling initiative – even though the Group itself does not manufacture mobile devices. Most of its subsidiaries offer their customers the opportunity to return old devices free of charge, and some have even been doing this since 2004.

4. Social matters

Secure, proficient handling of digital media, Internet crime, Internet addiction, access to information and training

With regard to social matters, the A1 Telekom Austria Group fulfills its responsibility to society with a special focus on teaching media literacy and reducing the digital gap in the countries in which it operates. The following significant issues are discussed jointly in the following section: access to information and education, secure, proficient handling of digital media, Internet crime, Internet addiction.

Concept

The dynamic digital transformation is accompanied by the continuous introduction of innovative applications that are enriching our working conditions, our lives and our communications. However, this requires users to keep up through continuous learning – not just the older generation, but children and young people as well. This is leading to substantial changes in today's vocational landscapes and the basic skills required, and hence also in our educational systems. This is particularly relevant for children and young people, as digitalization will shape and change the future of working life more than ever before – with corresponding consequences in terms of training and further education requirements. For teachers in the compulsory education system in particular, training and further education are the key to future-proof digital literacy.

With this in mind, the A1 Telekom Austria Group seeks to offer added value and build bridges beyond its core business. It

Target for 2023	Status in 2020
Reaching 100,000 people – with a special focus on children and young people – as part of the digital education focus. Providing confidence and skills in their active creation of digital worlds.	9,239

Participations: initiative "A1 Internet for All"

	2020	2019	Change (in %)
Austria	8,936	29,522	–70
Bulgaria	n. a.	3,000	n. a.
Croatia	143	24	496
Belarus	n. a.	n. a.	n. a.
Slovenia	n. a.	1,340	n. a.
Serbia	90	140	–36
North Macedonia	70	1,300	–95
A1 Telekom Austria Group	**9,239**	35,326	**–74**

regards this as part and parcel of its responsibility to actively support people as they take their first steps in the digital world and to promote digital literacy. Parallel to this, the Group aims to get children and young people enthusiastic about digitalization and the technologies it involves from as early an age as possible, and equip them with the necessary skill sets. The "A1 Internet for All" initiative was established in Austria in 2011 with these very objectives, and similar projects and activities have since been rolled out in other countries where the Group operates. The initiative offers free workshops that help people to take their first steps in the digital world and teach them how to protect themselves effectively against potential risks, such as cybercrime, in addition to training programs for educators.

Target attainment is regularly reviewed and the initiative controlled on the basis of predefined key figures, such as the number of participants in media literacy training sessions. The responsibility and steering of the Group-wide media literacy initiative is ensured by the Group ESG department.

Key performance indicator

In the reporting year, due to COVID-19, not all workshops took place to the planned extent: In total, more than 9,200 participants attended workshops in 2020. The "A1 Internet for All" initiative has already been attended more than 227,900 times in total since 2011. As part of its digital education focus, the A1 Telekom Austria Group has set itself the target of addressing 100,000 people from 2020 to 2023, especially children and young people, with offerings to help them safely navigate and actively shape the digital world.

Opportunities and risks

The Telekom Austria Group sees promoting interaction with digital media as an opportunity. The safe and skilled use of new media is increasingly essential for employability, and therefore also contributes to closing the digital gap.

Above all, risks in handling digital media pose challenges to exposed groups – children, young people and digital beginners – which those affected can solve themselves to a limited extent only – this can range from addiction, bullying or isolation to rising cybercrime. With its initiatives, the A1 Telekom Austria Group is helping to teach people how to use new media properly and safely.

Implementation / results 2020

For children and young people in particular, the digital transformation is giving rise to new skills requirements that are decisive for their future employability. At the same time, the COVID-19 pandemic has seen rapid growth in digitalization around the world as home schooling, working from home and socializing with family and friends virtually have become a part of everyday life. This has led to a high level of demand for training in digital teaching concepts, particularly for schools. To address this, in Austria A1 expanded its range of established webinars for elementary school teachers to include additional series of "First Aid Online Workshops" for teaching in the digital classroom aimed specifically at educators during the lockdown and the summer months ahead of the 2020 / 2021 school year. Activities increasingly also focused on the development of interactive online formats specially designed for children and young people as an alternative to the existing regular program. There are also online parents' evenings where parents can learn about both the positive aspects of the digital world and the online usage habits of children, and how to protect them from potential dangers. They also shed light on negative aspects such as cyberbullying, hate speech and excessive Internet use. Moreover, in cooperation with Sigmund Freud University, the education initiative in Austria published the guidebook "Digital Worlds. When Fun Becomes Dependence" in 2020. This is about growing up in the digital world and tells parents all about the risks and opportunities to be found on the Internet. In particular, the book is intended to serve parents as a compass with which they can guide their children as they grow up confidently and with media skills in the digital and real worlds. A1 in North Macedonia is also focusing on safety workshops for preschool children. Digital brochures are also available for download on the website. For the older generation especially, at the beginning of October 2020, A1 launched the #ionline campaign in Belarus with the aim of providing training to actively support Internet beginners as they take their first steps in the digital world.

5. Employee matters

The materiality analysis established that fair and flexible working conditions within the company are another core element in the area of employee matters. Fair and flexible working means creating a framework that enables flexible work in terms of time and location while satisfying all the statutory conditions.

The A1 Telekom Austria Group had 17,949 employees / full-time equivalents (FTE) as of the end of 2020 (2019: 18,344). FTEs in the Austria segment were reduced by 4.0% to 7,320 employees as part of the ongoing restructuring measures. 38% of employees in the Austria segment have civil servant status (2019: 42%).

Employees[1] as of 31 December 2020

	2020	2019	Change (in %)
Austria	7,320	7,625	-4.0
Bulgaria	3,329	3,620	-8.0
Croatia	1,872	1,908	-1.9
Belarus	2,385	2,412	-1.1
Slovenia	532	513	3.6
Serbia	1,370	1,127	21.6
North Macedonia	776	768	1.0
Holding incl. A1 Digital	366	372	-1.6
A1 Telekom Austria Group	**17,949**	18,344	**-2.2**

1) Full-time equivalents

Mobile and flexible working environments

Concept

Not only did the extraordinary challenges in the wake of the 2020 COVID-19 pandemic in 2020 show that the infrastructure of the A1 Telekom Austria Group is pivotal, especially in times like these, and fit for the future. They also made digital living and working even more of a priority. In recent years, the company has already offered employees the flexibility of digital and virtual working conditions, allowing them to work whenever and wherever they want, with new ways of working (remote working / working from home, etc.) and open-space working environments. This was one of the main reasons why, when the pandemic situation escalated, the majority of employees were able to start working from home practically "overnight" with actually no detrimental impact to their work. In addition to enabling mobile and flexible ways of working, the health of employees always was and still is the top priority.

The principle of crisis management at the A1 Telekom Austria Group is to safeguard a reliable infrastructure and quality of service while preserving employees' lives, health, motivation and productivity. Based on this, action was taken in each country according to the locally applicable (and rapidly changing) regulations while sharing information at Group level. Additionally, an internal traffic light system was developed using the internationally applied and established figures for the pandemic, such as the number of positive tests and the rate of new infections. Depending on the traffic light situation, there are other recommendations for protective measures (e. g. moderate distancing for green or strong distancing for yellow). This standardized crisis management framework ensures that all companies of the A1 Telekom Austria Group can flexibly switch between the necessary measures according to the respective local situation.

The employees working in field service, the stores and customer service, etc. played a vital role as a reliable and personally available partner for its customers. Nor should it be forgotten that the A1 Telekom Austria Group, as an operator of system-critical infrastructure, had a particularly important role to play in delivering maximum performance to its customers to allow them to work from home and shift their lives – both personally and professionally – to the digital sphere. Also, flexible working reflects the various working time models (e. g. flexitime, part-time, mobile working, virtual working, mini-sabbaticals).

Opportunities and risks

Among other things, the increased competitiveness resulting from higher employee productivity is seen as an opportunity. Satisfied employees deliver better results and employee satisfaction also improves the perception of the A1 Telekom Austria Group as an attractive employer. This likewise lays the groundwork for ensuring a work / life balance and a healthy working environment. At the same time, however, the growing flexibilization of working life is posing new challenges for employers and employees alike. When working flexibly, work and leisure time often overlap and blend into each other. The risks of the rapid transition from open offices to working from home, in particular owing to COVID-19, include:

- A possible drop in productivity due to a lack of personal responsibility / decision-making flexibility for employees – though with its "daily stand-ups", the A1 Telekom Austria Group used this risk more as an opportunity to get everyone more involved with frequent interaction and employee empowerment
- The risk of isolation, particularly for activities that are already highly digital
- In addition to quick-wins in process digitalization (e. g. e-signature), the transition to digital can also work decelerate the ongoing development of processes and methods on account of the reduced cross-divisional communication and difficult terrain for creative work
- A similar risk is the possible increase in "silo thinking" due to having less contact with interfaces
- Overloading due to dual work / life responsibilities, for single parents in particular, is a gradual risk that can become a stress factor for employees in more prolonged lockdowns especially
- Increased workload

Risk mitigation measures include:
- New collaboration platforms such as MS Teams were rapidly rolled out and employees were trained in how to use it properly
- Pilot platforms for creative cooperation were put to selection committees
- Daily stand-ups and virtual coffees were implemented in a number of areas to ensure contact with and control over all employees
- Best practice sharing was extended for management
- Cross-divisional / high-communication forms of work (e. g. agile working) were expanded further
- Transparent communication by management

To improve work / life balance, the A1 Telekom Austria Group allowed employees to take advantage of special care time, increased vacation use, etc. A Memorandum of Understanding on Flexible Working from the European Works Council outlined a basic Group-wide approach that is defined and implemented in local (works) agreements.

Implementation / results 2020

So called "Pulse surveys" in April / May revealed how employees are coming to terms with the new ways of working – particularly in an environment dominated by the COVID-19 pandemic. A short A1 pulse survey asked employees how they are coping with the COVID-19 crisis. They were asked to give (anonymous) responses to questions such as what new challenges they were facing in their work, how they felt in the current situation and what lessons they wanted to take away from this period into the "new normal" or the future. Well over half the employees who were contacted took part in the surveys. Nearly two thirds of the respondents said they felt "very good" or "good" in the current climate. Specific challenges that were mentioned included the lack of personal contact with colleagues, striking a balance between work and home life and an increased workload. The survey showed that the home schooling situation was particularly challenging. Technical conditions and factors were rated very positively. In response to the question on what employees would like to retain from the initiatives that were put in place after the first wave of the pandemic, the most commonly mentioned items were: workplace flexibility, flexibility of working hours and transparent communication from management. The survey results were used as a basis to formulate and implement measures for the roll-out of "New Ways of Working" at A1.

Transforming skillsets in the workplace and developing employees' digital skills

Concept

Of course, transparent and timely communication with employees and teaching of knowledge and skills did not just start to take on particular significance at the A1 Telekom Austria Group as a result of the COVID-19 pandemic. Digital networks and the eCampus digital learning platform foster skills development and productivity, but they also promote attractive working environments in an overall sense. Constant learning is a key concept in the light of dynamically changing jobs. The eCampus allows employees across the Group to complete training courses flexibly and on a self-organized basis whenever they wish, removing time and location constraints. The wide range of material available shows how much digital learning is fostered and championed within the A1 Telekom Austria Group. The platform features learning formats and content that were developed in-house and procured from external sources. Those interested can make a request to receive access to content from external learning providers such as O'Reilly, Udemy, Bookboon and LinkedIn Learning.

Opportunities and risks

Digitalization – and the associated development of digital skills – is a central aspect of corporate strategy. The ongoing development of employee skills is a key pillar of advancing digitalization.

Increased personal responsibility and thus employee satisfaction – also as a result of being able to work anywhere and at any time – is seen as an opportunity of a digital business model. A wide range of courses is available on eCampus for acquiring skills. There is an additional view for management showing an overview of the training completed by assigned employees, thereby allowing positive intervention to counter low usage of the training available. Multiple mandatory employee interviews (on goals and development) also define training objectives and offer a structure for regularly discussing progress. The courses available are rounded off by special "A1 Learning Topics", from analytics and process automation to new technologies such as 5G. Regular live formats with top management also provide an insight into strategy and goal attainment activities, as well as motivating participants to play an active role in shaping their future. Virtual classroom training is still in the portfolio as well, to facilitate communication across functions and to actively advance digitalization issues. One opportunity of this growth of the training portfolio is that training can be done anywhere and at any time, allowing better learning conditions and improved concentration on the content. One risk is that, when workloads are high, employees may be more likely to shirk eCampus training than classroom sessions. Another risk is that specialist knowledge cannot be offered online to the necessary extent, and that employees generally do not yet have the skills that will be needed in the future.

Implementation / results 2020

In 2020, more than 131,200 courses (2019: around 116,600) have been completed. External A1 partners also have access to these courses to ensure uniform transfer of knowledge and consistent quality standards, particularly for product training.

The A1 learning topics act as signposts for employees in amongst the wide variety of digital courses. These clusters teach basic knowledge, but also further, more in-depth content on strategic future-related issues. They are offered alongside a series of specific expert training programs that cover the most important issues. New training and employee upskilling is becoming an ever more central issue in light of the fast pace of change in jobs and the skills required. For their targeted and individual development, employees and management need information on these skills and how they can be developed. Skills management systems can help. At A1 Austria and A1 Croatia, employees have the chance to trial such a tool and give feedback as part of a pilot project. The following functionalities are available: tool-aided creation of the employee's own skills profile and comparing this profile against selected job profiles, such as agile roles (agile master, product owner) and expert roles (machine learning, process automation). Employees can see which skills they already have and which they have yet to develop. Specific learning proposals are made to help them develop their skills. Ongoing development in employees' current jobs is also supported by learning at skills level. This knowledge facilitates individual and self-organized learning for all. In 2020, 587 employees participated in this pilot project.

Promoting women and diversity

As a digitalization enabler, the A1 Telekom Austria Group helps to shape society in its operational footprint. It sees a transparent attitude towards diversity and the achievement of equal opportunities as part of its social responsibility. Diverse teams with different personalities, perspectives and proficiencies have been proven to deliver better, customer-centric results. There is also evidence that employee diversity leads to customer wishes being better accommodated. Diversity is thus not just a matter of social responsibility, but is also increasingly being seen as a competitive factor. For this reason, it is especially important to the A1 Telekom Austria Group to identify and avoid any form of bias in internal and external collaboration.

While diversity itself is broadly defined (age, equality, sexual orientation, disabilities and skills, etc.), special attention is paid to gender diversity. In Austria especially, there is a low share of women on account of the company's history and social circumstances. To raise the number of woman and to get more women into management positions, work / life balance has been a key point of focus in the last few years especially. Flexible time models and the chance to work from home have been available since long before the COVID-19 pandemic. In the future, the A1 Telekom Austria Group will focus more on "100 % equality" in order to even better accommodate diverse customer requirements.

Establishing diversity as an issue relevant to all parts of the company across the board assists the A1 Telekom Austria Group in its ongoing development as an attractive employer and leading telecommunications provider.

Targets for 2023 [1]	**Status**
Increasing the share of women in management positions to 40 %	36 %
Raising and maintaining the share of women in the company at 40 %	40 %

1) Basis year: 2019

Share of female employees and female managers as of 31 December 2020

	Share of female employees		Share of female managers [1]	
in %	2020	2019	2020	2019
Austria	26	26	18	19
Bulgaria	46	48	47	49
Croatia	43	43	41	37
Belarus	55	54	43	41
Slovenia	44	43	46	45
Serbia	62	60	51	51
North Macedonia	52	47	42	42
A1 Telekom Austria Group [2]	**40**	39	**36**	35

1) Managers include all persons with staff responsibility for at least one employee.
2) Including Holding and A1 Digital

Opportunities and risks

Functionally, thanks to leadership teams, the management structure is positioned much more broadly compared to traditional management board structures that usually have two to three members. In addition to the classic leadership teams, further functions are presented: Consumers, Enterprise and Transformation & Market, to allow more flexible, more focused and less bureaucratic working methods. With the additional participation of Human Resources, Technology and Sales, leadership teams make cross-functional decisions.

One of the opportunities this affords is that diversity leads to better decisions, as it allows broader access to the issues. Studies prove that less diverse teams can result in revenue losses. Different perspectives allow risks to be identified more quickly. Diverse teams often consider more options, find more creative solutions, make decisions based on more comprehensive criteria and are less prone to one-dimensional thinking. Diverse teams are also considered a strong engine for innovation. Companies with a high level of diversity are more likely to be highly profitable, as multiple studies have now shown. The risk of homogeneous teams lies in the limited viewpoints. In general, employees from different backgrounds need longer to work together well, as first they must get to know and understand each other while learning what makes them different. One of the opportunities this affords is that diversity allows risks to be avoided more effectively.

Implementation / results 2020

In the 2020 reporting year, the Group held its first digital diversity training entitled "Unconscious Bias". The purpose of this learning format is to raise awareness of the fact that humans unconsciously act and make decisions in a biased way thousands of times a day. The purpose of this is to make such blind spots transparent, challenge people's perceptions and reevaluate past experiences. The aim of all this is to create an inclusive corporate culture in which A1's employees can develop their individual talents. A total of 1,718 employees took part in this training. More detailed virtual workshops were also organized for managers and other multipliers to enable an in-depth treatment of this subject.

Also, to achieve greater comparability with other companies, A1 in Austria agreed to be evaluated on its advancement of women on the basis of the Women's Career Index (FKi). The independent index examines the career development of women at various management levels and the cultural changes that are moving things forward. The findings of the index ranking put A1 in Austria, which achieved 78 (out of a maximum 100) points, in an above-average (75 points) position compared to other telecommunications and service provider companies in Europe. The study also confirms that the company has comprehensive and successful corporate communications and diverse flexibility measures. At the same time, it is an incentive to create even more attractive working conditions for women.

Key performance indicators

The A1 Telekom Austria Group has set itself the goal of increasing the share of women in management positions to 40% by 2023, while also raising and keeping the overall share of women in the company at above 40%.

6. Human rights

Having joined the UN Global Compact, the A1 Telekom Austria Group is committed to implementing fundamental requirements in the areas of human rights, labor, the environment and combating corruption. This commitment has been acknowledged by being integrated into the Austrian subsidiary's Terms and Conditions, for example. In some countries in which the A1 Telekom Austria Group operates, national laws can make it difficult to ensure that human rights are respected absolutely. Where national law diverges from the A1 Telekom Austria Group's commitment to human rights and sets a lower standard, the Group always endeavors to achieve the higher standard, though the wellbeing of employees is the top priority. In the event of a conflict, the A1 Telekom Austria Group applies national law, at the same time attempting to respect human rights as much as possible.

In Belarus, A1 is the biggest non-state-owned telecommunications company and makes an important contribution to supplying the country's Internet, making it a pathfinder for digitalization. A1 is greatly appreciated as an employer in Belarus, and it supports its employees even in these democratically challenging times. As a company, the A1 Telekom Austria Group does not get involved in political affairs, but it supports the constitutional rights of its employees, including the right to freedom of speech or the right to peaceful demonstration, and it also provides practical assistance, such as a Crisis Committee that helps employees in a difficult situation in the country.

The A1 Telekom Austria Group's commitment in Belarus makes a vital contribution to civil society, and it provides the country's population with a link to Western Europe. It also gives its employees the chance of an international career path.

As in every country in which the A1 Telekom Austria Group operates, as a company it must obey local legal and regulatory requirements. As the country's primary provider, in Belarus A1 brought transparency to the state stipulations limiting Internet availability.

Human rights complaints can be submitted on the compliance whistleblowing platform "tell.me" – even anonymously if so desired – and are carefully processed in conjunction with compliance processes. One complaint was submitted and processed in the 2020 reporting year.

7. Compliance and anti-corruption

Acting with honesty, fairness, and transparency is an important component of the corporate culture at the A1 Telekom Austria Group. In order to achieve this standard of integrity, the company has a comprehensive compliance management system. The example set by top management and the responsibility of all employees for their own actions are particularly important. With the aim of avoiding potential misconduct, the A1 Telekom Austria Group has determined clear rules for acting in a manner complying with the law and with integrity in all business relationships.

The Group-wide Code of Conduct and the Group-wide compliance guidelines for the areas of anti-corruption and conflicts of interest, data protection, antitrust law and capital market compliance help to ensure that acting with integrity is a natural part of day-to-day work. Furthermore, the effectiveness of the compliance management system is supported by regular communication measures and training, the "ask.me" helpdesk, internal audits and the whistleblowing platform "tell.me", which can be used anonymously if so desired. The needs-based further development of the compliance program is ensured by the annual compliance risk assessment, which defines a catalog of risk-focused measures for the coming year. In addition, appropriate controls have been integrated within its business processes.

The design, implementation and effectiveness of the A1 Telekom Austria Group's compliance management system were audited in accordance with IDW PS 980 (German audit standard for compliance) by PwC Wirtschaftsprüfung GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in 2012/2013 and again by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in 2018/2019 for the areas of anti-corruption and integrity, antitrust law and capital market compliance, and were issued with an unqualified audit opinion. KPMG also confirmed that the principles and measures of the A1 Telekom Austria Group's CMS meet the requirements of ISO 19600 (Compliance Management System) and ISO 37001 (Anti-Corruption Management System), the US Foreign Corrupt Practices Act (FCPA), European antitrust legislation and the UN Global Compact.

Group Compliance is aided by local compliance officers based at the subsidiaries in its mission to consistently implement the relevant measures and tools within all the business units. Regular training, optimized for each target group, is provided to permanently embed the principle of integrity in the minds of everyone at the Group. Group-wide training explains the practical aspects of compliance issues and provides tangible case studies. The focus in 2020 was on developing compliance e-learning programs for specific target groups. In 2020, 2,800 employees and managers took part in instructor-led compliance trainings, the majority of which was conducted virtually or online – not least on account of COVID-19. Employees and managers also completed more than 24,200 compliance e-learning courses in 2020 (2019: around 21,300). Employees at the A1 Telekom Austria Group can contact the compliance helpdesk "ask.me" if they would like to have any outstanding questions resolved, and in 2020 the helpdesk responded to approximately 280 (2019: around 530) questions.

Vienna, 8 February 2021
The Management Board

Thomas Arnoldner, CEO
Telekom Austria AG

Alejandro Douglass Plater, COO
Telekom Austria AG

Siegfried Mayrhofer, CFO
Telekom Austria AG