



# **Consolidated Non-Financial Report 2022**

A1 Group

# Consolidated Non-Financial Report 2022

**Consolidated Non-Financial Report<sup>1)</sup> of Telekom Austria Aktiengesellschaft in accordance with section 267a of the Austrian Company Code (UGB) on environmental, social and employee matters, human rights and combating corruption and bribery**

Telekom Austria AG, listed on the Vienna Stock Exchange, is a leading provider of digital services and communications solutions in Central and Eastern Europe with around 27 million customers in seven countries: Austria, Belarus, Bulgaria, Croatia, North Macedonia, Serbia and Slovenia. All equity investments have operated under the A1 brand since 2021. Through A1 Digital International GmbH (hereinafter referred to as A1 Digital), Telekom Austria AG offers industry-specific solutions for business clients on its core markets and in Germany and Switzerland. Information on business operations and the companies included can be found in the 2022 Group Management Report and Consolidated Financial Statements.

Information on business operations and the companies included in consolidation can be found in the 2022 Group Management Report and Consolidated Financial Statements. Sustainability aspects play a major role in the activities of Telekom Austria AG and its subsidiaries, referred to below as the A1 Group. The company is aware of its social responsibility, and attaches great importance to sustainably increasing its enterprise value while taking the relevant economic, ecological and social aspects into account. This goal is supported by the Group's commitment to the Austrian Corporate Governance Code and the application of all the requirements of the internal control system, the Code of Conduct, the compliance guidelines and Group-wide integrated sustainability management. Compliance with the principles of the UN Global Compact and respect for human rights ensure that these strategies and goals are sustainably implemented and achieved by all business units.

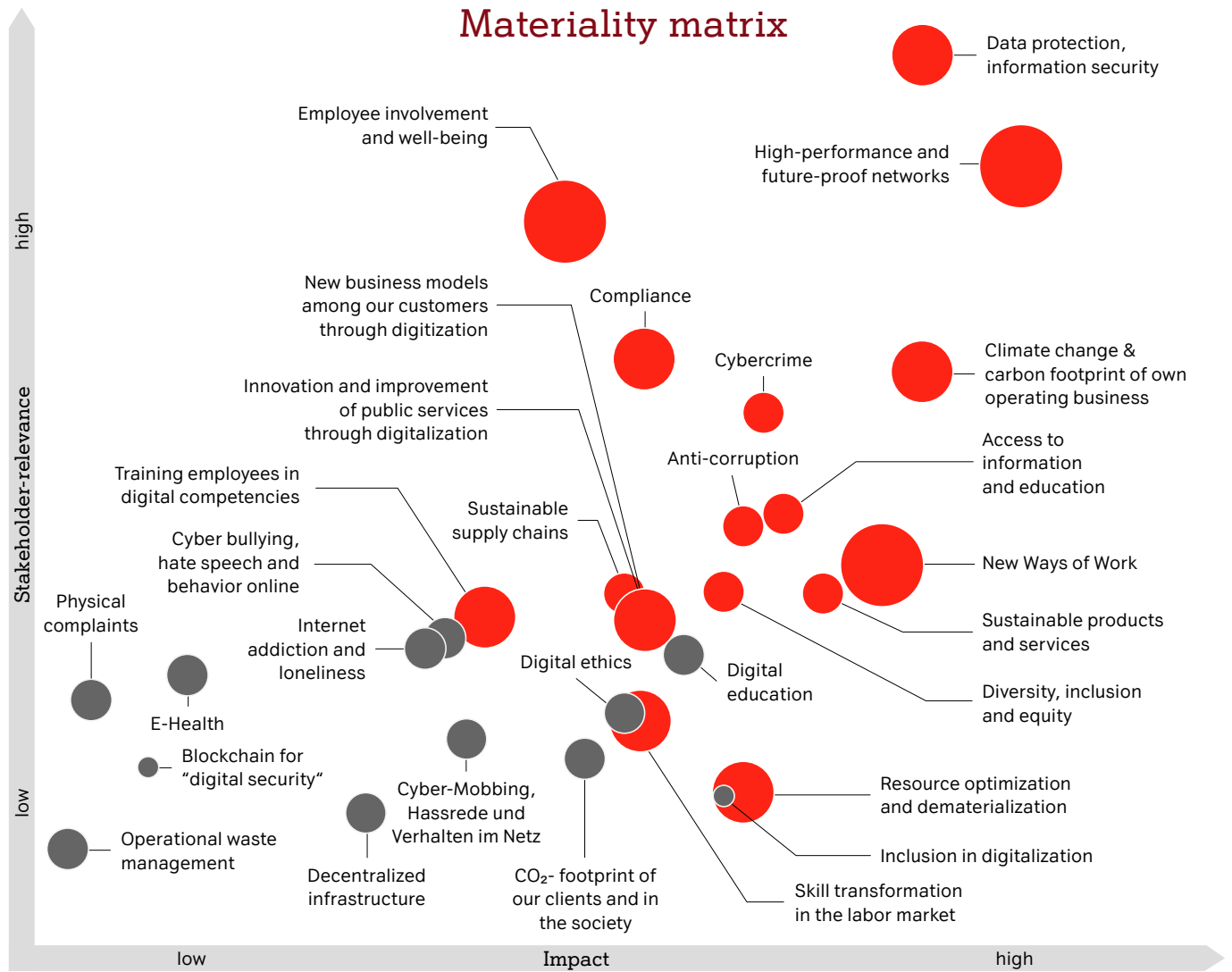
The Group ESG (Environmental, Social & Corporate Governance) unit is assigned directly to the CEO of the A1 Group. This unit is responsible for the sustainability agendas.

The Management Board defines the sustainability strategy in close coordination with Group ESG on the one hand and in an ongoing dialog with the Supervisory Board on the other. Group ESG defines and initiates Group-wide guidelines and policies such as the Green Electricity Policy, the Human Rights Policy, the Media Ethics Policy, the Conflict Mineral Policy, the Diversity, Equity & Inclusion Policy or the Sustainable Packaging Policy. The national companies are also closely involved. This is also illustrated by the inclusion of ESG targets in management remuneration since 2020. Steering meetings that discuss and report on the implementation of the Group-wide ESG strategy with local ESG officers are held at monthly intervals.

Rigor is ensured by close connections to corporate strategy. A materiality analysis was also conducted with the help of various interest groups to identify central sustainability issues and their material impact. The materiality analysis is performed regularly (every two to three years) – most recently in the 2022 reporting year, and in 2019 before that. The issues covered in this report were determined based on the results of this materiality analysis.

Social, legal and regulatory changes are taken into account in ESG action areas as well, such as the impact of the COVID-19 pandemic on the world of work and the service portfolio, or the legal developments in the field of data privacy and the constant evolution of the Code of Conduct.

1) The German text of the signed statement, which refers to the German Version of the Report, is the only binding one. The English translation is not binding and shall not be used for the interpretation.



The red circles represent the issues relevant to the A1 Group, which are reported on in the non-financial report. The size of the circles reflects their relevance for the company. An issue's materiality is based on its impact on the environment, society and the economy, and on how relevant it is to the A1 Group's stakeholders. Thus, the issues most important to the A1 Group are those that have the biggest impact and those that are most relevant to stakeholders. As an additional dimension, the issues were assessed with regard to their business relevance for the A1 Group. This allows an integrated perspective that takes into account the issues' sustainability context and their economic significance for the company.

## 1. Information on the issues derived for A1 Group from the 2022 materiality analysis

In order to identify the relevant issues, research was performed into the potential impact and risks in terms of environmental, social and employee matters. The issues were also compared against those from the materiality analysis published in 2019 and an industry analysis was performed. These issues have been analyzed, condensed and ultimately compiled into 28 relevant issues over several rounds of internal discussion. They have continuously evolved over time and, besides pre-existing issues like data protection and information security, also include new topics such as sustainable products and services. This ongoing development not only reflects the constantly changing challenges stemming from risks to the environment, social issues and employees, but also gives all internal and external stakeholders who take part in the survey the chance to express these changes in their assessments.

For the first time, an online survey was conducted in all of the Group's markets – with the exception of Belarus. This includes internal and external stakeholder groups in Austria, Bulgaria, Croatia, Slovenia, Serbia and North Macedonia. The issues were assessed by internal and external stakeholders in the online survey. A1 Group stakeholders from the fields of the media, politics and special interest groups, research, science and education, business, associations and NGOs as well as employees were invited to take part. A workshop was held with selected internal and external experts to evaluate the impact. The online survey was sent to the A1 Group's management to assess its business relevance. In total, more than 2,000 internal and external stakeholders and managers of the A1 Group took part in the online survey.

The highest rated topics were allocated to the Austrian Sustainability and Diversity Improvement Act (NaDiVeG) areas of social matters, employee matters, environmental matters, respect for human rights, combating corruption and bribery and, as an additional matter, business operations. Given the content overlap, the topics of "Cybercrime" and "Access to information and education" have been combined to form a single topic cluster that is discussed jointly under social matters. Moreover, "Training employees in digital competences" has been combined with "Skill transformation in the labor market", and can be found with the disclosures on "Diversity, inclusion and equity", as well as "New Ways of Work" and "Employee involvement and well-being" under employee matters. Within environmental matters, the issues "Resource optimization and dematerialization" and "Sustainable products and services" were also combined given their similarities, and supplemented by "Climate change and carbon footprint of own operating business". "Compliance" was likewise identified as a material issue. The A1 Group has combined it with "Anti-corruption" to form the "Combating corruption and bribery" cluster. The "Business activities" cluster, similarly formed because of overlaps, contains the key issues of "Data protection and information security", "High-performance and future-proof networks",

"Sustainable supply chains", "Innovation and improvement of public services through digitalization" as well as "New business models among our customers through digitalization". These latter two issues were combined into one cluster.

### Topics derived from the materiality analysis

- ▶ **Business operations matters:** Data protection and information security, High-performance and future-proof networks, New business models among our customers through digitalization & Innovation and improvement of public services through digitalization, Sustainable supply chains
- ▶ **Environmental matters:** Climate change and carbon footprint of own operating business, Resource optimization and dematerialization & Sustainable products and services
- ▶ **Social matters:** Cybercrime & access to information and education
- ▶ **Employee matters:** New Ways of Work, Training employees in digital competences & Skill transformation in the labor market, Employee involvement and well-being, Diversity, inclusion and equity
- ▶ **Respect for human rights**
- ▶ **Combating corruption and bribery:** Anti-corruption & compliance

## 2. Material business operations matters

### Data protection and information security

#### Concept

#### Data protection

Compliance with high data protection standards is a fundamental requirement for the A1 Group and serves to safeguard customers' trust in the Group. The A1 Group strictly adheres to the current legal framework in the field of data protection and information security. Personal data are processed in accordance with the EU General Data Protection Regulation (GDPR), national data protection laws and the specific provisions of national telecommunications legislation. In the event of a breach of personal data protection, the data protection authorities are notified in line with statutory requirements and the data subjects are informed.

The data of the A1 Group's customers, employees, shareholders, suppliers and sales partners are shared with third parties only if there is a legal basis. Any requests for the transmission of data received from the courts, public prosecutors, the police or other authorities are analyzed to ensure their legality. Data are shared only in compliance with legal and regulatory requirements in response to a lawful inquiry. Data subjects will be informed of this, if appropriate, in accordance with the statutory provisions.

In addition to the statutory requirements, all subsidiaries of the A1 Group are required to comply with the information security standards created for this purpose and other country-specific guidelines on data security. All A1 Group network operators already satisfy the ISO 27001 standard, except Serbia.



The management systems are regularly evaluated. For example, ISO certification is reviewed annually. Adjustments are also made as necessary throughout the year.

The data privacy governance approved by the Management Board of the A1 Group provides for the harmonization of the obligations binding for the subsidiaries of the Group. This is based on an analysis of local data governance legislation.

The Management Board or management team of the individual subsidiaries is responsible for the processing of personal data in line with data protection requirements. At A1 Austria, the Data Privacy unit, together with the Legal department, assists management in complying with its obligations under data protection law. Moreover, data protection officers have been appointed at all subsidiaries.

In Austria, both the Management Board and employees are advised and instructed by the data protection officers of their duties in relation to data protection regulations and compliance with them. Every division must appoint a data protection coordinator to ensure the operational implementation of data protection requirements. This coordinator is the point of contact for all issues in connection with data protection and information security in the division, and reports any vulnerabilities or breaches to the Data Privacy and Security units.

Data protection and information security are key principles in the Code of Conduct of the A1 Group. The protection of privacy, and thus respecting the human rights of customers, employees, shareholders, suppliers and sales partners are guiding principles enshrined in it. The Group's contractual partners are required to comply with the principles governed by the Code of Conduct and, thus, to comply with data protection. Furthermore, in their role under data protection law as contract processors, suppliers are contractually required to fulfill the A1 Group's requirements for data protection and information security in the processing of personal data.

Data protection and information security are essential within the company as well. All employees of the A1 Group are required to preserve trade and business secrets. Such confidential information must be stored securely and can only be disclosed internally to persons who require such information for their professional work (need-to-know principle).

### Information security

The network operators of the A1 Group form part of the critical infrastructure in all countries. The Group is aware of the special responsibility that this entails. The company is therefore involved in initiatives to continuously improve security beyond the extent required by law.

The network operators of the A1 Group work with the respective authorities to continuously improve cybersecurity. Relevant security information is shared through the A1 CERT (Computer Emergency Response Team), which is also a member of the national CERT association ATC (Austrian Trust Circle). Security expertise is shared within the A1 Group and at conferences domestically and abroad.

The A1 Austria's Security division has also handled the security governance for the A1 Group as a whole since 2021. Security requirements are being harmonized throughout the Group so that services, such as cloud services or new working models (working from home, remote working, agile teams, remote operation & support, etc.), can still be developed reliably and securely and can be used in live operations.

The function of Chief Security Officer (CISO) was created in the A1 Group to coordinate security policies and technologies within the A1 Group.

### Key performance indicator

To raise awareness and provide training on data protection and information security, there are company-wide online training and more advanced sessions for the individual divisions and data protection coordinators. Moreover, internal communication media and events provide information on current developments. Throughout the Group, around 14,934 (2021: 9,500) e-learning modules in total were completed and 2,239 (2021: 1,900) participants registered for workshops on data protection and information security in 2022.

### Implementation/results 2022

A1 Austria's data protection strategy was revised and approved by members of the local management team. On the basis of the data protection management system, the data protection maturity model was applied and targets for the roadmap through to 2025 were defined.

A key area in 2022 was the "Schrems II" task force: In the "Data Transfer to Third Countries" working group, the following documents were jointly created that are intended for Group-wide application (standard solution): the data protection questionnaire of the A1 Group, the A1 Group transfer impact assessment, external and internal contract processing agreements and letters on compliance requirements. In order to satisfy all statutory requirements relating to Schrems II and the international transfer of personal data, suppliers for which Schrems II is relevant were asked to produce a self-assessment on the basis of the data protection questionnaire of the A1 Group. The feedback was analyzed and suppliers were informed of the new standard contractual clauses in the compliance requirements letter. All relevant suppliers were identified throughout the Group and the results were made available within the operational countries. The corresponding documentation is stored in the electronic procurement tool Ivalua.

In 2022, the A1 Group therefore took further measures to safeguard the security of customer data. This year, the Group experienced a decline in distributed denial of service (DDoS) attacks that aim to deliberately overload network servers. Around 100 DDoS attacks per day are registered in A1's backbone. Investment by the A1 Group in automatic DDoS defense allows these DDoS attacks to be successfully counteracted. So that A1 business customers can successfully defend against DDoS attacks, A1 offers DDoS automatic protection in all countries of the A1 Group.

There has been a new form of malware in Austria since around May 2021, FluBot, which compromises phones in order to access its victims' personal data, identities on social platforms, contacts and online banking. The malware sends SMS messages from the compromised phone to other phones not yet affected. To prevent its spread and limit the potential harm to customers, A1 places a cyber-lockout on phone numbers that are noticed to be sending unusually high numbers of SMSs. The A1 service line also helps the customers affected to fix the problem. The FluBot network was shut down in May 2022 with the help of Europol.

In June 2022, A1 Austria took part in the pan-European exercise "Cyber Europe 2022" by the European Union Agency for Cybersecurity (ENISA), in which cyber crisis management was drilled across multiple sectors with the healthcare sector. A1 North Macedonia was certified by the national regulatory authority as a "CyberSec responsible company".

Attention was also paid to the next generation in the field of cybersecurity. Every year, vocational interns are given the opportunity to experience the challenges of running critical infrastructure in practice. Furthermore, in 2022 A1 Austria sponsored both the Austrian Cyber Security Challenge and the European Cyber Security Challenge (ECSC2022). The target of these contests is to promote young cyber talent and encourage them to pursue a career in the data protection field.

## High-performance and future-proof networks

### Concept

Ongoing digitalization and the continuous growth in data volumes are increasing the pressure on the A1 Group's connectivity services infrastructure to provide secure and stable connectivity everywhere and at all times. In recent years, this infrastructure had undergone a strong, rapid expansion owing to the COVID-19 pandemic. Working from home, home schooling and more agile forms of remote collaboration are continuing to amplify this trend. With its high-performance and future-proof networks, the A1 Group offers a dependable basis for increasingly digital working, learning and living environments. At the same time, the A1 Group accepts its ecological and social responsibility head-on, and is promoting a more efficient and resource-friendly operation of its infrastructure through innovative technologies.

The roll-out of 5G mobile technology continues to play a central role and also supports the ongoing digitalization of the A1 Group. 5G licenses have been issued in four countries: Austria, Bulgaria, Croatia and Slovenia. In these countries, the A1 Group is making massive progress with the expansion of 5G to provide customers with a high-performance, state-of-the-art network. Other subsidiaries are still waiting for their regulators to plot a course.

To offer its customers the highest quality, the two biggest companies, A1 Austria and A1 Bulgaria, are regularly certified

according to ISO 9001. This ensures that the companies also satisfy international standards in terms of their network management system.

### Key performance indicator

Capital expenditure by the A1 Group amounted to around EUR 944,4 million in fiscal 2022 (2021: EUR 891.5 million), with a focus on the expansion of 5G and fixed-line broadband services. The expansion of digital infrastructure and the ongoing development of services for A1 customers in Austria accounted for around EUR 572,4 million of this.

### Implementation/results 2022

#### Broadband expansion in Austria

In 2022, A1 Austria focused on consolidating its 5G coverage and expanding its fiber to the premise (FTTP) connections. With its FTTP ambitions, A1 Austria is continuously building the biggest fiber network and, by the end of 2022, had reached more than 95,6% of communities and a total length of 68,977 km. The fiber network has a strong foundation and builds on the fiber aggregation network of the mobile base stations, 82 % of which are already connected with fiber today. This approach thus combines mobile and fixed network requirements.

In October 2022, the Austrian regulator also decided to deregulate Austria's broadband fiber market in many respects, which led to a number of partnerships between A1 Austria and other Austrian market participants to use the fiber infrastructure together to provide VHCN (very high-capacity network) services for their respective customers. This joint use improves the business case for offering fiber-based services at new locations by increasing the average utilization of such infrastructures and thus helping to further accelerate the roll-out of fiber infrastructure in Austria. The deregulation was possible as A1 Austria and its wholesale partners were able to agree on joint guidelines for competition on the market. Three national and forty-two regional operators have already joined this agreement.

In mobile communications, around 79 % of the population already has 5G coverage, the fastest mobile technology, as of the end of 2022. A1 Austria has thus assumed a leading position in the field of 5G networks. A1 Austria is still pursuing its target of providing 5G coverage for more than 95 % of the entire Austrian population by the end of 2023.

#### Broadband expansion in CEE

A1 Bulgaria is implementing its strategy of securing a leading position for the performance of its mobile network in 2022. The measures this entail include:

- ▶ 1. Maximum usage expansion of the acquired spectrum to 3,600 MHz by a massive roll-out of 5G macro locations to expand the company's own 5G network to 1,285 5G macro locations with activated multiple-input multiple-output (MIMO) features.
- ▶ 2. Rededication of the full 2,100-MHz spectrum acquired from 3G to 4G.
- ▶ 3. Migration of voice traffic to 4G by increasing the VoLTE share to 30 %.

Besides the task of providing its customers with a high-performance network, A1 Bulgaria is also committed to cutting its electricity consumption wherever possible. In this context, A1 Bulgaria has continued its energy efficiency initiatives with functions and self-optimizing network (SON) modules. This allowed a saving of 6.1 % in electricity consumption in the radio access network.

A1 Croatia began rolling out its commercial 5G network after acquiring the frequencies in 2021. 517 macro 5G locations had been implemented by the end of 2022, 304 of which with 3.7-GHz configuration. At the same time, A1 Croatia is continuing the development of its fixed-line infrastructure and focusing on modernizing it by accelerating its fiber roll-out. As a result, the total number of fiber HPs ("homes passed" means that a building can be considered served even though it is not yet connected) has increased to 207 thousand by the end of 2022.

In 2022, A1 Slovenia concentrated on continuing the large-scale expansion of its mobile network that it began in 2021. 447 5G locations were available by the end of 2022. In May 2022, A1 Slovenia took first place in the NetCheck benchmark and was crowned the best mobile 4G/5G network on the Slovenian market.

A1 Serbia expanded its own fiber network by 149 km in 2022, equivalent to growth of 75 % as against the previous year. 39 % of all mobile network locations were connected by fiber by the end of 2022. The subsidiary in Serbia has won the Speedtest Award for the second year running and has been certified by Ookla as Serbia's fastest mobile network in 2022.

## Sustainable supply chains

### Concept

The sustainability of companies' operations cannot just be seen by the direct ecological and social impact of their business processes. The value chain of the A1 Group is built on globally produced goods and services. The Group attaches great importance to sustainability aspects in procurement and operation.

A large share of its procurement volume is used for the operation and modernization of infrastructure components in the fixed-line and mobile network. Similarly, devices (such as cell phones, set-top boxes, modems) and IT equipment account for a high share of the procurement volume.

Besides commercial criteria, ecological criteria, such as carbon footprint and energy efficiency, also play a role in the A1 Group's procurement strategy. Employee rights, anti-corruption provisions and data protection aspects are also taken into account. Avoiding so-called conflict materials is a challenge for manufacturers of ICT products within the industry. The A1 Group is not a hardware producer, but it uses/distributes electronic devices and sources components in conjunction with its business activities. To address this, a Conflict Mineral Policy was established that covers the aspects of the responsible procurement of minerals from conflict and high-risk areas.

### Implementation/results 2022

The A1 Group's approach is to implement sustainability as far as possible in its supply chain. To this end, sustainability criteria are increasingly being integrated into the procurement process in conjunction with long-term projects in purchasing. Chosen suppliers are contractually required to comply with the A1 Code of Conduct when they agree to the General Terms and Conditions for Purchasing.

Independently of specific procurement projects, the A1 Group expects potential suppliers to make a commitment to transparent and sustainable supply chains. These requirements are set out in the Conflict Minerals Policy and the Human Rights Policy, with the aim of promoting sustainable products and services that are manufactured in compliance with human rights.

The A1 Group uses multinational, digital supplier relationship management. This creates a risk profile for top suppliers and allows interaction with suppliers in relevant areas (from carbon emissions, HR compliance and conflict minerals to competition compliance, sustainability, data protection and data security) in order to ascertain compliance in these areas, set up appropriate mitigation measures in the event of deviations and to ensure their implementation.

In the third quarter of 2022, the A1 Group joined the Joint Alliance for CSR (JAC), an association of telecom operators that aims to define, embed and monitor CSR criteria in supply chains. This membership serves the purpose of ensuring suppliers' compliance with the A1 Group's ESG guidelines, in particular through the audit results shared within JAC.

All these measures already implemented by the A1 Group anticipate, to a certain extent, compliance with the Supply Chain Governance Act being drafted at EU level. Processes and their underlying software will be rolled out across the Group after implementation in Austria.

## New business models among our customers through digitalization and innovation and improvement of public services through digitalization

### Concept

Diversification and differentiation from competitors are of crucial significance. In keeping with its vision of empowering digital life, the A1 Group aims to be the central point of contact and central partner for digital transformation, and to cultivate new potential through innovation in digitalization, such as cloud, security and ICT solutions and in the field of the Internet of Things (IoT). Moreover, innovation makes it possible for as many people as possible to experience the benefits of digitalization – including marginalized communities and people with special needs. The A1 Group is also an important partner in time of crisis (e.g. the COVID-19 pandemic, natural disasters, etc.).

Founded in 2017, the group company A1 Digital makes important contributions to providing innovative business solutions. This focuses on the development of innovative, highly scalable platform and software-based B2B products in the areas of the cloud, IoT, machine learning and security products. As part of the A1 Start Up Campus, A1 Austria also helps new companies to make innovations a reality by providing expertise and infrastructure. Since 2017, there has also been an intrapreneurship program called Empowering Ideas to encourage ideas from employees.

### Implementation/results 2022

In 2022, A1 Digital launched a cooperation with the city of Borna, Germany, in conjunction with its next generation connectivity & security services. For the first time, this enabled teaching staff at schools in rural areas to access different school networks with just one user account. As the next step in an existing SD-WAN solution, this significantly reduces the cost of providing, maintaining and using remote access. Besides this simplification, smart VPN as part of the A1 Digital SD-WAN SASE Stacks also enables greater protection when using teaching staff's Internet access.

In addition, in 2022 A1 Digital developed the Internet of Things application "Energy Insight" to make an active contribution to reducing energy consumption. The innovative solution uses sensor data to transparently monitor, control and reduce the power consumption of a wide range of systems at any time.

Also in conjunction with the A1 Start Up Campus initiative, another innovative company called Sleeve was welcomed in the reporting year. Sleeve is a highly advanced application for developing, testing and using software on embedded hardware. Sleeve was developed during the COVID-19 pandemic to reduce development times, to increase availability, to enhance the scalability of development and to guarantee operation regardless of project or company size. The shared mobility

solution Ubiq has been supported since 2015, and was offered on three continents in more than 15 cities for the first time in 2022. The aim of this start-up is to make it easier to find a parking spot. The Ubiq artificial intelligence platform makes recommendations for the repositioning of vehicles, suggests charging times for electric vehicles and thus contributes to more efficient shared mobility.

With the circle17 project, in 2022 A1 Austria launched another innovative circular economy project with external cooperation partners. Circle17 is an initiative by AustrianStartups & respACT. The program aims to bring together social innovators, companies and start-ups. Joint sustainable business models and innovative ideas are worked up at Impactthon. These partnerships are intended to make a contribution to the UN's Sustainable Development Goals and provide practical solutions for current challenges. Circle17 Impactthon 2022 focused on the circular economy and circular measures.

Innovation and new business models are also promoted within the company – firstly by the intrapreneurship program "Empowering Ideas" launched in 2017 and secondly by internal initiatives such as ideas contests at the Austrian subsidiary A1 Austria. 63 submissions in total were selected as part of the intrapreneurship program in 2022. For the first time in 2022 the focus was on ESG related projects. One of the winning projects aims to tap an additional renewable power source in the mobile network and buildings. It uses wind power in combination with solar panels to generate green electricity. In addition to the positive effects for the environment, decentralized power generation at the turbine itself makes the network more resilient.

Through innovation, digitalization also makes it possible to offer new solutions and products for people with special needs or those in marginalized communities and to make a contribution to inclusivity. New information and communication technologies can, for example, help the blind or the severely visually impaired integrate into the general education system without having to use Braille. A1 Croatia also offers visually impaired people mobile phones with larger displays or simplified menu navigation. In turn, SMS and chat messages can help benefit deaf people, which is why A1 in Belarus offers a special reduced rate for people with impaired hearing, veterans and welfare recipients. Moreover, health naturally plays an essential role in a society where people are living longer. As a result of the COVID-19 pandemic in particular, the focus has shifted to innovations in the field of e-healthcare solutions – they are the future of the healthcare system in many areas. A1 Austria is already facilitating a medical data network and supplying the infrastructure for large parts of the Austrian e-card system. Furthermore, as part of the fight against the COVID-19 pandemic, the A1 Group offered the free service for cell phone signing for the Green Passport. In addition, as part of the fight against the pandemic, the "Österreich testet" platform was provided by A1 Austria, thereby ensuring the processing of millions of antigen and PCR tests.



Besides innovation and the promotion of new business models, network availability in outlying areas, especially in emergency situations – to guarantee public services, etc. – is of the utmost relevance. Specially trained emergency teams are deployed in crisis situations. In 2022 as well, Austria experienced the biggest forest fire in its history in the Rax region of Styria. The fire caused difficulties in mobile coverage for data and voice traffic. A1's crisis management immediately activated the emergency team to realign the nearby LTE transmitters by remote optimization. A 2G transmitter was also installed on a base station to improve voice traffic. A1's crisis management was thus able to maintain the availability of the mobile network, which was necessary for communication between the fire department, police and ambulances as well as for residents. The subsidiaries also help each other in the event of natural disasters. Naturally, all subsidiaries also work closely with the fire department, rescue services and the Red Cross. Calls to official emergency numbers are free in all countries.

### 3. Environmental matters

#### Climate change and carbon footprint of own operating business

##### Concept

The carbon emissions resulting from the energy consumption of the network infrastructure continue to represent the A1 Group's biggest impact in terms of climate change. More recently, the issue of energy supply and consumption has drawn even more attention owing to the difficult energy policy situation in 2022. Companies like the A1 Group are being called on to take an even closer look at the security of their own energy supply and possibly to consider alternatives.

The A1 Group's approach is to tackle the energy supply issue from two perspectives. On the one hand, electricity consumption should be reduced or stabilized in order to maintain the most energy-efficient operation possible while at the same time avoiding carbon emissions. On the other, the electricity required should be produced or purchased, as far as possible, from renewable sources in order to minimize the environmental impact of electricity consumption.

The great significance of the issue of energy efficiency to the A1 Group has been highlighted by the inclusion of the energy efficiency indicator in the long-term incentives (LTI) for the members of the Management of the A1 Group and the CEOs of its subsidiaries. The achievement of this environmental goal therefore has a direct influence on management remuneration.

The environmental and energy management systems are a central component in the strategic handling of environmental matters at the A1 Group and its subsidiaries. The environmental management systems are certified according to ISO 14001 in all operating countries of the A1 Group. Furthermore, EMAS (eco management and audit scheme) requirements are complied with in Austria and Slovenia. Energy management in Austria is also certified according to ISO 50001. In addition, since 2014, A1 Austria has been the first carbon-neutral network to be audited and validated annually by TÜV SÜD according to the PAS 2060 international standard. Management systems are evaluated regularly. For example, the ISO certifications are evaluated annually and were successfully carried out again for 2022. Adjustments are made as necessary throughout the year.

##### Targets for 2030<sup>1)</sup>

Reduction of CO<sub>2</sub> emissions to net zero<sup>2)</sup> by reducing our own CO<sub>2</sub> footprint and by gradually making the transition to energy from renewable sources

Energy efficiency enhancement of 80%<sup>3)</sup>

##### Status in 2022

-43% in scope 1 and scope 2 (market-based) emissions compared to base year

Improvement of 44% compared to base year

1) Base year 2019

2) Reduction of Scope 1 & Scope 2 by 90%

3) Measured as electricity required per terabyte transferred (in MWh/ terabyte)

### Key performance indicator

The A1 Group's target is to reduce its carbon emissions to net zero by 2030 and to cut energy consumption per terabyte transferred (in MWh/ terabyte) by 80 % over the same period, thereby increasing its energy efficiency. It plans to do so by reducing its own carbon footprint as a whole and by gradually making the transition to energy from renewable sources.

As a result of all the measures taken to date, carbon emissions were further reduced at Group level as against 2021 in 2022. The A1 Group's scope 1 emissions, which include carbon emissions from the combustion of fossil fuels for heating and mobility, increased by 1 %. Scope 2 emissions (market-based) are emissions, which are generated by electricity consumption and district heating, declined by 35 %.

### Direct and indirect energy (in MWh)

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

2022	Electricity <sup>1)</sup>	Fuels for heating <sup>2)</sup>	District heating	Fuels <sup>3)</sup>	Total energy consumption
Austria	363,874	13,782	27,598	32,804	438,058
Bulgaria	132,858	111	190	10,300	143,459
Croatia	91,448	456	3,487	6,154	101,545
Belarus	92,275	302	3,398	4,254	100,229
Slovenia	39,570	0	315	1,459	41,345
Serbia	73,130	158	228	3,332	76,848
North Macedonia	30,087	0	0	2,248	32,334
A1 Digital	1,167	0	22	172	1,362
<b>A1 Telekom Austria Group</b>	<b>824,410</b>	<b>14,810</b>	<b>35,238</b>	<b>60,723</b>	<b>935,181</b>
<b>2021</b>					
Austria	351,843	13,990	26,406	33,520	425,759
Bulgaria	130,564	97	164	9,806	140,631
Croatia	90,813	578	3,385	5,675	100,452
Belarus	96,252	320	3,712	4,560	104,844
Slovenia	36,020	0	326	1,036	37,382
Serbia	66,828	161	287	2,610	69,886
North Macedonia	33,866	0	0	2,189	36,055
A1 Digital	812	0	22	67	902
<b>A1 Telekom Austria Group</b>	<b>807,000</b>	<b>15,147</b>	<b>34,302</b>	<b>59,463</b>	<b>915,912</b>
<b>Change (in %)</b>					
Austria	3	-1	5	-2	3
Bulgaria	22	14	16	5	2
Croatia	1	-21	3	8	1
Belarus	-4	-6	-8	-7	-4
Slovenia	10	n. a.	-3	41	11
Serbia	9	-2	-21	28	10
North Macedonia	-11	n. a.	n. a.	3	-10
A1 Digital	44	n. a.	0	158	51
<b>A1 Telekom Austria Group</b>	<b>2</b>	<b>-2</b>	<b>3</b>	<b>2</b>	<b>2</b>

The environmental indicators for fiscal 2022 as a whole were not yet available at the time of reporting. The above table contains the figures for the period from 1 November 2021 to 31 October 2022, which can be considered a representative comparison period for fiscal 2022. If no data were available for this period, data from the previous period were used. While figures were compiled with the utmost care, inaccuracies may occur, for instance due to estimates. A1 Digital includes the German and Swiss part of the activities of A1 Digital (Austrian and Bulgarian parts are already reported in their respective segments).

Tables may be subject to rounding differences.

1) Purchased and own production, plus diesel for (emergency) electricity generators

2) Including oil and gas, not adjusted for climate factors

3) Including diesel, gasoline, CNG, LPG and natural gas, not including diesel for (emergency) electricity generators

## Direct and indirect greenhouse gas emissions including biogenic emissions (in t CO<sub>2</sub>-eq)

According to the GRI Standard for Sustainability Reports: 305-1, 305-2, 305-5

	Direct (Scope 1)	Indirect (Scope 2)		Total (Scope 1+2)	
		location- based	market- based	location- based	market- based
<b>2022</b>					
Austria	12,604	74,947	3,891	87,550	16,495
Bulgaria	3,499	57,629	23,618	61,128	27,117
Croatia	2,853	16,700	8,119	19,552	10,972
Belarus	2,059	33,886	33,886	35,945	35,945
Slovenia	435	8,417	1,024	8,852	1,459
Serbia	1,500	54,053	26,558	55,554	28,059
North Macedonia	1,053	21,299	18,141	22,351	19,194
A1 Digital	46	178	3	224	49
<b>A1 Group</b>	<b>24,048</b>	<b>267,108</b>	<b>115,241</b>	<b>291,155</b>	<b>139,288</b>
<b>2021</b>					
Austria	12,410	85,783	8,356	98,194	20,766
Bulgaria	3,334	58,270	38,969	61,604	42,303
Croatia	3,242	13,715	26,942	16,958	30,184
Belarus	2,018	37,128	37,128	39,146	39,146
Slovenia	354	7,857	2,849	8,211	3,203
Serbia	1,076	48,883	41,231	49,959	42,307
North Macedonia	1,279	20,859	20,859	22,139	22,139
A1 Digital	18	135	6	153	23
<b>A1 Group</b>	<b>23,732</b>	<b>272,631</b>	<b>176,340</b>	<b>296,363</b>	<b>200,072</b>
<b>Change (in %)</b>					
Austria	2	-13	-53	-11	-21%
Bulgaria	5	-1	-39	-1	-36%
Croatia	-12	22	-70	15	-64%
Belarus	2	-9	-9	-8	-8%
Slovenia	23	7	-64	8	-54%
Serbia	39	11	-36	11	-34%
North Macedonia	-18	2	-13	1	-13%
A1 Digital	157	32	-46	46	108%
<b>A1 Group</b>	<b>1</b>	<b>-2</b>	<b>-35</b>	<b>-2</b>	<b>-30%</b>

The environmental indicators for fiscal 2022 as a whole were not yet available at the time of reporting. The above table contains the figures for the period from 1 November 2021 to 31 October 2021, which can be considered a representative comparison period for fiscal 2022. If no data were available for this period, data from the previous period were used. Direct Scope 1 includes direct emissions from combustion of fossil fuels – for the first time GHG emissions from cooling agents are considered. Therefore, Scope 1 figures for 2021 and 2020 changed. Scope 2 includes indirect emissions from electric energy and district heating. According to the GHG Protocol, “location-based scope 2” figures refer to the average emissions factors in the area in which the energy consumption takes place. The average value at national level is used. According to the GHG Protocol, “market-based scope 2” figures refer to energy suppliers’ emissions factors, insofar as these are available, or an individual energy product. A1 Digital includes the German and Swiss part of the activities of A1 Digital (Austrian and Bulgarian parts are already reported in their respective segments).

Tables may be subject to rounding differences.

The total carbon reduction therefore amounts to 30%. The carbon emissions caused by the A1 Group's fleet increased by 2% in 2022 compared to 2021. The distance driven was increased by 4% and fuel consumption rose by 2%. Heating levels increased in 2022 year-on-year by 1% (fuel for heating: -2%; district heating: +3%). Electricity requirements increased by 2% over the same period, while the data volume transported rose by 18%. The energy efficiency indicator (electricity required per terabyte transferred) was 0.10 MWh/ terabyte in 2022 (2021: 0.11 MWh/ terabyte). It has thus been possible to decouple electricity consumption from rising data consumption.

### Implementation/results 2022

For this reason, the focus in 2022 was again on electricity purchasing and consumption in particular as the biggest lever for reducing carbon emissions. The Austrian subsidiary, which has operated its entire network on a fully carbon-neutral basis since 2014, is a major factor in this. Throughout the Group, the share of renewable energy in total energy consumption increased to 63% (2021: 50%) and in electricity to 71% (2021: 57%) respectively. A Green Electricity Policy adopted in 2021 continued to be implemented in order to define the right measures with corresponding standards of quality for purchasing renewable electricity. In line with this policy, the A1 Group has identified four key instruments for implementing its green electricity strategy: certificates of origin, on-site electricity production, green tariffs and power purchasing agreements (PPAs).

In line with this policy, a ten-year virtual power purchasing agreement was entered into in Bulgaria, which will cover approximately 15% of future local electricity consumption. Also, certificates of origin were acquired in Slovenia while solar panels were installed on 169 base stations (1,171,000 kWh) in Bulgaria.

The LIFE 4 Green Broadband project was launched in Croatia with the help of an EU subsidy. The aim of the project is to make network operations more energy-efficient and more climate-friendly by equipping 44 base stations with solar panels and installing 585 free cooling systems at base stations. Such systems use ambient air for cooling instead of active cooling systems. This will allow savings of up to 1,721,560 kWh per year. Free cooling technologies on base stations were expanded in Slovenia as well.

In Austria, 191 photovoltaic systems with a total capacity of 1,071 kWp have been installed to date. 164 e-charging stations are also in operation.

Furthermore, one in Belarus has been operating since 2016 with around 24 million kWh of electricity produced every year. Another plant in Aflenz, Austria, has been producing more than 215,000 kWh of electricity per year since 2013.

Network operation measures were implemented throughout the A1 Group to enhance energy efficiency. For example, artificial intelligence adapts network operation in line with actual use and puts unused network layers into standby mode to save power. Further steps in achieving energy-efficient operations include the cloudification (the conversion/migration of data and application programs for use in the cloud) of IT and smart energy management systems that are gradually being introduced. For example, savings of 1 million kWh were achieved by implementing energy-saving modules for radio access in Austria. Furthermore, in the Arsenal Technology Center, a new cooling method has been installed that can both heat and cool as it has a similar functionality to a cold/heat pump.

Moreover, employee awareness was raised by a Group-wide, internal energy management campaign to make office building use as efficient as possible. Every individual was called on to identify efficiency potential in their own areas, e.g. adjusting the temperature of heating. In North Macedonia, they also had a sustainability month to integrate behavioral modification activities into day-to-day routines.

## Resource optimization and dematerialization as well as sustainable products and services

### Concept

Digitalization offers huge potential for environmental protection in terms of resource conservation. Digital communication solutions, such as videoconferencing, smart applications in the Internet of Things, like Smart City, are making communication more efficient and more environmentally friendly in a number of areas of work and life, as many work processes and activities can be done more quickly and using fewer physical resources. Hand in hand with this dynamic digital transformation, new technologies and devices/components are continuously being developed and used to optimize efficiency and potential. Consequently, mobile devices are also being replaced at shorter and shorter intervals. The A1 Group makes fundamental ecological principles such as continuous lifecycle management a top priority and is attempting to counteract this trend. "Circular economy" was therefore made the central subject of its ESG strategy in 2022. Activities such as waste avoidance, systematic lifecycle management, the reduction of plastic on sale or the use of environmentally friendly packaging should help with the goal of using as few primary raw materials as possible, or to continue utilizing such resources once in the system for as long as possible.

### Target for 2030

Promoting the circular economy within the company by recycling around 50,000 old devices per year

### Status in 2022

224,886 devices

This includes the reuse and refurbishment of returned, functional devices that are still technologically current. When devices or equipment can no longer be used, they are dismantled, systematically separated into individual components, such as circuit boards, copper, iron or tin, and properly recycled. Manual recycling processes are preferred. The A1 Group also contributes to conserving resources by recycling mobile phones – even though the Group itself does not manufacture mobile devices. Most of its subsidiaries offer their customers the opportunity to return old devices free of charge, and some subsidiaries have even been doing this since 2004.

Besides recycling, refurbishment is a key element of the circular economy strategy. Cell phones that are used but still intact are refurbished and put back on sale. As a result, cell phones get a second lifecycle and raw materials remain in use for longer, which in turn reduces demand for primary raw materials and makes a positive contribution for the environment.

#### Key performance indicator

The A1 Group has set itself the target of promoting a circular economy within the company and recycling around 50,000 old devices every year by 2030. Between 70 % and 80 % of the components of these old devices can be recycled and reused as raw materials by specialist recyclers. In 2022, the Group as a whole collected 689,901 devices, thereof 224,886 were handed over for their proper recycling. The remaining devices were refurbished.

#### Implementation/results in 2022

In the A1 Group, the issue of the circular economy was approached comprehensively with the aim of building a broad understanding for the issue in order to make all relevant areas equally aware of their role in a circular business model. The first step was to offer upskilling sessions throughout the company, starting at management level, and progressing to online seminars for interested employees. Alongside this, workshops were held in all operational countries, either on-site or online, devising measures to implement a circular economy. As a result, more than 100 people from all operative countries received an introduction to this subject.

As another step in the interests of a circular economy, A1 Austria added the Fairphone to its portfolio. At A1 Bulgaria and in Croatia, refurbished cell phones are sold to private and business customers alike. Trade-in vouchers were introduced for private customers in Croatia: Customers were able to return old cell phones that still have commercial value, and in turn received vouchers with which to buy a new device. In Belarus, there was a ten-week EcoPhone campaign that encouraged

customers even more to bring old cell phones and tablets back to A1 shops for recycling. In Slovenia, customers were incentivized to return old cell phones and there was also a Black Friday campaign that called on customers to examine their purchase patterns and to only make a purchase when this is necessary, so as to raise awareness of their environmental impact.

Moreover, the A1 Group implemented further measures to optimize the use of paper and plastic. In Bulgaria, the amount of packaging was reduced by 56 % by halving the size of SIM cards.

## 4. Social matters

### Access to information and education and cybercrime

#### Concept

Advancing digitalization in all areas is fundamentally changing people's everyday lives. Whether working, training, official duties or day-to-day shopping – analog activities are being replaced by digital and virtual processes. Access to information and education is becoming more and more important in order to keep up with the latest trends and changes. The A1 Group is playing its part and is actively committed to giving people the chance to learn digital skills and to educate them on the risks of cybercrime.

Back in 2011, the media literacy initiative "A1 Internet for All" was launched in Austria, and was continued from 2021 as "A1 digital.campus" with a focus on robotics, coding and design and media labs for school classes, as well as training programs for teachers. Similar projects and initiatives were rolled out in other countries of the Group. In free workshops, webinars and learning videos, participants actively enter the digital world and learn how to effectively protect themselves against potential risks such as cybercrime.

The initiatives offer workshops on subjects such as programming, robotics, design & media and safety on the Internet, giving children and young people a hands-on way to acquire digital learning content. This target group is already growing up in a digital world, which makes it all the more important that parents and teachers also have the necessary skills to give children and young people the best possible support. The offer ranges from summer workshops for teachers and interactive video series for school classes to parents' evenings.



### Key performance indicator

The number of online workshops was further increased in 2022, but there was also growing number of events held in person again. In total, 86,115 participants throughout the Group attended workshops. The initiatives have already been attended 353,292 times in total since 2011. The A1 Group is committed to reaching 100,000 people between 2020 and 2023 as part of its digital education initiative. This target has already been achieved in 2022.

### Implementation/results 2022

A key area for "A1 digital.campus" in Austria in 2022 was the "Cody 21" pilot project together with the programming school academy. In cooperation with the Vienna Board of Education, an interactive video series was created for elementary school classes that helps teachers to teach digital skills without the additional work of preparation.

In addition, with the introduction of "digital literacy" in Austrian secondary level 1 curricula from fall 2022, not just children and young people but educators as well faced new challenges. In conjunction with the "A1 digital.campus" online summer workshop series "Digitally fit for the new school year", various aspects were covered for educators based on the five defined skills areas of basic digital education – orientation, information, communication, production and action – and ideas for lessons were offered.

A particular highlight of "A1 digital.campus" in Austria were the vacation camps – in both the Easter and summer vacations. For the first time, the A1 campus was open for children and young people for five weeks throughout the summer vacations.

The issues "Safety on the Internet" and "Digital skills" were key to the initiatives of A1 Bulgaria, Croatia, Slovenia, Serbia and North Macedonia as well. The activities ranged from workshops for school classes and students to parents' evenings, specially designed workshops for girls and learning videos complete with an e-quiz. A1 Bulgaria especially tapped the ever-growing reach of influencers and produced its own learning videos with a well-known Bulgarian YouTuber on issues such as the IoT, 5G, NFC and digital payment tools. A1 North Macedonia launched its own "A1 Academy" for students with a focus on marketing automation, digital marketing, agile ways of working, the IoT and 5G.

For the older generation, A1 Austria offered a wide range of online workshops as part of the "A1 Seniors' Academy", giving people over 60 information on relevant security issues, how to use WiFi and the latest advice on using cell phones when travelling, video calls and cell phone parking. Similarly, A1 Bulgaria's "Internet for All 55+" program produced online videos on issues such as security on the Internet, fake news, phishing and practical tips on the right way to use mobile devices. In Belarus as well, the #ionline campaign was continued to actively help Internet beginners as they take their first steps in the digital world.

### Target for 2023

Reaching 100,000 people – with a special focus on children and young people – as part of the digital education focus. Providing confidence and skills in their active creation of digital worlds.

### Status in 2022

134,552

### Participation in initiatives focusing on digital education

	2022	2021	Change (in %)
Austria	49,375	17,112 <sup>1)</sup>	189
Bulgaria	13,940	12,082	15
Croatia	2,140	2,878	-26
Belarus	337	184	83
Slovenia	10,303	3,705	178
Serbia	8,990	244	3,584
North Macedonia	1,030	1,304	-21
<b>A1 Group</b>	<b>86,115</b>	<b>37,509</b>	<b>130</b>

1) Restatement due to improved data quality

## 5. Employee matters

The issues of remote and flexible working environments ("New ways of Work"), the skill transformation in the labor market, training employees in digital competences as well as employee involvement and well-being are central elements in the area of employee matters. Diversity, inclusion and equity are constantly being pushed.

The A1 Group had 17,906 employees/full-time equivalents (FTE) as of the end of 2022 (2021: 17,856). The headcount in the Austria segment was reduced by around 5 % to 6,826 in conjunction with the ongoing restructuring. 32 % of employees in the Austria segment have civil servant status (2021: 35 %).

The A1 Group uses the term "People Sustainability" to refer to all aspects that support efforts towards being a sustainable and attractive employer: employment foundation, health, safety and wellbeing, compensation, learning and development as well as diversity, equity and inclusion.

### New Ways of Work

#### Concept

In 2022, the focus was on continuing the changes in working environments as a result of the COVID-19 pandemic and its after-effects and transforming this into a "new normal". This included evaluating existing rules and conditions, such as works agreements on flexible working, and communicative assistance and support for managers in designing team cooperation. This also involved improved resources in meeting rooms to allow hybrid meetings and workshops. The framework developed for all countries of the A1 Group in 2021 with a commitment to flexibility in the time and location of work was maintained – boosted by the knowledge that a good balance of "remote" and "office-based" working conditions is crucial for employee wellbeing. A1 Austria offers three different flex-office models that employees can choose for themselves. An "office-based" model with four days in the office on average, an "office mix" model with two to three days of attendance and a "home-based" model with one day in the office per week. The physical office is preferred for creative collaboration, team

meetings and social or personal interaction. Working from home or remote working is particularly suitable for focused, individual work or routine activities such as status meetings or administrative duties.

This flexibility and freedom require responsibility on the one hand and commitment and trust on the other – in terms of one's own work and the results agreed. Corresponding training, webinars and e-learning will provide optimal support for this transition to hybrid working.

#### Key performance indicator

5,422 of employees (HC) in Austria have a mobile working agreement. Thereof, 5,395 employees (HC) in Austria opted for one of the three flex-office models.

#### Implementation/results 2022

In order to continue exploring conditions in a hybrid working environment, in the spring of 2022, the Group offered virtual workshops on hybrid working for managers and employees. The New Work Festival was created at A1 Austria in 2021 as a new event format open to all employees with the aim of discussing and reporting on various aspects of the "A1 Way of Work" with internal and external experts. In 2022, the New Work initiative focused on the topic of leadership. As a starting point, the second New Work Festival was held in November and December 2021 with more than 30 events and over 40 speakers. The recordings of the most important events are still available as a download. This was followed by a series of 6 events with external speakers throughout 2022. The topics ranged from conflicts in (hybrid) teams to mindset change. These formats were conducted virtually. In addition, corresponding focus topics were offered in the leadership development program, which can be accessed via the e-campus.

The Group Young Potential Program (GYPP) was organized as a hybrid event in 2022. GYPP is intended for talented young employees with less than five years' professional experience who have been with the A1 Group for at least one year. The aim of this program is for participants to network across national and functional boundaries and aid them in their development just as their careers are beginning.

### Employees <sup>1)</sup> as of 31 December 2022

	2022	2021	Change (in %)
Austria	6,826	7,180	-4.9
Bulgaria	3,602	3,291	9.4
Croatia	1,800	1,837	-2.0
Belarus	2,351	2,334	0.7
Slovenia	631	606	4.2
Serbia	1,544	1,456	6.0
North Macedonia	756	767	-1.4
Corporate including A1 Digital	397	385	3.0
<b>A1 Group</b>	<b>17,906</b>	<b>17,856</b>	<b>0.3</b>

1) Full-time equivalents

In the GYPP program running until June 2022, 29 participants were working in teams on projects relevant to business, learning and working using self-managed methods with the guidance of coaches and project sponsors throughout the six-month process.

## Training employees in digital competencies and skill transformation in the labor market

### Concept

It is important to the A1 Group to be an attractive employer for talented people, and to offer its current employees the chance to expand their capabilities and to create an ideal framework for their ongoing development to ensure that they have the skillsets they need for the future as well. The A1 Group's motto is "Learning is in our DNA", and it is a strategic goal to actively develop the learning culture and to create a framework for customized and self-managed learning.

### Key performance indicator

The A1 Group's goal is for each full-time equivalent (FTE) to complete 40 hours of training per year by 2024. Approximately 39 hours of training per full-time equivalent were used in 2022. More than 108,681 digital eCampus courses were completed in 2022. The number of courses completed in 2021 was 120,400.

### Implementation/results 2022

In addition to specific expert training, relevant learning content is offered for all employees of the Group. Since 2019, A1 Learning Topics have been teaching the basics and more advanced information on strategic future issues such as advanced analytics, the cloud, cyber security and agility. The learning content can be accessed on the Group-wide eCampus learning platform at any time. Further platforms from various learning providers, such as "getAbstract", were provided for specific target groups and experts. A key focal area for experts in 2022 was "Data". Two programs on this subject were initiated for the whole A1 Group. "Data4Business" for experts with 316 participants and its counterpart "Data2Impact" for managers with 26 participants.

There were "learning journeys" held with international business schools for top managers with the aim of gaining new perspectives and practical examples from other companies.

Other innovative Group-wide initiatives addressed the issue of the individual learning budget, a pilot project across three countries, in which employees were provided with a pre-defined amount to cover their individual learning requirements. In addition, employees can use a platform to produce a personal skills profile and compare this to target profiles, such as internal vacancies, and find suitable learning opportunities at the

same time. All these process steps were supported by artificial intelligence. Also, the "Summer of Learning" communication campaign was carried out with top management involved in all countries in the summer of 2022 to highlight the significance of learning.

## Employee involvement and well-being

### Concept

When people go to work, they take with them their values, expectations and desires, but also their needs and fears. In a society defined by humanistic values, it is therefore only natural for companies to enable participation and to establish corresponding feedback processes in order to learn and develop as an organization. The A1 Group has established such processes at various levels and strives to continuously evolve and improve them. These extend from the company level - with regular employee surveys - to individual level. Goals are ascertained through dialog and results on development and career issues are recorded in the "ROAD" performance management process. Regular 360° feedback for managers and their involvement in specific issues or change processes are other elements within this range.

### Key performance indicator

Performance of employee survey "A1 Voices Spotlight". 64 % of employees took part in the survey in 2022.

### Implementation/results 2022

The A1 Group focused on different levels in 2022. On the one hand, work continued on measures derived from the employee survey at the end of 2021 (A1 Voices). This focused on initiatives that center around personal and direct interaction between staff and management. Regular information events and discussion formats were developed and implemented in line with local circumstances.

On the other, another "A1 Voices Spotlight" was carried out in the fall of 2022. This is an excerpt from the "A1 Voices" employee survey that asked again about the areas that performed less well in the 2021 survey. These include the dimensions "Leadership" and "Trust and confidence". The results show that these two dimensions in the top boxes (Strongly Agree/ Agree) have changed from 61 % to 55 % and 69 % to 66 %.

## Diversity, inclusion and equity

### Concept

Diversity, inclusion and equity are key components of the A1 Group's ESG strategy. Different skills, perspectives and experiences offer a wide range of options for learning together and from each other, and thereby arriving at better solutions for customers, for employees and for the company. Embedding diversity, inclusion and equity in the A1 Group's ESG strategy

#### Target for 2024

40 hours of training per year per full-time equivalent (FTE)

#### Status in 2022

approx. 39

sets and systematically operationalizes clear and communicated goals. The main focus is on issues such as increasing the share of women in the workforce and specifically in leadership and STEM positions.

### Key performance indicator

The A1 Group has set itself the goal of increasing the share of women in management positions to 40% by 2023, while also raising and keeping the overall share of women in the company at above 40%. In 2022, the share of women in management positions was 36% (2021: 36%), with women accounting for 40% (2021: 39%) of the company's workforce.

### Implementation/results 2022

For A1 Group, diversity, inclusion and equity are not only embedded in the A1 Group Code of Conduct, but also in the Group-wide DE & I Policy. This policy has been published on the A1 Group's ESG website and signed by the Management Board. Management is demonstrating a clear responsibility to this objective by including a diversity target (share of women in management) in its variable remuneration.

For the A1 Group, equity also means making a contribution to reducing the income differences between women and men. Work therefore began in 2022 to ascertain the gender pay gap throughout the Group and to analyze the results. It is apparent that existing income differences are mainly caused by structural factors, such as fewer women in technical and management functions.

Experience in Austria leads to this conclusion as well – since 2012, an income report has been produced here and presented and explained to interested employees in workshops. The findings from the analysis will lead to measures focusing on “Women in STEM professions” in the coming years, a process that has already begun in, for example, Austria (“STEM Changer”) and Croatia (“STEMfemme”). Panel discussions on “Fairness in the workplace” with the members of the Management Board of A1 Austria and the e-learning on the prevention of sexual harassment, which is mandatory for all employees in Austria, reinforce a positive A1 employee experience. The A1 Group tolerates neither discrimination nor insulting or demeaning behaviors.

International Women's Day at the beginning of March was the occasion for the kick-off of a Group-wide unconscious bias awareness campaign on the company's internal social media platform Workplace. Regular information formats provided information on unconscious bias in day-to-day work for all employees throughout the Group. As in previous years, management was invited to take part in unconscious bias workshops. This was supplemented by preparatory unconscious bias e-learning. To enable as many employees as possible to access this content, the English version was translated into seven languages.

#### Targets for 2023<sup>1)</sup>

	Status in 2022
Increasing the share of women in management positions to 40%	36%
Raising and maintaining the share of women in the company at 40%	40%

1) Base year: 2019

### Share of female employees and female managers as of 31. December 2022

in %	Share of female employees		Share of female managers <sup>1)</sup>	
	2022	2021	2022	2021
Austria	27	26	18	19
Bulgaria	43	44	45	47
Croatia	45	42	44	38
Belarus	52	54	44	43
Slovenia	45	45	40	41
Serbia	64	61	50	49
North Macedonia	50	48	48	45
<b>A1 Group<sup>2)</sup></b>	<b>40</b>	<b>39</b>	<b>36</b>	<b>36</b>

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

2) Including Corporate and A1 Digital

Since 2017 there has been the internal contest Empowering Ideas, an intrapreneurship program that sought out sustainable (ESG) projects for the first time in 2022. 63 teams from across the Group, some working together from different countries, came together to present their ideas. The jury of CEOs and national ESG officers invited ten teams to the “Innovation Camp” where ideas became projects. Finally, six teams were victorious in the closing pitch and were able to call themselves “A1 ESG Champion 2022”.

As an A1 ESG Champion, Croatia created a mentoring program for young women and girls with the idea “A1 STEMfemme”. The aim of this is to provide affirmative action for women in STEM fields. During their training, talented young women are given a deeper insight into the business world of A1 and are accompanied by mentors.

## 6. Human rights

Having joined the UN Global Compact, the A1 Group is committed to implementing fundamental requirements in the areas of human rights, labor, the environment and combating corruption. This commitment has been acknowledged by integrating the requirements into the Austrian subsidiary’s Terms and Conditions, for example. In some countries in which the A1 Group operates, national laws can make it difficult to ensure that human rights are respected absolutely. Where national law diverges from the A1 Group’s commitment to human rights and sets a lower standard, the Group always endeavors to achieve the higher standard, though the wellbeing of employees is the top priority. In the event of a conflict, the A1 Group applies national law, at the same time attempting to respect human rights as much as possible. In order to assess the respective national situation, a steering committee was initiated as a management instrument for the event that human rights violations are suspected in the respective countries. This steering committee consists of one member each from the A1 Group Management Board, the national Management Board and the Public Affairs Officers of the A1 Group and the respective country. This committee’s job is to evaluate the respective situation from the perspective of employees, customers and civil society, and to make corresponding decisions on business policy.

The A1 Group Code of Conduct contains a clear commitment on the part of the A1 Group to protecting and upholding human rights. The Group-wide Human Rights Policy published in the spring of 2022 sees the company reiterate and flesh out its commitment and efforts to protect human rights. The policy written is not just about the human rights of employees of the A1 Group, but also broadens responsibility to customers and business partners in all countries in which the Group operates and its entire supply chain.

Human rights complaints can be submitted throughout the Group on the compliance whistleblowing platform “tell.me” – even anonymously if so desired – and are carefully processed in conjunction with compliance processes. Every reported incident is investigated and countermeasures are initiated with the aim of preventing further such incidents in the future. 10 complaints were submitted and processed in the 2022 reporting year.

### Focus: A1’s commitment in Belarus

The A1 Group is highly aware of the political circumstances and human rights problems in Belarus especially. At the same time, the Group is paying particular attention to providing stable and high-quality services to all people in the country so that they can have access to information in any situation. A1 Belarus is the biggest alternative telecommunications company and makes an important contribution to supplying the country’s Internet, making it a pathfinder for digitalization. A1 Belarus is highly valued as an employer. As a company, the A1 Group does not get involved in political affairs, but it supports the constitutional rights of its employees, including the right to freedom of speech or the right to peaceful demonstration.

The A1 Group’s commitment in Belarus makes a vital contribution to social development, and it offers employees an international career path. As in every country in which the A1 Group operates, as a company it must comply with local legal and regulatory requirements.



## 7. Combating corruption and bribery

### Anti-corruption and compliance

#### Concept

Acting with honesty, fairness and transparency is an essential component of the A1 Group's corporate culture and is embedded in its governance and corporate strategy. In order to achieve its standard of integrity, the company has a comprehensive compliance management system (CMS). The appropriateness and effectiveness of the A1 Group's compliance management system was audited and confirmed for the first time by PwC Wirtschaftsprüfung GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in 2012/2013 and again by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in 2018/2019. The next external audit will take place in 2023.

KPMG issued an unqualified audit opinion regarding anti-corruption and integrity, antitrust law and capital market compliance throughout the A1 Group for the design, implementation and effectiveness of the CMS in accordance with IDW PS 980 (German audit standard for compliance) and classified the CMS of the A1 Group in the highest capability level. KPMG also confirmed that the principles and measures of the A1 Group's CMS meet the requirements of ISO 19600 (now ISO 37301 Compliance Management System) and ISO 37001 (Anti-Corruption Management System), the US Foreign Corrupt Practices Act (FCPA), European antitrust legislation and the UN Global Compact.

In its Code of Conduct, the A1 Group has determined clear rules for acting in a manner consistent with the law and with integrity in all business relationships. Group-wide guidelines also provide detailed assistance on specific issues such as anti-corruption/bribery, conflicts of interest, data protection, antitrust law, capital market compliance and human rights.

The Anti-Corruption and Conflict of Interest Policy contains a strict ban on all forms of bribery and corruption as well as detailed regulations on conflicts of interest, lobbying, gifts and invitations, sponsorship and donations. The prohibition of donations to political parties and organizations with close ties to political parties, the prohibition on the placement of advertisements in political media and the commitment to responsible advertising are clearly regulated.

To prevent potential misconduct, the A1 Group has not only established clear rules, but also integrated suitable controls into its business processes. Group Compliance is supported by local compliance officers based at the subsidiaries in its mission to consistently implement the measures resulting from the annual compliance risk assessments within all the business units.

The "tell.me" whistleblowing platform can be used by employees and third parties as well to report observed or suspected misconduct, and can be used absolutely anonymously if so desired. The whistleblowing process, which is actively communicated to employees, takes into account all the requirements of the EU Whistleblowing Directive and regulates in detail the protection of whistleblowers, the confidential and professional processing of all reports, communication with whistleblowers, and appropriate sanctions for misconduct that is actually identified. The A1 Group responds immediately with appropriate measures and sanctions in the event that misconduct is identified. The possible consequences range from investigation and training activities or process improvements to reprimands, dismissals, police reports or the termination of business relationships. The professional and confidential handling of all information by Internal Audit ensures that those concerned are protected as long as no actual misconduct is found to have taken place.

Furthermore, training on all areas of compliance (anti-corruption/bribery, conflicts of interest, data protection, antitrust law, capital market compliance and human rights), which is optimized for the respective target group, is held each year to lastingly embed the concept of integrity in the A1 Group. Group-wide training explains compliance issues in a practical way and provides tangible case studies.

### Key performance indicators

In 2022, information on around 17 material issues was received on the “tell.me” whistleblowing platform and other reporting channels, which was handled with the utmost care and confidentiality. Action was taken 24 times as a result of information received and confirmed in this way in 2022.

More than 29,780 compliance e-learning courses were completed by employees and managers in the reporting year (2021: approximately 21,300). Also, 7,900 employees and managers took part in special instructor-led compliance training in 2022 (2021: around 4,700). Employees at the A1 Group can contact the compliance helpdesk “ask.me” if they would like to have any outstanding questions resolved, and in 2022 the helpdesk responded to approximately 590 questions (2021: 530).

### Implementation/results in 2022

Back in 2021, the Code of Conduct was expanded to include vital ESG aspects such as responsibility for people, society and the environment, a commitment to diversity and inclusion, as well as human rights, environmental initiatives and the A1 Group’s commitment to digital education. In addition to the Code of Conduct, a Human Rights Policy, a Diversity, Equity & Inclusion Policy, a Media Ethics Policy and a Packaging Policy were enacted throughout the Group in 2022 and defined the ethical requirements in these areas. The environmental policy was also adapted in 2022.

Both the EU and the United States Office of Foreign Assets Control (OFAC) update their sanction lists; this happened repeatedly in quick succession in 2022, mainly in connection with the war in Ukraine. The A1 Group has established a process for the daily checking of sanctions in various ordinances to ensure that sanctions are upheld.

## 8. Risks and opportunities

Risks and opportunity management is a key part of responsible corporate governance; risk categories are updated and reassessed at least once per year. Non-financial risks are included in the “ESG risks” category. In 2022, non-financial risks and opportunities were again derived from the materiality analysis before being analyzed and classified. This process incorporates input from key stakeholders such as the Management Board, the Supervisory Board, employees, customers, experts from the respective departments and the ESG and risk management team. The risk and opportunity identification process is briefly presented below, followed by notes on material risks.

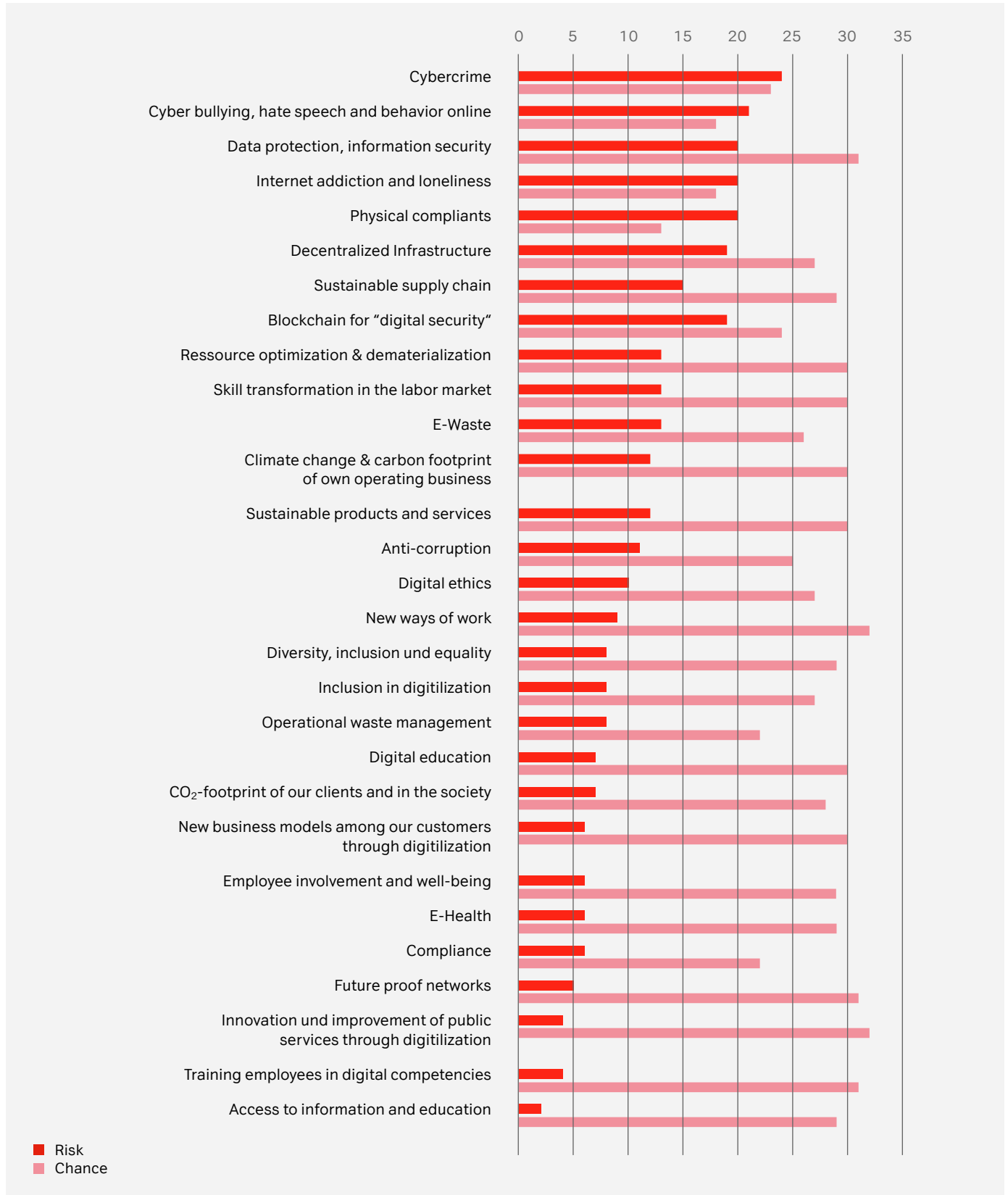
The process of identifying ESG risks and opportunities has five steps:

## Process – Identification of ESG risks and opportunities



## 1. Analysis of the results of the materiality analysis

As a first step the collection of topics was analyzed on the basis of the materiality analysis by the ESG and risk management team. This led to risks and opportunities being derived. This forms the basis of the 2022 ESG risks and opportunities report.



While a majority of the subject areas covered were classified as opportunities, the risks most apparent to stakeholders are mainly located in the following areas:

- ▶ **Social effects of Internet use/media consumption** (cybercrime, online bullying, hate speech and online behavior, Internet addiction and isolation)
- ▶ **Data protection and information security** (data protection, information security, blockchain for digital security, decentralized infrastructure)
- ▶ **Climate change and carbon footprint of company operations** (sustainable supply chain, resource optimization and dematerialization, circular economy, climate change and carbon footprint of company operations)
- ▶ **Sustainable supply chains** (conflict mineral-free production, respect for human rights, worker protection, labor law (working hours))
- ▶ **Employee matters** (safety at work, skill transformation in the labor market)

The materiality matrix also offers the following main areas for risk reporting:

- ▶ **High-performance and future-proof networks**
- ▶ **Training employees in digital competencies** (Access to information and education, New Ways of Work, New business models for our customers through digitalization, Innovation and improvement through digitalization)
- ▶ **Compliance** (Anti-corruption)
- ▶ **Employee involvement and well-being**
- ▶ **Sustainable products and services**
- ▶ **Diversity, inclusion and equity**

## 2. Focusing of ESG strategy as well as risks and opportunities in conjunction with the strategy workshop

As part of the annual strategy discussion between the A1 Group's Management Board and the Supervisory Board, relevant environmental and market developments are addressed and, above all, opportunities and also measures for mitigating existing risks as well as initiatives to exploit opportunities and minimize pending risks are presented. The latest developments (not yet shown in the materiality analysis), their impact and the necessary steps are also added. Issues relevant to risk focused on in 2022 included the sharp rise in energy and raw material prices, rising media consumption and the associated increase in demand for data, cyber security, high-performance and future-proof networks, digitalization and the training in digital competencies, etc. In addition to these areas that were also identified in the materiality and are already a component of the risk portfolio, the following issue was added:

- ▶ **labor shortage** as a risk.

A particularly significant issue in 2022 was the war in Ukraine. In addition to the social risks, this abnormal situation also entails material risks and is accelerating countermeasures, such as supply chain problems or the switch to sustainable energy sources coupled with short-term spikes in prices.

## 3. Expert talks in departments

Talks were held with experts from the respective departments on the relevant matters. Risks and opportunities identified in advance were revised and assessed in terms of their relevance. While the discussion and assessment includes all identified risks and opportunities, enterprise risk management finally includes the risks with a medium to high risk score after mitigation measures in the risk atlas.

## 4. Finalization of ESG risks and opportunities

Based on the matter concerned, the risks and opportunities identified and assessed are placed in a matrix of non-financial risks and opportunities. The issues are clustered according to the three ESG categories: Environmental, Social and Governance. It has been ensured to present the impact of risks and opportunities both in relation to the A1 Group and the respective matters.

## 5. Assessment of ESG risks

The impact of the risks of the A1 Group, both internally and externally on matters under the Austrian Sustainability and Diversity Improvement Act (NaDiVeG), were assessed in terms of two dimensions using four categories each: (1) quantified damage/risk per year, measured on the basis of free cash flow (very high: > EUR 50 million, high: EUR 10 to EUR 50 million, medium: EUR 1 to EUR 10 million, low: EUR 0 to EUR 1 million and (2) probability of occurrence (high: > 50 %, medium: 25 % to 50 %, low: 5 % to 25 %, very low: <5 %).

## Overview of risks and opportunities

The following table shows an overview of the material risks and opportunities identified including their assessment.

Issues		Impact on NaDiVeG matters	A	Impact on A1	A
Environmental	Environmental matters				
	Carbon emissions, rising carbon taxes & energy prices	Carbon reduction targets and taxes as well as high energy prices, are an opportunity/driver for positive change in the carbon footprint and thus for the environment		High energy prices coupled with rising carbon taxes increase cost pressure as a risk	●
	Resource optimization & dematerialization (electronic waste)	Circular economy and resource optimization are an opportunity for environmental matters through the shared use of infrastructure		Cooperation in the non-competitive area of infrastructure and cost savings through switching off 2G/3G as opportunity; regulatory pressure on recycling rates financial penalties for non-compliance as risks	●
	Climate scenarios: flood risk	Ensuring communication in disaster areas		Threat to network stability due to failure	●
	Sustainable products & services	Positive contribution to digitalization and thus efficiency enhancement/resource conservation in all sectors of the economy (e.g. logistics, agriculture, production, etc.)		Sale of sustainable products and operation of energy-efficient networks as an opportunity for revenue & reputation	
Social	Social matters				
	Social effects of Internet use/media consumption	Opportunity through the training of at-risk target groups (children, seniors); negative impact of increased Internet usage and greater frequency of cybercrime (from bullying to theft & extortion)	●	Reputation risk, because A1 Group indirectly enables such conduct as a network provider	●
	Sustainable supply chain	Resource optimization, compliance with human rights, labor rights, income security		Compliance with future laws (Supply Chain Governance Act), sustainable procurement and positive image as opportunities; violation of future laws will result in penalties, loss of supplier if not compliant with A1 Group guidelines	●
	High-performance and future-proof networks	Provision of stable networks and thus sustainable connectivity has a positive effect on society		Providing a reliable network as competitive advantage, opportunity in customer acquisition & sales; failure due to physical damage/technical problems/human error as a risk	●
	New business models among our customers through digitalization & innovation and improvement of public services through digitalization	Positive impact on society by enabling benefits of digitalization for all (and thereby including marginalized groups or people with impairments)		Distribution of innovative, digital products and services as an opportunity regarding customer acquisition and retention, as well as revenue; innovation as a driver for corporate development and achievement of strategic goals	
	Employee involvement and well-being	Positive impact on employees' satisfaction		Reputation as a good employer, longer-term retention of employees, more sustainable decisions	

Key for assessment (A): ● very high ● high ● medium ● low

1) after mitigation



Issues		Impact on NaDiVeG matters	A	Impact on A1	A
Social	Employee matters				
	Training employees in digital competencies	Development of employee skills and increasing satisfaction/motivation using remote working as opportunity		Reputation of a modern company and employer as an opportunity, attractiveness to jobseekers with sought-after skills	
	New Ways of Work	Higher satisfaction of employees through flexible & remote working; negative effect due to loneliness and lower work-life balance	●	Higher productivity and better reputation as employer through increased satisfaction	
	Diversity, inclusion & equity	Positive impact on satisfaction, decisions and sustainability by promoting diversity and opportunities for employees		Longer employee retention as well as ongoing development of the organization and sustainable increases in results through diverse viewpoints and skillsets as opportunities	
	Labor shortage	Negative impact due to greater load for employees	●	Loss of revenue, jeopardizing growth & cost increases as risks	●
	Human rights				
Governance	Human Rights Policy	Positive impact on social matters by promoting international standards and social development		Attractiveness as an employer and business partner as opportunity; reputational risk	●
	Corruption & bribery				
	Anti-corruption and compliance with laws and regulations	Positive impact on the fight against corruption through a practiced Code of Conduct and the provision of a whistleblower portal Negative impact on civil society in the event of non-compliance	●	Penalties in the event of non-compliance, threat to reputation and maintenance of customer base	●
	Business activities				
	Data protection & information (e.g. cyberattacks, non-compliance with data protection guidelines)	Threat to customers' privacy and assets	●	Threat to privacy of employees and customers, risk of loss of reputation, of claims for damages or fines; cyber security products as an opportunity	●
	Sanctions	Negative impact on civil society in the event of non-compliance with sanctions	●	Risk of fines, negative impact on business activities of problems in the supply chain	●
	Legal	Negative impact on civil society (e.g. in the event of non-compliance with terms of business)	●	Costly proceedings and reputation damage as risks	●

Key for assessment (A): ● very high ● high ● medium ● low

1) after mitigation

## Climate risks and opportunities

Climate change was identified as one of the major global challenges based on the analysis of risks and opportunities. The A1 Group has therefore specifically analyzed climate scenarios that are presented in more detail here.

A qualitative analysis of physical and transition risks was performed for the A1 Group for the first time in 2021. Two climate scenarios were referenced: IPCC RCP 2.6, which assumes warming in line with the Paris Agreement, and IPCC RCP 8.5, in which there is neither regulation nor any ambition to reduce carbon emissions (IPCC: Intergovernmental Panel on Climate Change). While the former is a best-case scenario and anticipates a maximum warming of 2° Celsius, the latter is seen as a worst-case scenario with warming of more than 4° Celsius.

Having identified and discussed potential issues with experts from various parts of the company, three material risks were identified. These were selected on the basis of their financial relevance

### Transition risks

#### ▸ Increased energy consumption coupled with rising energy costs

In view of rising data traffic and the resulting increase in demand for network capacity, higher energy consumption is expected for the coming years. Based on energy prices in 2021, energy prices are expected to triple by 2050 in the 2-degree scenario, although this price level has already been reached temporarily due to the Ukraine conflict. Due to possible index adjustments in end customer contracts, our future cash flows are hardly affected by this effect. In any case, A1 Group is working on the implementation of the climate strategy that has been developed.

Increased consumption in combination with rising costs is being countered with the modernization/replacement of equipment that works without containers and cooling. Self-cooling equipment has the potential to reduce energy costs by up to 20%. Further energy-saving measures include shifting data traffic to more efficient technologies (e.g. from 4G to 5G), deactivating network elements (entire network layer such as 3G or existing outside peak times) and the use of low-consumption systems and cloud solutions that store and process data efficiently. To date, all these measures have helped to increase energy efficiency by at least 10% per year.

#### ▸ Rising carbon prices and sustainability target for energy consumption

The carbon tax introduced in Austria in 2022 will cause energy prices to climb further in the future. It is expected that prices in Slovenia and Croatia will rise to a similar level as in Austria, while Bulgaria, Serbia and North Macedonia will follow on this path with a delay of three to eight years. The IPCC RCP 2.6 scenario assumes a steady rise in the price of carbon, while the IPCC RCP 8.5 scenario anticipates that prices will stagnate at EUR 55 from 2025. While future cash flows are only slightly affected by CO2 prices, we are working on the implementation of the climate strategy.

The A1 Group's ESG strategy aims to reduce net carbon emissions to zero by 2030. In addition to energy-efficient networks, electricity will come 100% from renewable energies moving ahead.

### Physical risks

#### ▸ Rising frequency and severity of flood events

In the A1 Group's climate scenarios, all critical locations were also analyzed for shorter frequencies of catastrophic flooding. The 4° scenario identified a higher risk. In total, eight central and critical locations were identified as moderately exposed in the analysis. The consequences of a flood event include a possible disruption of service and thus inconvenience for customers, lost revenue and cost-intensive damage to the infrastructure.

A majority of mitigation activities (flood protection, relocation of equipment, redundant data centers) have already been completed, hence the assessment of the physical risks can be considered low. The risk of flooding is still being monitored and, if the risk increases, further steps such as moving equipment to other locations will be considered.

In addition to risks, **climate opportunities** were also identified:

#### ▸ Development and distribution of sustainable products and services

Increased demand, in particular in the B2B sector, for low-emissions products and services is anticipated due to climate change. For example, these include IoT solutions and smart connectivity that allow energy-efficient operation and thus electricity savings. Currently, more than 1.5 million M2M connections are already active within the A1 Group. Other projects with companies, such as the project with RailCargo Austria, in which A1 Austria and A1 Digital have already equipped more than 11,000 wagons with telematics devices, make a substantial contribution towards the expansion of sustainable products and services and are to be established more moving ahead.

#### ▸ More efficient production and distribution processes

A significant opportunity lies in the expansion of state-of-the-art technologies (5G): cost savings from deactivating the 2G or 3G network. However, many customers of the A1 Group continue to be dependent on these more established technologies, hence 2G or 3G cannot simply be deactivated. Ideally, a country-wide initiative would allow the provision of at least 4G and the retirement of old technologies like 2G or 3G.

There is another opportunity in cooperation in non-competitive infrastructure and the shared use of network infrastructure. This would allow both costs and redundancies to be reduced. This opportunity can be realized in commercial cooperation with partners who have the same goals and by a regulatory landscape that allows this.

#### ▸ Resource conservation and the circular economy

Resource conservation is an opportunity for the A1 Group to save costs, generate revenue and offer customers

sustainable products. On the one hand, this is currently being done with recycling targets, which apply to all companies of the A1 Group, and recycling requirements, such as those that have long existed at A1 Belarus. On the other, certified product refurbishment, which is already being successfully practiced for cell phones, modems and set-top boxes, makes a huge contribution to the circular economy. Other methods will be used moving ahead in addition to recycling and refurbishment. The foundation for this is provided by the “R” model (refuse, rethink, reduce, reuse, repair, refurbish, remanufacture, repurpose, recycle), which represents strategies for resource conservation and recirculation, descending according to their circularity level. Efforts are made to start as close to the “top” of the model as possible, to apply strategies with which the A1 Group can make an even bigger contribution to resource conservation and the circular economy.

## 9. EU Taxonomy

The aim of the EU Taxonomy, as part of the European Green Deal, is to mobilize investments in sustainable activities. Mandatory reporting ensures that sustainability is measured with financial performance indicators.

The EU Taxonomy Regulation<sup>2)</sup>, which became effective in June 2020, the Climate Delegated Act<sup>3)</sup> for the environmental goals of climate change mitigation and climate change adaptation, the associated Annexes I<sup>4)</sup> + II<sup>5)</sup> and the supplementary Delegated Act<sup>6)</sup> ) that sets out the publication requirements in accordance with Article 8 of the Taxonomy Regulation, currently form the statutory framework for reporting. The EU Commission also published four additional communications/FAQs<sup>7)</sup> that provide guidance and clarification on the correct application and interpretation of Article 8 Delegated Act and the Technical Screening Criteria.

The scope of reporting for financial year 2022 comprises only the first two environmental goals fully specified, namely climate change mitigation and climate change adaptation, for which technical screening criteria have already been defined.

For the current financial year, in accordance with Article 8 of the Delegated Act, the share of CAPEX, OPEX and revenue

from Taxonomy-eligible, non-Taxonomy-eligible and – for the first time this year – Taxonomy-aligned activities need to be reported.

To report on Taxonomy alignment, starting from the financial year 2022 evidence must be provided of the extent to which the Taxonomy-eligible activities also meet the technical screening criteria (TSC), i.e. the activity makes a substantial contribution to the environmental goal (“substantial contribution criteria”), does not significantly harm the other environmental goals (“do-no-significant-harm”/DNSH criteria) and Minimum Social Safeguards pursuant to Article 18 of the EU Taxonomy Regulation 2020/852 are in place.

### 2022 Approach

The requirements of the EU Taxonomy were again implemented as part of a cross-border project team of the A1 Group for the second year. Depending on their Taxonomy activities, experts from the subsidiaries' departments were again consulted to provide detailed technical information, e. g. in the areas of data centers or facility management.

At group level, the business activities of A1 Group were examined in terms of their 2022 Taxonomy eligibility. The Taxonomy-eligible activities were analyzed by the experts at the subsidiaries and the specific activities were identified and described.

The activities were then examined as to Taxonomy alignment. For this purpose, the relevant technical screening criteria were analyzed for each activity and an assessment was made of whether and to what extent the activity meets these criteria.

Finally, the KPIs of the subsidiaries were determined and verified, reviewed, consolidated and compared with the financial indicators at Group level.

Any questions raised by the subsidiaries regarding the requirements of the Taxonomy Regulation, definitions and any options for interpretation were discussed and answered in coordination meetings on an ongoing basis. To ensure that the information was correct and complete, a documentation was produced with the key content of the EU Taxonomy and shared with the project team. A technical concept was also developed in 2022 that describes the scope of reporting, the approach, definitions and processes in connection with the EU Taxonomy in detail.

2) EU Taxonomy Regulation (EU) 2020/852

3) Delegated Regulation (EU) 2021/2139

4) Annex I (EU) 2021/2800

5) Annex II (EU) 2021/2800

6) Delegated Regulation (EU) 2021/2178

7) FAQ July 2021, FAQ January 2022, FAQ February 2022, Draft EU Commission notice December 19, 2022

## Taxonomy-eligible activities

The list of economic activities described in the EU Taxonomy Regulation covers the core activities of the A1 Group only to a small extent. Most of its business activities, which mainly involve products and services for mobile telecommunications, fixed line and broadband Internet, are currently not considered relevant for the purposes of the EU Taxonomy Regulation. Thus, the comprehensive investment in infrastructure, such as the 5G and fiber roll-out, are also not Taxonomy-eligible.

The business activities of A1 Group were examined at Group level in terms of their Taxonomy eligibility for 2022. The Taxonomy-eligible activities were analyzed by the experts at the subsidiaries, and the specific activities for each subsidiary were identified and described.

The Delegated Act of the EU Taxonomy Regulation does not clearly define what constitutes an “economic activity”. However, after the A1 Group’s first reporting for the financial year 2021, the EU Commission published additional FAQs<sup>8)</sup> at the start of 2022 that provided clarification and resulted in a change in approach: Economic activities are characterized by an input of resources, a production process and an output of goods or services.

Changes in eligibility of activities as opposed to fiscal year 2021: The A1 Group generates electricity from photovoltaic technology in solar power plants in accordance with Activity 4.1. of the EU Taxonomy Regulation and rents out buildings owned by the A1 Group in accordance with Activity 7.7. As these revenues are part of Other Operating Income in A1 Group, they are not complying with the definition of Revenue KPI in the Delegated Regulation. Therefore, they are not eligible and are no longer reported for the financial year 2022.

Similarly, after a new review of the criteria, following activities were classified as not Taxonomy-eligible for the financial year 2022 and therefore eliminated: 8.3./Development and operation of TV platforms (IPTV, OTT), 13.3./Production of content for own TV channels.

However, for financial year 2022, revenue from data centers leased by the A1 Group is to also be categorized as Taxonomy-eligible, as well as revenue from data centers owned by the A1 Group.

The Taxonomy-eligible, revenue-generating activities of A1 Group for 2022 are therefore as follows:

Economic activity by sector of the Taxonomy Regulation	Activities of the A1 Telekom Austria Group according to Taxonomy definition and specification
8.1. Data processing, hosting and related activities	<ul style="list-style-type: none"> <li>▸ The A1 Group operates its own and leased data centers and sells related services, such as data processing and storage or transmission capacities.</li> </ul>
8.2 Data-driven solutions for GHG emissions reductions	<ul style="list-style-type: none"> <li>▸ IoT/data solutions for GHG emissions reductions: smart meters, smart waste, smart parking, and mobility</li> </ul>

8) FAQ February 2022.

In addition to revenue-generating activities, the EU Taxonomy Delegated Act also lists three Taxonomy-eligible types of CAPEX:

- ▶ CAPEX a) refers to investments directly related to Taxonomy-eligible economic activities.
- ▶ CAPEX b) refers to investments directly that are part of a plan to expand Taxonomy-aligned economic activities or turn Taxonomy-eligible into Taxonomy-aligned economic activities ("CAPEX plan").

- ▶ CAPEX c) refers to investments through the acquisition of output (products/services) from Taxonomy-aligned economic activities and individual measures to improve energy efficiency.

Based on the above definitions, the following CAPEX c) were also defined as Taxonomy-eligible in 2022:

Economic activity by sector of the Taxonomy Regulation	Taxonomy-eligible CAPEX c) of the A1 Telekom Austria Group
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	▶ A1 The Group buys and leases vehicles with combustion engines, hybrid and electric vehicles from production companies/dealers.
7.2. Renovation of existing buildings	▶ The A1 Group buys services from companies that perform renovations.
7.3. Installation, maintenance and repair of energy efficiency equipment	▶ The A1 Group buys the output and services of companies in order to improve energy efficiency in buildings, e.g. heating and cooling systems.
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	▶ The A1 Group buys the output and services of companies responsible for the installation, maintenance and repair of charging stations, solar panels on charging stations and batteries for these solar panels.
7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings	▶ The A1 Group buys the output and services of companies that install, maintain or repair instruments and devices for measuring, regulating, and controlling energy performance of buildings.
7.6. Installation, maintenance and repair of renewable energy technologies	▶ The A1 Group buys the output and services of companies that install, maintain or repair solar panels/wind turbines on buildings and cell towers.

All Taxonomy-eligible activities contribute solely to the environmental goal "climate change mitigation". Thus, double counting is precluded.

The companies included in consolidation of A1 Group result, as disclosed in note 34 to the 2022 consolidated financial statements of A1 Group, formed the basis for reporting in accordance with the Taxonomy Regulation.

#### Changes of KPIs as opposed to fiscal year 2021

The table below shows the changes of the overall KPIs for eligibility versus the reporting year 2021. According to the explanation mentioned above, main changes of KPIs arise from the elimination of activities which were classified as no longer eligible in the fiscal year 2022.

	Year 2022			Year 2021		
	Turnover	CAPEX mEUR	OPEX	Turnover	CAPEX in %	OPEX
Taxonomy eligible activities	91.0	61.7	15.8	249.2	85.1	24.3
Proportion of Taxonomy eligible activities	1.9%	5.7%	8.9%	5.3%	8.6%	13.6%
Taxonomy non-eligible activities	4,825.0	1,011.1	161.8	4,429.1	908.4	154.6
Proportion of Taxonomy non-eligible activities	98.1%	94.3%	91.1%	94.7%	91.4%	86.4%
<b>Total KPI</b>	<b>4,916</b>	<b>1,072.8</b>	<b>177.7</b>	<b>4,678.3</b>	<b>993.5</b>	<b>178.9</b>



### Assessment of Taxonomy alignment

First step was to analyze the technical screening criteria for the A1 Group's Taxonomy-eligible activities. A checklist was prepared for each activity that included all technical screening criteria. In workshops with experts from the subsidiaries it was evaluated whether and to what extent the activities meet the criteria.

Results of the assessment for the 2022 reporting year:

- ▶ None of the Taxonomy-eligible activities currently meet the technical screening criteria for Taxonomy alignment.
- ▶ The aim for subsequent years is to achieve Taxonomy alignment primarily for activity 8.1./data centers. It is intended to register the A1 Group's larger data centers for the Code of Conduct on Data Center Energy Efficiency.
- ▶ A lifecycle analysis is required for the revenue-generating activity 8.2./Data-driven solutions for GHG emissions reductions. However, clear guidelines from the EU Commission are first expected before starting the implementation.
- ▶ It is also intended to produce a climate risk and vulnerability assessment in accordance with Appendix A of Annex I Delegated Act for all revenue-generating activities.

### Materiality

The EU Taxonomy Delegated Act does not permit the application of materiality principles. An exemption is stated for OPEX, provided that OPEX are not material for the company's business model (see also FAQ of the EU commission from December 2022<sup>9)</sup>).

As a first step total OPEX of the A1 Group were analyzed. As only a fraction of A1 Group's core business is included in the EU Taxonomy, OPEX is largely immaterial for the business model. Consequently, the numerator was calculated and

disclosed for OPEX of those taxonomy-eligible activities exceeding the materiality threshold of 3% of total OPEX. The denominator includes the total OPEX according to the definition in the Delegated Act.

### EU Taxonomy Regulation KPIs

The KPIs for financial year 2022 for revenue, CAPEX and OPEX were calculated in accordance with the specifications and definitions in Annex I of the Delegated Regulation 2021/2178<sup>10)</sup>.

Every business activity of the A1 Telekom Austria Group is allocated to the corresponding economic activity of the Taxonomy Compass. In some cases, individual business activities can be assigned to more than one Taxonomy activity. This applies in particular to CAPEX and OPEX figures for real estate used as both offices and data centers. To allow transparency and avoid double counting, the costs were assigned to the main activity based on the majority principle.

In order to calculate the KPIs for all Taxonomy-eligible activities as presented in the templates, selection parameters were created according to the definition of CAPEX, OPEX and turnover, and reports were generated from the respective ERP systems of the subsidiaries.

Only external revenues as well as expenditure related to third parties were included in the calculation. Inter-Group transactions were eliminated with the consolidation tool SAP SEM-BCS. Thus, double counting was avoided.

Revenue KPI: The total revenue (denominator) is as disclosed in note 5 to the consolidated financial statements, revenue from services and the sale of end-user devices.

Revenue 2022	in mEUR
Service revenues	4,163.8
Total equipment revenues	752.2
<b>Total revenue</b>	<b>4,916.0</b>

9) Draft EU Commission notice December 19, 2022

10) Delegated Regulation (EU) 2021/2178

CAPEX KPI: Total CAPEX (denominator) is equal to the amount disclosed in note 1 for total additions to intangible assets and property, plant and equipment, plus additions to right-of-use assets in accordance with IFRS 16 (Leases).

<b>Capital expenditures 2022</b>	<b>in mEUR</b>
Intangibles (note 16)	178.8
Property, plant and equipment without asset retirement obligations (note 15)	765.7
Right-of-use assets in accordance with IFRS 16 (note 30)	128.3
<b>Total additions</b>	<b>1,072.8</b>

OPEX KPI: The EU Taxonomy OPEX-KPI definition stipulates only a very limited share of operating expenditure as eligible. This refers to expenses in connection with research and development, building renovation, short-term leases and maintenance and repairs. As the A1 Group does not have any material R&D projects and virtually all its leases are capitalized (see also note 30), exclusively expenses for maintenance and repairs, which are included in other operating expenses (see note 6), are classified as relevant.

The KPIs (key performance indicators) for the Taxonomy-eligible, Taxonomy-aligned and non-Taxonomy-eligible economic activities of the A1 Telekom Austria Group, as expressed as proportion of total revenue and CAPEX and OPEX, are shown in the following templates in accordance with Annex II of Delegated Regulation 2021/2178<sup>11)</sup>.

11) Delegated Regulation (EU) 2021/2178

## Template 1: Proportion of Turnover from products or services associated with Taxonomy-aligned economic activities-disclosure covering year 2022

Economic activities				Substantial contribution criteria						DNSH criteria (Do No Significant Harm)											
(1)	CODE(s)	Absolute Turnover (3) mEUR	Proportion of Turnover (4) %	Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystem (10) %	Climate change mitigation (11) Y / N	Climate change adaptation (12) Y / N	Water and marine resources (13) Y / N	Circular economy (14) Y / N	Pollution (15) Y / N	Biodiversity and ecosystem (16) Y / N	Minimum safeguards (17) Y / N	Taxonomy aligned proportion of Turn-over <sup>2)</sup> year 2022 (18) %	Taxonomy aligned proportion of Turn-over <sup>2)</sup> year 2021 (19) %	Category (enabling activity) (20) E	Category (transitional activity) (21) T	
A) Taxonomy-eligible activities																					
A.1) Environmentally Sustainable Activities (taxonomy-aligned)																					
8.1 Data processing, hosting and related activities	J63.11	0.0	0.0%	0.0%	0.0%	-	-	-	-	-	N	N	N	-	-	N	0,0%	0,0%	-	T	
8.2 Data-driven solutions for GHG emissions reductions	J61 / J62 / J63.11	0.0	0.0%	0.0%	0.0%	-	-	-	-	-	N	-	N	-	-	N	0,0%	0,0%	E	-	
Total Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	0.0%														0,0%	0,0%			
A.2) Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned)																					
8.1 Data processing, hosting and related activities	J63.11	56.4	1.1 %																		
8.2 Data-driven solutions for GHG emissions reductions	J61 / J62 / J63.11	34.6	0.7 %																		
Total Turnover of Taxonomy eligible, but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		91.0	1.9 %																		
Total Turnover of Taxonomy-eligible activities (A.1 + A.2)		91.0	1.9 %																		
B) Taxonomy-non-eligible activities																					
Total Turnover of Taxonomy non-eligible activities (B)		4,825.0	98.1 %																		
Total Turnover (A + B)		4,916.0	100.0 %																		

2) Taxonomy ALIGNED proportion of Turnover = share of ALIGNED Turnover within the Total ELIGIBLE Turnover [A.1/(A.1+A.2)]

## Template 2: Proportion of CAPEX from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

Economic activities	CODE(s)	Absolute CAPEX (3) mEUR	Proportion of CAPEX (4) %	Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystem (10) %	Climate change mitigation (11) Y / N	Climate change adaptation (12) Y / N	Water and marine resources (13) Y / N	Circular economy (14) Y / N	Pollution (15) Y / N	Biodiversity and ecosystem (16) Y / N	Minimum safeguards (17) Y / N	Taxonomy aligned proportion of CAPEX <sup>2)</sup> year 2022 (18) %	Taxonomy ALIGNED proportion of CAPEX <sup>2)</sup> year 2021 (19) %	Category (enabling activity) (20) E	Category (transitional activity) (21) T
<b>A) Taxonomy-eligible activities</b>																				
<b>A.1) Environmentally Sustainable Activities (Taxonomy-aligned)</b>																				
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	H49.39	0.0	0.0%	0.0%	0.0%	-	-	-	-	-	N	-	N	N	-	N	0.0%	0.0%	-	T
7.2 Renovation of existing buildings	F43	0.0	0.0%	0.0%	0.0%	-	-	-	-	-	N	N	N	N	-	N	0.0%	0.0%	-	T
7.3 Installation, maintenance and repair of energy efficiency equipment	F43.2	0.0	0.0%	0.0%	0.0%	-	-	-	-	-	N	-	-	N	-	N	0.0%	0.0%	E	-
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F43.2	0.0	0.0%	0.0%	0.0%	-	-	-	-	-	N	-	-	-	-	N	0.0%	0.0%	E	-
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	F43.2	0.0	0.0%	0.0%	0.0%	-	-	-	-	-	N	-	-	-	-	N	0.0%	0.0%	E	-
7.6 Installation, maintenance and repair of renewable energy technologies	F43.2	0.0	0.0%	0.0%	0.0%	-	-	-	-	-	N	-	-	-	-	N	0.0%	0.0%	E	-
8.1 Data processing, hosting and related activities	J63.11	0.0	0.0%	0.0%	0.0%	-	-	-	-	-	N	N	N	-	-	N	0.0%	0.0%	-	T
8.2 Data-driven solutions for GHG emissions reductions	J61 / J62 / J63.11	0.0	0.0%	0.0%	0.0%	-	-	-	-	-	N	-	N	-	-	N	0.0%	0.0%	E	-
<b>Total CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>0.0</b>	<b>0.0%</b>														<b>0.0%</b>	<b>0.0%</b>		
<b>A.2) Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned)</b>																				
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	H49.39	9.9	0.9%																	
7.2 Renovation of existing buildings	F43	1.9	0.2%																	
7.3 Installation, maintenance and repair of energy efficiency equipment	F43.2	5.4	0.5%																	
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F43.2	0.3	0.0%																	
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	F43.2	0.2	0.0%																	
7.6 Installation, maintenance and repair of renewable energy technologies	F43.2	7.2	0.7%																	
8.1 Data processing, hosting and related activities	J63.11	36.6	3.4%																	
8.2 Data-driven solutions for GHG emissions reductions	J61 / J62 / J63.11	0.1	0.0%																	
<b>Total CAPEX of Taxonomy eligible, but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)</b>		<b>61.7</b>	<b>5.7%</b>																	
<b>Total CAPEX of Taxonomy-eligible activities (A.1 + A.2)</b>		<b>61.7</b>	<b>5.7%</b>																	
<b>B) Taxonomy-non-eligible activities</b>																				
<b>Total CAPEX of Taxonomy-non-eligible activities (B)</b>		<b>1,011.1</b>	<b>94.3%</b>																	
<b>Total CAPEX (A + B)</b>		<b>1,072.8</b>	<b>100.0%</b>																	

2) Taxonomy ALIGNED proportion of CAPEX = share of ALIGNED CAPEX within the Total ELIGIBLE CAPEX [A. 1 / (A.1 + A.2)]

### Template 3: Proportion of OPEX from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

Economic activities				Substantial contribution criteria						DNSH criteria (Do No Significant Harm)												
(1)	CODE(s)	Absolute OPEX (3) mEUR	Proportion of OPEX (4) %	Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and eco-system (10) %	Climate change mitigation (11) Y / N	Climate change adaptation (12) Y / N	Water and marine resources (13) Y / N	Circular economy (14) Y / N	Pollution (15) Y / N	Biodiversity and eco-system (16) Y / N	Minimum safeguards (17) Y / N	Taxonomy aligned proportion of OPEX <sup>2)</sup> year 2022 (18) %	Taxonomy ALIG-NED proportion of OPEX <sup>2)</sup> year 2021 (19) %	Category (enabling activity) (20) E	Category (transitional activity) (21) T		
A) Taxonomy-eligible activities																						
A.1) Environmentally Sustainable Activities (Taxonomy-aligned)																						
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	H49.39	0.0	0.0%	0.0%	0.0%	-	-	-	-	-	N	-	N	N	-	N	0.0%	0.0%	-	T		
7.2 Renovation of existing buildings	F43	0.0	0.0%	0.0%	0.0%	-	-	-	-	-	N	N	N	N	-	N	0.0%	0.0%	-	T		
7.3 Installation, maintenance and repair of energy efficiency equipment	F43.2	0.0	0.0%	0.0%	0.0%	-	-	-	-	-	N	-	-	N	-	N	0.0%	0.0%	E	-		
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F43.2	0.0	0.0%	0.0%	0.0%	-	-	-	-	-	N	-	-	-	-	N	0.0%	0.0%	E	-		
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	F43.2	0.0	0.0%	0.0%	0.0%	-	-	-	-	-	N	-	-	-	-	N	0.0%	0.0%	E	-		
7.6 Installation, maintenance and repair of renewable energy technologies	F43.2	0.0	0.0%	0.0%	0.0%	-	-	-	-	-	N	-	-	-	-	N	0.0%	0.0%	E	-		
8.1 Data processing, hosting and related activities	J63.11	0.0	0.0%	0.0%	0.0%	-	-	-	-	-	N	N	N	-	-	N	0.0%	0.0%	-	T		
Total OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	0.0%															0.0%	0.0%			
A.2) Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned)																						
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	H49.39	6.1	3.4%																			
7.2 Renovation of existing buildings	F43	0.0	0.0%																			
7.3 Installation, maintenance and repair of energy efficiency equipment	F43.2	0.0	0.0%																			
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F43.2	0.0	0.0%																			
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	F43.2	0.0	0.0%																			
7.6 Installation, maintenance and repair of renewable energy technologies	F43.2	0.0	0.0%																			
8.1 Data processing, hosting and related activities	J63.11	9.7	5.5%																			
Total OPEX of Taxonomy eligible, but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		15.8	8.9%																			
Total OPEX of Taxonomy-eligible activities (A.1 + A.2)		15.8	8.9%																			
B) Taxonomy-non-eligible activities																						
Total OPEX of Taxonomy-non-eligible activities (B)		161.8	91.1%																			
Total OPEX (A + B)		177.7	100.0%																			

2) Taxonomy ALIGNED proportion of OPEX = share of ALIGNED OPEX within the Total ELIGIBLE OPEX [A.1 / (A.1 + A.2)]

# Report about the Independent Assurance of Telekom Austria AG's "Consolidated non-financial Report" 2022 and A1 Group's Scope 3 emission 2022

To the members of the Board of Management and the Supervisory Board of Telekom Austria AG

Vienna

**Attention:** This letter has been translated from German to English for referencing purposes only. Please refer to the officially legally binding version as written and signed in German. Only the German version is the legally binding version.

We have performed a limited assurance engagement according "Consolidated Non-Financial Report" 2022 in accordance with the requirements of the § 267a UGB (NaDiVeG) incl. the information according the EU Taxonomy regulation (Telekom Austria AG) and of the GHG emissions 2022 in accordance with the GHG Protocol of A1 Group.

The assurance engagement covers "Consolidated Non-Financial Report" 2022 of Telekom Austria AG as well as the Scope 3 emissions data of the A1 Group for the reporting period 2022.

The objective of our assurance engagement according the disclosures and data in the "Consolidated Non-Financial Report" 2022 of Telekom Austria AG were processes and internal systems of capturing, collecting and consolidating of the figures at Group level.

At the site level, only disclosures and data for Austria were the objective of our engagement. For other locations, no assurance of these disclosures and data has been made – except assurance of information according the EU Taxonomy regulation, the Scope 1 and Scope 2 GHG emissions published in the "Consolidated Non-Financial Report" 2022. The assurance

of the published information according the EU Taxonomy regulation, Scope 1 and Scope 2 GHG emissions, recycling of electrical and electronic devices and female quota covered the entire A1 Group.

The objective of our assurance engagement according the Scope 3 GHG emissions of the A1 Group were processes and internal systems of capturing, collecting and consolidating of the figures at Group level. At the site level, only disclosures and data for Austria were the objective of our engagement. For other locations, no assurance of these disclosures and data has been made.

## Responsibilities of the Legal Representatives

Telekom Austria AG's legal representatives are responsible for the proper compilation of the "Consolidated Non-Financial Report" 2022 in accordance with the requirements of the § 267a<sup>1)</sup> UGB, the information according the EU Taxonomy regulation<sup>2)</sup> and of the published GHG emissions in accordance with the requirements of the GHG Protocol<sup>3)</sup>.

The legal representatives have signed the Letter of Representation, which we have added to our files.

1) <https://www.ris.bka.gv.at/Dokumente/Bundesnormen/NOR40189009/NOR40189009.pdf>

2) <https://eur-lex.europa.eu/eli/reg/2020/852/>

3) <https://ghgprotocol.org/>



## Responsibilities of the Assurance Providers

Based on our assurance procedures deemed necessary and our evidence we have obtained, it is our responsibility to assess whether any matters have come to our attention that cause us to believe, that in all material matters the "Consolidated Non-Financial Report" 2022 according to the defined scope of our assurance is not in accordance with the requirements of the § 267a UGB and the EU Taxonomy regulation.

Furthermore, based on our assurance procedures deemed necessary and our evidence we have obtained, it is our responsibility to assess whether any matters have come to our attention that cause us to believe, that in all material matters the published GHG emissions 2022 according to the defined scope of our assurance are not in accordance with the requirements of the GHG Protocol.

Our assurance engagement has been conducted in accordance with the "International Federation of Accountants' ISAE 3000 (Revised)" Standards.

Our professional duties include requirements in relation to our independence as well as planning our assurance engagement based on the materiality considerations in order to allow us to obtain a limited level of assurance.

According to the "General Conditions of Contract for the Public Accounting Professions" our liability is limited. An accountant is only liable for violating intentionally or by gross negligence the contractual duties and obligations entered into. In cases of gross negligence, the maximum liability towards the client and any third party together is EUR 726,730 in the aggregate.

Our procedures have been designed to obtain a limited level of assurance on which to base our conclusions. The extent of evidence gathering procedures performed is less than for that of a reasonable assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided.

We have performed all the procedures deemed necessary to obtain the evidence that is sufficient and appropriate to provide a basis for our conclusions. Our main procedures were:

- Obtain an overview over the industry as well as the operational and organizational structure of the organization;
- Interview a selection of senior managers and executives to understand systems, processes and internal control procedures related to the content of the Sustainability Reporting assured, which support the data collection;
- Review relevant group level, board and executive documents to assess awareness and priority of issues in the Sustainability Reporting and to understand how progress is tracked and internal controls are implemented;
- Examine risk management and governance processes related to sustainability and critical evaluation of the disclosure in the Sustainability Reporting;
- Perform analytical procedures at group level;
- Perform virtual meetings with the responsible persons at sites in Bulgaria, Croatia, Belarus and North Macedonia to obtain evidence on performance indicators. In addition, we reviewed data samples in the non-financial Reporting at site level according to the defined scope of our assurance for completeness, reliability, accuracy and timeliness;
- Review data and processes on a sample basis according to the defined scope of our assurance to assess whether they have been collected, consolidated and reported appropriately at group level. This included obtaining an opinion whether the data had been reported in an accurate, reliable and complete manner;
- Review the coverage of material issues which have been raised in stakeholder dialogues, in media reports and environmental and social reports of peers;
- Evaluate the materiality assessment, including sector specific megatrends;
- Assessment whether the Requirements according to § 267a UGB have been adequately addressed,
- Assessment whether the Requirements according to the EU Taxonomy regulation have been adequately addressed.

The objective of our engagement was neither a financial audit nor a financial audit review of past-oriented financial information. We did not perform any further assurance procedures on data, which were subject of the annual financial audit, the corporate governance report and the risk reporting. We merely checked this data was presented in accordance with the Standards. Neither the detection and investigation of criminal offenses, such as embezzlement or other fraudulent actions, nor the assessment of effectiveness and efficiency of management were subject to our engagement. We did not test data derived from external surveys.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

We submit this report based on our assurance engagement for which, also regarding third parties, the "General Conditions of Contract for the Public Accounting Professions"<sup>4)</sup>, are binding.

## Conclusion

Based on our assurance procedures and our evidence we have obtained no matters have come to our attention that cause us to believe that in all material matters the "Consolidated Non-Financial Report" 2022 according to the defined scope of our assurance is not in accordance with the requirements of the § 267a UGB (NaDiVeG) and the EU Taxonomy regulation.

Furthermore, based on our assurance procedures and our evidence we have obtained no matters have come to our attention that cause us to believe that in all material matters the published GHG emissions 2022 according to the defined scope of our assurance are not in accordance with the requirements of the GHG Protocol.

Vienna, 3. February 2023

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

Severin Eisl

ppa. Susanna Gross

4) Fassung vom 18. April 2018, herausgegeben von der Kammer der Wirtschaftstreuhänder, Kapitel 7, [http://www.kwt.or.at/PortalData/1/Resources/aab/AAB\\_2018\\_de.pdf](http://www.kwt.or.at/PortalData/1/Resources/aab/AAB_2018_de.pdf)



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