



Compliance Management System of the A1 Telekom Austria Group

CMS Description - Overview

May 2018

A1 Telekom Austria Group Compliance

Version 2.0

Preamble

A1 Telekom Austria Group's vision is "Empowering Digital Life" for our customers and society.

We are working with our employees to evolve our company to meet the business needs of the "New Economy" in these times of digitalization. Our common business strategy as well as our Guiding Principles - Team, Trust and Agility - give us direction on how to execute and to achieve our goals. The Guiding Principles are incorporated into our daily business.

For us, it is important not only that we achieve our goals, it is also important HOW we achieve them. Ethically and legally impeccable conduct is a necessary prerequisite so that customers, employees and all stakeholders can trust us. In other words: integrity is the basis of our business. For us, integrity is more important than short-term business success. In case of doubt, we would rather forego business than enter into transactions that conflict with the law or our principles.

To support this, we give ourselves clear rules defining what is allowed, but also what is not allowed. Of course we adhere to legal regulations and to our internal rules, the Code of Conduct and the guidelines. Our Code of Conduct constitutes the central behavioral guidelines of the A1 Telekom Austria Group. The guidelines give us detailed and specific help as to how to behave in important areas of business life in our daily business.

Everyone knows that there is not a rule in place for every situation where a decision has to be made. But how do we behave in those cases? The answer is "ethically and with integrity" or in an "honest, fair, transparent." manner!

Acting with integrity in our daily business life is essential for the sustainable business success and reputation of the A1 Telekom Austria Group. It's purely up to us!

Therefore, the establishment of and adherence to a modern and state-of-the-art compliance management system (CMS) is a strategic topic for the management of the entire A1 Telekom Austria Group. This CMS is briefly described in this document.

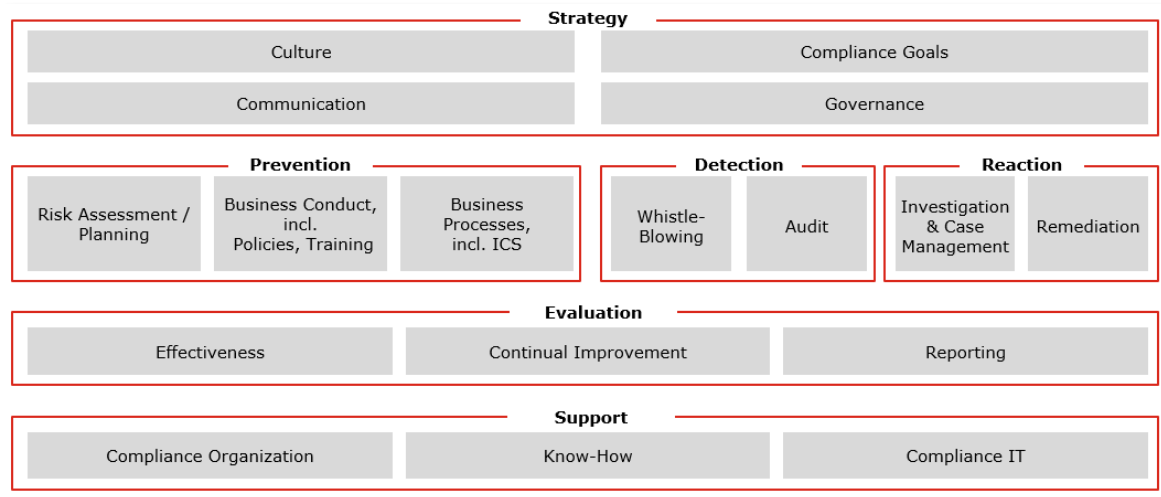
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Overview

Acting with integrity and responsibility is an indispensable and key element of corporate culture in the A1 Telekom Austria Group. Honest, fair and transparent conduct ensures the economic success and the reputation of the A1 Telekom Austria Group. This is emphasized by the management, and we act upon this accordingly.

To ensure that we conduct ourselves with integrity, the A1 Telekom Austria Group introduced a compliance management system (CMS) comprising the following elements:

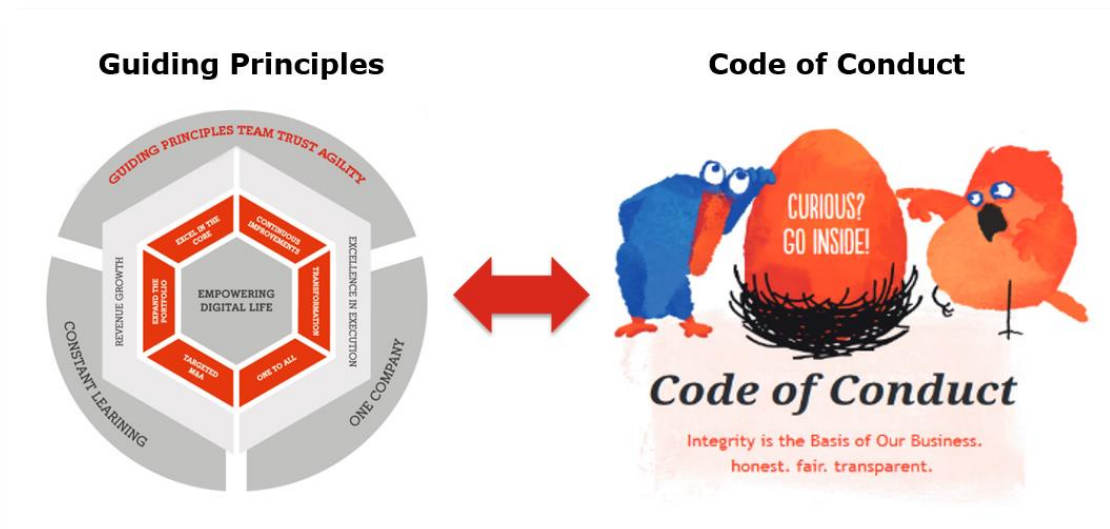


1 Compliance Strategy

1.1 Culture

Compliance is an outcome of an organization meeting its obligations. It is made sustainable by being embedded in the culture of the organization and in the behavior and attitude of people who work for it. Achieving this depends above all on leadership at all levels and clear values of an organization, as well as an acknowledgement and implementation of measures to promote compliant behavior.

Team, trust and agility: the "Guiding Principles" of the A1 Telekom Austria Group are implemented to achieve the bigger purpose of "Empowering Digital Life" for our customers and society. We apply them as an integrated part of our daily business. Our Code of Conduct, however, gives us guidance on how to go about our daily business in accordance with our high ethical standards and the law. We act with integrity – this is a prerequisite for trust.



For the A1 Telekom Austria Group it is not only important that we achieve our business goals, but it is also important HOW we achieve them. Our customers, our business partners, our shareholders, our suppliers and the public expect us to behave with integrity in our business relationships – and eventually, the employees expect the very same.



There are two complementary approaches to achieve this in accordance with our Guiding Principles – team, trust and agility:

We give ourselves clear rules about what is allowed, and we state clearly what is not allowed. We strictly adhere to the law and to our internal rules and regulations. Our Code of Conduct constitutes the central behavioral guidelines of the A1 Telekom Austria Group. It comprises the most important rules that apply to all of our managers and employees. Our complementary compliance guidelines give us detailed and concrete help on how to behave in important areas of business life in our daily work.

Everyone knows that there is not necessarily a rule in place for every possible situation in which a decision has to be made. But how do we behave in cases that have not been regulated in advance? The answer: Act ethically and with integrity, be "honest. fair. transparent."!



We want to achieve ambitious business results by observing our legal obligations, internal guidelines and business ethics. This is our commitment to compliance. For us, integrity is more important than short-term business success. In case of doubt, we would rather forego business than enter into transactions that conflict with our principles.

The Management Board and the management place high importance on integrity and are aware of the example they set. By demonstrating exemplary attitudes and integrity, they have an important influence on corporate culture.

Our Compliance Commitment

For the A1 Group, it is not only important that we achieve our business goals, but it is also important HOW we achieve them. Ethically and legally impeccable conduct is a necessary prerequisite so that our customers and stakeholders can trust us.

- We do not bribe and do not accept bribes! No excuse!
- We respect all anti-trust, data privacy and capital market regulations.
- We disclose potential conflicts of interests and act solely in the interest of the A1 Group.
- We will be held responsible for any damage we cause by violating the rules. Misconduct will be disciplined without exception.
- We ensure that all points above are clearly communicated, put into practice and executed in the entire A1 Group.

Therefore, the establishment of and adherence to a modern and effective CMS is a strategic topic for the management of the entire A1 Telekom Austria Group.

1.2 Compliance Goals

Business conduct with integrity and responsibility is an essential part of the A1 Telekom Austria Group’s corporate culture. We take responsibility for our behavior while keeping in mind economic, ecological and social aspects. We do not act this way because we are forced to do so. We do this because we are deeply convinced that it is the right way. Our behavioral benchmarks are the law, internal guidelines and high ethical standards.

Acting this way ensures that we protect our company from

1. reputational damage,
2. liability risks and
3. financial risks.

To achieve these goals, the A1 Telekom Austria Group implements a sufficient, efficient and effective compliance-organization and follows a risk-oriented strategy on group level and in the operational companies.

Within the scope of the A1 Telekom Austria Group’s risk-assessment-process, the current risk areas for the compliance management system were set down as follows:

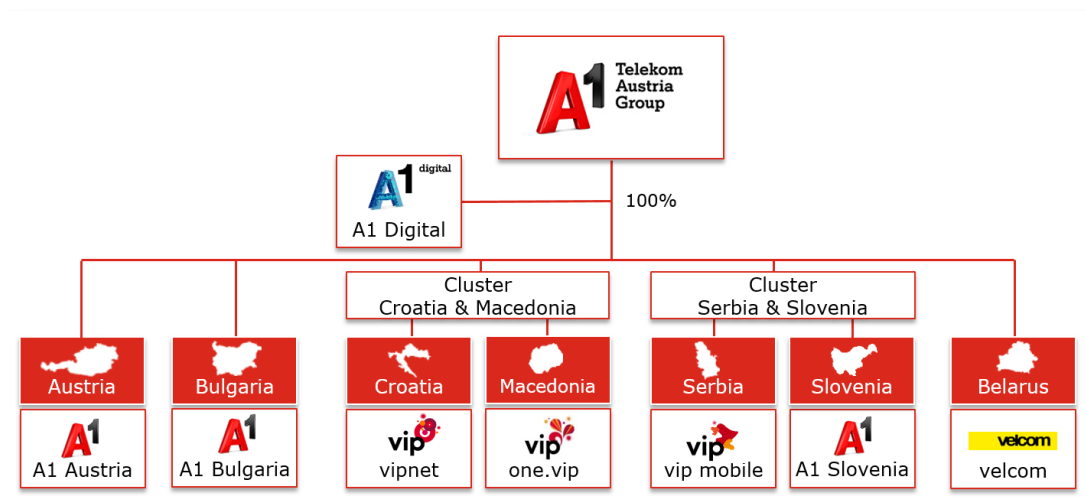
1. anti-corruption / integrity;
2. anti-trust;
3. capital market compliance;
4. data privacy.

Other important areas such as corporate governance, enterprise risk management, financial reporting, tax compliance, labor law, information security, etc., are covered by specific corporate functions.

The A1 Telekom Austria Group also follows compliance obligations resulting from América Móvil's stake in Telekom Austria AG. .

All companies of the A1 Telekom Austria Group are committed to ethical and legally impeccable conduct. Therefore, the A1 Telekom Austria Group implemented a group-wide state-of-the-art compliance management system.

The following leading A1 Telekom Austria Group companies have the CMS fully implemented and are responsible for the risk-adjusted implementation of compliance measures in their subsidiaries:



These leading companies have a share of roughly 98% of group external revenues of the A1 Telekom Austria Group (as per 2017).

All companies of the A1 Telekom Austria Group are supported by the compliance organization of the A1 Telekom Austria Group.

1.3 Communication

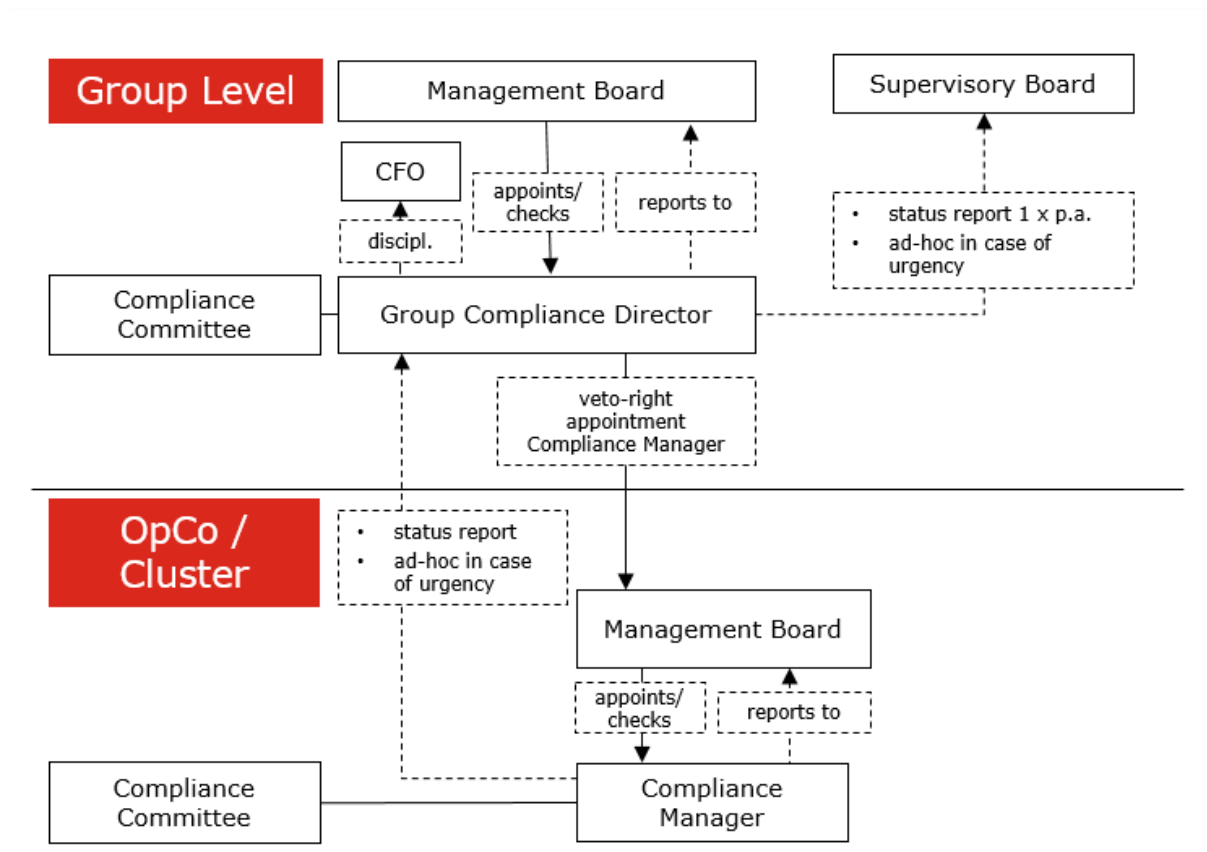
Behavior and communication shape our corporate culture. A strong culture of integrity is the key to successful compliance management. For this reason, the A1 Telekom Austria Group relies on targeted group-oriented and sustainable compliance communication. To convey important compliance messages, e.g. about our Code of Conduct or our “tell.me” whistle-blower portal, we employ all internal communication channels and all forms of communication. Especially the agile communication platform “Workplace” plays an important role in communicating compliance news.

Important information on the CMS of the A1 Telekom Austria Group is also available to external stakeholders on our corporate [website](#). Moreover, the company provides information about its compliance activities within the scope of the corporate governance report and the combined annual report.

1.4 Compliance Governance

The management is ultimately responsible for safeguarding compliance. The most effective way to achieve this is to establish, maintain, evaluate and constantly improve a compliance management system.

To support the management, the governance structure described below has been established in the A1 Telekom Austria Group.



To effectively inform both the Supervisory Board and the Management Board of Telekom Austria AG, the Group Compliance Director provides regular reports about the status of the CMS and – if necessary also ad-hoc – about relevant cases of noncompliance.

The compliance managers of the group companies report regularly to Group Compliance about the status of the CMS and relevant cases in their companies.

On A1 Telekom Austria Group level, several functions support the management in promoting compliance and integrity:

1. A1 Group Compliance Director with Group Compliance organization;
2. A1 Group Compliance Committee;
3. A1 Group Capital-Market Compliance Officer;
4. A1 Group ad-hoc Committee;
5. A1 Group Sponsoring Board;
6. Compliance Ambassadors in selected business units.

In every leading company of the A1 Telekom Austria Group, a local Compliance Manager is appointed to support the local management. Local Compliance Committees, Sponsoring Boards, and Compliance Ambassadors support the local Compliance Managers. Details of the rights and obligations of these functions are defined in the CMS documentation.

2 Prevention

2.1 Compliance Risk Assessment

Periodic compliance risk assessments are conducted with the aim of setting risk-oriented measures to prevent misconduct. Hence, the compliance risk assessments are an essential source of information for the compliance program of each group company and the entire A1 Telekom Austria Group.

Compliance risks are identified according to a uniform predetermined method in workshops and interviews. Risk-minimizing measures are defined and prioritized according to the assessment. The business units concerned are responsible for implementing the measures set down and are supervised by Compliance. The results of the annual compliance risk assessment are discussed in the respective group companies and approved by the Management Board. They are subsequently consolidated on group level.

Moreover, ad-hoc compliance risk assessments are conducted in case of relevant internal developments, e.g. new activities, changes in the structure of the organization, and/or external factors, e. g. changes to compliance obligations or new scientific knowledge.

2.2 Foster Business Conduct

Acting with honesty, fairness and transparency are key components of the corporate culture of the A1 Telekom Austria Group. To achieve these standards of integrity, A1 Telekom Austria Group has an elaborated compliance management system. The top management's role model as well as employees acting with a high degree of personal responsibility are thereby of particular importance.

To prevent potential misconduct, the A1 Telekom Austria Group has established clear rules for legally compliant and honest behavior in all business relationships and has integrated sufficient controls into the business processes.

2.2.1 Code of Conduct

The Code of Conduct of the A1 Telekom Austria Group promotes working with integrity, in accordance with our high ethical standards and the law. It clearly illustrates the importance integrity has for our daily work and shows concrete and practical effects. Generally speaking, we seek to work in such a way that we can be trusted. Trust is the foundation of all successful cooperation.

Our Code of Conduct applies to all members of the Management Board, leadership teams, managers, employees and members of the external workforce at all companies in the A1 Telekom Austria Group and is available in English and in all national languages of our subsidiaries. The Code of Conduct was approved by the Management Board of A1 Telekom Austria Group and by all local leadership teams.

The Code of Conduct is available on the website of the A1 Telekom Austria Group (<https://www.a1.group/en/group/compliance-guidelines>), on the internal Groupnet and on all local intranets. Regular training programs are held concerning it.

2.2.2 Compliance Guidelines

Clear rules are essential to prevent misconduct. On the basis of its risk-oriented compliance strategy, the A1 Telekom Austria Group has defined group-wide applicable guidelines on:

1. anti-corruption and conflicts of interest;
2. anti-trust law;
3. capital market compliance.

The compliance guidelines of the A1 Telekom Austria Group apply to all members of the Management Board, leadership teams, managers, employees and members of the external workforce at all companies in the A1 Telekom Austria Group. All A1 Group guidelines were approved by the Management Board of A1 Telekom Austria Group and are available on the website of the A1 Telekom Austria Group (<https://www.a1.group/en/group/compliance-guidelines>) and on the internal Groupnet.

The compliance guidelines shall be adopted and implemented in each company of the A1 Telekom Austria Group unless they are contradicted by any mandatory legal grounds or country-specific conventions. Any need to adapt these guidelines due to such contradiction shall be agreed with A1 Telekom Austria Group. Stricter national legal regulations must be observed and take precedence over these guidelines.

The compliance guidelines are to be communicated in line with the annual compliance communication and training plan. This is the responsibility of the local compliance manager, who will be supported accordingly by the internal communications department.

2.2.3 Compliance Training Concept

A strong culture of integrity is key for a successful compliance management system. A company culture is primarily influenced by behavior and communication. Therefore, the A1 Telekom Austria Group relies on targeted and sustainable compliance communication and compliance training.

The compliance training concept of the A1 Telekom Austria Group pursues the following goals with its compliance training courses held as classroom training sessions and e-learning programs:

- creating and raising awareness;
- knowledge transfer by risk-specific compliance training sessions;
- broad participation in compliance e-learning programs.

The intention of compliance training is to ensure that managers and employees understand, as appropriate to their role in the organization,

- the compliance risks they and A1 Telekom Austria Group face;
- our Code of Conduct and our compliance guidelines;
- the compliance processes relevant to their role;
- necessary preventive and reporting actions they need to take in relation to our compliance risks or suspected compliance violations.

The form and extent of the training depend on the size of the organization and the compliance risks faced. The leadership team and all persons who are exposed to significant compliance risks should be trained face-to-face.

2.2.4 Compliance Helpdesk

To answer individual compliance-related questions, compliance managers are available in person, via e-mail and telephone, and via the "ask.me" mailbox.

The numbers and content of ask.me inquiries are monitored group-wide in order to determine the need for further communication and/or training and for compliance reporting.

2.2.5 Human Resources

To achieve the highest standards of integrity, our guiding principles of "team, trust and agility" and compliance aspects are established in HR processes such as:

- the recruiting process;
- the talent management process;
- the performance management process.

All employees and managers are called upon to avoid situations in which their personal or financial interests conflict or could conflict with the interests of the A1 Telekom Austria Group. Employees inform their managers in advance about anything that could be regarded as a possible conflict of interest. In any case, the following situations shall be reported:

- secondary employment (including external board functions);
- private investments in business partners or competitors;
- business relationship with close relatives;
- internal business relations with close relatives;
 - authority or supervisory power of the one over the other;
 - handling of financial or material assets.

Human Resources is responsible to take adequate disciplinary measures under labor law in case of any detected and verified misconduct.

2.3 Business Processes

2.3.1 Business Partner Integrity Management

The A1 Telekom Austria Group places great importance on integrity in relationships to its business partners and also expects its business partners to act with integrity. Employees of the A1 Telekom Austria Group are not allowed to offer, promise or grant direct or indirect financial or other advantages to a business partner such as a consultant, agent, intermediary or other third party if circumstances point to the fact that this will be used to indulge in an illicit action or omission on the part of the recipient.

Particularly in this connection, the A1 Telekom Austria Group has high demands on the integrity of business partners. These have also been included in contractual agreements. Cooperation is entered into with business partners who themselves or their agents were noted for acting without integrity or for illicit business conduct in the past, particularly corruption, only if measures have been established that ensure that business will be conducted with integrity and in a lawful manner.

Within the respective frameworks of the suppliers and sales partners selection processes, integrity checks are carried out in co-operation of the business units and Compliance.

When preparing for mergers and acquisitions (M&A), Compliance has to be involved for an extended integrity check of the potential partner, its management, the sellers and the planned deal structure. After a deal is completed, appropriate measures for a structured rollout of the CMS to the newly acquired entity shall be defined and implemented.

2.3.2 Internal Control System

Compliance-relevant controls are integrated in compliance-relevant business processes and documented within the internal control system (ICS) of the A1 Telekom Austria Group. The controls are regularly checked for their effectiveness.

3 Detection

3.1 Whistle-Blowing

A1 Telekom Austria Group seeks to conduct fair and transparent business, foster integrity, and prevent misconduct of its employees and representatives. If misconduct should occur, it should be detected as soon as possible.

As part of the compliance management system, A1 Telekom Austria Group provides a variety of tip-off channels, accessible on group and on local level. First and foremost, concerns shall be raised on the spot. Employees should approach their direct manager for initial support. If this is not possible, information can be addressed to a compliance manager, e.g. personally, on the phone or via email. Additionally, information can also be provided through the A1 Telekom Austria Group “tell.me” whistle-blowing portal (<https://www.bkms-system.net/tell.me>), a web application provided by an external supplier.

Any employee, but also external partners, can report a violation or suspicion of a violation against the legal framework and/or internal guidelines. The A1 Telekom Austria Group encourages that misconduct be reported in good faith and on reasonable belief.

Information provided by honest and upright employees is one of the most effective ways of exposing misconduct. The goal of the whistle-blower procedure is to systematically use information for sustainable prevention and to detect misconduct within the A1 Telekom Austria Group.

The A1 Telekom Austria Group prohibits retaliation and protects those making reports in good faith.

Reports will be assessed and appropriately investigated. Investigations are carried out by experts who have an obligation to maintain confidentiality.

Those who intentionally spread false information about other employees are guilty of misconduct themselves.

3.2 Audit

Independent audits are conducted by Internal Audit to provide information as to whether the respective A1 Telekom Austria Group company and its employees conform to the rules and procedures applicable and as to whether audited rules and procedures are effective and efficient.

If Internal Audit finds information relevant to Compliance, Compliance will be informed to evaluate whether measures are needed to improve the performance of the CMS or to foster compliance.

4 Reaction

4.1 Investigation & Case Management

The A1 Telekom Austria Group has implemented procedures to ensure professional and transparent proceedings in case of a violation or suspected violation of the legal framework and internal guidelines with the following principles.

Internal Investigations are allowed only in case an initial suspicion is supported by facts.

Internal Investigations shall

- conform with legal requirements, be fair, confidential and comprehensively documented;
- protect the personal rights of the accused person and avoid prejudgment.

4.2 Remediation

When a nonconformity and/or noncompliance occurs, the A1 Telekom Austria Group

- reacts to the nonconformity and/or noncompliance and, as applicable:
 - takes action to control and correct it; and/or
 - manages the consequences;
- evaluates the need for action to eliminate the root causes of the nonconformity and/or noncompliance, in order that it does not recur or occur elsewhere, by:
 - reviewing the nonconformity and/or noncompliance;
 - determining the causes of the nonconformity and/or noncompliance;

- determining if similar nonconformities and/or cases of noncompliance exist or could potentially occur;
- implements any action needed; e.g. sanctions for misconduct may be of an administrative nature, occupational or even criminal, depending on the gravity of the misconduct, and may include, but are not limited to, oral or written reprimands, notes in work records, conditioning or termination of employment; reimbursement of all damages suffered;
- reviews the effectiveness of any corrective action taken;
- makes changes to the compliance management system, if necessary.

In cases where no misconduct has been determined this information should also be used as basis to identify opportunities for improvement of the CMS.

5 Evaluation

5.1 Effectiveness

Evaluation of the performance and effectiveness of the CMS is essential to any management system. Therefore, the A1 Telekom Austria Group monitors and evaluates its compliance activities continuously.

Key indicators for the performance and effectiveness of the CMS are, for example:

- allocation of resources;
- status of the implementation of compliance-risk reducing measures;
- communication measures;
- compliance-trainings conducted;
- questions to the help-desk;
- tip-offs / reports about noncompliance, including measures taken.

Changes in compliance obligations, especially local laws that could be relevant for the performance of the CMS, are monitored and regularly reported.

Regular internal and/or external audits are conducted to examine the effectiveness of the CMS and to provide recommendations for improvement of the CMS.

Accurate records of the compliance activities of the A1 Telekom Austria Group are maintained to assist in the monitoring and review process.

5.2 Continual Improvement

An important element of A1 Telekom Austria Group's CMS is its continual improvement. Its suitability, adequacy and effectiveness are continually challenged based on developments and trends in compliance management, internal and external knowledge and experience, e.g. audit reports.

In addition to legal requirements in the individual areas of law, the A1 Telekom Austria Group uses

1. ISO 19600 – Compliance management systems – Guidelines,
2. ISO 37001 – Anti-bribery management systems – Requirements with guidance for use, and
3. FCPA – A Resource Guide to the U.S. Foreign Corruption Practices Act,

as references for its CMS.

5.3 Reporting

The Group Compliance Director of the A1 Telekom Austria Group monitors and evaluates compliance activities and informs the Management Board and the Supervisory Board by means of an annual report. Additionally, the Group Compliance Director informs the Management Board and the Supervisory Board in case of urgency.

Local compliance managers inform the local Management Board and Group Compliance every calendar quarter on the status of compliance in the organizations under their responsibility. The relevant information defined by Group Compliance comprises activities to improve the performance of the CMS, training programs performed, relevant changes in local law, cases of noncompliance, etc. Additionally, local compliance managers inform the local Management Board and Group Compliance in case of urgency.

6 Support

6.1 Compliance Organization

To meet its compliance goals, the A1 Telekom Austria Group provides the resources needed to establish, maintain, evaluate and continually improve the CMS. In promoting compliance and integrity, the management is supported by the Group Compliance Director, the Capital-Market Compliance Officer, the Compliance Committee, the Sponsoring Board, Compliance Ambassadors in selected business units, compliance managers and the employees of the Compliance units.

6.2 Know-How / Competences

Integrity is essential for all employees working for Compliance. In addition, they need to understand the organization, the context of our business, and understand the potential compliance risks.

Leadership, communication skills and analytic skills are necessary for compliance managers, along with basic knowledge of relevant laws and business administration, to support the management in achieving the compliance goals.

Constant learning is a fundamental principle in the entire A1 Telekom Austria Group. In order to stay up to date, relevant information is shared within the Compliance community but also with interested parties from other departments. This is done mainly via the "Compliance News" Workplace group, but also through regular meetings (e.g. "International Compliance Days") and video conferences, class room training sessions, and e-learning.

To ensure that only suitable local compliance managers are nominated, the Group Compliance Director is involved in their appointment.

Additionally, Compliance, Human Resources and other relevant business units train A1 Telekom Austria Group employees to provide them with the competencies needed to achieve our compliance goals.

6.3 Compliance IT

Several IT tools are used to ensure effectiveness and efficiency of the A1 Telekom Austria Group CMS.

A1 Telekom Austria Group Compliance uses compliance databases for risk-adjusted business partner integrity checks as well web search engines.

The A1 Group “[tell.me](#)”, a whistle-blowing portal, provides a means to anonymously provide information about potential misconduct directly to Group Compliance.

In addition collaboration platforms, the SABA e-learning platform, websites, intranet-sites, Workplace by Facebook are used for collaboration, training, and communication.

7 Questions and Comments on this Document

Questions and comments on this CMS description can be addressed to A1 Telekom Austria Group Compliance: compliance@A1.group

Detailed contact information can be found on our corporate website: <https://www.a1.group/en/group/compliance-contact>.