

Consolidated Corporate Governance Report 2021

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 or 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 company-, 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 2021 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.¹⁾

The remuneration report for the Management Board and the Supervisory Board for the 2020 financial year was presented to the Annual General Meeting on May 14, 2021 for the first time and is available on the website of the A1 Telekom Austria Group²⁾. The remuneration report for the financial year 2021 will be presented to the Annual General Meeting in 2022.

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.

1) See 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

2) See https://cdn1.a1.group/final/en/media/pdf/agm2021_Remuneration%20Report.pdf

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. 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), A1 Srbija (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. 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), A1 Srbija (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), A1 Srbija (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.

At the Annual General Meeting on May 14, 2021, the Supervisory Board mandates of Dr. Peter Hagen and Dr. Peter Kollmann were extended. Thomas Schmid resigned from the Supervisory Board in June 2021. At the Extraordinary General Meeting on September 6, 2021, Dr. Christine Catasta was elected to the Supervisory Board.

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.

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.

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 2021 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 2021, the Remuneration Committee held seven 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 2021.
- ▶ In line with the statutory provisions, at five committee meetings in 2021 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 2021, the Audit Committee consisted of Carlos García Moreno Elizondo as its Chairman and financial expert (in accordance with section 92 (4a) AktG), Christine Catasta (since September 6, 2021; previously Thomas Schmid until June 8, 2021), Oscar Von Hauske Solís, Carlos M. Jarque, Peter Hagen, Peter Kollmann and Gerhard Bayer, Werner Luksch and Alexander Sollak as the employee representatives.

- ▶ The **Staff and Nomination Committee** submits proposals to the Supervisory Board³⁾ for appointments to positions on the Management Board and Supervisory Board 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, Werner Luksch and Alexander Sollak. The Staff and Nomination Committee did not hold any meetings in the 2021 financial year.

3) See also information on C Rule 42

Members of the Supervisory Board of Telekom Austria AG as of year-end 2021

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)
Christine Catasta (1958)	CEO Österreichische Beteiligungs AG (ÖBAG)
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)	
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

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

In the 2021 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 twelve committee meetings. The main activities of the Supervisory Board in 2021 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), A1 Srbija (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 four 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, nine management positions (out of a total of 20) and nine Supervisory Board positions are held by women.

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%. In 2021, the share of women in management positions was 36% (2020: 36%), with women accounting for 39% (2020: 40%) of the company's workforce.

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)	30.05.2018 Chairperson; 28.06.2001–29.05.2013, Member of the Supervisory Board	2023 ²⁾	yes
	14.08.2014	2023 ²⁾	yes
Verbund AG (deputy chairperson), OMV AG (first deputy chairperson)	14.08.2014	2023 ²⁾	yes
	06.09.2021	2022 ¹⁾	yes
	27.05.2015	2023 ²⁾	yes
	25.05.2016	2024 ³⁾	yes
	14.08.2014	2022 ¹⁾	yes
	20.09.2017	2024 ³⁾	yes
	30.05.2018	2022 ¹⁾	yes
29.05.2019	08.06.2021	yes	
23.10.2012	2023 ²⁾	yes	
	05.10.2020		
	27.10.2010		
	03.08.2007 to 20.10.2010, Re-delegated on 11.01.2011		
	12.10.2018		
	03.11.2010		

Diversity, equity and inclusion are key components of the ESG strategy. Diversity within the A1 Team opens up enormous potential for the Group. Different skills, perspectives and experiences offer a wide range of options for learning together and from each other, and thereby arriving at better solutions for A1 customers, for employees and for the company.

“Diversity, Equity and Inclusion” (DE&I) is the catch-all term for initiatives and projects relating to these issues. A number of DE&I initiatives were launched in 2021 and programs were implemented to actively pursue goals in the area of promoting women and diversity. The DE&I Policy forms a Group-wide framework for these issues. This policy has been published on the A1 Telekom Austria Group’s ESG website.

While diversity itself is broadly defined (age, equality, 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 women and to get more women into management positions, the compatibility of family and work has been a key point of focus in the last few years especially.

However, flexible time models and the chance to work from home have been available since long before the COVID-19 pandemic.

New Group-wide online training has also been used since 2021 to teach a basic understanding of diversity. Promoting women continues to be a key priority within diversity. A1 in Austria is clearly focused on increasing the share of women in management positions and the share of women in general. New networks and training are intended to create a better framework for this.

Recruitment activities tailored to specific target groups and new wording to be used in job advertisements in Austria are intended to help remove gender-specific barriers. Job adverts now address all genders, and also point out that women will be hired given equal qualifications.

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.⁴⁾

Changes after the Reporting Date

No reportable events have occurred since 31 December 2021.

Vienna, February 2022
The Management Board



Thomas Arnoldner, CEO
Telekom Austria AG



Alejandro Plater, COO
Telekom Austria AG



Siegfried Mayrhofer, CFO
Telekom Austria AG

4) See also information on C Rule 42