

Consolidated Corporate Governance Report 2019

Commitment of the A1 Telekom Austria Group to the Corporate Governance Code

The shares of Telekom Austria AG have been listed on the Vienna Stock Exchange since November 2000, where the Austrian Corporate Governance Code (ACGC) is generally accepted. The current version of this Code (January 2020) can be viewed at www.corporate-governance.at or www.a1.group.

The Corporate Governance Code pursues the goal of responsible management and control of companies geared towards a sustainable and long-term creation of enterprise value. It aims to ensure a high degree of transparency for all stakeholders and to serve as an important guideline for investors. The Code is based on the provisions of Austrian stock company-, stock exchange- and capital market law, EU recommendations and the OECD Principles of Corporate Governance. The A1 Telekom Austria Group has been committed to voluntary compliance with the ACGC since 2003. The Group complies with all the legal requirements set out by the ACGC in what are referred to as the "L" rules.

To explain the deviations from the ACGC's "C" rules, the A1 Telekom Austria Group has made the following statement regarding Rule 36, Rule 42 and Rule 54 of the ACGC:

- Ad C Rule 36: Given the culture of open discussion within the Supervisory Board, the annual self-assessment of the Supervisory Board as stipulated in Rule 36 of the ACGC is performed every two years. The Supervisory Board in its current form was first constituted in May 2018 and performed the self-assessment in the 2019 financial year.
- Ad C Rule 42: The shareholder representatives on the Supervisory Board are appointed in line with the terms of the shareholders' agreement between the controlling shareholder América Móvil and Österreichische Beteiligungs AG (ÖBAG)¹⁾. The Nomination Committee or the entire Supervisory Board submit nomination proposals to the Annual General Meeting as stipulated by these terms, where required by law.
- Ad C Rule 54: The free float of the company (including treasury shares) is 20.58%. The shareholder representatives on the Supervisory Board are appointed in line with the terms of the shareholders' agreement between the controlling shareholder América Móvil and ÖBAG.

In accordance with Rule 62 of the ACGC, the A1 Telekom Austria Group's compliance with the provisions of the ACGC and the accuracy of its public reporting in association with this are evaluated externally every three years. The last evaluation

was performed by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. in the first half of 2017. This evaluation found that the Consolidated Corporate Governance Report of Telekom Austria AG for the 2016 financial year ended December 31, 2016 satisfies the legal provisions of section 243b UGB and section 267a UGB in addition to the requirements of the ACGC and the statements made therein. The Consolidated Corporate Governance Report of Telekom Austria AG for the 2019 financial year will be evaluated by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H in the first half of 2020.

Composition of executive bodies of the company and executive body remuneration

The Management Board

The members of the Management Board of Telekom Austria AG as of the end of 2019 were Thomas Arnoldner, Chief Executive Officer (CEO), Alejandro Plater, Chief Operating Officer (COO), and Siegfried Mayrhofer, Chief Financial Officer (CFO).

Thomas Arnoldner

Chief Executive Officer (CEO):

Thomas Arnoldner became the Chief Executive Officer of the A1 Telekom Austria Group on September 1, 2018. His contract runs until August 31, 2021, with an option to renew the contract until August 31, 2023.

Thomas Arnoldner was born in 1977. He studied business administration at the Vienna University of Economics and Business and at the Stockholm School of Economics. Thomas Arnoldner's professional career began at Alcatel Austria in 2003. After holding various positions within the company, he was made the CEO of Alcatel-Lucent Austria AG in 2013. From 2015 to 2016, he was part of the integration team for Nokia's acquisition of Alcatel-Lucent and developed the combined company's European market strategy. From 2016 to 2017, he was in charge of Nokia's European growth strategy in its Smart City, National Broadband Program, and Public Safety areas and responsible for the country strategies of its key growth markets. He was the Managing Director of T-Systems Austria GesmbH from 2017 to 2018.

1) On 20 February 2019, ÖBIB (Österreichische Bundes- und Industriebeteiligungen GmbH) was converted to ÖBAG (Österreichische Beteiligungs AG).

Thomas Arnoldner holds Supervisory Board mandates at the following subsidiaries: A1 Telekom Austria (Austria), A1 Bulgaria (Bulgaria), A1 Hrvatska (Croatia), A1 Slovenija (Slovenia), Vip mobile (Serbia), A1 Makedonija (North Macedonia). Thomas Arnoldner is also a member of the Management Board of the parent company (SB Telecom) of A1 Belarus (Belarus). Thomas Arnoldner does not hold any supervisory board mandates outside the A1 Telekom Austria Group.

Alejandro Plater

Chief Operating Officer (COO):

Alejandro Plater was appointed as the Chief Operating Officer (COO) of the A1 Telekom Austria Group on March 6, 2015. In the period from August 1, 2015, to August 31, 2018, Alejandro Plater was also the Chief Executive Officer (CEO) in addition to being the COO. His contract runs until August 31, 2021, with an option to renew the contract until August 31, 2023.

Alejandro Plater, born in 1967, has had a long international career in the telecommunications industry. He started at Ericsson in 1997 as Sales Director for Argentina and shortly thereafter took on the responsibility of Head of Business Development. In 2004, he moved to the group's global headquarters in Stockholm, Sweden, to take up the position of Sales Director for the Latin America region. Two years later, Plater was appointed Sales Director for Mexico and, in the following year, he was appointed Vice President and Key Account Manager. Alejandro Plater studied Business Administration at the University of Buenos Aires and has completed several post-graduate management studies at Columbia University and the Wharton School in the USA and at the London Business School in the UK.

Alejandro Plater holds Supervisory Board mandates at the following subsidiaries: A1 Telekom Austria (Austria), A1 Bulgaria (Bulgaria), A1 Hrvatska (Croatia), A1 Slovenija (Slovenia), Vip mobile (Serbia), A1 Makedonija (North Macedonia). Alejandro Plater is also a member of the Management Board of the parent company (SB Telecom) of A1 Belarus (Belarus). Alejandro Plater does not hold any supervisory board mandates outside the A1 Telekom Austria Group.

Siegfried Mayrhofer

Chief Financial Officer (CFO):

Member of the Management Board since June 1, 2014. His contract runs until August 31, 2021, with an option to renew the contract until August 31, 2023.

Siegfried Mayrhofer, born in 1967, studied Industrial and Mechanical Engineering at the Graz University of Technology.

He began his professional career in 1994 at Voest Alpine Eisenbahnsysteme in the international division for the acquisition of investments. From 1998 to 2000, he served as a consultant to Constantia Corporate Finance for mergers and acquisitions in various industries.

Siegfried Mayrhofer joined Telekom Austria AG in March 2000. After holding various management positions (including Head of Corporate Planning and Group Controlling, Fixed-Line

Controlling, Fixed-Line Accounting), he became CFO of Telekom Austria TA AG in July 2009. Siegfried Mayrhofer was the Chief Financial Officer of A1 Telekom Austria AG from July 8, 2010, to May 31, 2015.

Siegfried Mayrhofer holds Supervisory Board mandates at the following subsidiaries: A1 Telekom Austria (Austria), A1 Bulgaria (Bulgaria), A1 Hrvatska (Croatia), A1 Slovenija (Slovenia), Vip mobile (Serbia), A1 Makedonija (North Macedonia). Siegfried Mayrhofer is also a member of the Management Board of the parent company (SB Telecom) of A1 Belarus (Belarus). Siegfried Mayrhofer does not hold any supervisory board mandates outside the A1 Telekom Austria Group.

Report on Management Board remuneration

The total expense for the base salary (incl. remuneration in kind) of the members of the Management Board in 2019 amounted to EUR 1.624 mn (2018: EUR 1.224 mn), while the variable remuneration (STI) amounted to EUR 1.661 mn (2018: EUR 1.370 mn); the main reason for the increase compared with 2018 is that Thomas Arnoldner has only been a member of the Management Board since September 1, 2018. Payments for multi-year share-based remuneration (LTI) for active members of the Management Board amounted to EUR 0.781 mn in the 2019 reporting year (2018: EUR 0.534 mn).

Details and elements of Management Board remuneration:

The Remuneration Committee of the Supervisory Board is responsible for structuring Management Board remuneration.

The remuneration of the members of the company's Management Board is linked to the strategy and the long-term development of the company. The remuneration elements are designed to support the strategic objectives and hence promote the basis for the company's sustainable long-term development.

The Management Board remuneration includes fixed (non-performance-based) and performance-based variable remuneration elements. The fixed remuneration of the individual Management Board members is composed of base salary, remuneration in kind and pension contributions. The performance-based variable remuneration is composed of variable annual remuneration (short-term incentive, STI) and the long-term incentive program (LTI). The majority of the target remuneration of the Management Board members consists of performance-based variable remuneration elements for which measurable performance criteria are defined in advance; the performance of the Management Board is evaluated on the basis of these financial and non-financial targets derived from the company's strategy.

The variable annual remuneration (STI) is limited to a maximum of 150% of the base salary. The targets for STI for the reporting year consist of 85% financial figures – revenue (weighting: 42%) and operating free cash flow (weighting: 43%) – and 15% strategic objectives. The Remuneration Committee

decides on the degree of target achievement on the basis of the Consolidated Financial Statements and the implementation of strategy. The STI becomes payable after the result for the financial year in question has been resolved, while an advance in the amount of 60% of the base salary is paid in 14 installments over the current financial year.

Members of the Management Board also participate in the long-term incentive program (LTI). The seventh tranche of the LTI program (LTI 2016) was paid out in 2019, following the end of the three-year performance period and the determination by the Remuneration Committee of the degree of achievement. Detailed information can be found under "Long-Term Incentive Program" and in the Notes to the Consolidated Financial Statements.

In terms of old-age provisions, the Management Board members receive a contribution to their voluntary pension plans, which is paid into a corporate pension fund by the company and amounts to 20% of their respective base salary. In the 2019 reporting year, this amounted to EUR 0.107 mn for Thomas Arnoldner, EUR 0.118 mn for Alejandro Plater and EUR 0.099 mn for Siegfried Mayrhofer. Members will receive an eventual payout from the corporate pension fund only when they are over 55 years of age and are no longer in a contractual relationship with the company.

In terms of remuneration in kind, the members of the Management Board receive a company car and are entitled to casualty insurance providing additional cover in the event of death or invalidity. There is also supplementary health insurance cover for the Management Board members and their dependents (spouse and children under 18). The members of the

Management Board are also included in Telekom Austria AG's D&O insurance policy and are entitled to telephone and internet connections at their place of residence.

The amount of the severance payment to be paid in the event of the termination of a Board member's appointment is based on the length of their employment and is capped at one year's total remuneration for Siegfried Mayrhofer. The "Mitarbeiter- und Selbstständigenvorsorgegesetz" (BMSVG – Austrian Corporate Employee and Entrepreneur Pension Law) applies to Thomas Arnoldner and Alejandro Plater.

For the Group companies included in the scope of consolidation, the following applies with regard to the key principles of the remuneration policy: The Chair of the Supervisory Board of the respective subsidiary is responsible for structuring Management Board remuneration. The remuneration structure and the respective targets are based on target criteria and weightings defined for the Group as a whole by the Management Board of Telekom Austria AG. In addition to basic remuneration, performance-based variable annual remuneration has been agreed with the Management Board members of the respective consolidated subsidiaries. This is contingent upon the achievement of defined targets and is limited to an average of 70% of the base salary. The targets for the reporting year consist of 60% financial figures and 40% strategic objectives. The Management Board of Telekom Austria AG decides on the degree of target achievement, and hence the amount of the variable annual remuneration payable after the result for the financial year in question has been resolved, on the basis of the Consolidated Financial Statements, the Annual Financial Statements of the respective company and the implementation of strategy. Members of the Management Board of the key consolidated

Remuneration of the individual members of the Management Board

Management Board remuneration in EUR '000	Fixed, non-performance-based Remuneration		Performance related variable Remuneration				Total remuneration ⁴⁾	
	Base salary (incl. remuneration in kind)		Variable annual remuneration (STI) ²⁾		Multi-year share-based remuneration (LTI) ³⁾			
	2019	2018	2019	2018	2019	2018	2019	2018
Thomas Arnoldner ¹⁾	552	182	425	107	-	-	977	290
Alejandro Plater	559	559	670	681	450	202	1,679	1,442
Siegfried Mayrhofer	512	482	566	582	331	333	1,410	1,397
Total⁴⁾	1,624	1,224	1,661	1,370	781	534	4,066	3,129

- 1) Thomas Arnoldner has been a member of the Management Board since September 1, 2018. This is the main reason for the increase in the remuneration for 2019 compared with 2018.
- 2) The variable annual remuneration for 2019 and 2018 for Alejandro Plater and Siegfried Mayrhofer also includes remuneration components for 2018 and 2017 respectively. The variable annual remuneration for 2019 for Thomas Arnoldner also includes remuneration components for 2018.
- 3) The payments of multi-year share-based remuneration (LTI) in 2019 relate to the payment of the LTI 2016 tranche that was issued in 2016, while the payments for 2018 relate to the LTI 2015 tranche that was issued in 2015.
- 4) Deviations in the totals are due to rounding.

Payments to former members of the Management Board (not shown in table):

Hannes Ametsreiter resigned as CEO as of July 31, 2015 and his employment relationship was terminated at the same date by mutual agreement; the last remuneration paid in 2018 for LTI 2015 amounted to EUR 77 thousand.

Günther Ottendorfer's contract with a term until August 31, 2016 was prematurely terminated as of March 5, 2015. The remuneration paid in 2019 for LTI 2016 amounts to EUR 84 thousand; the remuneration paid in 2018 for LTI 2015 amounted to EUR 185 thousand.

Hans Tschuden's contract with a term until March 31, 2015 was prematurely terminated as of May 31, 2014; the last remuneration paid in 2018 for LTI 2015 amounted to EUR 28 thousand.

subsidiaries participated in the long-term incentive program (LTI) until the LTI 2016 tranche (issued in the 2016 financial year with a term of January 1, 2016, to December 31, 2018).

Long Term Incentive Program (LTI)

The A1 Telekom Austria Group's share-based long-term incentive program (LTI) introduced in the 2010 financial year was continued in 2019, with eligible participants restricted to the Management Board of Telekom Austria Aktiengesellschaft since 2017. LTI 2019 was issued on August 1, 2019 and has a term of three years; assuming 100% target achievement, the members of the Management Board were provisionally allocated the following numbers of notional bonus shares: 53,068 shares for Thomas Arnoldner, 53,068 shares for Alejandro Plater, 49,100 shares for Siegfried Mayrhofer. Any actual cash settlement will occur after the end of the three-year performance period, i. e. not before August 1, 2022, commensurate with the level of achievement of objectives as determined by the Remuneration Committee.

The LTI is based on the performance-based allocation of notional bonus shares. During the program, participants must hold shares in Telekom Austria AG, the number of which is determined by the defined number of notional bonus shares for each entitled beneficiary. Any payment is made in cash, not in shares. The amount of the payment depends on the achievement of key figures defined by the Supervisory Board within a three-year performance period, up to a maximum of 350% of the participant's investment in the case of the maximum target achievement of 175%.

The A1 Telekom Austria Group's long-term incentive program is consistent with the requirements of the Austrian Corporate Governance Code. The relevant target performance indicators are based on the long-term development of the company. The targets and key performance indicators are determined by the Supervisory Board at the beginning of each tranche. Each performance period is three years long. The following targets and key performance indicators were set for the tranches issued in the 2016, 2017, 2018 and 2019 reporting years (LTI 2016, LTI 2017, LTI 2018 and LTI 2019): Return on invested capital (ROIC) (weighting: 50%) and revenue market share (weighting: 50%) of the A1 Telekom Austria Group.

Benefits under the LTI Program in the 2019 reporting year

The seventh LTI tranche (LTI 2016), which had been granted on September 1, 2016, was paid out to the entitled employees of the Group in September 2019 after the end of the three-year performance period and three years after the grant date. The tranche was paid out in line with the target achievement of 99.9% as determined by the Remuneration Committee of the Supervisory Board at the value of 361,740 notional bonus shares in total, measured using the average price of the company's shares for the fourth quarter of 2018 of EUR 6.696, and therefore EUR 2.422 mn (2018: EUR 2.164 mn). Of this figure, 67,209 shares or EUR 0.450 mn was received by Alejandro Plater (2018: EUR 0.202 mn) and 49,451 shares or EUR 0.331 mn by Siegfried Mayrhofer (2018: EUR 0.333 mn).

12,562 shares or EUR 0.084 mn was attributable to the former Management Board member Günther Ottendorfer in the year under review (2018: EUR 0.185 mn).

A detailed description of the long-term incentive program can be found in the Notes to the Consolidated Financial Statements.

As of December 31, 2019, the members of the Management Board hold the following numbers of shares in the company, some of which serve to satisfy LTI program participation requirements:

	Shares	Of which for LTI participation
Thomas Arnoldner	26,534	26,534
Alejandro Plater	36,520	33,638
Siegfried Mayrhofer	24,750	24,750

Since the Market Abuse Regulation became effective on July 3, 2016, directors' dealings are no longer disclosed by the Financial Market Authority (FMA) but by the issuer.

Telekom Austria AG operates in accordance with the legal provisions and reports transactions by Management Board and Supervisory Board members and their related parties involving Telekom Austria shares on the company's website.

Supervisory Board

The Supervisory Board of Telekom Austria AG comprises ten members, elected by the Annual General Meeting. The Central Works Council of A1 Telekom Austria AG delegates four members and one member is delegated by the Staff Council of Telekom Austria AG. Employee co-determination on the Supervisory Board is a legally regulated aspect of the corporate governance system in Austria.

There was a change in the Supervisory Board at the Annual General Meeting on May 29, 2019: Bettina Glatz-Kremsner resigned with effect from May 29, 2019, and Thomas Schmid was elected to the Supervisory Board.

In accordance with section 86 (7) AktG, the Supervisory Board must consist of at least 30% women and at least 30% men (gender quota). Based on the declarations by the members of the Supervisory Board on May 6, 2019, in accordance with section 86 (9) AktG, singular fulfillment of the gender quota in the Supervisory Board is required. Consequently, at least three of the ten members of the Supervisory Board elected by the Annual General Meeting or Supervisory Board mandates must be women. As of the end of 2019, three of the ten members of the Supervisory Board elected by the Annual General Meeting are women.

The "Arbeitsverfassungsgesetz" (Austrian Labor Constitutional Act) imposes special regulations for the fulfillment of the gender ratio among employee representatives, namely that the gender ratio does not apply to employee representatives if there is no group works council.

Supervisory Board members

Name (year of birth)	Profession
Edith Hlawati, Chairperson (1957)	Senior Partner at CHSH Cerha Hempel Spiegelfeld Hlawati Rechtsanwälte GmbH
Carlos García Moreno Elizondo, Deputy Chairperson (1957)	CFO América Móvil, S.A.B. de C.V. (Mexico)
Alejandro Cantú Jiménez (1972)	General Counsel América Móvil, S.A.B. de C.V. (Mexico)
Karin Exner-Wöhrer (1971)	CEO Salzburger Aluminium AG
Bettina Glatz-Kremsner (1962)	CEO Casinos Austria Aktiengesellschaft
Peter Hagen (1959)	Business Consultant
Carlos M. Jarque (1954)	Executive Director of International Affairs, Government Relations and Corporate Affairs, América Móvil, S.A.B. de C.V. (Mexico)
Peter F. Kollmann (1962)	CFO Verbund AG
Daniela Lecuona Torras (1982)	Head of Investor Relations, América Móvil, S.A.B. de C.V. (Mexico)
Thomas Schmid (1975)	CEO Österreichische Beteiligungs AG
Oscar Von Hauske Solís (1957)	CEO Telmex Internacional (Mexico), Chief Fixed-Line Operations Officer América Móvil, S.A.B. de C.V. (Mexico)

Members of the Supervisory Board delegated by the Staff Council

Walter Hotz (1959)	Chairperson of the Staff Committee Vienna, Lower Austria and Burgenland of A1 Telekom Austria AG Chairperson of the European Works Council of A1 Telekom Austria Group
Gottfried Kehrer (1962)	Member of the Central Works Council of A1 Telekom Austria AG
Werner Luksch (1967)	Chairperson of the Central Works Council of A1 Telekom Austria AG Member of the European Works Council of A1 Telekom Austria Group
Renate Richter (1972)	Member of the Central Works Council of A1 Telekom Austria AG
Alexander Sollak (1978)	Chairperson of the Staff Council Committee of Telekom Austria AG Secretary-General of the European Works Council of A1 Telekom Austria Group

- 1) Term of office ends at the Annual General Meeting dealing with the 2019 financial year (provisionally May 2020).
- 2) Term of office ends at the Annual General Meeting dealing with the 2020 financial year (provisionally May 2021).
- 3) Term of office ends at the Annual General Meeting dealing with the 2021 financial year (provisionally May 2022).
- 4) Term of office ends at the Annual General Meeting dealing with the 2022 financial year (provisionally May 2023).
- 5) Term of office ends at the Annual General Meeting dealing with the 2023 financial year (provisionally May 2024).

Independence of the Supervisory Board

The guidelines set out by the Supervisory Board in 2006 to determine the independence of its members were adjusted in 2009 to comply with the modified provisions of the Austrian Corporate Governance Code and are consistent with Annex 1 of the current version of the Code. According to these provisions, the members of the Supervisory Board are deemed to be independent if they have no business or personal relations with the company or its Management Board that could result in a material conflict of interest and thus influence the members' behavior.

The free float of the company (including treasury shares) is 20.58%. The shareholder representatives on the Supervisory Board are appointed in line with the terms of the shareholders' agreement between the controlling shareholder América Móvil and ÖBAG.

Report on Supervisory Board remuneration

The remuneration of the members of the Supervisory Board for the 2018 financial year was resolved at the Annual General Meeting on May 29, 2019. The remuneration for the Chair of the Supervisory Board was set at EUR 40,000, at EUR 30,000

Other Supervisory Board mandates and similar functions at other listed companies (as per the ACGC)	First appointed	End of current term of office on Supervisory Board of Telekom Austria AG or date of departure	Independence as per Rule 53 of the ACGC
Österreichische Post Aktiengesellschaft (Chairperson)	30.05.2018 Chairperson; 28.06.2001-29.05.2013 Member of the Supervisory Board	2023 ⁴⁾	yes
Royal KPN N.V. (Netherlands)	14.08.2014	2023 ⁴⁾	yes
	14.08.2014	2020 ¹⁾	yes
	27.05.2015	2020 ¹⁾	yes
EVN AG (Chairperson); Flughafen Wien Aktiengesellschaft (Chairperson)	30.05.2018	29.05.2019	yes
voestalpine AG (until 03.07.2019)	25.05.2016	2021 ²⁾	yes
	14.08.2014	2022 ³⁾	yes
	20.09.2017	2021 ²⁾	yes
	30.05.2018	2022 ³⁾	yes
Verbund AG (Chairperson), OMV AG (Deputy Chairperson)	29.05.2019	2024 ⁵⁾	yes
	23.10.2012	2023 ⁴⁾	yes
	Re-delegated on 06.05 2011		
	27.10.2010		
	03.08.2007 to 20.10.2010, Re-delegated on 11.01.2011		
	12.10.2018		
	03.11.2010		

for the Deputy Chair, and at EUR 20,000 for other members of the Supervisory Board elected by the Annual General Meeting; these figures are therefore unchanged as against the previous year. Members of a committee are paid EUR 10,000 each and the Chair of the committee receives EUR 12,000. Remuneration for committee members is limited to one committee mandate. This stipulates that committee members are each entitled to only one remuneration, even if they sit on more than one committee. Until further notice, attendance fees per member of the Supervisory Board amount to EUR 400 per meeting.

Remuneration for the Supervisory Board for 2018 was paid in July 2019, following the approval of the actions of the

Supervisory Board members by the Annual General Meeting. Total remuneration, including attendance fees, of EUR 0.369 mn was paid to members of the Supervisory Board in the 2019 financial year (2018: EUR 0.357 mn). In addition, the members of the Supervisory Board are reimbursed for expenses incurred for travel and accommodation in connection with Supervisory Board meetings.

The members of the Supervisory Board are included in the D&O insurance policy taken out and paid for by Telekom Austria AG.

In the year under review, no member of the Supervisory Board attended fewer than 50 % of the Supervisory Board meetings.

Remuneration of Supervisory Board members

Name	Supervisory Board remuneration awarded for 2018 and paid in 2019 (in EUR)	2019 attendance fees (in EUR)
Edith Hlawati ⁴⁾	30,773	3,600
Wolfgang Ruttenstorfer ³⁾	21,370	-
Carlos José García Moreno Elizondo	42,000	4,800
Oscar Von Hauske Solis	32,000	5,600
Thomas Schmid ¹⁾	-	2,800
Bettina Glatz-Kremsner ²⁾	17,753	1,200
Karin Exner-Wöhrer	20,000	2,800
Carlos M. Jarque	30,000	4,800
Alejandro Cantú Jiménez	30,000	2,000
Stefan Pinter ³⁾	8,219	-
Hans-Peter Hagen	30,000	4,800
Peter Kollmann	30,000	4,800
Reinhard Kraxner ³⁾	8,219	-
Daniela Lecuona Torras	11,836	2,800
Renate Richter	-	2,800
Werner Luksch	-	2,400
Alexander Sollak	-	4,400
Gottfried Kehrer	-	2,800
Walter Hotz	-	4,000

1) Attendance fee for the period May 29, 2019 to December 31, 2019. Supervisory Board remuneration and attendance fees are paid to ÖBAG.

2) Supervisory Board remuneration for the period May 30, 2018 to December 31, 2018 and attendance fee for the period January 1, 2019 to May 29, 2019

3) Supervisory Board remuneration for the period January 1, 2018 to May 30, 2018

4) Supervisory Board remuneration for the period May 30, 2018 to December 31, 2018 and attendance fee for 2019

Information concerning the working methods of the Management Board and the Supervisory Board

The A1 Telekom Austria Group complies with established principles to ensure sustainable, value-enhancing corporate development and is committed to the principles of transparency and a policy of open communication. The group-wide areas of competence and responsibility are clearly regulated by the Articles of Association of Telekom Austria AG and the relevant

statutory provisions. In addition, the duties, responsibilities and working methods are also described in greater detail in the Rules of Procedure for the Management Board and the Supervisory Board.

The Management Board defines the strategic focus of the Group in consultation with the Supervisory Board and provides the latter with regular reports on the implementation of the strategy as well as on the company's current situation, including its risk situation. Furthermore, the Supervisory Board is authorized to demand reports from the Management Board at any time on matters concerning the A1 Telekom Austria Group.

The Supervisory Board has set up three committees, which provide effective support by carrying out preparatory work on selected tasks and issues on behalf of the Supervisory Board:

- ▶ In 2019, the **Remuneration Committee** consisted of Edith Hlawati (Chair), Carlos García Moreno Elizondo (Deputy Chairman) and Oscar Von Hauske Solís. This committee is responsible for regulating relationships between the company and the members of the Management Board, including granting approval for additional occupation. Resolutions concerning the appointment of Management Board members (or revocation thereof) and granting share-based remuneration elements are resolved by the Supervisory Board as a whole. The Remuneration Committee held two meetings in 2019.
- ▶ In line with the statutory provisions, at five committee meetings the **Audit Committee** dealt primarily with the audit of and preparation for the adoption of the Annual Financial Statements, the audit of the Consolidated Financial Statements, the proposal for the distribution of profit, the Management Report, the Group Management Report, and the consolidated Corporate Governance Report and the consolidated non-financial report. High priority was also given to monitoring the accounting process, the effectiveness of the internal control system, the internal audit system, and the risk management system. Furthermore, the Audit Committee prepared the appointment of the auditor and verified the independence of the auditor of the Annual and Consolidated Financial Statements, particularly with regard to the performance of additional services. As of the end of 2019, the Audit Committee consisted of Carlos García Moreno Elizondo, as its Chairman and financial expert (in accordance with section 92 (4a) AktG), Thomas Schmid (since July 24, 2019; previously Bettina Glatz-Kremsner until May 29, 2019), Oscar Von Hauske Solís, Carlos M. Jarque, Peter Hagen and Peter Kollmann in addition to Walter Hotz, Werner Luksch and Alexander Sollak as the employee representatives.
- ▶ The **Staff and Nomination Committee** submits proposals to the Supervisory Board for appointments to positions on the Management Board and Supervisory Board²⁾ that have become vacant, and also deals with questions of succession planning. Its members are Oscar Von Hauske Solís (Chairman), Edith Hlawati, Carlos García Moreno Elizondo, Carlos M. Jarque, Alejandro Cantú Jiménez and Peter Kollmann in addition to Walter Hotz, Werner Luksch and Alexander Sollak. The Staff and Nomination Committee did not hold any meetings in the 2019 financial year.

In the 2019 financial year, the Supervisory Board addressed the strategic orientation of the A1 Telekom Austria Group and its business performance in detail at seven meetings of the Supervisory Board and seven committee meetings. The main activities of the Supervisory Board in 2019 are compiled in the Supervisory Board's report to the Annual General Meeting.

To guarantee uniform management of the Group, members of the Management Board of Telekom Austria AG hold Supervisory Board mandates at the following material subsidiaries: A1 Telekom Austria (Austria), A1 Bulgaria (Bulgaria), A1 Hrvatska (Croatia), A1 Slovenija (Slovenia), Vip Mobile (Serbia) and A1 Makedonija (North Macedonia); they are also members of the Management Board of the parent company (SB Telecom) of A1 Belarus (Belarus).

In 2019, the Supervisory Board approved contracts in connection with communication services between A1 and members of the Supervisory Board and their companies, as well as contracts relating to energy supply and a sales partnership with Verbund AG; all these contracts and the sales partnership are based on market standards.

Diversity within the A1 Telekom Austria Group (diversity concept)

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

Accordingly, the A1 Telekom Austria Group has set itself the goal of increasing the proportion of women in management positions to 40% by 2023 and maintaining the proportion of women at the company at above 40%.

Other goals of the diversity concept for 2018-2023 include:

- ▶ Establishment of flexible working opportunities
- ▶ Creation of a general framework to promote continuous learning

Appointments to the Management Board and Supervisory Board of the A1 Telekom Austria Group:

When selecting and appointing members of the company's Management Board, the Supervisory Board places emphasis on the skills and expertise necessary to manage a telecommunications company. Decisions are also based on other criteria such as educational background and career history, age, gender, and general personality traits.

The shareholder representatives on the Supervisory Board and the members of the company's Management Board are appointed in line with the terms of the shareholders' agreement between the controlling shareholder América Móvil and ÖBAG.³⁾

2) See also information on C Rule 42

3) See also information on C Rule 42

Measures to support women

Women account for three of the ten shareholder representatives and one of the five employee representatives on the Telekom Austria AG Supervisory Board. There is no female representation on the Management Board of Telekom Austria AG.

At the subsidiaries of the A1 Telekom Austria Group, six management positions (out of a total of 14) and eight Supervisory Board positions are held by women. The proportion of female managers in 2019 was 35%.

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

In Austria, a successful women’s network offers a platform for female employees to exchange ideas, share expertise, and provide mutual support. In addition, eight networking meetings for women (“Women’s Network Lunches”) were held in order to allow for a focused dialog and promote mutual support in a professional context. To assist parents in resuming their career after parental leave, in 2019 the A1 Telekom Austria Group began offering two-day seminars in Austria to help returning employees to achieve a healthy balance between their job and their family. Business@Breakfast is another new format introduced in 2019 with the aim of allowing employees on parental leave in Austria to keep up-to-date while they are absent. Orientation and return to work discussions are also offered continuously, both during and after parental leave. These deliver important feedback for ensuring that the respective employees make a successful return to the workplace.

In addition, the company promotes a good work-life balance throughout the Group by means of flexible working environment and working time models and sabbaticals. There are a

range of facilities on offer to families, which vary from country to country, including childcare initiatives, paternity leave, and a baby month.

“Directors and Officers” (D&O) insurance

The A1 Telekom Austria Group has taken out a directors and officers (D&O) insurance policy with an insurance sum of EUR 60 mn for the members of the Group’s Management Board, executives and the members of the Supervisory Board. It also pays the associated costs.

Changes after the reporting date

No reportable events have occurred since December 31, 2019.

Vienna, January 30, 2020
The Management Board

Thomas Arnoldner, CEO
Telekom Austria Aktiengesellschaft

Alejandro Plater, COO
Telekom Austria Aktiengesellschaft

Siegfried Mayrhofer, CFO
Telekom Austria Aktiengesellschaft