



The Most **FIGURES** of  
Important **SUSTAINABILITY**  
from Our  
**MARKETS**

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# KEY FIGURES

of the Telekom Austria Group

## ECONOMY\*

In EUR million	2009	Change in %	2008
Revenues	4,802.0	-7.1	5,170.3
EBITDA**	1,794.0	40.1	1,280.8
Operating income**	343.9	184.9	120.7
Net income/loss	94.9	-	-48.8
Free cash flow***	674.0	10.9	756.2
Equity	1,614.1	-25.1	2,155.6
Market capitalization as of Dec. 31 (in EUR billion)	4.4	-7.0	4.7
Earnings per share (in EUR)	0.22	-	-0.11
Dividend per dividend-bearing share (in EUR)	0.75	0.0	0.75

\* The consolidated financial results for 2008 include restructuring costs in the amount of EUR 632.1 million. The consolidated financial results for 2008 and 2009 include the financial results of velcom. The consolidated financial statements for 2009 include impairment charges of EUR 352.0 million.

\*\* The figure for 2008 has been adjusted to reflect the changed reporting of foreign exchange differences.

\*\*\*Defined as cash flow after interest, tax, changes in working capital and capital expenditures.

## ENVIRONMENT

	2009	Change in %	2008
<b>Consumption of resources in Austria</b>			
Total electricity consumption (in MWh)*	313,466.00	-3.12	323,573.73
Heating energy consumption (in MWh)	56,564.20	-8.35	61,715.57
Water consumption (in m <sup>3</sup> )	168,777.00	-18.06	205,977.00
<b>Vehicle fleet in Austria</b>			
Number of vehicles	3,785	-0.66	3,810
Mileage (in '000s km)	79,861.15	-0.17	79,994.78
<b>Volume of waste in Austria</b>			
Telecommunications waste**	2,033.74	25.80	1,616.62
Office waste (municipal waste disposal)	2,509.90	5.50	2,379.01
Paper consumption	6,200.60	4.11	5,956.04
<b>CO<sub>2</sub> emissions in Austria***</b>			
From electricity consumption (in tons)	59,677.38	-35.62	92,688.63
From the vehicle fleet (in tons)	15,937.02	-0.57	16,027.64
From heating energy consumption (in tons)	10,058.11	-11.64	11,383.68

\* Due to the implementation of a comprehensive package of energy management measures, electricity consumption at Telekom Austria (Fixed Net) has been significantly reduced in defiance of the global trend in the ICT sector. The amount of green energy supplied to administrative buildings has also been increased. The rise in energy consumption at mobilkom austria compared to 2008 is due to the expansion of data collection activities to additional locations and shops.

\*\* The increase in telecommunications waste is due to the rise in the following waste fractions:

- Wood/wood packaging, copper wire, iron/sheet metal and scrap metal from inventory reductions at Telekom Austria (Fixed Net);
- Paper/cardboard due to the more specific collection and expansion of data collection to new sites and the first time inclusion of printed advertising and marketing material at mobilkom austria;
- bulky waste due to the closure of sites and the resulting clearance of several buildings.

\*\*\* The increased focus on hydroelectric power in the electricity mix is positively reflected in the reduction of CO<sub>2</sub> emissions. Information on the methods used to calculate CO<sub>2</sub> emissions can be found in the chapter Climate Friendly.

## EMPLOYEES

	2009	Change in %	2008
<b>Number of employees</b>			
Telekom Austria Group (in FTE)	16,573	-2.2	16,954
Percentage of female employees Telekom Austria Group (in %)	36.4	-	35.0
Percentage of female executives* Telekom Austria Group (in %)	32.3	-	30.9
Percentage of local management* Telekom Austria Group (in %)	93.4	-	97.3
Average age of employees Telekom Austria Group	37.2	-	38.0
Expenses for training and further education at the Telekom Austria Group (in EUR million)	11.5	-4.17	12.0
Expenses for training and further education per employee at the Telekom Austria Group (in EUR)	685.0	0.44	682.0

\* Management Board and the first three management levels; Calculation based on headcounts (HC)

# THE TELEKOM AUSTRIA GROUP

## Geographical Presence

### A1 TELEKOM AUSTRIA\*

Austria

#### Fixed Net

Revenues: EUR 1,860.1 mn

Employees: 7,893

#### Mobile Communication

Revenues: EUR 1,574.4 mn

Employees: 2,143

### MOBILTEL

Bulgaria

Revenues: EUR 614.7 mn

Employees: 2,455

### VELCOM

Belarus

Revenues: EUR 300.3 mn

Employees: 1,711

### VIPNET

Croatia

Revenues: EUR 476.9 mn

Employees: 1,064

### SI.MOBIL

Slovenia

Revenues: EUR 180.3 mn

Employees: 329

### VIP MOBILE

Republic of Serbia

Revenues: EUR 80.7 mn

Employees: 772

Employees – Full-time employees (FTE),  
as of Dec. 31, 2009



### VIP OPERATOR

Republic of Macedonia

Revenues: EUR 21.7 mn

Employees: 172

### MOBILKOM LIECHTENSTEIN

Liechtenstein

Revenues: EUR 15.6 mn

Employees: 15

\* On July 8, 2010 the two Austrian companies Telekom Austria (Fixed Net) and mobilkom austria merged to form a single enterprise – A1 Telekom Austria. In the Sustainability Report 2009/10 that covers the reporting period 2009 to July 15, 2010, the two companies are reported separately.

## OPERATIVE FIGURES OF TELEKOM AUSTRIA GROUP

	Dec. 31, 2009	Change in %	Dec. 31, 2008
<b>FIXED NET</b>			
<b>Fixed access lines (in '000s)</b>	<b>2,313.5</b>	<b>-1.0</b>	<b>2,336.8</b>
Of which fixed net broadband wholesale	55.4	-17.1	66.8
Of which fixed net broadband retail	967.2	18.1	818.9
<b>Total fixed broadband lines</b>	<b>1,022.6</b>	<b>15.5</b>	<b>885.7</b>
<b>MOBILE COMMUNICATION</b>			
<b>Number of customers (in '000s)</b>			
In Austria	4,834.2	7.5	4,496.3
In Bulgaria	5,352.5	-0.8	5,396.2
In Belarus	4,102.4	10.9	3,697.9
In Croatia	2,603.0	4.7	2,486.6
In Slovenia	589.4	3.3	570.6
In the Republic of Serbia	1,153.9	27.1	907.9
In the Republic of Macedonia	303.7	25.5	242.0
In Liechtenstein	6.3	6.8	5.9
<b>Total</b>	<b>18,945.4</b>	<b>6.4</b>	<b>17,803.4</b>

# FOREWORD

*by the Management Board*

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Dear Readers,

It's not as if cooking and cuisine are actually part of the Telekom Austria Group's core business. So you are entitled to ask why you should put a recipe book by Hannes Ametsreiter and Hans Tschuden on your kitchen shelf next to those by Eckart Witzigmann, Sarah Wiener and Ewald Plachutta.

In fact, there are many similarities between good cuisine and sustainable corporate development to which we have been committed for many years. Both require a passion for quality in the choice of the ingredients, their preparation and presentation, the creativity and inspiration to create something new that pleases the guest and not just the chef, an ability to draw on the wealth of regional and seasonal specialties that are available – and all with a commitment to fair purchasing practices and social aspects as well as health consciousness and environmental awareness.

The Telekom Austria Group's "recipe" for sustainability in its markets is based on similar principles that are enshrined in our new corporate identity as values (innovation, quality, diversity, responsibility, see page 8): To ensure customer satisfaction by providing outstanding quality is one of the main demands we make of our product and service portfolio, and to achieve this goal we combine innovations with genuine added value, customer convenience, reliability and safety to ensure they always offer a positive experience. The diversity of strong, local brands and rich cultures and skills at our companies in the heart of central and Eastern Europe are valuable resources for the transfer of know-how and leveraging of group-wide synergies (which we will be able to utilize even more effectively following the restructuring of the Telekom Austria Group – see page 6). At the Telekom Austria Group making such progress possible responsibly, means above all appreciative collaboration with employees, customers and all other stakeholders. This is why we are committed to an integrative approach to the economic, social and ecological aspects of sustainable management – to create a world that's worth living in for everyone.

The valuable diversity of cultures and skills within the Telekom Austria Group has thus provided us with the theme for this year's sustainability report, in which we take you on a culinary journey through the eight countries in which we operate. This special journey is illustrated with typical local recipes and dishes suggested and chosen by members of our staff from the various regions. For even if it is the members of the Management Board who are smiling at you from the kitchen in the photograph to the left, as everyone knows, long-term success doesn't just depend on the executive chef, but is above all the result of good teamwork – for which we would like to take this opportunity to offer our employees our heartfelt thanks.

We hope that we have whetted your appetite for more sustainability, and appreciate your interest in the economic, ecological and social "recipes" and "ingredients" of the Telekom Austria Group.

Sincerely



**Hannes Ametsreiter**  
Chief Executive Officer  
Telekom Austria Group



**Hans Tschuden**  
Vice Chairman of the Management Board and  
Chief Financial Officer Telekom Austria Group

# VALUE-ORIENTED

*We are committed to an integrative approach to the economic, ecological and social aspects of sustainable management – to create a world that's worth living in for everyone.*

## The Telekom Austria Group at a Glance

### TELEKOM AUSTRIA GROUP

- A1 Telekom Austria (Austria)<sup>1</sup>
- Mobiltel (Bulgaria)
- velcom (Belarus)
- Vipnet (Croatia)
- Si.mobil (Slovenia)
- Vip mobile (Republic of Serbia)
- Vip operator (Republic of Macedonia)
- mobilkom liechtenstein (Liechtenstein)

## THE COMPANY

### The Telekom Austria Group

The Telekom Austria Group is Austria's largest telecommunications provider and is successfully positioned in seven other countries with Mobiltel in Bulgaria, velcom in Belarus, Vipnet in Croatia, Si.mobil in Slovenia, Vip mobile in the Republic of Serbia, Vip operator in the Republic of Macedonia and mobilkom liechtenstein in Liechtenstein.

The Telekom Austria Group serviced roughly 2.3 million fixed net lines in Austria and had a customer base of 19 million mobile subscribers in 8 countries. The Group's headcount amounted to 16,000 employees, with revenues totaling EUR 4.8 billion as of year-end 2009. The Group has been listed on the Vienna Stock Exchange since November 2000.

### Telekom Austria Group Reorganization

In early June 2010 the new management holding company, Telekom Austria AG, was launched at the Vienna headquarters, which will steer all the Group's operations. The new corporate structure will enable the Telekom Austria Group to consolidate its innovative capabilities by intensifying the exchange of knowledge, and provide greater added-value for its customers by leveraging synergy potential.

At the beginning of July, the two Austrian companies, Telekom Austria TA AG and mobilkom austria AG, merged to form a single enterprise under the new name A1 Telekom Austria AG. The new company will be the first telecommunications company in Austria to consistently focus on responding to the global trend towards the convergence of fixed net and mobile services, with a view to bundling strengths and thus satisfying the clear customer demand for convergent products and services from a single source even more effectively.

The main objective of this restructuring is to develop the Telekom Austria Group into the most innovative and efficient telecommunications provider in central and eastern Europe. This comprehensive reorganization will also pave the way for reengineering the 21st century network infrastructure and safeguarding Austria's future as a business location.

### Business Areas

Telekom Austria (Fixed Net) offers residential and business customers a product portfolio that includes voice telephony, broadband and data solutions as well as Internet-based TV and other attractive ICT services and solutions. In the wholesale business, the company provides technological infrastructure to other operators of fixed net, mobile communications and Internet services both in Austria and abroad.

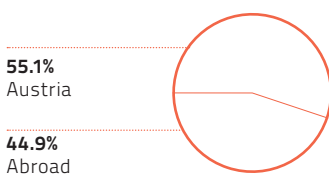
Due to sustained migration to mobile communications networks, Telekom Austria (Fixed Net)<sup>1</sup> has registered a decline in the number of fixed net access lines over the past ten years from 3.3 to 2.3 million at year-end 2009. While a decline of 4.0% was recorded in 2008, this downward trend was slowed to 1.0% in 2009.

This positive development is attributable to the successful introduction of attractive product bundles, which combine fixed net and mobile telephony as well as fixed net, mobile Internet and television. This has also had a positive impact on the broadband business with the number of fixed net broadband access lines (including wholesale) rising by 15.5% to 1,022,600 in a year-on-year comparison.

In 2009 the Mobile Communication business expanded its subscriber base in Austria and in the Telekom Austria Group's international markets, gaining roughly 1.1 million new customers. At the end of 2009, the number of mobile customers totaled 18.9 million. The strongest growth was recorded in Belarus with more than 400,000 new subscribers and in the saturated and highly competitive Austrian market with almost 340,000 net adds. In the Republic of Serbia, the subscriber base was expanded by 250,000 new customers. Most of this customer growth in the international subsidiaries is attributable to contract customers.

## Revenue Structure of the Telekom Austria Group

Revenues of the Telekom Austria Group in 2009: EUR 4,802.0 mn



<sup>1</sup> On July 8, 2010 the two Austrian companies Telekom Austria (Fixed Net) and mobilkom austria merged to form a single enterprise – A1 Telekom Austria. In the Sustainability Report 2009/10 that covers the reporting period 2009 to July 15, 2010, the two companies are reported separately.

## MARKETS AND BUSINESS ENVIRONMENT

The Telekom Austria Group must compete in highly competitive environments both in the fixed net and mobile communications markets. The resulting negative impact on pricing structures is further aggravated by regulatory measures. The extent to which these effects influence average revenues per user depends on the maturity of the individual markets. At the same time, the increased utilization of network infrastructure goes hand in hand with rising transmission volumes. Continuous improvements to productivity and operating efficiency are therefore as essential for business success as innovative products and services along with high standards of quality.

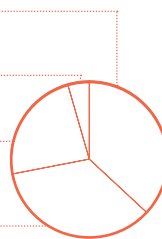
## SHAREHOLDER STRUCTURE

Telekom Austria AG shares have been listed on the Vienna Stock Exchange since November 2000. On the basis of the authorization granted to the Management Board by the Annual General Meeting on May 20, 2009, 17 million treasury shares were retired as of August 24, 2009, resulting in a reduction of the number of shares from 460 million to 443 million, and a decrease in share capital of 3.7%. At year-end 2009, 71.48% or 316.7 million shares were free-float; of the remainder, 28.42% or 125.9 million shares were held by ÖIAG and 0.10% or 0.4 million by the company itself. The shareholder analysis carried out by Telekom Austria AG as of December 31, 2009 identified 93.8% of the shares. According to this survey, 36.3% of the shares are held by Austrian shareholders (including ÖIAG), approximately 9.8% by investors in the United Kingdom and 23.3% by U.S. investors. Most of the remaining stock is held in other European countries. The percentage of shares owned by employees of the Telekom Austria Group remained stable at approximately 0.4%.

## Net Value-Added of the Telekom Austria Group 2009 according to GRI

In EUR '000s

<b>755,129.0</b>	Payments to employees
<b>90,236.5</b>	Payments to public bodies
<b>474,353.4</b>	Payments to investors (creditors and shareholders)
<b>711,446.5</b>	Investments

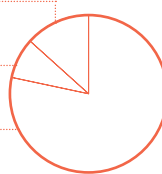


Calculated according to the definition of the Global Reporting Initiative (GRI) G3 Guideline for the indicator EC1

## Market Share of Voice Telephony in Austria in 2009

Fixed Net and Mobile Communication; Calculation based on minutes

<b>13.5%</b>	Telekom Austria (Fixed Net)
<b>8.2%</b>	Other fixed net operators
<b>78.3%</b>	Mobile Communication (total)



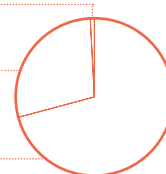
## Sustainable investment

- Since 2001 listed in the FTSE-4Good Index which recommends companies with a strong sense of corporate responsibility
- In 2005 included in VÖNIX, the first Austrian sustainability index
- Since 2002 included on the list of sustainable investment products recommended by the Munich rating agency oekom research AG
- Positive evaluation by imug investment research since 2001
- Furthermore, the Telekom Austria share is included in the portfolios of various socially-responsible investment funds

## Shareholder structure of the Telekom Austria Group

As of Dec. 31, 2009

<b>0.10%</b>	Treasury shares
<b>28.42%</b>	ÖIAG (Republic of Austria)
<b>71.48%</b>	Free float (incl. employees)



## Overview of Telekom Austria Group Markets 2009

	Country	Market share	Mobile Penetration
<b>FIXED NET</b>			
<b>Voice telephony</b>			
Telekom Austria (Fixed Net)	Austria	60.4%	
<b>Broadband lines</b>			
Telekom Austria (Fixed Net) – retail and wholesale	Austria	31.7%	
mobikom austria – share of the total broadband market	Austria	17.0%	
<b>MOBILE COMMUNICATION</b>			
mobikom austria	Austria	42.6%	135.7%
Mobiltel	Bulgaria	49.8%	142.0%
velcom	Belarus	42.7%	99.4%
Vipnet	Croatia	42.6%	138.4%
Si.mobil	Slovenia	28.2%	102.9%
Vip mobile	Republic of Serbia	12.0%	128.4%
Vip operator	Republic of Macedonia	15.9%	92.7%
mobikom liechtenstein	Liechtenstein	20.1%	90.1%

The aim of the newly restructured Telekom Austria Group is to be the most innovative and efficient telecommunications provider in central and eastern Europe.

## VISION & VALUES

### Inventing the Future with You

In a world of continuous change we work to deliver the best communications solutions that seamlessly integrate themselves into people's ever-changing lives. As an innovation and quality leader, we are always a step ahead of our competitors, focusing not just on today, but on a world that is worth living in for everyone.

### INNOVATION

The Telekom Austria Group is a responsible enabler of progress, not a reckless innovator. It adds value to innovation, makes it applicable in everyday life, and offers convergent, easy-to-use solutions for everyone. It takes on the challenges of building the 21<sup>st</sup> century's key infrastructure, thus enabling people to truly enjoy the benefits of knowledge-based society, digital education and modern healthcare.

### DIVERSITY

The Telekom Austria Group is formed by and home to a variety of strong, local brands. In the heart of central and eastern Europe, the Telekom Austria Group embraces the diversity of culture, background and heritage and incorporates it into its "DNA" as a valuable resource. Diversity at the Telekom Austria Group plays to the different cultures, skills and know-how that build synergies within our group. It's an open, two-way approach where we learn from each other.

### RESPONSIBILITY

Responsibility at the Telekom Austria Group means appreciative collaboration with employees, customers and other stakeholders, a strong focus on quality, operational excellence, profitability and sustainable growth, as well as the support of the communities it serves. We are committed to an integrative approach to the economic, ecological and social aspects of sustainable management to create a world that is worth living in for everyone.

### QUALITY

Quality at the Telekom Austria Group combines innovation with reliability, stability and safety. We can be trusted to deliver smart, best-in-class products and services. It also means that we are a reliable and stable business partner, delivering profitability to our stakeholders. This is all part of our heritage as a long-standing, experienced and responsible telecoms leader.

## Goals 2010

Reorganization of group-wide CSR activities – adaptation of the CSR strategy and CSR management within the framework of the restructuring of the Telekom Austria Group

## CORPORATE SOCIAL RESPONSIBILITY

### Understanding Sustainability

The Telekom Austria Group consciously strives to achieve its prime strategic objective of a steady and sustainable increase in shareholder value. The emphasis is therefore not upon achieving expansion at any price, but upon taking forward-looking action to ensure the company's healthy development in the long-term. We seek to benefit both individuals and societies, including customers and staff as well as all other stakeholders in the regions in which we work. In keeping with responsible corporate management, we take regional conditions, environmental and social aspects into account.

### Group-Wide CSR Management

The CSR process started last year culminated in the reorganization of the strategic sustainability activities and the implementation of a CSR management system with the aim of putting in place structures that will anchor sustainability even more strongly within the company.

This new structure is presided over by the Chairman of the Management Board of the Telekom Austria Group. The responsibilities of the newly created CSR Board, which is made up of first level managers from the relevant departments, include discussing and

further developing the most important sustainability topics, making fundamental strategic decisions regarding the direction sustainability should take within the Group, taking responsibility for sustainability in their own departments and adopting the annual CSR program. The Board is supported by the CSR core team, which is responsible for developing the annual CSR program and defining key areas. The team also gathers ideas from within and outside the company, launches initiatives and identifies synergies between the projects, and is also responsible for evaluating the risks and challenges of CSR-relevant topics. Planning is currently underway to install local CSR structures at the international subsidiaries of the Telekom Austria Group.

The newly established CSR department is responsible for CSR management and the further development of the CSR process at group level. It is also the relevant interface to all Telekom Austria Group companies and sets the strategic direction. Individual activities are the responsibility of the respective companies and are geared to regional regulations and requirements.

As part of the CSR process, all CSR initiatives and projects were assessed and evaluated in terms of the challenges and opportunities they present to the company and the industry. Besides detailed benchmarking, the process involved taking into account the analyses of the rating agencies and respecting the interests of both internal and external stakeholders, before defining key areas for the Group.

### Stakeholder Management

The Telekom Austria Group has a strong commitment to open dialogue. As its knowledge of the needs and expectations of the most important stakeholder groups, such as employees, customers, suppliers, shareholders, the scientific community and legislators is an important element of the company's success, the active inclusion of these interests and a willingness to engage in an open dialogue form an integral part of the corporate culture. The Telekom Austria Group gives active consideration to suggestions and feedback received from its stakeholders, using them as the basis for drawing up appropriate measures. The individual departments engage in direct dialogue geared to the needs of the respective interest group, while strategic internal and external communications measures are implemented by the relevant communications departments. The Investor Relations department keeps the financial markets and Telekom Austria Group shareholders informed. Individual stakeholder management measures are presented in the respective chapter on the given strategic area of action. The topics are chosen and weighted according to their relevance and stakeholder interests.

### International Guidelines

In accordance with the OECD guidelines for multinational companies, the Telekom Austria Group respects the political framework in all states in which it operates. All the individual companies of the Telekom Austria Group respect human rights and comply with national laws.

The UN Global Compact is the largest global initiative to support human rights, corporate social responsibility and sustainable development. The companies that support the Global Compact commit themselves to voluntary compliance with specific ethical, social and ecological principles. Within the Telekom Austria Group, the Croatian operator Vipnet, Si.mobil in Slovenia and the Serbian company Vip mobile are members of the Global Compact network. The Telekom Austria Group is currently evaluating the framework and preconditions and making the necessary preparations for the entire Group to accede to the Compact.

### Corporate Governance

The Austrian Corporate Governance Code has formed the framework for the sustainable management of the Telekom Austria Group since 2003 when the Group committed itself to voluntary compliance with the Code. In January 2010, a revised and updated version of the Code was published. The most important changes arising from the revision concerned aspects of the variable and share-based remuneration of the Management Board and other executives. Several provisions of the Code were also adjusted to comply with amendments to the Stock Corporation Act 2009. Due to its participation in the Austrian Working Group for Corporate Governance, the Telekom Austria Group was actively involved in the further development of the standard.

### Code of Conduct

The Code of Conduct sets out rules of behavior, standards and business principles that are binding across the Telekom Austria Group, as well as rules for fair dealing with suppliers, customers and competitors, and principles governing confidentiality and for handling conflicts of interest. The Code applies to all employees, executives and members of the Management Board and is a core element of the Group's corporate culture. Information and training measures are also carried out to raise employee awareness for corruption prevention and lawful, ethical conduct. A special reporting system has been put in place to manage the communication of confidential information about legally dubious procedures or violations of the Code of Conduct. The Telekom Austria Group plays an active part in Transparency International Austria's working group on whistleblowing.

Based on the current Code of Conduct, clear guidelines for sponsoring and lobbying in connection with legislators and political parties were drawn up and communicated to employees in 2009 and 2010.

### Anti-Corruption Management

Anti-corruption management as part of a comprehensive risk-based compliance management system is an integral element of the high corporate governance standards of the Telekom Austria Group. The fundamental pillars of compliance management at the Telekom Austria Group encompass the following: the explicit and binding commitment to responsible action in the corporate values of the Telekom Austria Group, the country-specific further development and consolidation of the group-wide behavior guidelines and standards laid down in the Code of Conduct, monitoring of compliance with the relevant laws and regulations by means of management and process controls within the framework of the group-wide internal control system, the

### Stakeholders of the Telekom Austria Group

- Employees
- Employee Representation, Labor Union
- Customers
- Shareholders, Analysts, Investors
- Suppliers
- Municipalities
- Neighbors, Citizens' Action Groups
- NGOs
- Science, Policymakers, Public Authorities
- Special Interest Groups

## Memberships

- RespACT Austria: Telekom Austria (Fixed Net), mobilkom austria/Austria
- Bulgarian Charities Aid Foundation: Mobiltel/Bulgaria
- Bulgarian Donors' Forum: Mobiltel/Bulgaria
- CSR Academy: Mobiltel/Bulgaria
- Global Compact: Vipnet/Croatia, Si.mobil/Slovenia, Vip mobile/Serbia
- Business Leaders Forum Serbia: Vip mobile/Serbia

risk-oriented auditing activities of the Internal Audit department, and comprehensive risk-specific training measures at all important group companies. The Management Board and the Audit Committee of the Supervisory Board receive regular reports regarding the effectiveness of the internal control system and the audits carried out by the Internal Audit department. Furthermore, in spring 2010, the Supervisory Board closely scrutinized the systemic fundamentals and effectiveness of the Telekom Austria Group's compliance management system.

The tightening up of the Telekom Austria Group's Code of Conduct in 2009 to include an explicit ban on donations to political parties was announced as part of a comprehensive anti-corruption training initiative. These compliance training programs will be continued in 2010 and intensified once a comprehensive package of compliance measures has been adopted for consultancy, lobbying and sponsoring agreements. In addition to the general compliance controls in the internal control system and the auditing activities of the Internal Audit department, separate compliance bodies for sensitive areas have been established to monitor compliance with the anti-corruption regulations. Furthermore, all whistleblower reports will be investigated by the Internal Audit department and, if confirmed by this internal investigation, will result in disciplinary consequences (zero tolerance policy).

The Telekom Austria Group also shares its expertise in the area of compliance management with others by developing and participating in public compliance training programs as well as compliance networks in Austria.

### **Risk Management and Internal Control System**

Risk management at the Telekom Austria Group systematically identifies possible events and trends, and regulates procedures for dealing with both potential risks and opportunities. The main focus of activities is upon market and competitive risks, interventions by regulators and uncertain legal situations, which could influence the company's success. The qualitative and technical reliability of infrastructure facilities and the security of data networks are also key areas of risk management. Group-wide monitoring and coordination is carried out by a central risk manager.

In addition to a Group Audit unit at the holding company, all major international subsidiaries have their own audit units that carry out independent and objective audits under the expert supervision of Group Audit. They provide reports on their work and the main audit results to the Audit Committee.

The internal control system of the Telekom Austria Group is aimed at safeguarding the effectiveness and profitability of business activities, the integrity and reliability of financial reporting as well as compliance with all relevant laws and regulations. The effectiveness of this internal control system is surveyed and analyzed at regular intervals. Behind any important financial transaction is a risk and control matrix which ensures that financial reporting is correct and complete. The most important content and principles apply to all Telekom Austria Group companies.

### **Compliance Guidelines**

To prevent the misuse or passing on of insider information, the Telekom Austria Group has issued group-wide compliance guidelines and holds regular workshops for executives and employees working in the classified units that have been defined within the company. Explicit blocking periods prior to the publication of results have been laid down in conformity with the issuer compliance regulations and organizational measures put in place in the area of IT security and the documentation and distribution of sensitive data.

### **Supply Chain Management**

Telekom Austria (Fixed Net) and mobilkom austria require all suppliers and their sub-suppliers to comply with the standards laid down by the International Labor Organization (ILO) that supports workers' rights and working conditions. In addition to environmental procurement criteria, the Purchasing Policy also stipulates important safety and sustainability standards. Business relationships are only maintained with environmentally and socially responsible suppliers and in compliance with the applicable international agreements and standards as well as local, national, European and international laws and regulations. Relevant criteria range from environmental-friendliness over the entire product life-cycle, labeling and information obligations, the optimization of recycling and energetic recycling of products at the end of their useful lives as well as the sparing use of materials and energy. Using an environmental vendor rating system, Telekom Austria (Fixed Net) and mobilkom austria subject their most important and environmentally-relevant suppliers to an assessment that evaluates their general and specific environmental activities. This assessment also involves reviewing the various certifications held by suppliers to check their relevance and ensure that they are up to date. Any discrepancies are discussed at meetings with suppliers.

The Purchasing Policy is adapted as needed to take account of environmental criteria in the individual countries. In 2009, Si.mobil also launched intensive

cooperation with suppliers to provide environmentally-friendly products and services.

### Details of Reporting

This annual sustainability report has been drawn up on the basis of the recommendations of the Global Reporting Initiative (Guideline G3 for Sustainability Reports and the Telecommunications Sector Supplement). The data is collected using standardized questionnaires clustered according to the activities in the individual companies and then centrally processed and checked for plausibility. Each year, the CSR department evaluates the questionnaires with regard to current developments, requirements and objectives. The topics covered in this year's report were selected according to their relevance and materiality and are intended to provide a succinct description of the Group's sustainability goals and impacts. The reporting period for key figures is the 2009 financial year; information concerning the individual topics was included up to the editorial deadline July 15, 2010. On July 8, 2010 the two Austrian companies Telekom Austria (Fixed Net) and mobilkom austria merged to form a single enterprise – AT Telekom Austria. The two companies are reported separately in this sustainability report 2009/10.

## CORPORATE STRATEGY

### Value-Oriented Cash Use Policy

With regard to its cash use policy, the Telekom Austria Group's strategy is oriented toward achieving a balance between value-enhancing growth investments and continuous attractive shareholder remuneration. Growth investments compete with share buybacks and are only made if they can produce a greater increase in shareholder value. In the period 2009 to 2012, the Group intends to distribute dividends amounting to 65% of net income or at least EUR 0.75 per share.

### Market-Oriented Convergent Product Bundles

At the end of 2007, the Telekom Austria Group started introducing cross-segment product bundles to safeguard the attractiveness of fixed net access lines. They provide a one-stop-shop solution for all communications and media needs, lower prices compared to single services as well as high-quality service and technical support from one source. Moreover, the Telekom Austria Group's product bundles leverage its successful domestic positioning on both the fixed net and mobile communications markets.

Due to the advanced digitalization of transmission data, the form of transmission is becoming increasingly unimportant, what counts is transmission capacity. The convergence of fixed net and mobile communications infrastructure, the integration of previously separate access networks as well as the

convergence of communication and IT, i.e. the optimization of communication processes on an IT basis, are the next logical steps.

### Integration of Fixed Net and Mobile Communication in Austria

In July 2010 the two Austrian companies Telekom Austria (Fixed Net) and mobilkom austria merged to form a single enterprise, AT Telekom Austria. The main aim of this organizational merger is to meet increasing demand for integrated solutions and convergent products. Moreover, the joint steering of sales activities will generate considerable revenue potential through cross-selling opportunities. This merger will also enhance the Telekom Austria Group's innovative strength, enabling the roll-out of a joint and future-proof network infrastructure and the full leverage of synergies across in-house processes. The organizational merger will take place in 2010. However, optimization of processes and the convergence of technological systems will require more time.

### Investments in New Technologies

The repositioning of the product portfolio and general rise in traffic volumes due to increased use of data services require considerable investments in network infrastructure and new technologies.

The Telekom Austria Group is working intensively on gradually migrating its separate networks to an All-IP-based Next Generation Network.

The convergence of network architecture reduces process complexity, improves efficiency and at the same time enables the introduction of new, innovative services. In addition, four glass fiber pilot projects were initiated in Carinthia and Vienna in 2009 with the aim of obtaining reliable information about development costs and customer acceptance of product design and pricing of premium services. Villach was supplied with glass fiber technology in October 2009; Klagenfurt will be connected in November 2010, followed by the 15th and 19th districts of Vienna in the first quarter of 2011. The future product portfolio will encompass Internet connections with speeds of up to 100 Mbit/s, innovative Internet-based services and HDTV, including a video library.

In 2009, Telekom Austria (Fixed Net) also started the rollout of VDSL (Very High Speed Digital Subscriber Line) in rural areas based on the existing glass fiber core infrastructure up to the switching centers as well as on the migration to an NGN voice platform. This technology enables the upgrade of current network transmission bandwidths to up to 30 Mbps with very low incremental investments.

### Strategic Focus

- Positioning the Telekom Austria Group as a provider of convergent services
- Optimizing activities through operational excellence
- Value-creating growth by
  - Converging Fixed Net and Mobile Communication in Austria
  - Seizing opportunities to consolidate markets
  - Geographic expansion

## Awards 2009/10

- Austrian CSR Ranking, industry winner in the information technology category (sixth place in the overall rankings – up one place from 2008): Telekom Austria Group
- Vienna Stock Exchange Corporate Governance Prize: Telekom Austria Group (1st place)
- Vienna Stock Exchange ATX Prize: Telekom Austria Group (3rd place)
- IR Global Ranking Corporate Governance Prize: Telekom Austria Group
- Corporate Governance Award 2010 from World Finance: Telekom Austria Group

## ECONOMIC FACTOR ICT

### Indirect Economic Impact

A current WIFO study has confirmed the importance of the Telekom Austria Group as an economic factor in Austria. The Telekom Austria Group generates an annual gross value added (operating income plus personnel expenses plus depreciation) of EUR 7.1 billion in Austria. Tax liabilities and statutory social security contributions total EUR 1.8 billion per year. The Telekom Austria Group has an overall employment effect of 64,200 jobs in Austria, i.e. more than 1.6% of all jobs (total of employed and self-employed people) in Austria are safeguarded either directly or indirectly by Austria's largest telecommunications company. WIFO has also calculated that investments in telecommunications infrastructure totaling approximately EUR 100 million create or safeguard some 1,300 jobs, especially in the construction industry and among suppliers.

Glass fiber represents a technological advance that has taken us to the threshold of a new development stage which will significantly boost innovation. Particular attention is given to rural areas, where the population will benefit from better technical access to the knowledge society.

### ICT as a Location Factor in Europe

Digital technologies, notably broadband as the basic infrastructure, are the central force underpinning Europe's economic transformation. For this reason, the Telekom Austria Group fully supports the EU's vision for a digital future as set out in its 2020 Strategy, which identifies the provision of broadband services to all EU citizens by 2013 as one of its key objectives.

The Telekom Austria Group is making a significant contribution to the successful development of the mobile communications industry and the economies in its eight central and eastern European markets. More than 18.9 million customers as of year-end 2009 benefit from the steady innovative capabilities of the industry and the advantages of mobile communications.

The study *The Impact of Broadband in Eastern and Southeast Europe* conducted by Frontier Economics (UK)<sup>1</sup> revealed significant differences within the region and in comparison to western Europe in terms of penetration of fixed and mobile broadband. The study concluded that the potential total benefit of broadband for the countries within the Telekom Austria Group's eastern and southeast European footprint amounts to EUR 9.2 billion within the next ten years. While the Telekom Austria Group is the market leader in Austria and Bulgaria, the companies in Slovenia, Croatia and Belarus are in second place, while those in the republics of Serbia and Macedonia are new entrants. The Telekom Austria Group's goal is to offer broadband services to all customers in its countries. The Group has therefore invested more than EUR 4 billion in its telecommunications operations in central and eastern Europe.

## REGULATION

At the end of 2009 the new European legal and regulatory framework for the telecommunications sector came into force. One of its aims is to stimulate infrastructure investments and innovation. The strengthening of consumer rights, including data protection, is a core element of the new legal framework that must be incorporated into national law by 2011 at the latest.

<sup>1</sup> *The Impact of Broadband in Eastern and Southeast Europe*, Frontier Economics, May 2010

# CLIMATE FRIENDLY

*We treat the environment with respect, making efficient use of energy and resources.  
Our innovative technologies and services contribute to reducing CO<sub>2</sub> emissions.*

## ICT – CHANCES FOR THE CLIMATE

### Global Contribution to Climate Protection

The WWF has confirmed that the innovative solutions provided by information and communications technologies offer enormous potential for climate protection. High-quality broadband networks are therefore a sustainable investment in more than just economic terms. A recent study carried out by the Global e-Sustainability Initiative (GeSI) calculated that state-of-the-art ICT solutions could cut global emissions of CO<sub>2</sub> by 15% by 2020. The savings in Europe alone could amount to 50 million tons of CO<sub>2</sub> per year.

### Virtualization of Products and Services

Many products and services – think “data traffic instead of road traffic” – can be replaced by virtual services. Consumers are increasingly choosing to download music files and video films electronically instead of purchasing “physical” media such as CDs and DVDs. E-government enables tax-payers to file their tax declarations or applications online, thus reducing the use of paper.

Thanks to modern ICT, video conferences have become a good substitute for international meetings and local conferences. The use of video-conferencing in Europe alone could eliminate between 5% and 30% of business trips, saving up to 33 million tons of CO<sub>2</sub> emissions each year.<sup>1</sup> At the same time, teleworking is becoming a low CO<sub>2</sub> alternative to the daily commute to the office for an increasing number of workers.

## GREEN IT FOR MAXIMUM ENERGY EFFICIENCY

### Rising Demand for ICT

Pioneering, emission-reducing ICT applications such as video conferencing systems are also highly data intensive and therefore require a suitable technological infrastructure. According to a study carried out by the research company Gartner, ICT is responsible for 2% of global CO<sub>2</sub> emissions.<sup>2</sup> Equipment manufacturers, mobile communications operators, broadband providers and Internet services such as search engines and web platforms consume energy during the production and transport of hardware and the storage of data.

### Substantial Reduction in CO<sub>2</sub> Emissions

The ICT industry needs to sustainably curb energy consumption in all areas and develop strategies to increase energy efficiency. The Telekom Austria Group is aware of its responsibility in this area and therefore implements appropriate measures.

At Telekom Austria (Fixed Net)<sup>3</sup> electricity consumption is responsible for approximately 51% of CO<sub>2</sub> emissions. In 2009 Telekom Austria (Fixed Net) became an industry pioneer when it joined the WWF Climate Group, committing itself to reducing its emissions of CO<sub>2</sub> by at least 15% or 15,000 tons within the next three years. This target has already been exceeded: By the end of 2009, emissions of CO<sub>2</sub> had been reduced by approximately 40% to 47,918 tons compared to 77,093 tons in the reference year 2008. This is equivalent to the amount of CO<sub>2</sub> caused by 3,300 Austrians each year.

### Energy Efficiency at Computing Centers

One of the main problems with ICT infrastructure is heat development in the rooms housing technical equipment and the resulting increased power requirement for ventilation and cooling technology. Here, the Telekom Austria Group plans to use detailed energy flow analyses and the latest technologies to achieve a long-term reversal of this trend.

By replacing 350 old servers with 22 new “virtual” servers it will be possible to save up to 2,000,000 kWh of electricity per year. In November 2009 Telekom Austria (Fixed Net) won an award from the “Life Ministry’s” klima:aktiv climate protection initiative for the best practice project “Hot-Spot Absaugung” in the Energy Efficient Companies category. The project involves increasing energy efficiency by suctioning heat from equipment. The use of outdoor air for cooling and the hot-spot suction extraction system will reduce environmental impact by up to 50% and once the system has been implemented throughout Austria, the company expects to cut electricity consumption by approximately 4,500 MWh per year. It will also be possible to dispense with the coolant R22.

### Goals 2010

- Expand and further develop innovative, environmentally-friendly information and communications technologies (ICT)
- Continue internal and external information campaigns to communicate environmental and climate protection measures more effectively
- Reduce energy consumption at corporate headquarters and in office buildings
- Increase energy efficiency in the area of infrastructure
- Step up the use of alternative forms of energy
- Increase use of alternative and energy-saving drive systems in the vehicle fleet

### CO<sub>2</sub> emissions in Austria in 2009

Telekom Austria (Fixed Net) and mobilkom austria: 85,672.51 tons

**69.66%**

CO<sub>2</sub> emissions from electricity consumption\*

**18.60%**

CO<sub>2</sub> emissions from the vehicle fleet\*\*

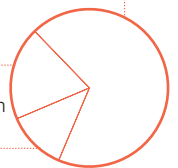
**11.74%**

CO<sub>2</sub> emissions from heating energy consumption\*\*\*

\* Calculated according to figures from eControl

\*\* Calculation of the Federal Environment Agency – Results of the Eco Balance 2009

\*\*\* Calculated according to the methods of the Climate Alliance



<sup>1</sup> “SMART 2020: Enabling the Low Carbon Economy in the Information Age.” GeSI/The Climate Group, 2008

<sup>2</sup> „Assessment of Global Low Carbon Leadership in the ICT Sector”, Gartner/WWF 2008

<sup>3</sup> On July 8, 2010 the two Austrian companies Telekom Austria (Fixed Net) and mobilkom austria merged to form a single enterprise – A1 Telekom Austria. In the Sustainability Report 2009/10 that covers the reporting period 2009 to July 15, 2010, the two companies are reported separately.

The Computing Center Energy Optimization project at mobilkom austria is already into its second year. The data center efficiency value of 47% in 2008 was again improved to an annual average of 49% in 2009.

The data center efficiency value of Telekom Austria (Fixed Net) was improved to 56% thanks to a comprehensive system of energy management.

### Energy Efficiency Thanks to Intelligent Use of GSM Resources

mobilkom austria has implemented a pilot project AI Energieeffizienz that is reducing the energy consumption and CO<sub>2</sub> emissions of base stations by intelligently managing resources. Network capacity is adjusted to the volume of traffic carried over the network with no negative impact on network quality (connect test "AI – Best Network in the German-Speaking Region – Germany, Austria, Switzerland"). Resources that are not required – complete base stations or parts of them – are temporarily deactivated. mobilkom austria is already successfully using this energy-saving mode at 303 sites in Vienna and the concept will be extended throughout Austria by the middle of 2010. This will make it possible to operate approximately 1,000 sites energy-efficiently, cutting consumption by 10% and producing total savings of 438 tons of CO<sub>2</sub> or 1.2 GWh.

In early 2009 mobilkom austria started pilot operations with a wind-powered base station. 80% of the total energy requirement will be met by wind power. The plan is now to open other such stations by the end of 2010. A further trial that uses alternative sources of energy integrates photovoltaic cells at base stations.

The Croatian Vipnet uses alternative energy sources to power over 50 base stations. Vip operator in Macedonia is working on developing a project to utilize solar power.

## ENERGY-EFFICIENT OFFICE BUILDING

In energy management activities Telekom Austria (Fixed Net) relies on climate-neutral electricity. In 2009 the company raised the proportion of hydroelectric power to 66% and green electricity generated by small-scale hydroelectric plants to 5%. In addition to the company's headquarters on Lasallestrasse, which were fully converted to green electricity in 2008, since 2009 the large company locations in Salzburg and Graz have also been independent of fossil fuels for electricity.

Through internal communication campaigns such as the "Stop-Standby" initiative or "Sprintsparmeister" (best gas saver) Telekom Austria (Fixed Net) staff are also motivated to use energy responsibly.

Telekom Austria (Fixed Net) has opened Europe's largest and most innovative service center with approximately 400 employees on 1,800 m<sup>2</sup> at the new FutureCampus 22 in the Arsenal Technology Center in Vienna. The design, materials and technologies that are used are all based on ecological principles. Heat recovery, the use of outdoor air for cooling and a photovoltaic system ensure the optimal use of energy. The photovoltaic system is expected to generate approximately 30,000 kWh per year.

Vipnet has reduced its consumption of heating energy with a comprehensive range of new technical installations and façade insulation. Si.mobil has exceeded its planned target of 5% for cutting energy consumption per employee in administrative buildings, achieving a reduction of 14.85%. In addition to extensive internal communication activities about the efficient use of energy, stickers were affixed to the various items of equipment in an effort to change user behavior.

## SYSTEMATIC ENVIRONMENTAL PROTECTION

### Environmental Management

The environmental management systems of Telekom Austria (Fixed Net) and Si.mobil are both certified in accordance with ISO 14001, while mobilkom

### Development of the CO<sub>2</sub> emissions\* in Austria

In tons	2009	Change in %	2008
<b>Telekom Austria (Fixed Net)</b>	<b>47,918.30</b>	<b>-37.84</b>	<b>77,093.44</b>
From electricity consumption	24,482.38	-53.14	52,250.95
From the vehicle fleet	14,081.14	-0.96	14,217.81
From heating energy consumption	9,354.78	-11.95	10,624.68
<b>mobilkom austria</b>	<b>37,754.21</b>	<b>-12.21</b>	<b>43,006.51</b>
From electricity consumption	35,195.00	-12.96	40,437.68
From the vehicle fleet	1,855.88	2.54	1,809.83
From heating energy consumption	703.33	-7.33	759.00

\* Calculation of CO<sub>2</sub> emissions: Electricity consumption has been calculated according to figures from eControl, the figures for the vehicle fleet according to data from the Federal Environment Agency - Results of the Eco Balance 2009 and heating energy consumption using the methods of the Climate Alliance. The increased focus on hydroelectric power in the electricity mix is positively reflected in the reduction of CO<sub>2</sub> emissions.

austria has been certified by the Ökoprofit program. mobilkom austria and Mobiltel have systems that are ready for certification while Vipnet and Vip mobile are in the planning phase for ISO certification.

In 2009 mobilkom austria established the basis for its current environmental strategy by appointing a special environmental officer and developing an environmental management system. Supporting measures were also developed and their implementation commenced. mobilkom austria has been an Ökoprofit company since 2005 and is implementing an environmental management system according to ISO 14001.

Environmental protection is also part of the CSR strategy at Si.mobil and the Re.think program invites each member of staff to make their own individual contribution. In 2009 the company continued its environmental program and defined six core areas.

### Energy Management

Telekom Austria (Fixed Net) became the first company in Austria to receive certification for its energy management system according to the new Austrian Standard ÖNORM EN 16001:2008. The consumption of electricity, gas, oil and district heating is continuously measured across all areas of the operational business providing a basis for identifying further optimization potential. Since 2008 the Energy Management department has been systematically working to save energy and increase energy efficiency.

The implementation of a series of energy management measures has enabled Telekom Austria (Fixed Net) to significantly reduce its electricity consumption by more than 6% in defiance of the global trend of rising energy demand in the ICT sector.

As part of its general corporate social responsibility strategy, Mobiltel has launched a program to improve energy efficiency under the name blue line. The first step for the one and a half year program involves analyzing potential areas of application for alternative

energies. Other measures include the optimization of climate control systems in server rooms, the heating of administrative buildings, the use of energy-saving lighting and optimization of energy use at mobile communications base stations.

### Member of the EU-Wide CoC Benchmark

In 2009 Telekom Austria (Fixed Net) became the first Austrian company to sign the European Union Code of Conduct (CoC) on Data Centres Energy Efficiency, becoming a partner in an EU-wide and official benchmarking system. An Approval Board was set up within the company to find solutions to reduce energy consumption and increase energy efficiency in all departments as quickly as possible.

### WORKING TOGETHER FOR CLIMATE PROTECTION

The Telekom Austria Group uses a variety of communication channels to generate awareness for energy efficiency among its employees, suppliers, customers and the general public, and discuss the opportunities offered by modern technologies.

In 2009 Telekom Austria (Fixed Net) held its third Climate Dialogue. At the event – which was held in cooperation with the “Life Ministry” – leading experts from the fields of environmental protection, politics and industry discussed the importance and impact of the UN conference on climate change in Copenhagen.

Telekom Austria (Fixed Net) highlighted its environmental commitment and raised public awareness for issues such as energy efficiency and the careful use of resources with a campaign in all the leading Austrian print media under the title “we take responsibility for the environment.”

### Memberships

- Austrian Mobile Power (AMP): Telekom Austria (Fixed Net)/Austria
- ETNO (European Telecommunications Network Operators' Association) Working Group for Sustainability and Energy: Telekom Austria (Fixed Net)/Austria
- EE IOCG (Energy Efficiency Inter-Operation Collaboration Group): Telekom Austria (Fixed Net/Austria)
- WWF Climate Group: Telekom Austria (Fixed Net)/Austria

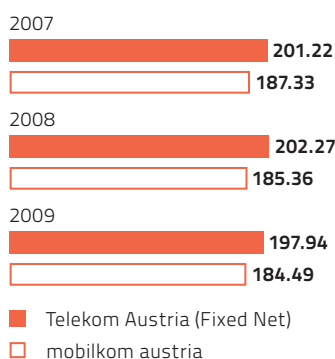
## Consumption of Resources in Austria – Telekom Austria (Fixed Net) and mobilkom austria

In tons	2009	Change in %	2008
<b>Energy consumption for electricity</b>			
Total electricity consumption (in MWh)*	313,466.00	-3.12	323,573.73
<b>Energy consumption for heating</b>			
Heating energy consumption oil (in MWh)	6,139.01	-15.86	7,296.13
Heating energy consumption gas (in MWh)	17,268.45	-9.54	19,090.21
Heating energy consumption district heating (in MWh)	33,156.74	-6.15	35,329.23
<b>Water consumption (in m³)</b>	168,777.00	-18.06	205,977.00

\* Due to the implementation of a comprehensive package of energy management measures, electricity consumption at Telekom Austria (Fixed Net) has been significantly reduced in defiance of the global trend in the ICT sector. The amount of green energy supplied to administrative buildings has also been increased. The rise in energy consumption at mobilkom austria compared to 2008 is due to the expansion of data collection activities to additional locations and shops.

## Average CO<sub>2</sub> Emissions of the Vehicle Fleet in Austria

In g/km



Federal Environment Agency – Results of the Eco Balance 2009

Mobiltel is focusing on protecting nature in Bulgaria with its M-Tel ECO Grant initiative. M-Tel ECO Grant supports five projects that seek sustainable solutions to protect nature, but also have a very strong element of public involvement. The aim is to raise awareness for the importance of environmental protection and motivate the public to act in an environmentally-friendly manner.

### Employees as Environmental Ambassadors

Internal environmental communication measures at the Telekom Austria Group focus on conveying knowledge, creating awareness and promoting activities. They range from an employee suggestion system and information campaigns to inclusion in employee performance.

In 2009, for example, Telekom Austria (Fixed Net) educated employees about the advantages of telepresence, organized an internal environment day and made environmental protection a topic at Daughters' Day.

Right on time for the World Climate Conference in Copenhagen, mobilkom austria motivated its employees to take part in the Greenpeace campaign "1,000,000 Good Deeds for Climate Protection." The best ideas from among the many entries were selected by a panel of experts.

Vip mobile motivates its employees to save energy with a special information campaign. The environmental program for 2010 defines comprehensive measures to improve energy efficiency. Moreover, the company is also currently examining the use of alternative energy sources. Vip operator uses equipment stickers to educate employees about making economical use of energy. Thanks to changed user behavior and the introduction of energy-saving measures, energy consumption was reduced by 40% within a year.

## EMISSION FACTOR MOBILITY

Besides successively converting its own vehicle fleet to lower-emission vehicles, the Telekom Austria

Group relies on measures that are geared to making mobility behavior greener as a matter of principle. This includes making greater use of teleworking as well as virtual meetings in the form of telepresence.

### Mobility Management

In the year under review, Telekom Austria (Fixed Net) successfully reduced both the number of kilometers driven and fuel consumption compared to 2008. The ongoing modernization of the vehicle fleet and the switch to more economical and efficient models is also positively reflected in the emissions balance. It is also gratifying to report that employees were successfully encouraged to make greater use of public transport. Railways were used almost twice as often as in the previous year. Alternative fuels are also being used more frequently than was the case last year. To further expand the use of alternative drive technologies, Telekom Austria (Fixed Net) added five hybrid and one electric vehicle to its fleet in 2009. Changes to company travel policy guidelines led a 14% reduction in air and a 46% rise in rail travel.

Despite an increase in total mileage (1.1% from 2008 to 2009) fuel consumption at mobilkom austria rose by only 0.6% in the same period. The slight decline in specific consumption per kilometer is attributable to the increased use of lower-emission vehicles.

Si.mobil has also reduced its mileage by 24.63% by encouraging employees to use public transport and company bicycles. In addition, the company also placed greater emphasis on e-learning and video-conferencing.

### Telepresence and Teleworking

The use of a telepresence system eliminates travelling time and the amount of energy consumed as a result of business travel is massively reduced. Telekom Austria (Fixed Net) has set itself the goal in its environmental program of lowering the CO<sub>2</sub> emissions generated by business travel by approximately 150 tons annually.

### Telekom Austria Group Vehicle Fleet

	2009	Change in %	2008
Number of vehicles	4,922	1.03	4,872.00
Use of petrol (in liters)	815,055.31	23.44	660,276.00*
Use of diesel (in liters)	7,621,975.00	-2.14	7,788,401.00*
Use of alternative fuels (in liters)**	13,340.00	38.25	9,649.00
Mileage (in '000s km)	107,743.81	3.24	104,363.82
CO <sub>2</sub> emissions (in tons)***	22,250.36	9.10	20,394.23

\* The figures for petrol and diesel for 2008 have been corrected on the basis of improved methods of calculation.

\*\* The use of alternative fuels rose compared to 2008 due to the continued substitution of older vehicles by low-emission vehicles.

\*\*\*Telekom Austria (Fixed Net), mobilkom austria: Federal Environmental Agency Calculation – Results of the Eco Balance 2009; Mobiltel, velcom, Vipnet, Si.mobil, Vip mobile, Vip operator: Calculation according to the Greenhouse Gas Protocol Initiative.

The use of the high-end video conference solution Telepresence should eliminate 25% of one-day business trips. This telepresence solution is available at eight company locations and is among the most advanced solutions worldwide for holding live meetings despite physical distances. In addition, traditional video conferencing solutions, OCS clients and fixed line or mobile telephones can also be integrated.

Eleven million tons of CO<sub>2</sub> emissions could be avoided in the EU if 10 million EU citizens were to work from home as teleworkers one or two days a week.<sup>4</sup> The Verkehrsclub Österreich (VCO), an organization that works toward environmentally sustainable mobility, has estimated that as much as 700 tons of CO<sub>2</sub> per day could be avoided in Austria if fewer than one tenths of those who commute to work by car were to work at home one day a week.

Telekom Austria (Fixed Net), mobilkom austria, Mobiltel, velcom and Si.mobil all offer their employees the possibility of teleworking.

### E-Mobility

As a member of Austrian Mobile Power (AMP), the country's largest e-mobility platform, Telekom Austria (Fixed Net) will in future contribute to the success of e-mobility. Thus in early 2010, Telekom Austria (Fixed Net) took into service the first prototype of a telephone booth with an integrated charging station. The charging station model uses existing infrastructure and a convenient form of payment via mobile phone. 30 electric charging stations are planned for the end of 2010 throughout Austria for e-vehicles, e-scooters or e-bikes.

## CONSERVING RESOURCES

On matters of resources, the Telekom Austria Group follows the motto: reduce – reuse – recycle. Resources are sparingly used as a matter of principle, but also for reasons of cost efficiency. Waste is recycled or properly disposed of in accordance with the legal requirements. Typically for the telecommunications industry, waste falls into two categories: Telecommunications waste and office waste. Telekom Austria (Fixed Net), mobilkom austria, Mobiltel, Vipnet and Si.mobil are subject to EU legis-

lation governing waste electrical equipment and are therefore obliged to accept any such waste which is returned by customers free of charge.

### Taking Action with Customers

The Telekom Austria Group actively involves key multipliers, namely its customers, in questions concerning the saving and conservation of resources. Campaigns such as paperless electronic billing or mobile phone recycling not only enhance customer convenience, they also create awareness for dealing responsibly with everyday habits.

### Online Billing

Following a campaign to promote online billing Telekom Austria (Fixed Net) increased the number of paperless customers in 2010 by 220,000 to 836,902.

Together with its customers, mobilkom austria succeeded in saving 69 tons of CO<sub>2</sub> by successively switching to online billing. Paper consumption was also reduced by 9 million sheets last year.

Mobiltel, Vipnet, Si.mobil and Vip mobile also offer their customers online billing.

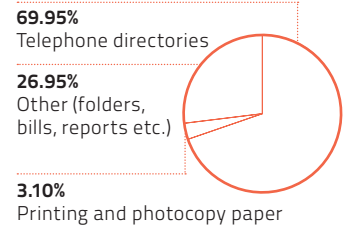
### Paper

In 2009 Telekom Austria (Fixed Net) and mobilkom austria introduced a green signature for e-mails to prevent, or at least reduce, unnecessary printing. In mid 2009 the environmental team at mobilkom austria took another important step when it introduced recycled paper for photocopiers, printers and the staff magazine.

Through Vipnet's recycling program, in 2009 more than 16 tons of paper and cardboard were recycled.

## Paper Consumption\* in Austria in 2009

Telekom Austria (Fixed Net) and mobilkom austria: 6,200.60 tons



\* The increased paper consumption at mobilkom austria is due to the more specific collection and expanded scope of data collection in 2009 (due to additional shops, new logistics sites and the first-time inclusion of printed advertising and marketing material).

## Average Emission Factors of the Vehicle Fleet in Austria

In g/km	2009	Change in %	2008
<b>Telekom Austria (Fixed Net) and mobilkom austria</b>			
SO <sub>2</sub>	0.003	0.0	0.003
NO <sub>x</sub>	0.583	-6.3	0.622
Particulates	0.037	-2.6	0.038
CO	0.088	-11.1	0.099

Federal Environment Agency – Results of the Eco Balance 2009

<sup>4</sup> "Save the Climate @ the Speed of Light", ETNO/WWF, 2002

## Awards 2009/10

- City of Vienna Environment Award 2010 for the Sustainability Report 2009: Telekom Austria Group
- Nomination for the State Prize for Environmental and Energy Technology in the category Energy and Efficiency, recognition for the Telepresence project: Telekom Austria (Fixed Net)/Austria
- Award from the "Life Ministry's" climate protection initiative klima aktiv for the best practice project "Hot Spot Absaugung": Telekom Austria (Fixed Net)/Austria
- European Business Awards: Winner of the Ruban d'Honneur in the category Environmental Awareness as one of the ten best companies: Telekom Austria (Fixed Net)/Austria
- City of Vienna Environment Award 2010, nomination for A1's energy management: mobilkom austria/Austria
- Award for Sustainable Development for Environmental Protection from the Croatian Development and Creativity Network: Vipnet/Croatia

## Mobile Phone Recycling

Once a year, mobilkom austria and the Austrian Youth Red Cross (ÖJRK) organizes a mobile phone recycling project at Austrian schools. The ÖJRK receives EUR 1.50 for each mobile phone that is collected. In addition, all A1 shops take back end-of-life mobile phones. Furthermore, Doctors without Borders receives EUR 3 for each mobile phone collected by the large-scale mobile phone recycling campaign that was launched six years ago. mobilkom austria also actively addresses and involves its business partners and selected corporate customers in the campaign.

More than half the donated mobile phones still function properly. Those that can still be used are repurposed by a recycling partner while the components of those phones that no longer function are either recycled or disposed of in an environmentally-friendly manner. The recycling process has been audited by the "Ministry of Life" and an environmental agency.

In 2009 Vipnet organized the second collection of used mobile phones from its employees. With the 4R concept (Reduce, Recycle, Reuse, Rethink) Si.mobil is implementing a system that should reduce the volume of residual waste and at the same time ensure an optimal focus on the idea of waste avoidance. In one measure that is based on this concept, Si.mobil motivates its customers to take part in the mobile phone recycling campaign at its shops by offering an attractive gift.

## Toner Collection

Telekom Austria (Fixed Net) takes part in the recycling4smile project to collect empty toner cartridges. For each recyclable cartridge, the Red Nose Clown Doctors receive one euro.

## Environmentally-Friendly Telephones and Mobile Phones

Telekom Austria (Fixed Net) has equipped 1,000 members of its field staff with environmentally-friendly Naite GreenHeart phones from Sony Ericsson. The new eco-friendly mobile phone is distinguished by its environmentally-safe production and low power consumption, and is available at all Telekom Austria (Fixed Net) and A1 shops. Another environmentally-friendly product in the Telekom Austria's (Fixed Net) portfolio is the cordless ECO DECT from Siemens which uses 60% less electricity than comparable telephones. mobilkom austria offers the Samsung Blue Earth mobile phone and solar-powered accessories.

Vipnet and Si.mobil are also enlarging their portfolio of ecological mobile phones and equipment.

## Water Protection is Resource Conservation

Telekom Austria (Fixed Net) mainly uses well water to flush the toilets at its headquarters, saving approximately 12,000 m<sup>3</sup> of drinking water each year.

The Si.voda Fund, a non-profit organization founded by Si.mobil, generates awareness for the importance of clean and healthy water in Slovenia.

## Telecommunications Waste in Austria

In tons	2009	Change in %	2008
Wood, wood packaging*	446.48	142.20	184.34
Copper wire*	370.29	26.34	293.10
Iron/sheet metal or scrap iron*	143.81	38.47	103.86
Electronic waste	321.99	-13.27	371.27
Plastic	11.09	-79.77	54.81
Paper and paperboard**	112.60	986.87	10.36
Other substances (separated for recycling)	246.52	-19.81	307.42
Residual waste and bulk waste/commercial waste (not separated and recycled)***	380.95	30.70	291.46
<b>Total</b>	<b>2,033.74</b>	<b>25.80</b>	<b>1,616.62</b>

mobilkom austria waste generated in connection with the erection and dismantling of base stations is not included in the waste balance. As they are not produced by mobilkom austria but by partners, they do not have to be reported separately pursuant to the Waste Management Act. There is a contractual agreement between mobilkom austria and the partners regarding the proper disposal and recycling of such waste.

\* The increase in wood/wood packaging, copper wire, iron/sheet metal and scrap metal is due to inventory reductions at Telekom Austria (Fixed Net) and resulting disposal of cable drums, wooden pallets as well as wires and materials that are no longer needed.

\*\* The more specific collection and expanded scope of data collection in 2009 (due to additional shops, new logistics sites and the first-time inclusion of printed advertising and marketing material) is responsible for the increased paper consumption at mobilkom austria.

\*\*\*The closure of sites and thus the clearance of several buildings resulted in an increase in the volume of bulky waste at Telekom Austria (Fixed Net).

## Office Waste (municipal waste disposal) in Austria

In tons	2009	Change in %	2008
Telekom Austria (Fixed Net)*	2,343.00	8.45	2,160.50
mobilkom austria	166.90	-23.62	218.51

\* At Telekom Austria (Fixed Net) the clearance of buildings has resulted in increased volumes of waste cardboard and paper.

# TOGETHER

*We use the different cultures, skills and know-how within the Telekom Austria Group to build synergies and to learn from one another in a process of open exchange.*

## WORKFORCE STRUCTURE

At year-end 2009 the Telekom Austria Group had 16,573 employees, a decline of 2.2% or of 381 persons compared to the previous year. A 7.9% decrease in headcount at Telekom Austria (Fixed Net)<sup>1</sup> to 7,893 employees contrasts with a growth-driven increase of 3.5% to 8,680 employees at the mobile communications companies. As of December 31, 2009, 33.8% of the workforce was employed on civil service contracts (2008: 36.6%), the majority of which at Telekom Austria (Fixed Net).

## INTEGRATION OF TELEKOM AUSTRIA (FIXED NET) AND MOBILKOM AUSTRIA

The Telekom Austria Group has undergone restructuring through the merger of the two companies Telekom Austria (Fixed Net) and mobilkom austria, a process that was completed in early July 2010. Since the integration was announced in February 2010, comprehensive communication measures have been implemented to keep employees informed and involve them in the process.

### Separate Management Board Function for Integration

A special Integration Office under Chief Integration Officer (CIO) Dino Dogan was set up to implement the integration of Telekom Austria (Fixed Net) and mobilkom austria, and is also responsible for communication measures regarding the merger. The Integration Office will operate for a limited period of time and will be dissolved again once the integration process has been completed.

### Specific Change Measures

Transparent and real-time communication is one of the keystones of the integration process that is being carried out under the motto "One Team, One Dream." A joint online platform for information and communication under the name oneteam.at was also set up. As well as providing employees with the latest information, the platform also provides them with a possibility to ask questions and make comments. At the same time, special kick-off events were organized for the individual business areas. Employees are being constructively involved in the change process through a series of workshops entitled "Let's Create Possibilities Together" that focus on topics such as innovation leadership, knowledge management,

performance management, customer relations and work-life balance. Managers are being prepared for the integration process in a separate workshop series called "Leading Change" and are receiving important input on factors that contribute to success and stumbling blocks to change processes. Members of staff were also trained as change ambassadors; their task is to support the integration process across all areas of the company by serving as a link between employees and management during the change process.

## HUMAN RESOURCES SITUATION IN THE FIXED NET SEGMENT

Against the backdrop of a shrinking fixed net market, a number of socially compatible personnel downsizing schemes have been successfully implemented in recent years.

### Social Plan

In November 2008 a new restructuring program was presented, which was aimed at 1,250 employees. By the end of 2009 the social plan put forward under this program had been accepted by 594 employees, while the 887 employees who could no longer be employed within the company were permanently released from their duties.

### Qualification Program

Telekom Austria (Fixed Net) offers those employees who have been released from their duties an extensive program to upgrade their skills with the aim of reintegrating them into the labor market. So far, more than 400 people have completed the eight-week program, acquiring office management and computer skills that should raise their chances of success as they apply for positions both inside and outside the company.

### Work Foundation

The Work Foundation offers a wide range of educational and training opportunities as well as intensive, personal mentoring to facilitate the integration of employees on the open labor market outside Telekom Austria (Fixed Net). Those participants with civil servant status receive 80% of their salary while retraining for a maximum period of four years. Since 2001, 1,015 employees have taken part in the program, 188 of them in 2009.

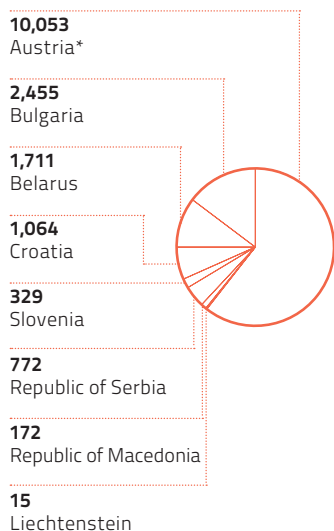
### Goals 2010

- Comprehensive communication and change management activities during the integration of Telekom Austria (Fixed Net) and mobilkom austria
- Promote career opportunities within the Group
- Forge closer bonds with top performers to keep them with the company
- Strengthen group-wide diversity
- Intensify corporate health promotion and foster a better work-life balance
- Be mindful of social compatibility when downsizing

<sup>1</sup> On July 8, 2010 the two Austrian companies Telekom Austria (Fixed Net) and mobilkom austria merged to form a single enterprise – A1 Telekom Austria. In the Sustainability Report 2009/10 that covers the reporting period 2009 to July 15, 2010, the two companies are reported separately.

## Number of Employees by Country

Full-time employees (FTE),  
as of Dec. 31, 2009



\* Including Austrian subsidiaries  
of mobilkom austria

## Job Coaches

The job coaches are the first point of contact for members of staff who have lost their jobs. They support outplacement and reintegration on the employment market and also provide regular information about company assistance packages such as social plans, the Work Foundation and outplacement schemes.

## Employment in the Public Sector

In 2009 Telekom Austria (Fixed Net) signed an agreement with the Austrian government regarding the voluntary transfer to the Austrian police force of up to 500 employees whose civil service contracts cannot be terminated but whose jobs have been made redundant due to technological advances. By the end of April 2010, 70 civil servants from Telekom Austria (Fixed Net) had opted to transfer to the police force where after thorough training they support police officers as administrative workers or technicians. Since 2010 they have also had the option of moving to the Ministry of Justice.

## Social Volunteering

Members of staff, who have been released from their duties because their positions are no longer needed within Telekom Austria (Fixed Net), but who still have a contract of employment, may carry out volunteer work for a good cause during working hours. The Social Volunteering project brings together employees with non-profit organizations who use volunteers. The employees make a valuable contribution to society and the partner organizations benefit from their voluntary work.

## Turnkey System Project

In 2008 Telekom Austria (Fixed Net) and mobilkom austria launched the Turnkey System project. Tasks that could otherwise be outsourced, such as site searches, the obtaining of permits from the authorities as well as the planning and construction of technical equipment and mobile infrastructure maintenance are instead carried out by company employees. At year-end 2009, this project was providing 117 members of staff with permanent employment.

## DIVERSITY

### Women

Female and male employees at the Telekom Austria Group are treated equally. A standard remuneration framework is ensured by clear descriptions of positions and the abilities and skills they require. Women account for 36.4% of employees at the Telekom Austria Group (2008: 35%).

### Promotion of Female Executives

The percentage of women on the Supervisory Board of Telekom Austria AG has risen steadily in recent years to a current quota of 25%, a figure that far exceeds the average of 6% within the ATX Prime Market. Since 2001, the important function of Vice Chair of the Supervisory Board of Telekom Austria AG has been held by a woman. After the implementation of the new Group structure, in addition to the three female members of the Supervisory Board of Telekom Austria AG, a further 16 supervisory board positions within the Telekom Austria Group are held by women, as are two Management Board positions at the international subsidiaries.

The proportion of women in managerial positions at the Telekom Austria Group in 2009 amounted to roughly 32%.

### Women in Technical Professions

In 2009 Telekom Austria (Fixed Net) took part for the sixth time in Vienna Daughters' Day when 155 young girls familiarized themselves with a range of occupations at 12 stations. New career prospects and opportunities help young women look past traditional roles and provide valuable support as they seek to make their own career choices. A strictly gender-neutral approach is adopted to the recruitment of apprentices. One third of all apprentices at Telekom Austria (Fixed Net) are female.

### Employees with Special Needs

In Austria the Telekom Austria Group employs 363 members of staff with a high degree of disability, i.e. more than 50%. 18 disability liaison officers have been appointed to support their special needs and ensure barrier-free workplaces. Since 2009, the company has intensified its cooperation with the Social Welfare Office and the Institute for Vocational Integration.

## Equality

The Code of Conduct of the Telekom Austria Group sets out rules and standards for corporate behavior and requires the company to treat all employees fairly. The Great Place to Work® Trust Index® analyzes the relationship of a company's employees to management, to their colleagues and to their work. mobilkom austria received a very positive rating as an employer in the category "Respect", with 97% of employees agreeing that workers are treated fairly irrespective of their nationality or ethnicity. Responses to the questions concerning equal treatment regardless of gender, sexual orientation and physical or mental disability were also comparatively positive.

## Internationalism

The Telekom Austria Group operates in eight countries with a wide variety of nationalities working together and sharing equal rights. As the variety of cultures, educational systems and professional backgrounds represents an advantage for the Group, measures such as job rotation programs or group-wide job adverts are used to promote intercultural exchange and the international transfer of know-how. In 2010 the Telekom Austria Group Business School was established and group-wide innovation management relaunched.

## HUMAN RESOURCES DEVELOPMENT

### Skilled Workers for the Future:

#### Apprentice Training

The Telekom Austria Group fulfils its responsibility towards the younger generation with its apprentice training program. With apprenticeships for "Retail Sales Staff with a Focus on Telecommunications" and "Communications Technicians," Telekom Austria (Fixed Net) enables 100 young people each year to start a career as an information and communications expert. At present, 302 apprentices are being trained as ICT professionals, 30 of whom are young women.

The new training year started with a new, more practice-oriented curriculum at a new, innovative training facility in the Arsenal Technology Centre.

Apprentices who achieve excellent results in their vocational exams receive bonus payments. Telekom Austria (Fixed Net) also invests in further training for its young people, provides them with financial support if they choose to take the vocational matriculation exam which entitles them to a place at university and enables them to obtain certification from the Vienna-based ICT Academy, a qualification recognized throughout the industry as proof of ICT expertise.

#### Trainee Programs

The mobilkom austria A1 Top Talent Competition offers entrants the chance to win a one-year trainee program.

Mobilitel, Vipnet and Vip mobile support committed young workers with similar programs. In May 2010, velcom launched a new initiative targeting university students with the aim of developing future members of staff. In addition to internships, the program also offers participants the chance to take up full-time employment at the company.

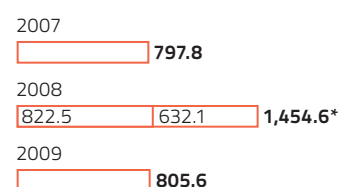
#### Individual Further Education and Professional Training

In 2009 the Telekom Austria Group invested a total of EUR 11.5 million in further education and professional training, the equivalent of EUR 685 per employee.

The Telekom Austria Academy run by Telekom Austria (Fixed Net) offers a comprehensive seminar program that is designed to support the individual and specialist skills of its employees as effectively as possible. As well as supporting the further development of professional expertise, the program also fosters teamwork capabilities and social skills.

## Development of Personnel Expenses at the Telekom Austria Group

In EUR million



\* The personnel costs comprise expenses incurred for the restructuring program in the Fixed Net segment (EUR 632.1 mn), the full-year consolidation of velcom and the growth of the companies in Serbia and Macedonia.

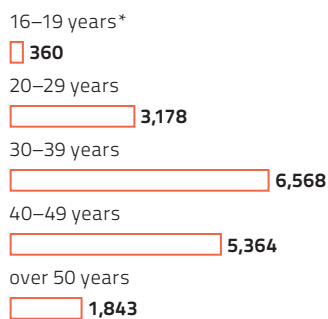
## Personnel Structure at the Telekom Austria Group in 2009

As of Dec. 31, 2009	Average age of employees	Part-time employees (HC)	Percentage of female employees in % (FTE)	Percentage of female executives in %*	Percentage of local management in %*
<b>Telekom Austria Group</b>	<b>38.1</b>	<b>764</b>	<b>36.4</b>	<b>32.3</b>	<b>93.4</b>
Telekom Austria (Fixed Net)	42.8	403	20.4	14.5	84.0
mobilkom austria	36.7	263	37.0	23.5	95.4
Mobilitel	32.7	58	54.7	47.2	98.4
velcom	35.0	20	57.4	40.8	94.8
Vipnet	34.9	5	42.1	41.0	97.9
Si.mobil	34.4	12	43.1	29.6	100.0
Vip mobile	30.0	0	44.7	34.8	88.4
Vip operator	30.0	3	52.9	33.3	91.7

\* Management Board and the first three management levels; Calculation based on headcounts (HC)

## Age Structure of Telekom Austria Group Employees in 2009

In headcounts (HC)



\* incl. 353 apprentices

At mobilkom austria, training activities include specialist courses as well as seminars to improve communication skills and self-management.

The international subsidiaries of the Telekom Austria Group also organize their own special training programs and initiatives that are geared to local requirements. Employee development at Mobiltel includes an internal trainee program for young executives, job rotation for managerial staff and the opportunity to exchange experiences at the international level. A two-year talent development program enables employees to take on increased responsibilities and broaden their specific qualifications in accordance with their own personal development goals. In 2009, Si.mobil introduced a new training concept that addresses four different target groups, thus providing differentiated learning opportunities. To strengthen knowledge management the number of internal trainers was increased. The main thrust of education and professional training programs at Vip mobile is upon customer orientation, financial management and technical expertise.

### Focus on ICT Experts and Executive Training

The tasks carried out by the Technical Customer Service department are becoming increasingly complex and more technically specialized, prompting Telekom Austria (Fixed Net) to initiate the ICT certification program as part of the ICT Academy. A new module for expert networkers was launched in spring. Another new program is the specialist "Experts Only" course for employees who have chosen to pursue a specialist career. The "Kundiologie®" program that was specially developed for the Customer Service department is the next step toward "customer-focused and entrepreneurial thinking."

mobilkom austria has developed a modular development program for potential experts and executives. In cooperation with renowned universities the company also offers excellent management training programs, including MBA courses.

### Leadership

Over the next three years, approximately 800 managers will participate in the leadership program run by Telekom Austria (Fixed Net), extending and deepening their skills in dealing with employees at the "Leadership Workshop," a new format at the Leadership Academy.

mobilkom austria started its customized, modular development program for executives, Leading4-success, with the aim of integrating new impulses into its own leadership in order to overcome challenging situations more effectively.

A total of 330 managers have taken part in Mobiltel's leadership programs. Vipnet has also continued its executive development measures and in 2009 launched a new training program that focuses on new managers. In addition to a specialist training program, Si.mobil offers individual coaching for executives. Vip mobile has organized an assessment center for managers and uses the results as the basis for developing individual training plans.

### Social Competence

The pilot project "Changing Sides" gives executives from Telekom Austria (Fixed Net) and mobilkom austria an opportunity to experience the meaning of social skills, leadership and organization within the context of social institutions. By immersing themselves in the working environment of these institutions they gain new perspectives that can then be positively incorporated into their own working lives. A total of 24 people spend two days working at a social institution.

### Group-Wide Development Opportunities

The Telekom Austria Group uses the Intranet of the individual companies and a Groupnet that can be accessed from all group companies to inform employees about vacancies, thus facilitating mobility and career changes within the Group.

The job rotation program x.change promotes the exchange of knowledge as well as career and development opportunities within the Telekom Austria Group and also creates new networks.

The Telekom Austria Group Business School is the chief development and educational establishment at the Telekom Austria Group and was founded in 2010 with the aim of promoting a shared culture, strengthening knowledge management and employee development. The Telekom Austria Group Business School offers a diverse range of programs to employees of all the subsidiaries with the aim of discovering and supporting talent throughout the entire Group, contributing to a shared understanding of corporate culture, values and strategy, as well as managing knowledge and fostering innovation by exchanging ideas within the Group.

## EMPLOYEE PARTICIPATION PROGRAM

### Profit Sharing

All employees of the Group in Austria receive Telekom Austria shares through an Employee Participation Program agreed between the Management Board and employee representatives, which is currently planned to last until 2010. The first four tranches have already been allocated. As part of the fourth tranche, all full-time employees in Austria received 28 shares worth EUR 300 before year-end 2009.

The Telekom Austria Group Stock Option Program (ESOP) was continued in 2009. Like the previous four tranches, ESOP 2009+ is aimed at the Management Board and other executives.

### Performance Dialogues

The Telekom Austria Group uses a variety of instruments to promote a performance-orientated work ethic among its employees. The performance dialogue, for example, ensures discussion between managers and employees regarding expectations, career opportunities and incentives. This dialogue is mandatory and is held at regular intervals, but takes on differing forms at the various Telekom Austria Group companies.

## INTERNAL COMMUNICATION

The Telekom Austria Group uses a variety of communication channels to provide employees with real-time information and encourage internal dialogue. The group-wide Intranet and an English-language newsletter inform employees about the latest developments within the Group on a monthly basis. The individual companies use instruments such as the Intranet, in-house television, staff magazines, e-mails to employees and events at the departmental and company level.

### Basis Boards

The Telekom Austria Group gives high priority to actively involving employees in the continuous development of organizational structures and framework conditions. In early 2009, Telekom Austria (Fixed Net) carried out a broad-ranging employee survey, the results of which were used to develop the Basis Boards and Open Spaces.

### Staff Events

Each year, the Telekom Austria Group communicates its strategy and vision to employees at special kick-off events. In addition, events for executives and departmental events, but also summer parties provide an opportunity for sharing information.

In 2009, the Future Day, an internal information event at Telekom Austria (Fixed Net), briefed employees on the topics of the future. The aim of this event series organized by employees for employees is to provide a hands-on experience of new technologies.

“Thank God it’s Monday” is a breakfast event that gives staff at mobilkom austria an opportunity to get to know the members of the Management Board better in an informal setting.

Activities at Si.mobil have a strong family focus. Father Christmas visits employees’ children and on Open Day, the little ones are welcome guests at their parents’ workplace.

### Dialogue with Employee Representatives

Employee representatives and managers from Telekom Austria (Fixed Net) and mobilkom austria discuss relevant issues at regular meetings and in dedicated working groups. At the behest of the Management Board, human resource managers at both companies also maintain continuous contact with employee representatives.

## EMPLOYEE SATISFACTION

### Results of the Employee Satisfaction Survey

All companies of the Telekom Austria Group carry out annual employee satisfaction surveys for which purpose employees are interviewed by external agencies.

In 2009 more than 60% of Telekom Austria (Fixed Net) employees took part in the survey. The results are used to develop optimization measures.

The 2009 survey at mobilkom austria had a response rate of 72.6%, showing yet another improvement in the level of job satisfaction to 1.7 on a scale of one to five (with one being the highest mark). For the first time, employees were also asked to what extent and in which areas they see a need for change within the company. Each year, members of staff also give all managers detailed feedback on their leadership skills. An improvement was also achieved here compared to the previous year. The results were discussed for the first time in focus groups with participants contributing ideas on topics such as work-life balance, further training, promotion chances and participation/communication.

### Award-Winning Managers 2009

- “GTB Power 100” for Hannes Ametsreiter (CEO): Telekom Austria Group
- “CFO of the Year” from Börse Express for Hans Tschuden (CFO): Telekom Austria Group
- “Cyrill Award” from management club for Alexander Sperl (CEO): Vip mobile/Serbia
- “Manager of the Year Award” from the Managers Association of Slovenia for Dejan Turk, (CEO): Si.mobil/Slovenia
- “GTB 40 under 40”: Awards for Walter Goldenits (CTO): Telekom Austria (Fixed Net)/Austria, Alexander Sperl (CEO), Vip mobile/Serbia and Helmut Duhs (CEO and CFO), velcom/Belarus

Employee satisfaction at Mobiltel rose by 5% compared to the previous year and employee commitment by 7%. Compared to 2008, Vipnet recorded higher levels of employee satisfaction in all areas, with the company receiving especially high marks for its innovative capabilities. Si.mobil carried out its fifth employee survey and was able to improve its results in all categories. The results are better than those of other Slovenian mobile communications operators as well as above average for Slovenian companies in general. The average employee satisfaction rate at Vip mobile is 81%. Employees of Vip operator answered questions concerning quality awareness, mission, vision and goals, innovation, organization, leadership, career opportunities and motivation. They gave their company a satisfaction rating of 78%.

## **WORK-LIFE BALANCE**

### **Flexible Working Hours and Teleworking**

In 2009 the Telekom Austria Group employed 764 part-time workers, 87% of whom were women (working eight hours or more per week).

mobilkom austria's new flexible working time model P.A.S.S.T (the German acronym for Perfectly Adjusted Start and Finish, Daily) was launched very successfully. The basic aim is to increase employees' efficiency and quality of life, which is why the emphasis is on performance and not physical presence. The scheme thus offers greater freedom and individual responsibility, enabling workers to optimize their work-life balance.

Teleworking is another form of flexible working that is available at the Telekom Austria Group. A company agreement created a legal framework giving Telekom Austria (Fixed Net) employees additional opportunities to work from home in the future.

At mobilkom austria, the working time model P.A.S.S.T meant that greater numbers of employees embraced mobile working in 2009.

velcom, Mobiltel and Si.mobil also offer their employees teleworking opportunities.

### **Combining a Family and a Career**

Flexible working hours make it easier to achieve a positive work-life balance. Support programs are in place to ease the reintegration into the working world of employees who have been on parental leave. In 2009, a total of 641 employees, including 21 men, were on parental leave.

Since the beginning of 2010 the Flying Nannies from the Children's Office in Vienna have taken care of the children of Telekom Austria (Fixed Net) employees on school-free days. mobilkom austria offers a similar care model with its kids@work scheme. velcom offers its staff financial support to help cover the costs of their child care.

In 2009 Mobiltel opened an on-site company kindergarten; special holiday events for children, teleworking for young parents and a program of holiday events for children and a parents' school round off the program to improve work-life balance. Vipnet also runs a kindergarten. Vip mobile is the first company in Serbia to operate a company kindergarten.

Mobiltel's recently founded Parents' School organizes lecture events addressing current issues relating to families and children. As a certified family-friendly company, Si.mobil provides financial support to employees who are starting a family and offers flexible breaks and a special program to ease the return to work of those who have taken parental leave. Managers receive training on creating family-friendly workplaces and a team of experts has been tasked with harmonizing the interests of the company and the employees.

### **Modern Healthcare**

The Telekom Austria Group offers its employees a host of facilities and initiatives to protect their health. Medical care at the workplace is provided by eleven company doctors, and vaccination programs and first aid courses are also regularly organized. The Telekom Austria Group companies outside Austria organize their own sports activities and information campaigns geared to local requirements and preferences, but also offer burnout prevent and coaching programs as well as psychological counseling.

Telekom Austria (Fixed Net) employees can have their health and fitness checked at the workplace. As well as a "Five Risks Check," experts also answer questions about health and wellness, while a lecture series provides additional information on nutrition and exercise.

In May 2009, mobilkom austria invited employees to its annual Health Day with stations and brief workshops offering information about topics such as biofeedback, medical check-ups and reducing stress levels.

Mobiltel helps its employees to find an optimal balance between their professional and personal lives with a special work-life balance program that includes sporting activities, the possibility to consult a doctor or psychologist, and medical check-ups. Si.mobil helps maintain its employees' health with daily supplies of fresh fruit and sports.

## SAFETY AT WORK

A total of 278 employees – from security experts to those providing first aid – deal with issues relating to health and safety at work at the Telekom Austria Group. The latest protective equipment is provided to ensure occupational safety, and training courses are regularly held and practical examples used to raise employees' awareness of the potential dangers of their workplace. The number of industrial accidents fell by more than 20% compared to the previous year.

## BENEFITS

The Telekom Austria Group supports its employees with a wide range of social benefits that vary from country to country in order to meet specific regional needs and which aim to provide a safety net in times of personal need or crisis. Members of the Austrian workforce with permanent employment contracts are covered by a company pension plan to which the company contributes 5% of their basic monthly salaries.

Telekom.sozial is a joint initiative of the personnel representation and Telekom Austria (Fixed Net) that offers extensive financial support for employees in need. Cases where assistance has been granted include industrial accidents, serious illness and disasters such as flood, fire and storm. Telekom.sozial offers financial assistance and grants from an aid, disaster, support and holiday fund as well as support for employees with children from a child support fund.

At mobilkom austria, mobilkom.sozial provides financial support for employees and their families in a wide range of situations.

Mobiltel takes out private health insurance for its employees, subsidizes dental treatment and provides support for workers suffering from severe health problems. Vipnet, too, protects its staff with private health and accident insurance as well as repatriation insurance for emergencies. Si.mobil makes provision for its employees by investing 1.8% of their gross salaries in a retirement insurance scheme.

## SOCIAL ACTION WITH EMPLOYEES

The Telekom Austria Group enables its employees to serve the community in many different ways, e.g. joint donation and collection campaigns, but also by carrying out specific projects.

In 2009, for example, staff from Telekom Austria (Fixed Net) renovated an apartment at a Vienna refugee centre. Under the Social Volunteering project, employees who have been released from their duties can work for charitable organizations.

mobilkom austria has been a partner of Doctors Without Borders for ten years and supported its 2009 information campaign "Doctors Without Borders Works Worldwide." Employees were also encouraged to take part in the campaign. The proceeds of the joint mobilkom austria Christmas Collection 2009 went to the Vienna Social Markets.

Mobiltel staff once again took part in the Annual Volunteering Days of the American Chamber of Commerce and the Bulgarian Charities Aid Foundation, supporting organizations for the disadvantaged and environmental projects with their work. Employees of Vip operator collected books in aid of an initiative launched by the Ministry of Education and Science to make more books available at Macedonian schools.

## Awards 2009

- "Great Place to Work" – Ranked among the top five companies with more than 250 employees and for the third time as the best employer in the Austrian mobile communications industry: mobilkom austria/Austria
- TRIGOS Award nomination for kids@work: mobilkom austria/Austria
- "HR Award" from the Bulgarian Association for Human Resource Management and Development (BAHRMD): Mobiltel/Bulgaria
- "Grapevine Awards" from the Apeiron Academy for internal communication (three out of five of the awards given): Mobiltel/Bulgaria
- "The Biggest Employer in the Success Zone," award from Hewitt Associates: Mobiltel/Bulgaria
- Zlata nit (Golden Thread) as the best employer in Slovenia awarded by Dnenik newspaper: Si.mobil/Slovenia
- "Reputable Employer" Award from My work.com, Slovenia's leading job portal: Si.mobil/Slovenia

## Occupational Health and Safety

Full-time employees (FTE)	Accidents		Fatal accidents		Days lost to accidents	
	2009	2008	2009	2008	2009	2008
<b>Telekom Austria Group</b>	<b>178</b>	<b>225</b>	<b>0</b>	<b>1</b>	<b>3,006</b>	<b>3,522</b>
Telekom Austria (Fixed Net)	132	178	0	1*	1,248	2,130
mobilkom austria	22	15	0	0	427	311
Mobiltel	2	8	0	0	127	313
velcom	0	0	0	0	0	0
Vipnet	18	18	0	0	1,095	703
Si.mobil	4	5	0	0	109	65
Vip mobile	0	1	0	0	0	0
Vip operator	0	0	0	0	0	0

\* The fatal accident took place during maintenance work on masts.

# CUSTOMER FOCUSED

*We are a responsible enabler of progress, not a reckless innovator, which is why we add genuine value to innovations to provide easy-to-use solutions for everyone.*

## Goals 2010

- Further develop customized services
- Intensify business customer service measures
- Optimize and expand online self-care options
- Executive development in customer service
- Provision of high-performance telecommunications infrastructure
- Offer of convergent products and services

## COMMUNICATION AND SOCIETY

### The Social Relevance of

### Communications Technology

Information and communications technologies (ICT) have radically changed our lives over the last few decades. From artificial intelligence and highly complex mathematical calculation models to the sending of e-mails, online banking, price comparisons on the Internet or making new friends on social networking sites such as Facebook and Twitter etc. – ICT have become indispensable for many everyday applications and scientific advances.

In 2009 the number of mobile telephone users worldwide rose to more than four billion.<sup>1</sup> In the European Union there are now significantly more mobile phone contracts than inhabitants. 74% of Austrians use the Internet, 37% of them every day.<sup>2</sup> Austria has an Internet penetration rate of 83%, i.e. 5.8 million Austrians have access to the Internet. 35% of users now access the Internet while they are on the move via mobile phone, USB modem or data card. In more than 30% of Austrian households there is someone who uses mobile Internet access.

Telekom Austria (Fixed Net) offers almost blanket coverage with broadband Internet for 98% of Austrian households while mobilkom austria has the capability to provide mobile broadband to 99% of the Austrian population. At the end of 2009 more than 1,000,000 customers had broadband Internet access with approximately 540,000 surfing the web in mobilkom austria networks using mobile broadband.<sup>3</sup> Austria thus has one of the highest mobile broadband penetration rates in Europe.

### Digital Inclusion

In the information age, access to ICT is an essential prerequisite for economic development and ensuring a sustainable future. This is especially true in rural areas.

With the expansion of the hybrid network comprising high-speed Internet and mobile broadband in Austria, the Telekom Austria Group is narrowing the digital gap between urban and rural areas and making it possible for innovative services such as e-health or e-education to also be used in the countryside.

Between 2001 and 2009 Telekom Austria (Fixed Net) invested more than EUR 2.5 billion in the fixed network and, once metropolitan areas had been supplied, extended broadband coverage to rural areas despite this being considerably less profitable. Approximately 60% of the Austrian population lives in rural areas.

### The Integration of Telekom Austria (Fixed Net) and mobilkom austria Enhances Customer Convenience

Since 2007 the Telekom Austria Group has offered convergent product bundles in Austria. This enables customers to benefit from global solutions for all communication and media needs, lower prices compared to single services and high-quality service and technical support from one source.

The merger of the Austrian fixed net and mobile communications business into a single operating company on July 8, 2010 created an optimal framework for meeting increasing customer demand for integrated communications solutions and convergent products even more effectively. This merger will enhance the Telekom Austria Group's innovative strengths, enabling the efficient roll-out of a joint, future-proof network infrastructure in Austria.

<sup>1</sup> According to the industry association Bitkom – recent study by the European Information Technology Observatory (EITO)

<sup>2</sup> Austrian Internet Monitor Consumer, Integral, December 2009

<sup>3</sup> On July 8, 2010 the two Austrian companies Telekom Austria (Fixed Net) and mobilkom austria merged to form a single enterprise – A1 Telekom Austria. In the Sustainability Report 2009/10 that covers the reporting period 2009 to July 15, 2010, the two companies are reported separately.

## NETWORK EXPANSION

The Telekom Austria Group is laying the foundations for the future with the biggest Austrian technology project of the 21<sup>st</sup> century. The existing fixed net infrastructure will be completely migrated to an All-IP service platform. Fiber optic broadband access lines with a speed of up to 1 Gbit/s will be provided to 150,000 residential and commercial users in pilot projects. In rural areas, more than 750,000 households and businesses will be supplied with broadband transmission bandwidths of up to 30 Mbit/s by 2012.

In April 2010 Telekom Austria (Fixed Net) was supplying 450,000 households throughout Austria with glass fiber technology. Villach was supplied with glass fiber technology in October 2009; Klagenfurt will be connected in November 2010, followed by the 15th and 19th districts of Vienna in the first quarter of 2011.

In March 2009 mobilkom austria became the first Austrian provider to commence commercial operation of the data turbo HSPA+ in the A1 mobile network.

## PRODUCTS FOR LIFE

Modern information and communications technologies do much to improve and make life easier for the individual. The Internet simplifies interaction with authorities, access to health care, education and training, makes it easier to find information and contributes to improving equal opportunities for the disabled. It supports elderly people in allowing them to have a healthy and independent life in their own four walls. It permits new forms of social exchange and relationships in virtual social networks as well as new forms of work such as teleworking. Everyday actions such as buying a train ticket or paying parking fees can be carried out by mobile phone. With approximately one million registered users the A1 Handyparken scheme is the most widely used service in Austria. Each month, one million mobile parking tickets are purchased in Vienna alone.

### E-Health

E-health denotes the efficient and safe use of emerging information and communications technologies in the healthcare sector as well as the digital storage, documentation and processing of health-related data.

E-health applications range from electronic doctors' letters, electronic diagnosis and electronic referrals, electronic appointment scheduling, electronic vaccination and prenatal check-up records to e-prescriptions and interactive journals for bio-signals such as blood pressure or blood sugar levels. Modern telemedical services also make it easier to

care for patients and the elderly and infirm at home in a familiar environment.

The data network for data medicine (DaMe) developed jointly with Telekom Austria (Fixed Net) digitally links doctors, hospitals, laboratories and other healthcare institutions. Documents such as case histories, diagnosis and care records can be stored in long-term archives.

The Styrian project Videofon – developed in cooperation with the Volkshilfe and the company Zydacron – allows those in need of care, but who are still living at home, to contact the Volkshilfe Styria care center and family members by pushing a button on their television set. With the help of video systems nursing staff assist with daily activities such as taking medicine and measuring blood pressure and respond to questions on care-related issues.

For hospitals, Telekom Austria (Fixed Net) and its partners have developed a multimedia hospital bed. The patient can control the TV set, Internet and telephone while physicians and nurses can record and call up patient data directly at the bed.

Together with the Austrian Research Center (ARC) mobilkom austria works to develop patient-focused solutions for the collection of health data. Patients can transfer data from their blood pressure meter to their mobile phone and send it on in encrypted form to their doctor's medical database, all with just a single hand movement using NFC (Near Field Communication).

Since 2009 Mobiltel has offered its customers an SMS appointment and vaccination reminder service that is the only one of its kind in Bulgaria. The service also displays test results. To mark World Diabetes Day, Si.mobil launched an innovative service that should make life easier for diabetics in future by allowing them to monitor their intake of carbohydrates using text messages.

### Home Entertainment

There is increasing convergence of PC and consumer electronics. In the "connected home" of the future, PCs and Internet can link and control all digital appliances in the household using local computer networks. A broadband Internet line capable of transporting large volumes of data at high speed forms the basis for the connected home. IPTV – television over a broadband Internet connection – will be one of the key applications in a state-of-the-art connected household.

## Product and Service Information Online:

- **A1 Telekom Austria**
  - **Fixed Net:** [www.telekom.at](http://www.telekom.at)
  - **Mobile Communication:** [www.a1.net](http://www.a1.net)
- **Mobiltel:** [www.mtel.bg](http://www.mtel.bg)
- **velcom:** [www.velcom.by](http://www.velcom.by)
- **Vipnet:** [www.vipnet.hr](http://www.vipnet.hr)
- **Si.mobil:** [www.simobil.si](http://www.simobil.si)
- **Vip mobile:** [www.vipmobile.rs](http://www.vipmobile.rs)
- **Vip operator:** [www.vip.mk](http://www.vip.mk)
- **mobilkom liechtenstein:**  
[www.mobilkom.li](http://www.mobilkom.li)

## The Most Important National and International Service Hotlines

### • A1 Telekom Austria

#### Fixed Net

Service-Hotline: 0800 100 100

International: +43 59059 159 100

#### Mobile Communication

Service-Hotline: 0800 664 664

International: +43 664 664 664

### • Mobiltel

Service-Hotline: \*88

International: +359 888 088 088

### • velcom

Service-Hotline: 411 oder 410

International: +375 29 6000 411

### • Vipnet

Service-Hotline: 091 7700

International: +385 91 7700

### • Si.mobil

Service-Hotline: 080 404 040

International: +386 40 940 804

### • Vip mobile

Service-Hotline: 060 1234

International: +381 60 1234

### • Vip operator

Service-Hotline: 077 1234

International: +389 77 1234

### • mobilkom liechtenstein

Service-Hotline: 800 79 00

International: +423 79 79 000

At the beginning of January 2010, the aonTV service from Telekom Austria (Fixed Net) reached more than 100,000 customers in Austria. The TV Media-Box introduced in 2009 provides customers with an intelligent connection to the TV set, computer and mobile phone. Photos, videos and music stored on the computer can simply be played on the television set or swapped with friends.

Telekom Austria (Fixed Net) is involved in two research projects focusing on the personalization of content. In future, fingerprint recognition for TV remote control will give consumers authorized access to their preferred content and give parents greater control over the TV programs and videos that children are permitted to view. The Media Space Navigator project explores and develops high-precision navigation aids to replace the previous electronic program guide and enable viewers to filter their favorite content from the wide range of TV channels and video-on-demand.

### E-Learning

E-learning denotes all forms of learning in which digital media are used to distribute learning material and support inter-personal communication. While the virtual classroom will not completely replace the traditional classroom, it does offer valuable support in the learning process and grants many more people than in the past the same and direct access to knowledge. UNESCO estimates that by 2020 virtual universities could well have more students than traditional universities that require a “physical” presence.<sup>4</sup> At the same time, wikis, e-portfolios, blogs and the like also have huge potential for spreading knowledge.

In 2009 Telekom Austria (Fixed Net) and Microsoft Austria launched a special offer for high school and university students comprising an Education Laptop equipped with Microsoft Windows and special Microsoft Education Software and high-speed Internet.

As part of the Broadband Model Community project, the primary school in Grafenwörth received high-speed Internet access and LAN cabling. It is no longer necessary to request curricula from the Lower Austrian Education Office via traditional channels as they can be uploaded to the multimedia platform. The teachers use digital television and video-on-demand as a cutting-edge, multimedia teaching aid.

<sup>4</sup> Towards Knowledge Societies, UNESCO World Report, UNESCO, 2005

The new AConet infrastructure built by Telekom Austria (Fixed Net) on behalf of the University of Vienna was successfully launched in early 2009. With bandwidths of up to 40 times 10 Gbit/s, this Austrian science network is playing a significant role in getting Austria's scientists fit for global competition in the next decade.

### Utilizing User Experience

With the A1 Innovation Days 2009 mobilkom austria created an open environment in which representatives from all areas of the mobile communications industry, the creative industries and developers could jointly develop ideas and concepts for the mobile services of the future. In addition, Austria's first Mobile Camp provided scope for intensive discussions about various aspects of the mobile future.

Mobiltel, velcom and Vip mobile support talented local developers with competitions to stimulate the development of applications for the mobile operating system Android.

### Special Customer Needs

For customers who simply want to make calls and send text messages, A1 offers a special easy-to-use mobile phone with extra-large keys. Special offers are available for members of Austria's largest senior citizens' organizations.

Mobiltel and Vip mobile also offer this type of mobile phone with an extra-large display and an individually programmable SOS key.

As part of the AID (Interactive Awareness Display for Elderly People) research project co-funded by the Ministry of Transport, Innovation and Technology (BMVIT), Telekom Austria (Fixed Net) is working together with users from the target group of over-65-year-olds to develop a communications platform that will allow interaction over a touch screen interface.

Together with the relevant associations mobilkom austria has developed a special tariff and service line for the hearing impaired. With the A1 README UNLIMITED tariff customers pay no monthly rental fee. An additional option allows unlimited video telephony within the A1 network.

Mobiltel offers people with special needs 100 free text messages or 20 free minutes within Bulgaria. Vipnet has a special tariff model for the deaf and hearing impaired.

velcom supports socially deprived groups with a low tariff model. Vip mobile offers people in economically-deprived areas of Serbia low-price tariffs.

## CUSTOMER SERVICE – A FACTOR FOR SUCCESS

### Certified Customer Service

The A1 Service Center is the first Austrian service center in the mobile communications industry to be certified according to ÖNORM EN 15838, the new European standard for customer care centers. This standard, which became available in December 2009, defines service quality criteria. A1 received the certification for its sites in Vienna and Oberpullendorf. The new standard focuses on customer service centers and evaluates them irrespective of the industry, technical implementation or service provider. The audit focused particularly on the areas selection, training and communication with staff, as well as upon the use of technologies, processes and quality assurance.

The service lines of Telekom Austria (Fixed Net) have been certified according to ÖNORM D1020 since 2007.

### Customer Focused

In 2009 Telekom Austria (Fixed Net) launched a new program for its entire customer service. "Kundologie®" is a concept for companies that focus on their customers. Measures range from training courses to direct customer feedback, SMS voting regarding the Technical Customer Service department with real-time customer feedback, to calling on employees from other departments to temporarily man the service lines. These experiences form the basis for innovations in service and product development.

In 2009, members of staff from all Telekom Austria (Fixed Net) and mobilkom austria departments were invited to experience the customer's perspective at first hand under the motto Meet the Customer. The insights gained in this way are being channeled directly into customer service or product management.

The new functions on the residential customer portal of Telekom Austria (Fixed Net) for the first time allow customers who order a Telekom Austria product or service online to select the installation date. The websites of the companies belonging to the Telekom Austria Group offer a number of features that permit the convenient online administration of customer data, billing or tariff options.

mobilkom austria is the first mobile communications operator in Austria to offer comprehensive and standardized service level agreements (SLA). Business customers benefit from the highest quality standards and optimum service through a special SLA service unit and round-the-clock technical support. The new service portal for corporate clients is adapted to the individual needs of the customer. This optimizes the ordering of equipment and management of computing data as well as the administration of the mobile solutions that are deployed.

In 2009 Si.mobil opened a new channel of communication for customer service in the form of a live web chat where customers can submit their enquiries to an advisor in real time and receive a prompt answer. Mobiltel and Vip operator also offer this service.

### Customer Service at the Telekom Austria Group in 2009

Employees in FTE	Telekom Austria (Fixed Net)	mobilkom austria	Mobiltel	velcom	Vipnet	Si.mobil	Vip mobile	Vip operator
Employee shops	153	171	699	460	126	36	221	24
Employee Service Lines and other responsibilities (technical customer service, etc.)	2,287	586	338	373	228	43	191	46

### Customer Service in Austria in 2009

	Employees in FTE		Customer Contacts in '000s	
	2009	2008	2009	2008
Telekom Austria (Fixed Net)	2,440*	2,564*	20,162	17,109
mobilkom austria	757	789	11,500	11,600

\* Incl. employees in order processing and technical customer service, who are responsible for installation and fault repair at customer premises.

## Awards 2009/10

- Cisco Award – Austrian Unified Communications Partner of the Year: Telekom Austria (Fixed Net)/Austria
- ebiz e-government award – Special Prize “Barrier Free” for the innovative pilot project “Videofon”: Telekom Austria (Fixed Net)/Austria and Zydacron
- Cisco Networkers 2010 Award – Integration of existing IP-network islands: Telekom Austria (Fixed Net)/Austria
- Innovation Award of the Global Telecoms Business (GTB) for the NFC pilot project implemented by A1 and ÖBB: mobilkom austria/Austria
- Special award “IT Project of the Year” from Computerworld Magazine: Mobiltel/Bulgaria
- Best Entrepreneur in Minsk – in the area of service: velcom/Belarus
- Zlatna Bubamara – Popularity Award: Vip operator/Macedonia

## Employees – A Factor for Success

Regular training in customer relationship management and customer services ensures that employees at Telekom Austria Group working in the customer service departments are always in touch with the latest developments. As well as product information, the program includes other areas of vocational further training. Giving employees scope for personal development enhances their motivation with the ultimate aims of further improving the way they deal with customers and the service they provide.

At Telekom Austria (Fixed Net) some 2,400 employees working on service lines and in technical customer service can handle a total of 20 million customer contacts a year, guaranteeing a high level of customer satisfaction.

In 2009 Telekom Austria (Fixed Net) launched an executive and employee development program to further increase the recommendation rate. Managers and employees take part in various training courses that are geared to their individual needs.

mobilkom austria has approximately 1,000 members of staff working in customer service, 700 of whom are call center agents who deal with more than 300,000 telephone enquiries per month. This makes strong demands on the voice which is, after all, the most important tool for human communication. The “voice project” is one of the areas in which mobilkom austria invests in its employees and thus in service quality for its customers.

In 2005 mobilkom austria launched the A1 Service-Star award, which is bestowed upon staff members on the basis of written feedback from customers which is evaluated by a panel of experts.

## Customer Satisfaction

The companies within the Telekom Austria Group periodically commission independent customer surveys of the different service categories and subject them to a benchmarking process. The results show a high level of customer satisfaction, also in comparison with competitors.

In the Customer Satisfaction Study 2009 customers gave the Telekom Austria (Fixed Net) employees manning the service lines and working in the Technical Customer Service department excellent scores of 1.4 and 1.3, respectively, for their expertise, friendliness and solution-oriented attitude. There was also a significant increase in the level of satisfaction with regard to product installation and waiting times.

85% of mobilkom austria A1 customers say they would choose mobilkom austria as their mobile communications provider again. Customer surveys also show that mobilkom austria holds a clear lead in terms of service quality. Furthermore, customers report high levels of satisfaction with the correctness and clarity of A1 bills. The recommendation rate is also very high.

Customer satisfaction has been incorporated into the performance contracts of Telekom Austria (Fixed Net) customer service staff as a further measure to safeguard customer satisfaction.

Mobiltel is the only mobile communications operator in Bulgaria whose percentage of satisfied customers remained at the same high level in 2009. According to the customer satisfaction survey carried out in 2009, Si.mobil enjoys the highest level of customer satisfaction of all mobile communications operators in Slovenia. The survey covered parameters such as satisfaction with network coverage, customer service, tariffs and handset prices. In Serbia, Vip mobile is the service leader in the mobile communications business.

## Complaints Management

As a rapid and solution-oriented response to complaints strengthens customer loyalty, all Telekom Austria Group companies have implemented special processes to deal with any complaints rapidly and in a customer-friendly manner.

At the end of 2009 the Customer Service department at Telekom Austria (Fixed Net) implemented a completely new system. Under the motto “there is a complaints manager in each one of us” employees from the new complaints management unit toured Austria to train their colleagues about how to handle complaints.

## Consumer Protection

The Telekom Austria Group and its companies engage in a constructive dialogue with various national and international consumer protection organizations both on a regular basis and in response to specific situations. In Austria, such organizations include the Verein für Konsumenteninformation, the Austrian Federal Chamber of Labor and the Ministry of Labor, Social Affairs and the Family. In-depth analysis of both regional and content-specific issues ensures that due consideration is given to specific customer needs.

# SAFE

*We combine innovation with safety, reliability and stability and can be trusted to deliver smart, best-in-class products and services.*

## INFORMATION SECURITY AND DATA PROTECTION

The Telekom Austria Group protects the data and information entrusted to it. This involves clear rules and defined processes, the early recognition of potential threats and proactive implementation of appropriate security measures to protect data from attack and harm.

### Group-Wide Information Security Policy

The Information Security Policy regulates the use of confidential information, i.e. customer data, traffic data, content data as well as business and industrial secrets at all Telekom Austria Group companies. The purpose of the Security Policy is to protect the confidentiality, availability and integrity of all information pertaining to business activities. The Information Security Policy and supplementary guidelines are drawn up in consultation with risk management.

### Organization of Information Security

Local guidelines enable group-wide policy directives to be adapted to the particular needs of the individual countries. Regular internal and external audits, training for all members of staff and advice for individuals ensure the effective implementation and quality of the measures. The basic guidelines of security policy are drawn up by the Group Information Security managers in cooperation with the regional Information Security managers of the Telekom Austria Group companies and representatives of the operational departments.

### Certified Security

The Security Management System of Telekom Austria (Fixed Net)<sup>1</sup> has been certified according to the international standard ISO 27001 since 2005. It covers risk management, optimization of all relevant processes to minimize the failure of IT systems and networks, housing and hosting services, customer applications (portals, web sites), as well as building security. It also responds to potential new risks such as those arising from increasing staff mobility, for example. Telekom Austria (Fixed Net) is the only provider in Austria to hold this certification, making it the most secure telecommunications provider in the country for the last five years. As well as confirming that the information security management system complies

with all the requirements of the standard, the 2009 audit also noted a further improvement and optimization of its already high quality.

The hosting service of the Croatian mobile operator Vipnet has been certified according to ISO 27001 since 2007.

### Security Management System

Based upon the Information Security Policy a group-wide Security Management System was introduced in 2009. For the first time this creates a single organizational standard for the Group. Key security figures are analyzed according to uniform criteria based on the company's Information Security Reporting. The establishment of a Group Identity Management, which, among other things, regulates the access rights of individual members of staff within the company, has significantly contributed to improving the whole system.

### Stakeholder Information

All Telekom Austria Group companies provide comprehensive information in response to customer inquiries concerning the use of data or duration of data storage.

Employees throughout the group are briefed and trained to meet the latest demands and developments. Internal inquiries regarding information security, data protection and the security policy are dealt with by the security experts. In the case of suspected abuse, a clearly defined process regulates the course of action to be adopted.

Telekom Austria (Fixed Net) educates all its employees about the various aspects of information security with the Information Security Tip, which is published each month.

### Goals 2010

- Introduce an information security strategy
- Reissue the group-wide Information Security Policy
- Uphold the highest standards of information security and data protection
- Continue information campaigns on "Mobile Communications – Health and Safety"
- Activities within the framework of the internal EMF Guidelines (guidelines for electromagnetic fields)
- Promote and initiate projects that help children and young people use digital media safely

<sup>1</sup> On July 8, 2010 the two Austrian companies Telekom Austria (Fixed Net) and mobilkom austria merged to form a single enterprise – A1 Telekom Austria. In the Sustainability Report 2009/10 that covers the reporting period 2009 to July 15, 2010, the two companies are reported separately.

#### All Contact Information Online:

- **A1 Telekom Austria:**  
[www.a1telekom.at](http://www.a1telekom.at)
- **Mobiltel:** [www.mtel.bg](http://www.mtel.bg)
- **velcom:** [www.velcom.by](http://www.velcom.by)
- **Vipnet:** [www.vipnet.hr](http://www.vipnet.hr)
- **Si.mobil:** [www.simobil.si](http://www.simobil.si)
- **Vip mobile:** [www.vipmobile.rs](http://www.vipmobile.rs)
- **Vip operator:** [www.vip.mk](http://www.vip.mk)
- **mobilkom liechtenstein:**  
[www.mobilkom.li](http://www.mobilkom.li)

In 2009 mobilkom austria commissioned the market research institute Integral to carry out an anonymous internal survey to test its employees' knowledge of information security. The feedback from the survey is used to implement targeted measures. Among other things, the brochure Guideline Information Security published by mobilkom austria educates the company's employees about how to handle confidential data and provides information about related aspects such as the duty of care and responsibility.

### NETWORK AVAILABILITY AND SECURITY

Telekom Austria (Fixed Net) offers almost blanket coverage with broadband Internet for 98% of Austrian households. The A1 network provides excellent voice quality and mobile broadband coverage for 99% of the population country-wide.

#### Best Network Quality and Network Security

In a benchmark study carried out in 2009 the Institute of Information Science at the University of Graz once again confirmed that A1 has the safest mobile communications network in Austria. The study compared the security solutions of the Austrian mobile communications providers and the protection measures they offer against Internet attacks.

The results of a test carried out by the leading European trade journal for the telecommunications industry, connect, also confirmed the outstanding quality of the mobile Internet service offered by A1, which was declared the overall winner in the region Germany, Austria and Switzerland in 2009. In particular, connect praised the outstanding results obtained in the categories coverage and quality in both urban and rural areas. Compared to its competitors A1 achieved the highest scores in all six categories for mobile data transfer – namely Internet page download, e-mail download, e-mail upload, download urban areas, download rural areas and upload urban areas.

The use of new Internet services via mobile broadband opens up a host of opportunities but also harbors dangers in terms of cyber attacks. The unique security solution A1 Internet Security has been checking e-mail attachments for viruses, trojans and spyware in the A1 network since 2008, averting attacks before they even reach hardware such as PCs or notebooks.

## SAFETY THROUGH COMMUNICATIONS TECHNOLOGIES

### Changed User Behavior

For ten years mobilkom austria in cooperation with the market research group GfK has studied mobile phone usage patterns among Austrians. Some 10,000 people have provided information as to how mobile communications have changed their lives. While in 1999 mobile telephones were still regarded as status symbols, today almost every Austrian has one. The social impact study presented in 2009 examined the question of "How Mobile Communications Influence Society." It emerged that safety is a key value for the majority of Austrians and that mobile telephones fulfill a very important safety function. Austrians feel safer in their everyday lives with a mobile telephone. 89% feel more comfortable if they can be reached during sporting activities, 73% when they are abroad. For 41% functions such as a camera, navigation and Internet enhance their sense of security. Particular importance is attached to the emergency call function.

### Safe with Mobile Communications

Approximately 8 million people go out into Austria's mountains each year and the number of accidents is correspondingly high. In critical situations, the mobile telephone often plays a saving role, with three quarters of those involved in emergency situations using it to call for help.

Each year approximately 3.9 million emergency calls are made through mobilkom austria's network; 67,265 of which in 2009 were to the mountain rescue service. Moreover, in emergencies, the Austrian Telecommunications Act allows the rescue services to contact the mobile provider to detect the location. To ensure that all important numbers are readily available, mobilkom austria marked the European Emergency Number Day by issuing prize draw cards with emergency number stickers. mobilkom austria also offers online alpine safety tips and a folder entitled "Handy am Berg."

Vip mobile has become the first Serbian operator to enable its customers to make emergency calls to the regional emergency services using the standardized EU-wide emergency number 112. By implementing this service that is offered in both Serbian and English, Vip mobile fulfils the international EU standard.

## MOBILE COMMUNICATIONS AND HEALTH

### Research and Expert Opinions

There are a host of scientific studies on the effect of electromagnetic fields on health and their number is increasing all the time. Such studies investigate both the thermal and athermal effects, which are regularly evaluated by independent groups of Austrian and international experts.

In April 2009 an interdisciplinary group of 22 experts examined, analyzed and evaluated 85 current studies on mobile communications and health at the Experts' Forum of the Scientific Advisory Board Radio (WBF). The results of this annual meeting of the WBF: According to the latest scientific research, mobile communications pose no danger to health if the threshold values for emissions are adhered to.

A research project conducted in cooperation with Seibersdorf Laboratories examined transmitting power inside and outside the transmission area. The study of the literature examined the immisions of mobile phones at various distances to the base station.

### Strict Standards

In its latest statement published in August 2009 the International Committee on Non-Ionizing Radiation Protection (ICNIRP) confirmed the guidelines for the threshold values issued in 1998. This evaluation reaffirms the correctness of the defined threshold values on the basis of the results of the latest international scientific research. All companies belonging to the Telekom Austria Group comply with these standards and achieve significantly lower values than those required.

### Group-Wide EMF Policy

Specifications such as safety standards for electromagnetic fields, base stations, mobile phones and internal corporate processes are regulated by the Group EMF Policy. This EMF policy ensures that all Telekom Austria Group companies comply with the health and safety guidelines with regard to electromagnetic fields. Just as important as the customers are the employees and all suppliers.

### Forward-Looking Location Planning

New technologies and a full-coverage network infrastructure form the basis for a high-quality and reliable mobile communications network. mobilkom austria ensures innovative services for its customers by permanently expanding its network infrastructure. When planning sites for mobile communications facilities mobilkom austria works closely together with municipalities, citizens' action groups and those responsible for the protec-

tion of townscapes and landscapes. Existing infrastructure such as street lights, high-voltage power masts and buildings are all used as locations. When planning a base station mobilkom austria will, upon request, calculate and measure the potential emissions free of charge so that the public can be certain from the outset that the threshold values will really be adhered to.

### Information for Dialogue Groups

The specialists from mobilkom austria's EMF team offer advice on all aspects of mobile communications and health, safety, technology and threshold values. mobilkom austria also provides information to those who are interested online, via hotlines and with information brochures. During the planning process, round tables and discussion groups are used to establish and maintain personal contact to municipalities and citizens' action groups.

Mobile communications, health and safety formed the focus of the information campaign in 2009, during which mobilkom austria sent information material in the form of a brochure and a DVD to 114 mayors and the heads of building authorities. 260 schools received information packs and more than 100,000 households were given stickers listing the most important emergency numbers. A pocket information brochure published in 2009 provides concise information on electromagnetic fields with an emphasis on technology and health.

In 2009 mobilkom austria stepped up information activities for its own staff. External experts and the EMF team answered employees' questions on all aspects of mobile communications and health, technology and threshold values at an internal information event.

Mobiltel and two of its competitors also launched an information campaign on "Mobile Communications – Safety and Health" in cooperation with the Bulgarian Academy of Science and the Technical University of Sofia. velcom is a member of the Belarusian working group that is developing new health regulations and standards. Vipnet has supplemented existing programs with training courses on EMF for all new members of staff. The Slovenian Forum on Electromagnetic Radiation (EMS<sup>2</sup> Forum) uses discussions, information brochures and direct dialogue to provide information to interested parties. As an active member of the Forum, Si.mobil supports these communication measures. In addition, the company also provides its employees with training on this subject and cooperates with the INIS (Institute of Non-Ionizing Radiation).

### Information on EMF

- **WHO**  
**World Health Organisation**  
[www.who.int/topics/electromagnetic\\_fields](http://www.who.int/topics/electromagnetic_fields)
- **ICNIRP**  
**International Commission on Non-Ionizing Radiation Protection**  
[www.icnirp.de](http://www.icnirp.de)
- **Scientific Advisory Board Radio Applications (BMVIT)**  
[www.wbf.or.at](http://www.wbf.or.at)
- **Mobile Communication Forum**  
[www.fmk.at](http://www.fmk.at)
- **EMF-Portal**  
[www.emf-portal.de](http://www.emf-portal.de)
- **Research Association for Radio Applications**  
[www.fgf.de](http://www.fgf.de)

### Information Brochures on EMF Topics

#### under [www.a1telekom.at/emfinfos](http://www.a1telekom.at/emfinfos):

- Mobile Communications & Health
- Mobile Communications & Infrastructure
- Mobile Communications & Threshold Values
- Mobile Communications & Security
- Mobile Communications & Building Provisioning
- Mobile Communications & UMTS
- EMF pocket leaflet

<sup>2</sup> EMS (electromagnetno sevanje)

## Voluntary Commitments

- EU-Framwork "European Framework for Safer Mobile Use by Younger Teenagers and Children": [mobikom austria/Austria](#), [Mobiltel/Bulgaria](#), [Si.mobil/Slovenia](#)
- "Mobile Alliance Against Child Sexual Abuse": [mobikom austria/Austria](#)
- Austrian "Children-Mobile Phones Code": [mobikom austria/Austria](#)

## RESPONSIBLE USE OF DIGITAL MEDIA

Austrians believe that children should be given their first mobile phone at the age of 10. For parents, a mobile phone is an important safety factor. 92% say they feel reassured knowing they can contact their children by mobile phone, while 79% also say it is important their children have a phone for emergencies.

The wide-ranging possibilities offered by the new breed of media also pose rising challenges with regard to their safe and responsible use. Young people in particular often fail to adequately appreciate the consequences of their actions. Personal information is heedlessly placed online becoming irrevocably available for all. The Telekom Austria Group therefore endeavors in particular to raise awareness and protect children and young people.

Within the framework of the partnership between Telekom Austria (Fixed Net) and Saferinternet.at, a survey was carried out among young people who are active in online communities and the Europe-wide Safer Internet Day was held. At the first Saferinternet.at Youth Forum in February 2010, approximately 100 school pupils and teachers gathered at the headquarters of Telekom Austria (Fixed Net) to discuss issues surrounding "privacy and the Internet."

The information platform jointly set up by the Austria-wide initiative Handywissen.at and mobikom austria, creates a knowledge base for the cost-effective and safe use of mobile phones. Given the manifold possibilities of multimedia applications, education plays a very important role in these activities. The teaching material sent out to 2,000 Austrian schools, also provides background information for those with an interest in the subject, as do a guide for parents and the mobile phone video competition "Move-it." Handywissen.at is a partner project of Saferinternet.at, the information and coordination office to promote the safe use of the Internet funded by the European Commission and the public sector.

The mobile phone guide available at all A1 shops provides information on topics such as cyber-bullying, mobile phone etiquette and mobile Internet surfing in a form that is easily accessible to children. This brochure, which is now in its third edition, was developed jointly with the Austrian Youth Red Cross, the Vienna Youth Ombudsman and the information platform Handywissen.at. New, additional topics include cell phone violence, dealing with cyber-bullying or "sexting" as well as legal issues and environmental protection.

For the second consecutive year, Mobiltel marked Safer Internet Day in Bulgaria with a public education campaign entitled "Think b4 u upload." All customers received an SMS informing them about the Internet campaign and a link referring them to the site of the National Center for Safe Internet. This campaign is also part of a long-term strategy to combat the distribution of child pornography, violence against children, racism, terrorism as well as xenophobia via the Internet. Since 2008 Mobiltel has also supported the Bulgarian National Center for Safe Internet in implementing an interactive project against virtual and physical violence at Bulgarian middle schools.

The Mobile Telephony Guide for Parents published by Vipnet is addressed to parents and provides comprehensive information about how to protect their children with regard to mobile phone use and tariffs as well as details of technical safety mechanisms.

Si.mobil educates its young customers and their parents with a special brochure on the responsible use of mobile phones. The ORTO tariffs from Si.mobil include a safety mechanism for children under 18 years as well as information material for parents and a target-group-specific online platform.

# COMMITTED

*We connect people to the future of telecommunications and support them in the competent use of digital media. We take our social responsibility seriously.*

## RESEARCH AND INNOVATION

### Knowledge and Information Society

In recent decades, the role of knowledge has undergone a fundamental change with knowledge becoming a central source of productivity and economic growth. Media skills and the use of state-of-the-art communications technologies are becoming essential for participation in modern life and the knowledge society.

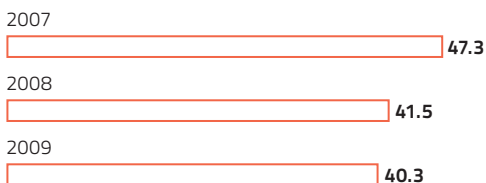
The Fixed Net and Mobile Communication infrastructure of the Telekom Austria Group builds the backbone of today's modern knowledge-based society. Due to the trend toward smart phones, notebooks and notebooks as well as multi-media applications such as social networks, the volume of data traffic carried in Telekom Austria Group networks in Austria doubles every 12 to 18 months. The more the Internet grows, the more extensive is the body of knowledge archived worldwide. In 2012 people will produce five times more data than in 2008, i.e. almost 2,500 billion gigabytes.<sup>1</sup>

### Collaborative Research

Applied research and development play an important role in the introduction of the new services and network technologies that are needed to meet the continuously rising demands of actively shaping the knowledge society. Partnerships and networks with partners from science and industry, as well as a focus on customer needs, enable the Telekom Austria Group to develop market-oriented products and services.

### Expenses for Research and Development at the Telekom Austria Group

In EUR million



<sup>1</sup> As the Economy Contracts, the Digital Universe Expands, IDC White Paper, May 2009

### Partnerships with Universities and an Endowed Chair

Numerous projects have been successfully realized within the framework of long-standing partnerships with university and non-university institutes as well as with the universities of applied sciences. Telekom Austria (Fixed Net), for example, has endowed a chair at the Institute of Future Communications at the University of Vienna in a partnership that focuses on how high-performance communications systems must be organized in order to enable new applications.

### European and National Cooperation Projects

The Telekom Austria Group regularly participates in numerous EU projects in cooperation with leading European research institutes and international business partners. The emphasis here is upon the further development of network infrastructure and business support systems. At the national level, the Telekom Austria Group plays a leading role in e-inclusion initiatives aimed at helping people develop their competence in using digital media. One project focuses on the area of "Health/Life in Old Age" (Ambient Assisted Living).

In cooperation with international forums such as the UMTS Forum, mobilkom austria takes part in scientific studies on the development of mobile broadband and the mobile ecosystem as well as the use of applications and hardware. Within the framework of the GSMA, the global organization representing mobile communications providers, representatives of the Telekom Austria Group are involved in drawing up standards for the harmonization of technologies and processes. As part of efforts to develop global communications standards, the Telekom Austria Group is also actively involved in projects run by ETSI (The European Telecommunications Standards Institute) and 3GPP (global cooperation to standardize mobile communications).

### Goals 2010

- Launch initiatives for the knowledge society
- Show commitment to children and young people in the social and educational spheres
- Support children, young people and senior citizens in the competent use of digital media
- Systematic innovation management
- Support for important social issues

### Projects to Promote Media Skills (Selection)

- Cooperation with the Saferinternet.at initiative: Telekom Austria (Fixed Net)/Austria
- Apprentices show senior citizens how to take their first steps on the Internet: Telekom Austria (Fixed Net)/Austria
- Information Brochures on the use of digital media targeted at younger users and their parents: mobilkom austria/Austria, Vipnet/Croatia, Si.mobil/Slovenia, Vip mobile/Serbia
- ROUNDABOUT KIDS event series: mobilkom austria/Austria
- Cooperation with Handywissen.at: mobilkom austria/Austria
- Educational campaign Think b4 u upload: Mobiltel/Bulgaria

### Sponsorship Activities – Education (Selection)

- **Austria:** Saferinternet.at/Children's University Vienna
- **Croatia:** VIP Eureka – scientific, interdisciplinary congress for high school students
- **Serbia:** Vip Youth Science Camp/Be a Vip Student – student grant program

### Cooperation with Universities and Research Institutes (Selection)

#### Vienna University of Technology

- Establishment of the Laboratory for Wireless Technologies for Sustainable Mobility in cooperation with the Christian Doppler Research Association and renowned international business partners
- Migration to next generation networks and the analysis of network architecture supporting packet-based technologies for traffic engineering
- Mobile Communications working group at the Institute of Communications and Radio Frequency Engineering as well as the Institute of Broadband Communication

#### University of Vienna

- The endowed chair at the Institute of Future Communications
- Cooperation with the Institute of Statistics and Decision Support Systems Vienna

#### Support for the University of Applied Sciences Technikum Wien

- Chairmanship of the Advisory Board for Mobile Telecommunications at the Technikum Wien

#### Hagenberg Campus of the Upper Austria University of Applied Sciences

- FFG research project pureNFC focusing on high energy efficiency and the interoperability of NFC mobile telephones

#### Eurescom (European Institute for Research and Strategic Studies in Telecommunications)

- Topics such as converged service delivery, new services, new network architectures or new areas of applications

#### Telecommunications Research Center Vienna (FTW)

- Focusing on topics such as wireline access technologies, security in next generation networks, multimedia services and intelligent transport systems

#### USECON, CURE (Center for Usability Research & Engineering)

- User Experience Innovation Lab recently established by mobilkom austria, USECON, CURE and the University of Salzburg

#### Evolaris next level

- Concentration upon prototypical mobile communications applications

## ACTIVELY SHAPING THE KNOWLEDGE SOCIETY

The “Wissen schafft! Für die Gesellschaft von morgen” initiative launched in 2010 promotes scientific dialogue, initiates innovative projects and motivates people with ideas. With this initiative the Telekom Austria Group not only fosters debate about the active development of the knowledge society, it also intensifies cooperation with universities and research institutes, and provides targeted support for new approaches.

### Hedy Lamarr Lectures

In 2010 the Telekom Austria Group, the Austrian Academy of Sciences and Medienhaus Wien initiated the Hedy Lamarr lecture series that explores the knowledge society from a variety of perspectives. By supporting this lecture series, the Telekom Austria Group underlines the huge importance of a knowledge-based society for Austria as a business location and for Europe as an economic power. The parallel event Science meets Practice provides speakers and professionals from the media and information industries with an opportunity for a more in-depth exchange. The open dialogue with the public, political representatives, local and national government as well as science and industry is an important component in generating awareness for the topics important to the knowledge society.

### Promoting Development

The AI Innovation Days, an ideas and development competition for applications in a mobile environment launched by mobilkom austria<sup>2</sup> in 2008, was successfully continued in 2009 and 2010. It is regarded as a meeting place for developers and a platform for discussion of the various aspects of mobile communications use.

Usage studies of mobile communications services were carried out in cooperation with the Institute for International Marketing Management at the Vienna University of Economics and Business to evaluate how products are used, especially in daily life, with the aim of obtaining valuable information for product development.

Mobiltel organized M-Tel Media Masters, a competition for journalists that explores the possibilities offered by telecommunications and how they affect our lives.

Together with the educational platform Academica BG, the Bulgarian operator Mobiltel supports the nationwide campaign “Be literate” with its emphasis on education, literacy and the preservation of the Bulgarian language. The aim is to generate interest among young people for language as a means of communication in the age of new technologies. A total of 60 schools are participating in the program. Furthermore, Mobiltel has opened a state-of-the-art computer lab at the University of Mathematics and Informatics in Sofia as part of its long-standing collaboration to support students at technical faculties.

<sup>2</sup> On July 8, 2010 the two Austrian companies Telekom Austria (Fixed Net) and mobilkom austria merged to form a single enterprise – AI Telekom Austria. In the Sustainability Report 2009/10 that covers the reporting period 2009 to July 15, 2010, the two companies are reported separately.

## MEDIA SKILLS

The abilities and skills that were important in the industrial age are becoming less and less important in the knowledge society. The knowledge society demands that we gather a rising flood of information, that we evaluate it, filter it critically and competently and then process it.

The companies belonging to the Telekom Austria Group have therefore launched a number of initiatives for children and young people in particular. The aim is to promote the responsible use of new communications technologies to ensure they have a positive impact on our lives and everyday situations.

In 2003 mobilkom austria launched the discussion series ROUNABOUT KIDS that provides a forum, where experts can discuss the needs and wishes of children and young people as well as the responsible use of new media and communications technologies. The most recent event focused on "Facebook as a School Subject."

### Senior Citizens Online

As a co-founder of the initiative Seniorkom.at, Telekom Austria (Fixed Net) helps the Austrian Seniors Council to educate senior citizens about the Internet. One of the results of this cooperation is the barrier-free website [www.seniorkom.at](http://www.seniorkom.at). Free Internet training courses for senior citizens have been available since 2008. The courses – which were held by apprentices of Telekom Austria (Fixed Net) – have proved very popular.

### Social Networks

In 2009 mobilkom austria carried out a wide-ranging study that for the first time surveyed the status quo of digital social relations in Austria and identified user expectations. The study revealed that those who are active on social networking sites do not cease to communicate via e-mail, by talking to others in person, by telephone or by texting. 39% of Austrians said that since having started to use social networking sites their e-mail traffic has increased somewhat or even significantly. There has also been an increase in face-to-face conversations (32%) and the number of text messages (26%).

Many Austrians are aware of the risks of social networking sites and are cautious with their own personal data. 76% of users identified the potential misuse of data as a disadvantage of social networking platforms, 62% were worried about HR managers being able to see their data, while 57% thought that the online availability of personal data in general was a serious drawback. A detailed analysis shows that the older users are, the more they are concerned about the possible abuse of data.

At the ninth mobile.futuretalks hosted by mobilkom austria under the motto "The Power of We", the co-founder of Facebook, Chris Hughes, and neuroscientist Susan Greenfield delighted the 800 members of the audience with their stimulating presentations on the pros and cons of digital relationships.

### mobilkom austria award 09 for "Frauen beraten Frauen"

The mobilkom austria award 09 went to the organization "Frauen beraten Frauen" (Counseling for Women by Women). The project [frauenberaten-frauen.at](http://frauenberaten-frauen.at) uses the "power of digital relationships" to offer women in difficult situations comprehensive advice and support over the Internet. mobilkom austria, in cooperation with the Institute for Interdisciplinary Research on Non-Profit Organizations at the Vienna University of Economics and Business, invited organizations to submit projects in which information technology was used to encourage communication between people and strengthen the social fabric.

## SOCIAL RESPONSIBILITY

### Unbureaucratic Disaster Relief

The companies of the Telekom Austria Group are well aware of their social responsibility and provide fast and unbureaucratic assistance in disasters.

Following the devastating earthquake in Haiti in 2009, Telekom Austria (Fixed Net) employees worked at full speed to set up one of the most modern call centers in Europe with over 60 workstations and donor computers at a studio of the Austrian Broadcasting Corporation (ORF) on K niglberg. The aim was to ensure a smooth start to the Neighbor in Need Action Day. The call center received 60,000 calls on the ORF's Haiti fundraising evening alone.

The SMS donor platform provides one of the simplest and most convenient ways to make donations. In just seven days the Austrian public donated more than EUR 70,000 for the victims of the Haiti earthquake disaster via SMS.

In an emergency, the ability of the rescue services to communicate rapidly and efficiently is often a matter of life and death. During the Haiti disaster, the mobile communications network often provided the only means of coordinating relief efforts. mobilkom austria therefore supported rescue workers by refunding roaming fees.

Mobiltel, Si.mobil and Vip mobile also helped victims in Haiti by organizing SMS donation services.

### Sponsorship Activities – Social (Selection)

- **Austria:** Light into Darkness, Aids Hilfe House, Doctors Without Borders
- **Bulgaria:** Eyes on Four Paws Foundation, Social Project Me, Granny and Grandpa
- **Belarus:** Children's Hospital Belarus
- **Croatia:** Support of regional healthcare centers
- **Slovenia:** Party with a Cause – Humanitarian Event
- **Serbia:** Therapy rooms for three Serbian hospitals
- **Macedonia:** Equipment for the intensive care and therapy unit at the gynecological clinic in Skopje

### Sponsorship Activities – Sports (Selection)

- **Austria:** A1 Beach Volleyball Grand Slam, Austrian Ski Federation
- **Bulgaria:** M-Tel Beach Masters
- **Belarus:** Paralympics Committee
- **Croatia:** Croatian Alpine Ski Association
- **Slovenia:** Ljubljana Marathon
- **Serbia:** Vip Beach Masters in Beach Volleyball
- **Macedonia:** Macedonian Handball Federation

### Sponsorship Activities – Culture (Selection)

- **Austria:** Grafenegg Music Festival, Vienna International Festival
- **Bulgaria:** M-Tel Awards for Contemporary Bulgarian Art
- **Croatia:** Zagreb Film Festival
- **Slovenia:** Magdalena – Festival of Creative Communication
- **Serbia:** Belgrade Dance Festival

## Awards 2009/10

- PR Report Award in the category Technology for net.culture.space: Telekom Austria (Fixed Net)/Austria
- SABRE Award for the project Web 2.0 Klasse, Telekom Austria (Fixed Net)/Austria
- Prize for The most Consistent Donors Policy For Public Causes from the Bulgarian Donors' Forum (BDF): Mobiltel/Bulgaria
- Gold Quill Award of Merit for Party with a Cause: Si.mobil/Slovenia
- Silver Award of the Economic Propagandists Association of Serbia (UEPS) for the Vip Beach Masters 2009: Vip mobile/Serbia
- Zlatna Bubarmara Award as the best sports sponsor for the support given to Macedonian handball: Vip operator/Macedonia
- Recognition of the Republic Council on Road Traffic Safety for raising awareness for child protection in traffic: Vip operator/Macedonia

## Social Action with Customers

Long-standing partnerships focus on the implementation of joint projects and the transfer of know-how. The support given by our customers makes a valuable contribution to this work.

mobilkom austria has been a partner of Doctors Without Borders for more than ten years and in 2002 launched a cutting-edge SMS donation campaign for the organization. In 2009, more than 3,100 customers donated money by text message, raising over EUR 42,000 for the charity. mobilkom austria has also been a key partner of the mirno more peace flotilla for nine years. This is Europe's largest social and educational peace project and mobilkom austria provides the basic funding for 25 boats. In addition, a fixed amount was donated to the peace flotilla for every A1 online registration and online MyNext contract extension.

Since 2004 mobilkom austria has been successfully implementing recycling schemes in cooperation with its clients. For each mobile phone returned, mobilkom austria donates EUR 3 to Doctors Without Borders. Last year, the campaign for the reuse and environmentally-friendly recycling of end-of-life mobile phones raised donations of EUR 20,000 for Doctors Without Borders.

Between March 2008 and 2009, mobilkom austria's customers raised donations totaling EUR 260,000 for various social projects – in addition to the support provided by mobilkom austria.

In 2009 customers raised EUR 500,000 by SMS for projects sponsored by the Bulgarian operator Mobiltel, in particular for projects dedicated to environmental protection, social welfare and cultural sponsorship. In recognition of these activities, Mobiltel was awarded one of the highest honors of the Republic of Bulgaria, the Medal of Honor of the President of the Republic for exceptional merit in the area of corporate social responsibility.

At a charity auction held for the first time in 2009, velcom auctioned off exclusive telephone numbers. The company then doubled the proceeds of the sale which were donated to a children's oncology center in Belarus. For the sixth time in a row Si.mobil organized the Party with a Cause 2009, an event to promote social responsibility among Slovenian youth. The EUR 30,000 that was raised by the event was used to fund the first child-friendly interview room in Ljubljana, which is designed for interviewing children who have been victims of crime.

## Long-Standing Partnerships

The Telekom Austria Group acts as a long-standing and reliable partner to a host of charitable organizations, enabling them to plan and conduct their work effectively over the long term. In particular, the international subsidiaries integrate specific, regional needs into their activities, thus promoting social development at the local level. Funding is allocated locally by the respective companies.

Telekom Austria (Fixed Net) has supported the campaign "Light into Darkness" for the past 37 years. The company handles the complete telephone management for Austria's largest charitable fundraising campaign – from the installation and manning of the telephones on location to the routing and emergency concept. mobilkom austria has maintained a partnership with Doctors without Borders for ten years and also supports the organization Fair Trade.

Since 2002 Mobiltel has provided support for socially disadvantaged elderly residents of the isolated mountain region of Aprilitzi in Bulgaria with its "You are not alone" campaign. The SOS Kinderdorf and the "Faith and Hope and Love" home for the mentally disabled are other commitments. Mobiltel has also been a partner of "Eyes on Four Paws" for five years.

The Croatian operator Vipnet has supported the project Mobility.Communication.Life since 2002, raising more than EUR 1.1 million to date. This makes Vipnet Croatia's biggest private mine clearing sponsor. In 2009 a minefield near a school playground in the town of Hrastovica was cleared. Vipnet also organizes an annual school competition to alert children living in affected areas to the dangers posed by landmines.

Vip mobile supports a number of charitable organizations in Serbia, either through projects of its own or in cooperation with others. In 2009, for example, the company financed four therapy rooms for Serbian hospitals.

Vip operator also became active in the health sector in 2009, donating equipment for intensive medical care at a gynecological clinic in Macedonia. In addition, the company is especially committed to improving road safety for children.

# COMMENTS

on the Telekom Austria Group  
Sustainability Report 2009/10

The following comments focus solely on the contents and formal performance of this Sustainability Report and make no evaluation of the accuracy of the statements contained therein.

The Telekom Austria Group is committed to a sustainable, forward-looking approach to business that focuses on the long term. Within the framework of its ambitious yearly reporting, the company documents its current performance as well as new developments and measures that have been implemented. For many years the innovative formal structure (recipe book) which is designed to acquaint a wider readership with the topic of "companies and sustainability" has been an integral element of the reporting concept.

Irrespective of the changing layout, the organization and thematic structure of the sustainability report have remained unchanged for years. This structural consistency makes it easier to find topics and at the same time increases the year-on-year comparability of the social and ecological performance data. Basing the report on the Sustainability Reporting Guidelines G3 of the Global Reporting Initiative (GRI) including the industry-specific Telecommunication Supplements ensures the link to the generally accepted indicators of international sustainability reporting. At this point, it would be desirable to have a statement of key performance indicators that would serve to document the materiality of the company-specific sustainability performance. The company's own assessment of the extent to which it has achieved compliance with the G3 Guidelines of GRI (Application Level) was externally audited and classified as Level B+.

Effective sustainability management requires an efficient steering structure. In light of this need, the Telekom Austrian Group has implemented a group-wide CSR management system. A new CSR Board reporting to the Management Board and a separate CSR department have been established. In addition to these significant structural improvements, performance in the area of climate protection/energy savings in particular was considerably improved compared to the previous reporting periods. CO<sub>2</sub> emissions from electricity consumption in Austria was cut by almost 38% due to more consistent use of electricity generated from renewable sources and a comprehensive increase in energy efficiency. By joining the WWF Climate Group and signing the EU Code of Conduct on Data Centres Energy Efficiency Telekom Austria (Fixed Net) has demonstrated its serious determination in the area of climate change. Other performance highlights in the reporting period: The inclusion of health and safety at work (substantial reduction in the

number of accidents), the systematic further development of work-life balance concepts, a stronger focus on customer orientation as well as a critical-substantial confrontation with youth issues such as media skills and the responsible use of digital media.

Sustainability is always a dynamic process that is flanked by growing stakeholder expectations in terms of transparency and an open flow of information. This development opens up potential for the Telekom Austria Group to optimize its reporting in the following areas:

- Documentation of a strategic materiality audit (materiality process): Identification, evaluation and prioritization of company-specific challenges from a sustainability perspective.
- Addition of authoritative quantitative key figures to supplement the detailed description of the compliance and anti-corruption systems.
- Broaden the collection and documentation of key sustainability figures to include Telekom Austria Group companies abroad (most of the figures to date are from Austria).
- Systemization of donor and sponsorship activities in the area of social commitment with regard to their relevance and topical focus (strategic orientation).

This report documenting existing, but also new and innovative measures in the area of sustainability shows that the Telekom Austria Group is continuing to carry forward the process of sustainable management even in times of economic crisis. In future, the key task of the newly created CSR department will be to integrate the Telekom Austria Group's international subsidiaries in the existing sustainability management and reporting system.

Hanover, August 10, 2010



**Stefan Dahle**

Partner and Head of CSR and Sustainability Management  
imug Beratungsgesellschaft für sozial-ökologische Innovationen mbH



# WE SAID, WE DID

Goals 2009 and Measures Implemented (Selection)

## VALUE-ORIENTED

### Improve organizational implementation of corporate social responsibility in the individual business areas

- Creation of a separate Corporate Social Responsibility department
- Start of implementation of group-wide CSR management
- Increased involvement of the international subsidiaries

### Safeguard the existing core business and develop innovative new business areas at Telekom Austria (Fixed Net)

- Expansion of the attractive product bundles, which combine fixed net and mobile telephony as well as fixed net Internet, mobile Internet and television
- Product innovations such as the expansion of aonTV to include interactive features
- Introduction of product bundles for business customers

### Consistently realize cost-cutting measures at Telekom Austria (Fixed Net)

- Consistent optimization of all processes and efficient use of resources in all departments
- Reduction of overheads in administration and sales
- Workforce size adjusted to the volume of business, while taking care to cushion the social impact

### Migrate network infrastructures to ALLMediaNET

- Gradual migration since 2003
- Investments in network infrastructure
- Four glass-fiber projects initiated in Vienna and Carinthia, connection of Villach

### Safeguard market leadership in Austria and fully exploit the potential of international business activities in the Mobile Communication segment

- Increased range of cross-segment product bundles in Austria
- Expansion of the subscriber base by driving the data business and deliberately targeting attractive market segments such as business customers in all markets
- Introduction of product innovations that meet the needs of the respective markets

### Increase use through innovative data services

- Expansion of the product and service portfolio, which in 2009 saw the introduction of A1 music and attractive netbook offers
- Optimization of the data network – offer of high-speed mobile broadband services

### Support socially important initiatives

- Synergies leveraged through the coordinated development of products and services
- Acceleration of the development and launch of convergent products on the basis of harmonized internal processes

### Support socially important initiatives

- Long-standing partnerships with organizations such as Light into Darkness (Telekom Austria (Fixed Net), Doctors Without Borders (mobilkom austria), regional healthcare centers (velcom and Vipnet), childcare centers (Vip mobile and Vip operator)
- Wissen schafft! An initiative to promote a knowledge society

### Show commitment to children and young people in the social and educational spheres

- Projects such as mirno more, Children's University Vienna (mobilkom austria), Grant M-Tel social welfare program (Mobiltel), Be a Vip Student grant scheme (Vipnet and Vip operator)

## CLIMATE-FRIENDLY

### Expand and further develop innovative, environmentally-friendly information and communications technologies (ICT)

- Implementation of a telepresence video-conferencing system
- Pilot project to use telephone booths as electricity charging stations at Telekom Austria (Fixed Net)
- Environmentally-friendly ICT solutions such as teleworking, e-health, e-government and mobile navigation systems

### Launch internal information campaigns to communicate environmental and climate protection measures more effectively

- Motivation and involvement of employees in environmental and climate protection activities such as the increased use of video-conferencing and e-bikes
- An Environment Day was held

### Reduce energy consumption at corporate headquarters and administrative buildings

- Refurbishment of the Telekom Austria (Fixed Net) service center with the use of outdoor air for cooling, heat recovery and a photovoltaic system
- Employees encouraged to use energy responsibly
- New technical installations at Vipnet buildings
- Activities at Si.mobil within the framework of Re.think

### Increase energy efficiency in the area of infrastructure

- Telekom Austria (Fixed Net) signed the EU Code of Conduct on Data Centers Energy Efficiency
- Energy management at Telekom Austria (Fixed Net) is certified according to the Austrian Standard ÖNORM EN 16001
- Use of outdoor air for cooling, modular cooling systems, intelligent control systems and hot-spot suction extraction at the computing centers of Telekom Austria (Fixed Net)
- Continuation of the Ökoprot project mobilkom austria Green Computer Center
- Intelligent use of GSM resources in the pilot project A1 Energy Efficiency of mobilkom austria

### Encourage the use of alternative forms of energy

- Group headquarters and Telekom Austria (Fixed Net) sites in Salzburg and Graz powered by green electricity
- mobilkom austria pilot project to power a mobile base station using wind energy
- Pilot projects to use solar power at Vip operator

### Strengthen environmental protection measures at the international subsidiaries of the Telekom Austria Group

- Start of a program to improve energy efficiency at Mobiltel
- Expansion of Re.think, the Si.mobil environmental protection initiative
- Internal information campaigns

## TOGETHER

### Forge closer bonds with top performers to keep them with the company

- Introduction of career paths for experts
- Strengthening of individual development plans
- Expansion of specialist training courses on the basis of development analyses

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**Intensify corporate health promotion with an emphasis on programs to improve work-life balance**

- Extensive range of health schemes
- Flexible working hours models
- Introduction of a work-life balance program at Mobiltel

**Increase employee satisfaction**

- Studies on employee satisfaction
- Definition of key areas based on the results of satisfaction studies
- Childcare support

**Strengthen employer branding in the Mobile Communication segment**

- Partnerships with universities
- Communication of awards received in the field of human resources

**Be mindful of social compatibility when downsizing in the Fixed Net segment**

- Qualification program
- Opportunity to take up employment in the public sector
- Offers within the framework of the social plan
- Extensive measures within the framework of the Work Foundation
- Further training for executives on managing change

**Intensify leadership with a focus on Telekom Austria (Fixed Net), mobilkom austria, Mobiltel and Vipnet**

- Expansion of leadership programs
- Promotion of career opportunities within the Group

**CUSTOMER FOCUSED**

**To be responsive to individual customer needs and develop service concepts for specific target groups**

- Measures within the framework of the Customer Dialogue, Telekom Austria (Fixed Net)
- Reorganization of complaint management at Telekom Austria (Fixed Net) and Mobiltel
- mobilkom austria's service center certified according to the new Austrian standard ÖNORM EN 15838
- Development of service models for convergent products
- Adaption of the tariff for the deaf and hearing impaired at Vipnet
- Introduction of a new quality assurance process at Vip mobile

**Executive development in customer service**

- Development programs and career models for Customer Service staff
- ICT education offensive – expansion of ICT Academy Certification at Telekom Austria (Fixed Net)
- Greater support for team managers
- "Voice" project for employees who work on mobilkom austria's service lines

**Intensify measures in the business service segment**

- Service Level Agreements (SLAs) for business customers at mobilkom austria
- Further optimization of customer service for business customers with a clear focus on end2end processes at mobilkom austria
- Establishment of a Business Service Center at Mobiltel
- Individual programs for business customers at velcom

**Optimize and expand online self-care options**

- Personalization of the customer center, Telekom Austria (Fixed Net)
- Online selection of installation date, Telekom Austria (Fixed Net)
- Service portal for key accounts at mobilkom austria
- Expansion of the self-care area at Mobiltel
- Introduction of an online technical forum at Vipnet
- Live web chat as a communication channel for customers at Si.mobil and Vip operator

**Promote, initiate and support projects which encourage responsible use of the Internet and mobile telephones**

- Measures to raise awareness among children and young people about using digital media
- Partnership with Saferinternet.at and Handywissen.at, Telekom Austria (Fixed Net) and mobilkom austria
- Mobile phone guide, mobilkom austria, Vipnet and Si.mobil

**Carry out and support activities that enable everyone to have access to modern communications technologies**

- Investments in network infrastructure in Austria
- Diverse studies
- Free Internet training for senior citizens, Telekom Austria (Fixed Net)
- Safeguarding network quality

**SAFE**

**Uphold the highest standards of information security and data protection**

- Introduction of an Information Security Management System with standardized information security reporting
- Launch of a Group Identity Management system
- Internal and external audits
- Measures to raise employee awareness

**Intensify information campaigns on the topic of "Mobile Communications – Health and Safety"**

- Information campaign on "Mobile Communications, Health and Safety"
- Information sent to mayors and others in positions of responsibility in selected municipalities
- Information focus for employees
- Dialogue with the public, authorities and science sector

**Continue collaborative research into electromagnetic fields**

- Project with Seibersdorf Laboratories to ascertain median transmitting power during a mobile call
- Establishment of an EMF Board to improve group-wide support for managers dealing with EMF issues

**Complete standardization of the internal guidelines for electromagnetic fields at the international subsidiaries**

- Implementation of the group-wide EMF policy at all companies



# GRI CONTENT TABLE

in accordance with GRI G3 and the Telecommunications Sector Supplement (TSS)

AR = Annual Report 2009  
Reported in full ■  
Largely reported □  
Partially reported □

	Content as per GRI G3 and Sector Supplement	Page(s)	Reference to Content / Comments
<b>1</b>	<b>Strategy and Analysis</b>		
1.1	Statement from the most senior decision maker	4–5	■ Foreword
1.2	Key risks and opportunities	6, 8 ff., 11, 12, 31 f., 32, 40–41	■ The Company, Goals, Vision & Values, Corporate Social Responsibility, Corporate Strategy, Economic Factor ICT, Information Security and Data Protection, Network Availability and Security, Goals 2009 and Measures Implemented, AR p. 25, 65–67, 124 ff.
<b>2</b>	<b>Organizational Profile</b>		
2.1–2.10	Comprehensive description of organization, products, brands etc.	3, 6–7, 11	■ Geographical Presence, Operative Figures, The Company, Markets and Business Environment, Shareholder Structure, Corporate Strategy; Any awards received are covered in the chapters dealing with the relevant topics. AR p. 15 ff., 22 ff.
<b>3</b>	<b>Reporting Parameters</b>		
3.1–3.11	Scope of report, contact details, data and measurement methods	8–9, 11, 44	■ Group-Wide CSR Management, Stakeholder Management, Details of Reporting, Imprint/Contact
3.12	GRI Content Index	42–43	■ Content Table including the Telecommunications Sector Supplement
<b>4</b>	<b>Governance, Obligations, and Commitments</b>		
4.1–4.10	Governance Structures, Committees, Supervisory Board, Works Council	8 f.	■ Corporate Social Responsibility; AR p. 38 ff.
4.11–4.13	Commitments to external initiatives	8 f., 11, 12, 14 f., 17 f., 21, 26, 27 f., 29, 31, 32, 33, 35 f.	■ Corporate Social Responsibility, Investments in new Technologies, Regulation, Substantial Reduction in CO <sub>2</sub> Emissions, Systematic Environmental Protection, E-Mobility, Conserving Resources, Apprentice Training, Communication and Society, Network Expansion, Products for Life, Certified Customer Service, Certified Security, Network Availability and Security, Safe with Mobile Communications, Strict Standards, Research and Innovation; Information on memberships of organizations are covered in the chapters dealing with the relevant topics
4.14–4.16	List of stakeholders, basis for the selection of stakeholders	9, 15 f., 23 f., 28, 29, 30, 31 f., 33, 34, 37	■ Stakeholder Management, Working together for Climate Protection, Internal Communication, Employee Satisfaction, Utilizing User Experience, Customer Focused, Customer Satisfaction, Complaints Management, Consumer Protection, Stakeholder Information, Forward-Looking Location Planning, Information for Dialogue Groups, Responsible Use of digital Media, Media Skills
<b>Economic Indicators</b>			
EC1	Direct economic value generated and distributed	2, 3, 6, 7	□ Key Figures, Geographical Presence, The Telekom Austria Group, Fig. Revenues Structure, Fig. Net Value-Added; AR p. 69 ff.
EC2	Financial implications of climate change	13 ff.	□ "Climate-Friendly" Chapter
EC3	Scope of company's defined benefit plan	19 f., 25	□ Human Resources Situation in the Fixed Net Segment, Benefits; AR p. 28 ff., 42 f., 86 ff., 111 ff.
EC4	Financial assistance from government		□ AR p. 85
EC6	Business policy, business practices and percentage of locally-based suppliers	9, 10 f.	■ Code of Conduct, Supply Chain Management
EC7	Procedures for hiring local personnel and percentage of management employees	21	□ Internationalism, Fig. Personnel Structure: Percentage of Local Management
EC8	Development/impact of investment in infrastructure and services for public benefit	7, 11, 12, 20, 22, 26, 27 f., 32, 35 f., 40–41	■ Fig. Net Value-Added, Investments in new Technologies, Economic Factor ICT, Social Volunteering, Social Competence, Communication and Society, Network Expansion, Products for Life, Network Availability and Security, Safe with Mobile Communications, Research and Innovation, Goals 2009 and Measures Implemented
EC9, TSS	Description of major indirect economic impacts	12	□ Economic Factor ICT
<b>Ecological Indicators</b>			
EN3–4	Direct and indirect energy consumption, broken down according to primary energy sources	15	■ Table: Consumption of Resources
EN5	Energy savings made due to the environmentally-conscious use of energy and increased energy-efficiency	13 f., 14 f.	■ Green IT for Maximum Energy Efficiency, Energy-efficient Office Building, Systematic Environmental Protection
EN6	Initiatives to design products/services with greater energy-efficiency	13 f., 14, 18, 40–41	■ Green IT for Maximum Energy Efficiency, Energy-efficient Office Building, Environmentally-Friendly Telephones and Mobile Phones, Goals 2009 and Measures Implemented
EN7	Initiatives to reduce indirect energy consumption/savings made	15 f., 16 f., 40–41	□ Working Together for Climate Protection, Emission Factor Mobility, Goals 2009 and Measures Implemented
EN8	Total water consumption	15, 18	■ Table: Consumption of Resources, Water Protection is Resource Conservation
EN11–12, TSS	Land in nature conservation zones or adjacent to nature protection zones	33	□ Forward-Looking Location Planning
EN16–17, EN19–20, TSS	Total direct/indirect and other greenhouse gas emissions, emissions of ozone depleting materials, NO <sub>x</sub> , SO <sub>x</sub> and other air emissions	13 ff.	■ Table: Consumption of Resources, Fig. CO <sub>2</sub> Emissions, Fig. Development of the CO <sub>2</sub> Emissions, Table: Vehicle Fleet, Table: Average Emission Factors, Table: Average CO <sub>2</sub> Emissions
EN18	Initiatives to reduce green house gas emissions	13 f., 14 f., 15 f., 16 f., 17 f.	■ Green IT for Maximum Energy Efficiency, Energy-efficient Office Building, Systematic Environmental Protection, Working Together for Climate Protection, Emission Factor Mobility, Conserving Resources
EN21	Total water discharge		■ Irrelevant; Any waste water that is similar to domestic waste water is discharged into the public sewer network.
EN22	Total waste by type/method of disposal	17 f.	■ Conserving Resources, Fig. Paper Consumption, Table: Office Waste, Table: Telecommunications Waste
EN26	Initiatives for minimizing environmental impact of products/services	13 f., 14 f., 16 f., 17 f., 33	□ Green IT for Maximum Energy Efficiency, Systematic Environmental Protection, Emission Factor Mobility, Conserving Resources, Forward-Looking Location Planning
EN27	Percentage of products sold where the packaging materials were taken back		■ All packaging material circulated in Austria is subject to the ARA licensing system and can thus be brought into the nationwide collection system.
EN28	Fines or non-monetary sanctions for non-compliance with legal provisions		■ No fines were imposed during the reporting period.
EN29	Environmental impacts of the transport of products, goods, materials	16 f., 17 f.	□ Emission Factor Mobility, Table: Vehicle Fleet, Table: Average Emission Factors, Table: Average CO <sub>2</sub> Emissions, Conserving Resources, Fig. Paper Consumption, Table: Office Waste, Table: Telecommunications Waste
<b>Social Indicators</b>			
<b>Labor Practices and Decent Work</b>			
LA1	Total workforce by type of employment, employment contract, region	19, 20 f.	■ Workforce Structure, Fig. Number of Employees by Country, Flexible Working Hours and Teleworking, Table: Personnel Structure, Fig. Age Structure
LA2	Employee turnover	2, 19	□ Key Figures, Workforce Structure

	Content as per GRI G3 and Sector Supplement	Page(s)	Reference to Content / Comments
LA4	Percentage of employees with collective bargaining agreements		■ Percentage Telekom Austria (Fixed Net) and mobilkom austria: 100%.
LA5	Notice periods regarding operational changes and information whether this period was agreed in the collective bargaining agreement	19, 23	■ Integration of Telekom Austria (Fixed Net) and mobilkom austria, Internal Communication. Legal notice periods are observed.
LA7	Injuries, occupational diseases, lost days, absences and number of work-related fatalities by region	25	■ Table: Occupational Health and Safety
LA8	Training, advisory services, preventative care and risk control programs to support employees, their families or members of the community in the event of serious illness	24 f., 25	■ Modern Healthcare, Safety at Work
LA10	Average annual number of training and further training courses per employee	2, 19 f., 21 f.	□ Key Figures, Human Resources Situation in the Fixed Net Segment, Human Resources Development
LA12	Percentage of employees with regular performance reviews/development planning	23	■ Performance Dialogues. Performance dialogues are used at all companies in the Telekom Austria Group to foster a performance-oriented work ethic among their employees
LA13	Composition of governance bodies, employees by category	2, 20 f., 21, 22	■ Key Figures, Diversity, Table: Personnel Structure, Fig. Age Structure, AR p. 38 ff.
<b>Human Rights</b>			
HR1–2	Percentage of investment agreements with human rights clauses, and suppliers who have been screened for compliance with human rights aspects	9, 10 f.	□ International Guidelines, Supply Chain Management
HR4	Incidents of discrimination/actions taken in response	20 f.	■ Diversity. No violations were reported.
HR5	Incidents in which freedom of association and the right to collective bargaining could be threatened/actions taken in response	23	■ Dialogue with Employee Representatives. No violations were reported.
<b>Society</b>			
SO1	Impact of business activity on the community	33	□ Mobile Communications and Health
SO2–4	Percentage of business units investigated for corruption risks and employees trained in anti-corruption policy/measures taken in response to incidents of corruption	9 f., 10	□ Code of Conduct, Anti-Corruption Management Risk Management, Compliance Guidelines
SO7, TSS	Legal action taken for anti-competitive behaviour, formation of cartels and monopolies, including punitive measures taken by the authorities	12	■ Regulation. The telecommunications market in Europe is one of the most highly competitive, as a result of which the Telekom Austria Group has repeatedly found itself engaged in law suits with competitors. In Austria the majority of disagreements between telecommunications providers are decided before and by the regulatory authority.
SO8	Fines/non-monetary sanctions for non-compliance with laws and regulations		■ Due to the rapid and multi-faceted legislation in the telecommunications industry, in particular by the EU, opinions as to interpretation can differ, resulting in the imposition of fines.
<b>Product Responsibility</b>			
PR3	Type and number of legally required notices regarding products/services	10 f., 12, 33	□ Supply Chain Management, Regulation, Mobile Communications and Health
PR5	Customer satisfaction/survey results	28, 29 f., 40–41	■ Utilizing User Experience, Customer Service – A Factor for Success, Goals 2009 and Measures Implemented
PR6	Programs to ensure compliance with laws, standards, codes of conduct with regard to advertising including advertisements, sales promotion, sponsoring	9, 10	■ Code of Conduct, Risk Management. The companies belonging to the Telekom Austria Group are committed to fair competition and comply with competition laws in the countries in which they operate.
PR8, TSS	Number of justified complaints regarding customer privacy and loss of customer data	12, 30, 31 f.	■ Regulation, Complaints Management, Information Security and Data Protection. Complaints regarding data protection are dealt with in a defined process.
PR9	Fines for non-compliance with product and service-related regulations		■ No fines were imposed in the reporting period.
<b>Internal Operations</b>			
IO3	Health and safety measures for personnel working outdoors	25, 33	■ Safety at Work, Information for Dialogue Groups
IO4–5	Compliance with ICNIRP standards governing exposure to radio waves from telephones, radio equipment and base stations	33	■ Mobile Communications and Health
IO6	Policies/approach with regard to compliance with the Specific Absorption Rate (SAR) for mobile telephones and radio equipment		■ See www.a1telekom.at – Future/Mobile Communications and Health
IO7	Policies/approach with regard to the installation of radio masts and base stations in terms of stakeholder involvement, shared use of mobile communications masts and initiatives to reduce visible impact of structures	33	■ Forward-Looking Location Planning, Information for Dialogue Groups
<b>Technology Applications</b>			
TA1	Description of resource efficiency of telecommunications products and services	13 f., 16 f., 17 f., 27 f., 29 f., 31	■ Green IT for Maximum Energy Efficiency, Emission Factor Mobility, Conserving Resources, Products for Life, Customer Service – A Factor for Success, Certified Security
<b>Providing Access</b>			
PA1	Policies/methods which ensure the development of telecommunications infrastructure and access to telecommunications products and services in isolated, sparsely populated areas	26, 32	■ Digital Inclusion, Safe with Mobile Communications
PA2	Policies/methods which lower barriers such as language, cultural affinity, illiteracy, lack of education, income, disability and age which reduce use and access to telecommunications products and services	27 f., 37	■ Products for Life, Senior Citizens Online
PA3	Policies/methods which ensure the availability and safety of telecommunications products and services (downtime)	31, 32	■ Certified Security, Network Availability and Security
PA4	Quantification of the availability of telecommunications products and services in the coverage area	3, 7, 26, 27 f., 32	■ The Telekom Austria Group, Table: Operative Figures, Fig. Market Share of Voice Telephony, Table: Overview of Telekom Austria Group Markets, The Social Relevance of Communications Technology, Digital Inclusion, Network Expansion, Products for Life, Network Availability and Security
PA6	Emergency/safety plans which guarantee the availability of products in cases of emergency or disaster	31, 32	■ Certified Security, Best Network Quality and Network Security, Safe with Mobile Communications
PA7	Policies/methods governing human rights issues in relation to network access and the use of products and services	34, 37	■ Responsible Use of Digital Media, Media Skills
PA8	Policies/methods of external communication concerning electromagnetic fields	33	■ Mobile Communications and Health, for details see www.a1telekom.at – Future/Environment/Electromagnetic Fields
PA9	Investments in programs/research activities concerning electromagnetic fields	33	□ Mobile Communications and Health
PA10	Initiatives which safeguard the clarity of contract terms/tariff models	29 f.	□ Customer Service – A Factor for Success
PA11	Initiatives to inform customers about product features that encourage responsible, efficient and environmentally-friendly use	34	■ Responsible Use of Digital Media

# GLOSSARY

**ALLmediaNET:** Universal network on All-IP basis, in which backbone and access technologies as well as open media platforms converge to form a single standard for interactive multimedia services. Using the ALLmediaNET all forms of media (voice, Internet, television, video-on-demand, unified messaging) can be transported over a single network, providing highly diverse target groups with a wide range of content.

**Code of Conduct:** The Code of Conduct of the Telekom Austria Group comprises group-wide behavior guidelines and regulates the relationship with customers, suppliers and employees, as well as compliance with confidentiality requirements with regard to corporate and business developments. It guarantees the protection of assets, the fair settlement of conflicts of interests and the respect of rules about acceptance of gifts as well as compliance with capital market regulations.

**Compliance Management:** Area of responsibility for compliance with laws and guidelines, and any voluntary codes adopted by a company.

**Corporate Governance:** "Corporate constitution"; the corporate governance code represents a set of rules for the responsible management and control of a company.

**EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization):** Telekom Austria defines adjusted EBITDA as net result excluding interest, taxes, depreciation and amortization, impairment charges, dividend income, equity in earnings of affiliates, other non-operating income and expenses, minority interests and the cumulative effect of the change in accounting principles. This equals operating income before depreciation, amortization and impairment charges.

**GRI (Global Reporting Initiative):** Guidelines that were drawn up in a participatory process and which are used for the preparation and evaluation of sustainability reports.

**HSPA+ (High Speed Downlink Packet Access):** A further evolution of UMTS to achieve even higher data rates than those achieved hitherto with HSDPA and HSUPA upgrades.

**ICNIRP:** International Committee on Non Ionising Radiation Protection.

**International Labour Organisation (ILO):** The International Labour Organization is a specialized agency of the United Nations whose work covers the following main areas: Formulation and implementation of international labour and social standards, in particular with regard to core working hours, socially responsible and fair globalization, and the creation of decent employment as a crucial prerequisite for alleviating poverty.

**IPTV:** Digital transmission of broadband applications such as television programs and films over a digital data network.

**Convergence:** The integration of various services and content from fixed net and mobile communication on a joint platform.

**Next Generation Network (NGN)** is a network infrastructure and architecture that replaces traditional telecommunications networks such as telephone networks, mobile communications network etc. by carrying all types of services on a single packet-based network.

**NFC:** Near Field Communication enables the wireless transmission of data between short-range networks over a distance of several centimeters.

**Mobile Penetration:** Measures the percentage of the population, which uses mobile communication services.

**Social Networks:** Generic term for user-oriented and interactive Internet applications such as blogs, RSS messages and podcasts.


**UMTS (Universal Mobile Telecommunications System):** Third-generation (3G) mobile communication standard.

**VDSL (Very High Speed Digital Subscriber Line):** Technology that permits significantly higher data transmission rates over conventional telephone lines than, for example, ADSL.

**Whistleblowing** is the exposure of wrongdoing within a company to bodies within or outside the company.

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