

# Consolidated Corporate Governance Report 2020

## Commitment of the A1 Telekom Austria Group to the Corporate Governance Code

The shares of Telekom Austria AG (in the following also "A1 Telekom Austria Group") have been listed on the Vienna Stock Exchange since November 2000, where the Austrian Corporate Governance Code (ACGC) is generally accepted. The current version of this Code (January 2021) can be viewed at [www.corporate-governance.at](http://www.corporate-governance.at) or [www.a1.group](http://www.a1.group).

The Corporate Governance Code pursues the goal of responsible management and control of companies geared towards a sustainable and long-term creation of enterprise value. It aims to ensure a high degree of transparency for all stakeholders and to serve as an important guideline for investors. The Code is based on the provisions of Austrian stock corporation-, stock exchange, and capital market law, EU recommendations and the OECD Principles of Corporate Governance. The A1 Telekom Austria Group has been committed to voluntary compliance with the ACGC since 2003. The Group complies with all the legal requirements set out by the ACGC in what are referred to as the "L" rules.

To explain the deviations from the ACGC's "C" rules, the A1 Telekom Austria Group has made the following statement regarding Rule 36, Rule 42 and Rule 54 of the ACGC:

- Ad C Rule 36: Given the culture of open discussion within the Supervisory Board, the annual self-assessment of the Supervisory Board as stipulated in Rule 36 of the ACGC is performed every two years. The Supervisory Board in its current form last conducted the self-assessment in the 2019 financial year.
- Ad C Rule 42: The shareholder representatives on the Supervisory Board are appointed in line with the terms of the shareholders' agreement between the controlling shareholder América Móvil and Österreichische Beteiligungs AG (ÖBAG). The Nomination Committee or the entire Supervisory Board submit nomination proposals to the Annual General Meeting as stipulated by these terms, where required by law.
- Ad C Rule 54: The free float of the company (including treasury shares) is 20.58%. The shareholder representatives on the Supervisory Board are appointed in line with the terms of the shareholders' agreement between the controlling shareholder América Móvil and ÖBAG.

In accordance with Rule 62 of the ACGC, the A1 Telekom Austria Group's compliance with the provisions of the ACGC and the accuracy of its public reporting in association with this are evaluated externally every three years. The last

evaluation was performed by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. in the first half of 2020. This evaluation found that the Consolidated Corporate Governance Report of the company for the 2019 financial year ended December 31, 2019 satisfies the legal provisions of section 243b UGB and section 267a UGB in addition to the requirements of the ACGC and the statements made therein.

From the 2020 financial year onwards, information on Management Board remuneration and the main contractual conditions as well as Supervisory Board remuneration can be found in the remuneration policy and in the company's remuneration report to be submitted annually to the Annual General Meeting.

The current valid remuneration policy for the Management Board and Supervisory Board, which was voted on by the Annual General Meeting on September 24, 2020, is available on the A1 Telekom Austria Group website.<sup>1)</sup>

The remuneration report for the Management Board and the Supervisory Board for the 2020 financial year will be presented to the 2021 Annual General Meeting for the first time.

## Composition of Executive Bodies

### The Management Board

The members of the Management Board of Telekom Austria AG as of the end of 2020 were Thomas Arnoldner, Chief Executive Officer (CEO), Alejandro Plater, Chief Operating Officer (COO), and Siegfried Mayrhofer, Chief Financial Officer (CFO).

#### Thomas Arnoldner

Chief Executive Officer (CEO):

Thomas Arnoldner became the Chief Executive Officer of the A1 Telekom Austria Group on September 1, 2018. His contract runs until August 31, 2023.

Thomas Arnoldner was born in 1977. He studied business administration at the Vienna University of Economics and Business and at the Stockholm School of Economics.

1) See [https://cdn1.a1.group/final/en/media/pdf/agm2020\\_Remuneration\\_policy\\_Management\\_Board.pdf](https://cdn1.a1.group/final/en/media/pdf/agm2020_Remuneration_policy_Management_Board.pdf) or [https://cdn1.a1.group/final/en/media/pdf/agm2020\\_Remuneration\\_policy\\_Supervisory\\_Board.pdf](https://cdn1.a1.group/final/en/media/pdf/agm2020_Remuneration_policy_Supervisory_Board.pdf)

Thomas Arnoldner's professional career began at Alcatel Austria in 2003. After holding various positions within the company, he was made the CEO of Alcatel-Lucent Austria AG in 2013. From 2015 to 2016, he was part of the integration team for Nokia's acquisition of Alcatel-Lucent and developed the combined company's European market strategy. From 2016 to 2017, he was in charge of Nokia's European growth strategy in its Smart City, National Broadband Program, and Public Safety areas and responsible for the country strategies of its key growth markets. He was the Managing Director of T-Systems Austria GesmbH from 2017 to 2018.

Thomas Arnoldner holds Supervisory Board mandates at the following subsidiaries: A1 Telekom Austria (Austria), A1 Bulgaria (Bulgaria), A1 Hrvatska (Croatia), A1 Slovenija (Slovenia), Vip mobile (Serbia), A1 Makedonija (North Macedonia). Thomas Arnoldner is also a member of the Management Board of the parent company (SB Telecom) of A1 Belarus (Belarus). Thomas Arnoldner does not hold any supervisory board mandates outside the A1 Telekom Austria Group.

### **Alejandro Plater**

Chief Operating Officer (COO):

Alejandro Plater was appointed as the Chief Operating Officer (COO) of the A1 Telekom Austria Group on March 6, 2015. In the period from August 1, 2015, to August 31, 2018, Alejandro Plater was also the Chief Executive Officer (CEO) in addition to being the COO. His contract runs until August 31, 2023.

Alejandro Plater, born in 1967, has had a long international career in the telecommunications industry. He started at Ericsson in 1997 as Sales Director for Argentina and shortly thereafter took on the responsibility of Head of Business Development. In 2004, he moved to the group's global headquarters in Stockholm, Sweden, to take up the position of Sales Director for the Latin America region. Two years later, Plater was appointed Sales Director for Mexico and, in the following year, he was appointed Vice President and Key Account Manager for major clients. Alejandro Plater studied Business Administration at the University of Buenos Aires and has completed several post-graduate management studies at Columbia University and the Wharton School in the USA and at the London Business School in the UK.

Alejandro Plater holds Supervisory Board mandates at the following subsidiaries: A1 Telekom Austria (Austria), A1 Bulgaria (Bulgaria), A1 Hrvatska (Croatia), A1 Slovenija (Slovenia), Vip mobile (Serbia), A1 Makedonija (North Macedonia). Alejandro Plater is also a member of the Management Board of the parent company (SB Telecom) of A1 Belarus (Belarus). Alejandro Plater has been a member of the Supervisory Board of the Dutch telecommunications group KPN, in which América Móvil holds a stake, since September 2020.

### **Siegfried Mayrhofer**

Chief Financial Officer (CFO):

Member of the Management Board since June 1, 2014. His contract runs until August 31, 2023.

Siegfried Mayrhofer, born in 1967, studied Industrial and Mechanical Engineering at the Graz University of Technology.

He began his professional career in 1994 at Voest Alpine Eisenbahnsysteme in the international division for the acquisition of investments. From 1998 to 2000, he served as a consultant to Constantia Corporate Finance for mergers and acquisitions in various industries.

Siegfried Mayrhofer joined Telekom Austria AG in March 2000. After holding various management positions (including Head of Corporate Planning and Group Controlling, Fixed-Line Controlling, Fixed-Line Accounting), he became CFO of Telekom Austria TA AG in July 2009. Siegfried Mayrhofer was the Chief Financial Officer of A1 Telekom Austria AG from July 8, 2010, to May 31, 2015.

Siegfried Mayrhofer holds Supervisory Board mandates at the following subsidiaries: A1 Telekom Austria (Austria), A1 Bulgaria (Bulgaria), A1 Hrvatska (Croatia), A1 Slovenija (Slovenia), Vip mobile (Serbia), A1 Makedonija (North Macedonia).

Siegfried Mayrhofer is also a member of the Management Board of the parent company (SB Telecom) of A1 Belarus (Belarus). Siegfried Mayrhofer does not hold any supervisory board mandates outside the A1 Telekom Austria Group.

### **Supervisory Board**

The Supervisory Board of Telekom Austria AG comprises ten members, elected by the Annual General Meeting. The Central Works Council of A1 Telekom Austria AG delegates four members and one member is delegated by the Staff Council of Telekom Austria AG. Employee co-determination on the Supervisory Board is a legally regulated aspect of the corporate governance system in Austria.

The Supervisory Board appointments of Dr. Karin Exner-Wöhrer and Alejandro Cantú Jimenez were extended at the Annual General Meeting on September 24, 2020. In October 2020, Walter Hotz, who was appointed by the Works Council, left the company and Gerhard Bayer was appointed to the company's Supervisory Board in his place.

In accordance with section 86 (7) AktG, the Supervisory Board must consist of at least 30% women and at least 30% men (gender quota). Based on the declarations by members of the Supervisory Board in accordance with section 86 (9) AktG, singular fulfillment of the gender quota in the Supervisory Board is required. Consequently, at least three of the ten members of the Supervisory Board elected by the Annual General Meeting or Supervisory Board mandates must be women. As of the end of 2020, three of the ten members of the Supervisory Board elected by the Annual General Meeting are women.

The "Arbeitsverfassungsgesetz" (Austrian Labor Constitutional Act) imposes special regulations for the fulfillment of the gender ratio among employee representatives, namely that the gender ratio does not apply to employee representatives if there is no group works council.

## Members of the Supervisory Board of Telekom Austria AG

as of December 31, 2020

Name (year of birth)	Profession
Edith Hlawati, Chairperson (1957)	Senior Partner at CERHA HEMPEL Rechtsanwälte GmbH
Carlos García Moreno Elizondo, Deputy Chairperson (1957)	CFO América Móvil, S.A.B. de C.V. (Mexico)
Alejandro Cantú Jiménez (1972)	General Counsel América Móvil, S.A.B. de C.V. (Mexico)
Karin Exner-Wöhrer (1971)	CEO Salzburger Aluminium AG
Peter Hagen (1959)	Business Consultant
Carlos M. Jarque (1954)	Executive Director of International Affairs, Government Relations and Corporate Affairs, América Móvil, S.A.B. de C.V. (Mexico)
Peter F. Kollmann (1962)	CFO Verbund AG
Daniela Lecuona Torras (1982)	Head of Investor Relations, América Móvil, S.A.B. de C.V.
Thomas Schmid (1975)	CEO Österreichische Beteiligungs AG
Oscar Von Hauske Solís (1957)	CEO Telmex Internacional (Mexico), Chief Fixed-Line Operations Officer América Móvil, S.A.B. de C.V. (Mexico)

### Members of the Supervisory Board delegated by the Staff Council

Walter Hotz (1959)	Chairperson of the Staff Committee Vienna, Lower Austria and Burgenland of A1 Telekom Austria AG Chairperson of the European Works Council of A1 Telekom Austria Group
Gerhard Bayer (1967)	Deputy Chairperson of the Central Works Council of A1 Telekom Austria AG
Gottfried Kehrer (1962)	Member of the Central Works Council of A1 Telekom Austria AG
Werner Luksch (1967)	Chairperson of the Central Works Council of A1 Telekom Austria AG Member of the European Works Council of A1 Telekom Austria Group
Renate Richter (1972)	Member of the Central Works Council of A1 Telekom Austria AG
Alexander Sollak (1978)	Chairperson of the Staff Council Committee of Telekom Austria AG Secretary-General of the European Works Council of A1 Telekom Austria Group

- 1) Term of office ends at the Annual General Meeting dealing with the 2020 financial year (provisionally May 2021).
- 2) Term of office ends at the Annual General Meeting dealing with the 2021 financial year (provisionally May 2022).
- 3) Term of office ends at the Annual General Meeting dealing with the 2022 financial year (provisionally May 2023).
- 4) Term of office ends at the Annual General Meeting dealing with the 2023 financial year (provisionally May 2024).

### Independence of the Supervisory Board

The guidelines set out by the Supervisory Board in 2006 to determine the independence of its members were adjusted in 2009 to comply with the modified provisions of the Austrian Corporate Governance Code and are consistent with Annex 1 of the current version of the Code. According to these provisions, the members of the Supervisory Board are deemed to be independent if they have no business or personal relations with the company or its Management Board that could result in a material conflict of interest and thus influence the members' behavior.

The free float of the company (including treasury shares) is 20.58%. The shareholder representatives on the Supervisory Board are appointed in line with the terms of the shareholders' agreement between the controlling shareholder América Móvil and ÖBAG.

Pursuant to section 95 (5) no. 12 AktG, the Supervisory Board approves contracts between the company and members of the Supervisory Board. In this context, the Supervisory Board approved contracts in connection with communication services between A1 and members of the Supervisory Board and their companies, as well as contracts relating to energy supply and a sales partnership with Verbund AG. All contracts and the sales partnership are based on market standards.

Other Supervisory Board mandates and similar functions at other listed companies (as per the ACGC)	First appointed	End of current term of office on Supervisory Board of Telekom Austria AG or date of departure	Independence as per Rule 53 of the ACGC
Österreichische Post AG (Chairperson)	May 30, 2018 Chairperson; June 28, 2001–May 29, 2013 Member of the Supervisory Board	2023 <sup>3)</sup>	yes
	August 14, 2014	2023 <sup>3)</sup>	yes
	August 14, 2014	2023 <sup>3)</sup>	yes
	May 27, 2015	2023 <sup>3)</sup>	yes
	May 25, 2016	2021 <sup>1)</sup>	yes
	August 14, 2014	2022 <sup>2)</sup>	yes
	September 20, 2017	2021 <sup>1)</sup>	yes
	May 30, 2018	2022 <sup>2)</sup>	yes
Verbund AG (Chairperson), OMV AG (Deputy Chairperson)	May 29, 2019	2024 <sup>4)</sup>	yes
	October 23, 2012	2023 <sup>3)</sup>	yes
	Re-delegated on May 6, 2011	October 4, 2020	
	October 5, 2020		
	October 27, 2020		
	August 3, 2007 to October 20, 2010 Re-delegated on January 11, 2011		
	October 12, 2018		
	November 3, 2010		

## Information concerning the working methods of the Management Board and the Supervisory Board

The A1 Telekom Austria Group complies with established principles to ensure sustainable, value-enhancing corporate development and is committed to the principles of transparency and a policy of open communication. The group-wide areas of competence and responsibility are clearly regulated by the Articles of Association of Telekom Austria AG and the relevant statutory provisions. In addition, the duties, responsibilities and working methods are also described in greater detail in the Rules of Procedure for the Management Board and the Supervisory Board.

The Management Board defines the strategic focus of the Group in consultation with the Supervisory Board and provides the latter with regular reports on the implementation of the strategy as well as on the company's current situation, including its risk situation. Furthermore, the Supervisory Board is authorized to demand reports from the Management Board at any time on matters concerning the A1 Telekom Austria Group.

The Supervisory Board has set up three committees, which provide effective support by carrying out preparatory work on selected tasks and issues on behalf of the Supervisory Board:

- In the 2020 reporting year, the **Remuneration Committee** consisted of Edith Hlawati (Chair), Carlos García Moreno Elizondo (Deputy) and Oscar Von Hauske Solís. This committee is responsible for regulating relationships between the company and the members of the Management Board and thus for structuring and implementing Management Board remuneration based on the remuneration policy. Resolutions concerning the appointment of Management Board members (or revocation thereof) and granting share-based remuneration elements are resolved by the Supervisory Board as a whole.

In 2020, the Remuneration Committee held four meetings. It particularly focused on developing the remuneration policy for the Management Board and the Supervisory Board, which was approved by the Supervisory Board on the recommendation of the Remuneration Committee and presented to the Annual General Meeting for the first time in 2020.

- In line with the statutory provisions, at five committee meetings in 2020 the **Audit Committee** dealt primarily with the audit of and preparation for the adoption of the Annual Financial Statements, the audit of the Consolidated Financial Statements, the proposal for the distribution of profit, the Management Report, the Group Management Report, and the consolidated Corporate Governance Report and the consolidated non-financial report. High priority was also given to monitoring the accounting process, the effectiveness of the internal control system, the internal audit system, and the risk management system. Furthermore,

the Audit Committee prepared the appointment of the auditor and verified the independence of the auditor of the Annual and Consolidated Financial Statements, particularly with regard to the performance of additional services.

As of the end of 2020, the Audit Committee consisted of Carlos García Moreno Elizondo as its Chairman and financial expert (in accordance with section 92 (4a) AktG), Thomas Schmid, Oscar Von Hauske Solís, Carlos M. Jarque, Peter Hagen, Peter Kollmann and Gerhard Bayer (since October 5, 2020; previously Walter Hotz), Werner Luksch and Alexander Sollak as the employee representatives.

- The **Staff and Nomination Committee** submits proposals to the Supervisory Board for appointments to positions on the Management Board and Supervisory Board<sup>2)</sup> that have become vacant, and also deals with questions of succession planning. Its members are Oscar Von Hauske Solís (Chairman), Edith Hlawati, Carlos García Moreno Elizondo, Carlos M. Jarque, Alejandro Cantú Jiménez and Peter Kollmann in addition to Gerhard Bayer (since October 5, 2020; previously Walter Hotz), Werner Luksch and Alexander Sollak. The Staff and Nomination Committee did not hold any meetings in the 2020 financial year.

In the 2020 financial year, the Supervisory Board addressed the strategic orientation of the A1 Telekom Austria Group and its business performance in detail at six meetings of the Supervisory Board and nine committee meetings. The main activities of the Supervisory Board in 2020 are compiled in the Supervisory Board's report to the Annual General Meeting. In the year under review, no member of the Supervisory Board attended fewer than 50 % of the Supervisory Board meetings.

To guarantee uniform management of the Group, members of the Management Board of Telekom Austria AG hold Supervisory Board mandates at the following material subsidiaries: A1 Telekom Austria (Austria), A1 Bulgaria (Bulgaria), A1 Hrvatska (Croatia), A1 Slovenija (Slovenia), Vip Mobile (Serbia) and A1 Makedonija (North Macedonia); they are also members of the Management Board of the parent company (SB Telecom) of A1 Belarus (Belarus).

## Measures to promote Women and Diversity in the A1 Telekom Austria Group (Diversity Concept)

Women account for three of the ten shareholder representatives and one of the five employee representatives on the Telekom Austria AG Supervisory Board. There is no female representation on the Management Board of Telekom Austria AG. At the subsidiaries of the A1 Telekom Austria Group, seven management positions (out of a total of 16) and eight Supervisory Board positions are held by women. The proportion of female managers was 36 % as of the end of 2020.

2) See also information on C Rule 42.

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%.

The A1 Telekom Austria Group 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. Diversity is thus not just a matter of social responsibility issue, but also represents an essential criterion in the pursuit of our corporate goals. In the future, the A1 Telekom Austria Group will particularly focus more on diversity as part of the topic of "gender diversity." While diversity itself is broadly defined, 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 women 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 working time models and the chance to work from home have been available since long before the COVID-19 pandemic. To achieve greater comparability with other companies, the A1 Telekom Austria Group agreed to be evaluated on its advancement of women on the basis of the Women's Career Index (FKi) in Austria. 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 points (out of a maximum of 100), in an above-average position (75 points) compared with 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.

Comprehensive information on the promotion of women and diversity can be found in the consolidated non-financial report.

## Appointments to the Management Board and Supervisory Board of the A1 Telekom Austria Group

When selecting and appointing members of the company's Management Board, the Supervisory Board places emphasis on the skills and expertise necessary to manage a telecommunications company. Decisions are also based on other criteria such as educational background and career history, age, gender, and general personality traits.

The shareholder representatives on the Supervisory Board and the members of the company's Management Board are appointed in line with the terms of the shareholders' agreement between the controlling shareholder América Móvil and ÖBAG.<sup>3)</sup>

## Changes after the Reporting Date

A1 Telekom Austria Group is currently working on the development of alternatives that would allow it to reap more benefits from its passive mobile infrastructure (the so-called "Tower Business") through a targeted management focus on internal efficiencies and higher tenancy ratios of mobile sites.

January 2021 was characterized by lockdown measures in all segments in which A1 Telekom Austria Group operates. It also cannot be precluded that these measures will continue for a longer period of time. As in previous lockdown periods, A1 Telekom Austria Group does not expect a significant impact on operating income (EBIT). For the full year 2021, roaming revenues are expected to recover partly, although it is assumed that travel activity will continue to be strongly reduced compared to the times before the outbreak of the pandemic.

Vienna, February 2021  
The Management Board

Thomas Arnoldner, CEO  
Telekom Austria AG

Alejandro Plater, COO  
Telekom Austria AG

Siegfried Mayrhofer, CFO  
Telekom Austria AG

3) See also information on C Rule 42.