

Consolidated non-financial report

Consolidated non-financial report¹⁾ 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

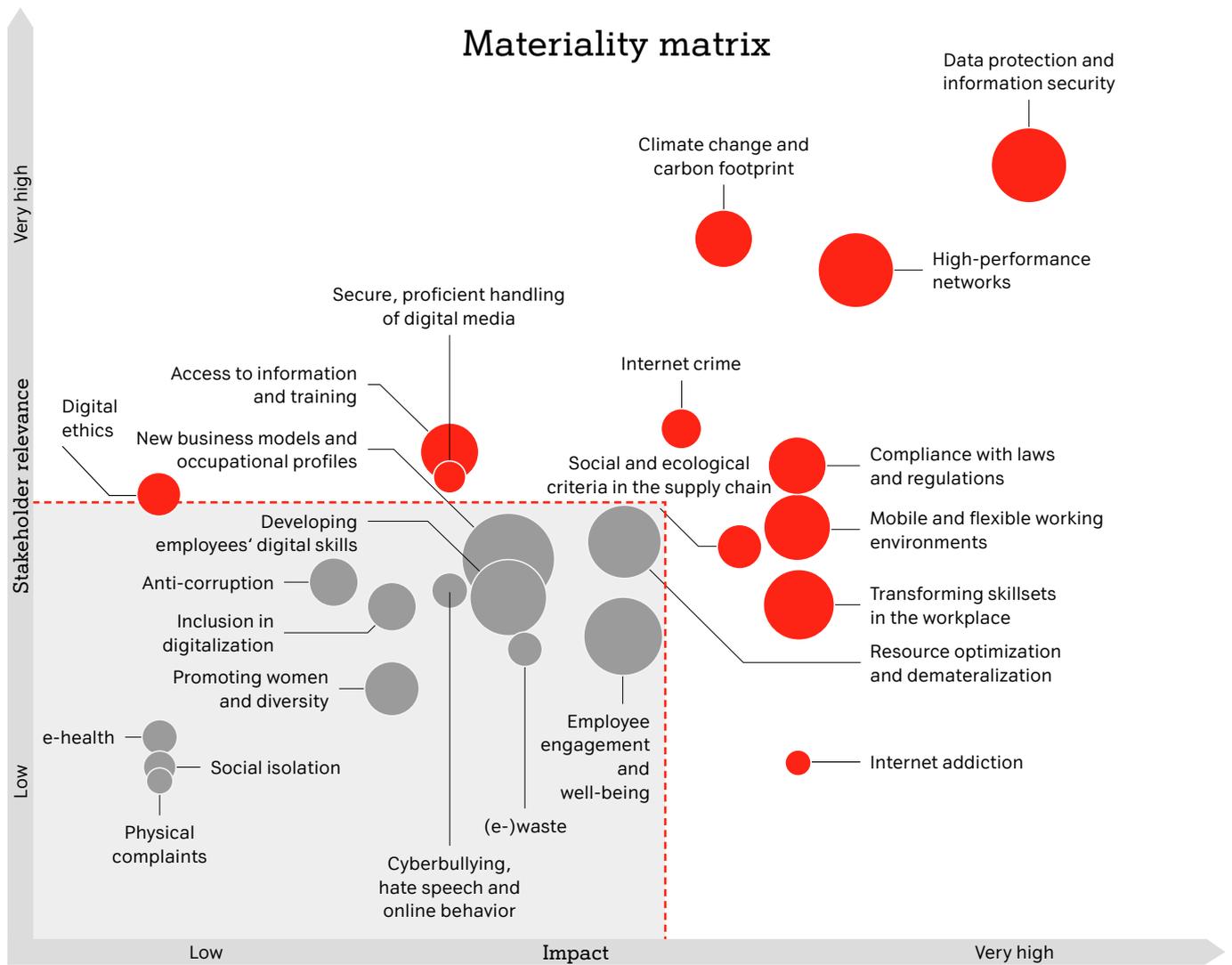
Telekom Austria AG, listed on the Vienna Stock Exchange, is a leading provider of digital services and communications solutions in Central and Eastern Europe with around 25 million customers in seven countries: Austria, Bulgaria, Croatia, Slovenia, Belarus, North Macedonia (A1), and Serbia (Vip mobile). 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. See the 2019 Group Management Report and Consolidated Financial Statements for information on business operations and the scope of 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 topics and material impacts. The materiality analysis takes place on a regular basis (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 relevant topics for A1 Telekom Austria Group, on which is reported in the course of the non financial report. Points size represents the business relevance for A1 Telekom Austria Group. A topic's importance is based on its impact on the environment, society and the economy as well as how relevant it is to A1 Telekom Austria Group's stakeholders. Thus, the topics most important to A1 Telekom Austria Group are those that have the biggest impact and those that are most relevant to the stakeholders. As an additional dimension, the topics were assessed with regard to their business relevance for A1 Telekom Austria Group. This allows a perspective that takes into account the topics' sustainability context and their economical significance for the company.

1. Information on the topics 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 online survey was sent to the management of the A1 Telekom Austria Group. 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.

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 A1 Telekom Austria Group companies undertake to comply with stringent data protection standards. They take comprehensive and wide-ranging measures to safeguard the security of customer data.

Key performance indicator

The A1 Telekom Austria Group continuously promotes training and further education regarding security and data protection. More than 22.000 e-learning modules on the topic of data protection were completed throughout the Group in 2019 (2018: 23,800).

Opportunities and risks

The A1 Telekom Austria Group reports on the material risks relating to security and data protection in the risk report in the 2019 Group Management Report. These risks include the unauthorized use of personal data and cyberattacks on IT infrastructure. The 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.

Implementation / results 2019

The respective companies of the A1 Telekom Austria Group cooperate on a regular basis with authorities in the interest of continuously improving cybersecurity. For example, A1 in Austria was involved in the sector risk analysis conducted by Rundfunk- und Telekom-Regulierungsbehörde (RTR), which aims to analyze risks inherent in the telecommunications industry and use the findings as a basis to develop recommendations for network and service operators and public authorities. A1's CERT (Computer Emergency Response Team) shares any security expertise that is gained within the national CERT association ATC (Austrian Trust Circle), within the A1 Telekom Austria Group itself and at expert conferences.

Business operation matters	Social matters	Employee matters	Environmental matters	Respect for human rights	Combating corruption and bribery
<ul style="list-style-type: none"> ▶ Data protection and information security ▶ High performing Networks 	<ul style="list-style-type: none"> ▶ Internet crime + access to information and training + Internet addiction + secure, proficient handling of digital media 	<ul style="list-style-type: none"> ▶ Mobile and flexible working environments ▶ Transforming skillsets in the workplace + developing employees' digital skills 	<ul style="list-style-type: none"> ▶ Climate change and carbon footprint ▶ Resource optimization and dematerialization 	<ul style="list-style-type: none"> ▶ Social and ecological criteria in the supply chain 	<ul style="list-style-type: none"> ▶ Anti-corruption

Management systems

Various measures and management systems are adopted in order to mitigate against risks (see 2019 Management Report) 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 the Republic of North Macedonia), the security information policy, security information standards, and business continuity plans (see also 2019 Group Management Report). 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. In response to the broader requirements for companies imposed by the General Data Protection Regulation of the European Union, the position of data protection officer in Austria has been created within the A1 Telekom Austria Group and the processes for projects and products and the risk assessment have been adjusted. The management systems are regularly evaluated. For example, the ISO certifications are evaluated annually. Effectiveness is reviewed and monitored regularly on the basis of predefined key figures, which are not disclosed for competitive reasons. Adjustments are made throughout the year as necessary.

High-performance infrastructure

Concept

The high-performance, future-proof infrastructure of the A1 Telekom Austria Group provides a reliable basis for achieving this. Accordingly, it was continuously expanded once again in 2019. Convergence, i.e., the intelligent combination of mobile and fixed-line, enables efficient and extended regional coverage with increasingly large bandwidths. That is why the A1 Telekom Austria Group is already present as a convergent provider in six out of seven core markets in its operational catchment area (Austria, Bulgaria, Croatia, Belarus, Slovenia, and North Macedonia). In order to account for the requirements of mobile communication technologies such as 5G and new services based on them, the roll-out of fiber to mobile base stations is being driven forward. 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 increasingly gaining in importance as the third pillar of the A1 Telekom Austria Group's infrastructure strategy.

Key performance indicator

Investment (CAPEX) made by the A1 Telekom Austria Group amounted to around EUR 879.8 million in the fiscal year 2019, with broadband expansion being one of the focus areas.

Opportunities and risks

The A1 Telekom Austria Group reports on the material risks relating to communication infrastructure in the risk report in the 2019 Group Management Report.

With regard to opportunities, the ongoing protection and continuous improvement of the communication infrastructure and supply performance provide a quality advantage as well as an enhanced image and reputation, and thus potentially represent a market and competitive advantage.

Implementation / results 2019

Mobile

The A1 Telekom Austria Group offers the LTE (long-term evolution) mobile communication standard in Austria, Bulgaria, Croatia, Slovenia, Serbia, and North Macedonia through its own infrastructure. A1 in Belarus has likewise been offering LTE services since mid-March 2019. In addition, the roll-out of 4G LTE Advanced Pro further accelerated the expansion in the supply of superfast Internet in Austria, Croatia, Slovenia, Serbia and North Macedonia once again in 2019.

In 2019, preparations for the new generation of mobile communications, 5G, were also a key issue in Austria in particular. At the frequency auction for the 3.5 GHz range in spring 2019, it was possible to acquire between 100 MHz and 140 MHz of bandwidth depending on the region. In addition to purchasing these frequencies at auction, A1 pressed ahead with the roll-out of mobile base stations with 5G equipment in the year under review.

Fixed-line

In Austria, the fixed-line broadband expansion was continuously 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. This is being achieved through a combination of vectoring – a technology for suppressing interfering signals – and transmission technologies such as VDSL2 and G.fast. The target transmission rates are several 100 Mbps for medium line distances.

Management systems

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 in the course of the upcoming years increasingly automatize the operation of networks and bring more flexibility. 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 carried out successfully once again in 2019.

3. Material environmental matters

Climate change and carbon footprint

Concept

The A1 Telekom Austria Group's energy consumption and the resulting CO₂ emissions represent the Group's biggest impact in terms of climate change. Approximately 80% of the Group's total energy consumption results from the electricity required

to operate its network. One of the most important environmental measures is to achieve maximum efficiency in this regard and to reduce the energy demand as far as possible. The A1 Telekom Austria Group therefore pursues an approach of stabilizing or reducing energy demand and improving efficiency while simultaneously reducing CO₂ emissions. It seeks to ensure that its network design is as ecological as possible, depending on the framework conditions. The A1 Telekom Austria Group has summarized its commitment in a Group-wide environmental policy.

Direct and indirect energy (in MWh)

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

2019	Electricity ¹⁾	Fuels for Heating ²⁾	District heating	Fuels ³⁾	Total energy consumption
Austria	309,466	14,496	29,006	42,798	395,766
Bulgaria	120,578	124	418	10,528	131,648
Croatia	68,666	61	3,437	5,484	77,649
Belarus	91,966	375	3,768	4,074	100,183
Slovenia	32,253	0	289	1,489	34,031
Serbia	62,739	78	1,430	2,932	67,180
North Macedonia	31,477	0	0	1,633	33,110
A1 Telekom Austria Group	717,145	15,135	38,349	68,938	839,567
2018					
Austria	300,588	14,281	30,165	45,305	390,339
Bulgaria	116,619	113	325	11,035	128,092
Croatia	65,421	88	3,378	5,768	74,654
Belarus	84,645	0	3,684	4,703	93,033
Slovenia	30,024	0	255	1,479	31,758
Serbia	51,583	82	1,430	2,835	55,930
North Macedonia	30,125	0	0	1,917	32,043
A1 Telekom Austria Group	679,005	14,564	39,238	73,043	805,850
Change (in %)					
Austria	3%	2%	-4%	-6%	1%
Bulgaria	3%	10%	29%	-5%	3%
Croatia	5%	-30%	2%	-5%	4%
Belarus	9%	n. a.	2%	-13%	8%
Slovenia	7%	n. a.	13%	1%	7%
Serbia	22%	-5%	0%	3%	20%
North Macedonia	4%	n. a.	n. a.	-15%	3%
A1 Telekom Austria Group	6%	4%	-2%	-6%	4%

The environmental indicators for fiscal year 2019 were not yet available at the time of preparation. In the table above, the figures include the period from November 1, 2018 to October 31, 2019, which can be considered a representative comparison period for fiscal year 2019. If no data was available for this period, latest available data from the past were applied. As there were no significant changes in demand, no fluctuations are assumed.

Tables are subject to rounding differences. Numbers have been compiled with special diligence, blurring, due to assumptions may occur.

2019 sources for the conversion factors were reviewed and if necessary replaced with more accurate and/or actual ones. In the course of this the conversion factors have been updated. In order to ensure comparability, values from the prior year have been adjusted. 2018 therefor represents an estimation due to changed sources of the conversion factors. Due to an improvement in data quality, the figures for fuels for heating for Croatia have been recalculated.

- 1) Acquisition and own production, as well as diesel for emergency power generators
- 2) Oil and gas, not climatically adjusted
- 3) Diesel, petrol, CNG, LPG and natural gas, excluding diesel for emergency power generators

Key performance indicator

The A1 Telekom Austria Group has set itself the long-term goal to reach net carbon neutrality until 2030 via reducing its carbon footprint and a stepwise switch to renewable energy sources. Until 2020 a target has already been in place which aims at reducing CO₂ emissions by 25% (based on 2012). Because of acquisitions, the A1 Telekom Austria Group has been unable to make the desired progress toward the latter goal (currently -1.6% CO₂ emissions). With respect to energy efficiency, the A1 Telekom Austria Group has set itself the long term target to increase energy efficiency by 80% (baseline

2019) until 2030. In 2019, the energy efficiency indicator (electricity demand per transferred data volume) was 0.17 MWh/terabyte (2018: 0.18).

Electricity demand in Serbia increased by 22% as a result of the growth in base stations. The particularly cold winter meant that energy used for heating increased by 29% in Bulgaria and 13% in Slovenia. Rental cars were increasingly used in Belarus.

Direct and indirect greenhouse gas emissions (in t CO₂ -Equiv.)

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.)	
		location- based	market- based	location- based	market- based	location- based	market- based
2019							
Austria	13,845	80,953	6,737	94,798	20,582	79,680	5,464
Bulgaria	3,650	56,620	57,550	60,269	61,200	60,269	61,200
Croatia	1,369	16,474	33,588	17,843	34,957	17,843	34,957
Belarus	1,647	25,238	25,238	26,885	26,885	26,885	26,885
Slovenia	370	7,758	6,065	8,128	6,435	8,128	6,435
Serbia	959	46,058	46,058	47,017	47,017	47,017	47,017
North Macedonia	919	18,932	17,985	19,851	18,904	19,851	18,904
A1 Telekom Austria Group	22,758	252,034	193,222	274,792	215,981	259,674	200,863
2018							
Austria	14,598	78,984	6,710	93,581	21,307	78,297	6,022
Bulgaria	3,922	54,641	55,539	58,562	59,461	58,562	59,461
Croatia	1,451	15,715	32,018	17,166	33,469	17,166	33,469
Belarus	1,589	22,394	22,394	23,983	23,983	23,983	23,983
Slovenia	368	7,220	5,683	7,587	6,051	7,587	6,051
Serbia	988	37,836	37,836	38,824	38,824	38,824	38,824
North Macedonia	918	18,169	17,042	19,087	17,959	19,087	17,959
A1 Telekom Austria Group	23,833	234,958	177,221	258,791	201,054	243,506	185,769
Change (in %)							
Austria	-5%	2%	0%	1%	-3%	2%	-9%
Bulgaria	-7%	4%	4%	3%	3%	3%	3%
Croatia	-6%	5%	5%	4%	4%	4%	4%
Belarus	4%	13%	13%	12%	12%	12%	12%
Slovenia	1%	7%	7%	7%	6%	7%	6%
Serbia	-3%	22%	22%	21%	21%	21%	21%
North Macedonia	0%	4%	6%	4%	5%	4%	5%
A1 Telekom Austria Group	-5%	7%	9%	6%	7%	7%	8%

The environmental indicators for fiscal year 2019 were not yet available at the time of preparation. In the table above, the figures include the period from November 1, 2018 to October 31, 2019, which can be considered a representative comparison period for fiscal year 2019. If no data was available for this period, latest data from the past were applied. As there were no significant changes in demand, no fluctuations are assumed. According to 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 GHG protocol, "market-based scope 2" figures refer to energy suppliers' emissions factors, insofar as these are available, or an individual energy product.

Tables are subject to rounding differences.

2019 sources for the emission factors were reviewed and if necessary replaced with more accurate and/or actual ones. In the course of this the emission factors have been updated. In order to ensure comparability, values from the prior year have been adjusted. 2018 therefor represents an estimation due to changed sources of the emission factors.

Energy demand not only represents A1 Telekom Austria Group's most significant environmental impact, but also the most important CO₂ source. In addition to increasing energy efficiency, the use of renewable energies is one of the measures taken to reduce CO₂ emissions. The A1 Telekom Austria Group's scope 1 emissions include CO₂ emissions from the combustion of fossil fuels for heating and mobility. Scope 2 emissions indicate emissions arising from energy consumption and district heating.

Opportunities and risk

Unless otherwise stated, information on the risks and their management can be found in the risk report in the 2019 Group Management Report.

In addition to natural disasters caused partly by climate change (see "High-performance communication infrastructure"), CO₂ 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.

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 can range from using low-consumption equipment to increasing average temperatures at IT locations in order to reduce the need for cooling.

Implementation / results 2019

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, hydro and wind, which accounted for around 50% of the A1 Telekom Austria Group's total electricity requirements in 2019. The Austrian subsidiary is a major driving force where this is concerned. It has operated its entire network on a fully carbon-neutral basis since as long ago as 2014. The A1 Telekom Austria Group also operates two large photovoltaic farms of its own: one in Aflenz, Austria (since 2013) that produces more than 125,000 kWh of electricity per year, and one in Belarus (since 2016) that produces around 27 million kWh of electricity per year.

Management systems

Energy management at A1 Telekom Austria Aktiengesellschaft is also certified in accordance with ISO 50001. In 2014, A1 Telekom Austria Aktiengesellschaft became the first carbon-neutral network in Austria to be assessed and validated annually by TÜV SÜD in line with the PAS 2060 international standard. Management systems are evaluated regularly. For example, the ISO certifications are evaluated annually and were successfully obtained for 2019. Effectiveness is reviewed and monitored regularly on the basis of predefined key figures. Adjustments are made throughout the year as necessary.

Dematerialization and resource conservation

Concept

Digitalization also offers huge potential for the environment when it comes to resource conservation. Virtualization can make work processes digital and prevent the use of physical resources. Dematerialization can also increase process efficiency.

One consequence of the digital transformation is the constant use of new technologies and devices/components to optimize efficiency and potential, including the replacement of mobile devices at increasingly faster rates. The A1 Telekom Austria Group makes fundamental ecological principles a top priority with a view to 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 mobile phone recycling program in almost all of its markets. Continuous lifecycle management ensures that resources in circulation can be used for as long as possible without physical or chemical transformation. 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 truly no longer be used, they are dismantled at the respective locations, separated systematically by category of waste (circuit boards, copper, iron, tin, etc.), and properly recycled.

Key performance indicator

The A1 Telekom Austria Group also contributes to conserving resources by recycling mobile phones—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 been doing so since as long ago as 2004. Between 70% and 80% of the components of these old devices can be recycled and reused as raw materials by specialist recyclers to whom they are passed on. In 2019 alone, the Group as a whole ensured the proper recycling of around 64,500 devices. Until 2030 the A1 Telekom Austria Group aims to push a circular economy in the company and to collect yearly a minimum of 50,000 old devices for recycling.

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 effectively or their use can be prevented altogether.

Implementation / results 2019

The digitalization of internal work processes is classed as a top priority at the A1 Telekom Austria Group when it comes to dematerialization and resource conservation. In field service, for example, digital logbooks for drivers, plans, and assembly orders are increasingly being used. This saves around 230,500 sheets of paper per year in Austria alone. In addition to the digitalization of internal work processes and the use of follow-me printers, internal campaigns raise environmental awareness among employees for programs such as mobile phone recycling and get them actively involved in green activities.

Management systems

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

4. Social matters

Promoting safe and skilled interaction with digital media

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 topics are discussed jointly in the following section: access to information and education, safe and skilled interaction with digital media, cybercrime, internet addiction.

Concept

The dynamic digital transformation is accompanied by the continuous introduction of innovative applications that enrich our working conditions, our lives and our communications. However, this requires users to keep pace through continuous learning – not only the older generation, but also children and young people. Older people in particular have lived without digital products and services for most of their lives and now find themselves in an increasingly digital society.

With this in mind, the A1 Telekom Austria Group seeks to offer added value and build bridges beyond its core business. It regards this as part and parcel of its responsibility to actively support people, and particularly older people, as they take their first steps in the digital world. In tandem with 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 back in 2011 with these very objectives, and similar projects and initiatives 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.

Key performance indicator

In total, more than 35,000 participants attended workshops in 2019. The “A1 Internet for All” initiative has already had more than 218,000 participations in total since 2011. Until 2023, the A1 Telekom Austria Group has set itself the target in the course of its digital education focus, to address 100,000 people, focusing particularly on children and the youth, with offerings to safely navigate and help them to shape actively the digital world.

Opportunities and risks

The Telekom Austria Group sees promoting interaction with digital media as an opportunity. Safe and skilled interaction with new media is increasingly essential for employability, and therefore also contributes to closing the digital gap. The A1 Telekom Austria Group is not aware of any risks in this area.

Implementation / results 2019

For children and young people in particular, the digital transformation is giving rise to new skills requirements that are decisive for their future employability. This increasingly includes computational thinking, i. e., solving problems by applying the mindset of professional computer scientists. In 2019, the A1 Coding Lab was launched in Austria with the aim of inspiring children and young people to adopt this way of thinking and take an interest in programming at an early age. Using the programming languages Scratch and Python, these

Participations in media literacy trainings: “A1 Internet for All”

	2019	2018	Change (in %)
Austria	29,522	26,923	10
Bulgaria	3,000	2,300	30
Croatia	24	n. a.	n. a.
Belarus	n. a.	20	n. a.
Slovenia	1,340	n. a.	n. a.
Serbia	140	21	567
North Macedonia	1,300	820	59
A1 Telekom Austria Group	35,326	30,084	17

one-week courses on core topics provide participants with an initial insight into the world of programming as well as a basic understanding of robotics. More than 50 children and young people were introduced to the world of programming in this way in 2019.

In Austria, another A1 Internet for All campus was officially opened in Graz in late 2019. It will focus on training for the older generation in particular.

Management systems

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. In Austria, the initiative is supported and evaluated scientifically by the NPO Center of the Vienna University of Economics. In 2019, the latter reconfirmed that “A1 Internet for All” is making a contribution to closing the digital gap in

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 whilst satisfying all of the statutory conditions.

The A1 Telekom Austria Group had 18,344 employees/full-time equivalents (FTE) at the end of 2019 (2018: 18,705). FTE in the Austria segment was reduced by 4.8% to 7,625 employees as part of the ongoing restructuring measures. 42% of employees in the Austria segment have civil servant status (2018: 45%).

Mobile and flexible working

The A1 Telekom Austria Group is committed to mobile, modern working. Flexible working reflects the various working time models (e.g. flexitime, part-time, mobile working, virtual working, mini-sabbaticals). Among other things, the increased competitiveness resulting from higher employee productivity is seen as an opportunity. Satisfied employees deliver better results and employee satisfaction improves the perception of the A1 Telekom Austria Group as an attractive employer. This also 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, there is a great danger that work and leisure time will overlap and blend into each other. To minimize this risk, the Austrian operation has revised its own workshops and is offering employee coaching on this issue, among other things. The Memorandum of Understanding sets out a Group-wide framework for the entire A1 Telekom Austria Group that is defined in greater detail in local (works) agreements. Flexible working is offered to all employees and is agreed with the manager taking into account the nature of the respective activity.

Skill shift on the employment market and employee digital skills development

Digitalization is changing the way in which we work, communicate, and learn. Working together at different times and in different places, as well as communicating and sharing via internal social networks or knowledge platforms, offers enormous potential but also involves risks. The A1 Telekom Austria Group demands and encourages digital learning in order to ensure the continuous development of skills, and hence a rapid response to the changes resulting from digitalization. The central digital learning platform (eCampus) allows all A1 Telekom Austria Group employees to complete training

Employees¹⁾ as of 31 December 2019

	2019	2018	Change (in %)
Austria	7,625	8,010	-4.8
Bulgaria	3,620	3,685	-1.8
Croatia	1,908	1,682	13.4
Belarus	2,412	2,581	-6.6
Slovenia	513	555	-7.5
Serbia	1,127	1,032	9.2
North Macedonia	768	785	-2.2
Holding incl. A1 Digital	372	376	-1.0
A1 Telekom Austria Group	18,344	18,705	-1.9

1) Full-time equivalents

courses flexibly and whenever they wish, removing time and location as factors in the process. In order to specifically promote employees' digital skills, a wide range of digital learning topics and content was offered in 2019. The A1 Telekom Austria Group aims to train all employees on key digitalization topics in two-month learning pathways in order to minimize as much as possible the risk of insufficient skill shifts. For example, all employees can access individual training on focal areas such as marketing automation, advanced analytics, process automation, agility, and 5G, while tailored programs are available for experts. These intensify the existing expertise and provide employees in rapidly changing job profiles with assistance when it comes to upskilling. The eCampus combines in-house learning formats with various offerings from external partners. In 2019, 116,631 courses have been completed.

Diversity

Equal opportunity and diversity are important criteria at the A1 Telekom Austria Group. Diverse teams with a variety of personalities, views and areas of expertise open up alternative approaches to problem-solving and, as has been proven, achieve better results as a consequence. The A1 Telekom Austria Group sees this as a significant opportunity. Supporting women is one of the core elements of promoting diversity.

The advancement plan for women that was concluded for Austria in 2018 defines targets and measures for increased equality of opportunity. These are aimed at increasing professional development opportunities for women and helping them to improve their work-life balance. The following measures were implemented in 2019:

In Austria, a successful women's network offers a platform for female employees to exchange ideas, share expertise, and provide mutual support. In addition, eight networking meetings

for women ("Women's Network Lunches") were held in order to allow for a focused dialog and promote mutual support in a professional context. To assist parents in resuming their career after parental leave, in 2019 the A1 Telekom Austria Group began offering two-day seminars in Austria with the aim of helping returning employees to achieve a healthy balance between their job and their family. Business@Breakfast is another new format introduced in 2019 with the aim of allowing employees on parental leave in Austria to keep up-to-date during longer absences. Orientation and return to work discussions are also offered continuously, both during and after parental leave. These deliver important feedback for ensuring that the respective employees make a successful return to the workplace.

The A1 Telekom Austria Group has set itself the goal to increase the share of women in leadership positions to 40%, while raising and keeping the overall share of total women above 40%.

6. Human rights

With its admission to the UN Global Compact, the A1 Telekom Austria Group is committed to implementing fundamental requirements in the areas of human rights, work, environment, and combating corruption. This commitment has been acknowledged by being integrated into the Austrian subsidiary's General Terms and Conditions, for example.

Proportion of female employees and proportion of female managers as of 31 December 2019

in %	Proportion of female employees		Proportion of female managers ¹⁾	
	2019	2018	2019	2018
Austria	26	26	19	18
Bulgaria	48	49	49	50
Croatia	43	38	37	36
Belarus	54	60	41	42
Slovenia	43	44	45	43
Serbia	60	59	51	50
North Macedonia	47	44	42	43
A1 Telekom Austria Group²⁾	39	40	35	35

1) Managers include all persons with staff responsibility for at least one employee.

2) Including Holding and A1 Digital

7. Compliance and combating 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 daily 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 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 compliance management system meet the requirements of ISO 19600 (Compliance Management System) and ISO 37001 (Anti-Corruption Management System), the US Foreign Corrupt Practices Act (FCPA), European anti-trust legislation and the UN Global Compact.

In order to appropriately highlight the importance of compliance across the entire Group and as a significant preventive measure in the compliance management system, the compliance organization prioritized online and classroom training on the issues of integrity, anti-corruption, capital market compliance, antitrust law, and data protection in 2019. Employees were trained in around 4,700 face-to-face compliance training sessions and resolved 530 practical questions in a dialog with the compliance managers. In addition, managers and employees completed more than 21,300 e-learnings on the above topics in 2019.

Vienna, January 30, 2020
The Management Board

Thomas Arnoldner, CEO
Telekom Austria AG

Alejandro Plater, COO
Telekom Austria AG

Siegfried Mayrhofer, CFO
Telekom Austria AG