

# CORPORATE RESPONSIBILITY REPORT 2016

Telekom Albania

*Embracing Responsibility  
for a better Tomorrow*



ÇASTE QË NA LIDHIN.

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## A. MESSAGE FROM OUR CEO

Dear all,

The telecommunications sector has witnessed tremendous advancements in the last few years and is still evolving, mainly due to the digital economy's growth and the growth prospects of new markets, such as Internet of Things (IoT) applications. At the same time, the sector faces challenges due to interrelated conditions, to which it must respond in order to overcome the evolving difficulties. Among others, such challenges include:

- The changing market demands.
- The increasing competition within the sector.
- The endeavor to find newer and better revenue streams.
- The diffusion of new and innovative practices.
- The necessity to maintain rock-solid quality of services and network reliability.

At Telekom Albania, we have long believed and strive to continuously improve our services, as we believe that our long-term business success is inextricably linked with customer satisfaction and loyalty. Within this challenging environment, we remain fully committed to strengthen our business and systematically engage with our Stakeholders.

Since 2006, we publish our annual Corporate Responsibility Report, in order to establish a line of communication with our Stakeholders and improve information sharing. This year's 11<sup>th</sup> Corporate Responsibility Report has been prepared according to the Global Reporting Initiative's G4 Guidelines and further reinforces our commitment to transparency and to responsibility, in five main Areas of Corporate Responsibility: Strategy & Management, Customers & Suppliers, Society, Employees and Environment. Among others within 2016, we:

- Achieved 96.4% population coverage and 73.3% urban population coverage through our 3G and 4G+ network respectively.
- Implemented over 12,000 training hours to our sales network.
- Communicated our Code of Conduct to 100% of our employees.
- Increased the percentage of complaints resolved within 5 days to 93%.
- Employ 100% of our employees with full time employment contracts.
- Reduced our total CO<sub>2</sub> emissions by 11.5%.

The following pages present our response to the challenges we face, as well as our achievements and results in detail, with qualitative and quantitative data and information, in order for our Stakeholders to be able to review and evaluate our performance. It is our belief that the present Report can be the basis for a further constructive dialogue to remain focused and utilize an effective Corporate Responsibility approach to benefit our Stakeholders.

Have a pleasant reading,

Dimitrios Blatsios  
Chief Executive Officer

## B. ABOUT THIS REPORT

Telekom Albania's present Corporate Responsibility Report is the eleventh Report our company issues. Since 2006, we display in our annual Corporate Responsibility Report our approaches, programs and initiatives to understand and effectively manage our impacts, as well as the results related to our company's responsible operation.

### Principles

This Report follows the Global Reporting Initiative's G4 Guidelines, while the following have also been used:

- The UN's Global Compact, for the principles of the Report.
- The EFQM's RADAR Card, for the presentation of quantitative data within the Report.

### Scope

The Corporate Responsibility Report:

- Refers to the period 1/1/2016 – 31/12/2016 (unless indicated otherwise in certain points).
- Refers to all activities of Telekom Albania SH.A. (referred as "Telekom Albania" or "company").
- Addresses all operations in Albania (management, provision and support of telecommunication solutions, mobile telephony, mobile broadband, roaming, mobile applications and services, as well as sales of mobile phones, tablets and smartwatches).
- Contains, as a norm, quantitative results for the last four years.
- Contains, as a norm, quantitative data from direct measurements, with exceptions of estimations and any restatements of data presented in the previous Corporate Responsibility Report 2015 clearly noted.

### Development

The Report has been developed in collaboration with STREAM Management ([www.stream-eu.com](http://www.stream-eu.com))



### Terms

For convenient reading, please pay attention to the following terms and symbols:

- The terms "Telekom Albania", "company" or "we" refer to Telekom Albania SH.A.
- The terms "Deutsche Telekom Group" or "DT Group" or "Group" refer to all companies of the Deutsche Telekom Group, namely Deutsche Telekom AG and its subsidiaries worldwide (including Telekom Albania).
- The terms "OTE Group" or "OTE" refers to OTE Group of Companies, which has operations in Greece (through OTE S.A. and COSMOTE S.A.), Romania (through Telekom Romania) and Albania (through Telekom Albania).
- The term "Customers" refers to the final users of Telekom Albania's products and services.
- The terms indicated as "III-2A", "VI-2B" etc. refers to the Area, Section and Subsection of this Report (e.g. used in the GRI, Global Compact and Stakeholder Tables). For example, the term "III-2A" makes reference to Area III (Our Customers & Suppliers), Section 2 (Responsible Marketing) and Subsection A ("Applying Responsible Marketing practices").

## Restrictions

Telekom Albania recognizes limitations in the Report it publishes, which intends to handle in future publications, such as:

- Presentation of more quantitative data and objectives.
- External assurance of the Report's principles and content.

## Option of Report

This Report was prepared in accordance with the GRI G4 Guidelines, "Core" option.

## Your feedback

Telekom Albania welcomes any questions, enquiries, clarifications or proposals to improve its Corporate Responsibility reporting. Kindly forward your comments, enquiries or suggestions to:

Telekom Albania SH.A.  
Corporate Affairs Department  
Rruga Gjergj Legisi, Laprake, Tirana, Albania  
E-mail: [contact\\_us@telekom.com.al](mailto:contact_us@telekom.com.al)

## Main symbols

For convenient reading of this Report, please pay attention to the following symbols, which are widely used:

### Good Practice...

Highlights examples of good practices implemented by Telekom Albania.

### Group Good Practice...

Highlights examples of good practices implemented by Deutsche Telekom Group.

### Policy...

Highlights sections from formal corporate Policies.

### Did You Know...

Highlights information of particular interest.

### Your Opinion...

Highlights findings from customer surveys.

### Benchmarks...

Highlights benchmarks within the Deutsche Telekom Group.

# I. INTRODUCTION

## 1. The ICT Sector

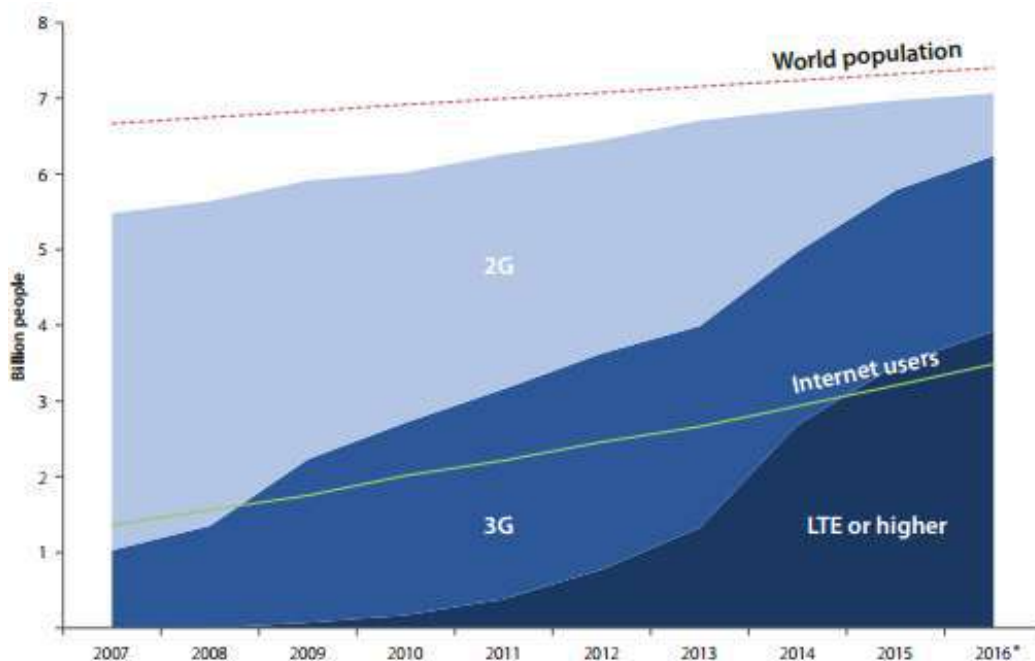
### A. The International ICT sector

Information and Communication Technology (ICT) extends beyond the typical Information Technology (IT), as it encompasses all devices, components, applications and systems that allow people and organizations to network and interact in the digital world. ICT's components include the Internet-enabled sphere and mobile networks, satellite communications, as well as the more traditional landline communications, radio and television broadcast.

The sector has the potential to provide high quality communication for everyone (despite differences in age, physical health etc.), contribute to economic growth and facilitate business operations. On the other hand, the sector's potential negative impacts are related to its operations, such as energy and resources consumption, waste creation from products and their packaging, as well as personal data protection and the use of Internet by children.

According to data from the International Telecommunication Union (ITU), the United Nations' specialized agency for ICT, approximately seven billion people (95% of the global population) live in areas that are covered by a mobile network (2G) and broadband networks (3G or above) reach 84% of the global population, but only 67% of rural population. Penetration of LTE networks has been widespread over the last three years, as it currently reaches approximately 4 billion people (53% of global population).

### Population Coverage of Mobile Networks



Source: ITU's ICT Facts and Figures 2016 report, estimated figures for 2016

The total number of mobile-broadband subscriptions worldwide reached approximately 3.6 billion in 2016, compared to 3.2 billion in 2015 and there were approximately 12 fixed-broadband subscriptions per 100 inhabitants worldwide in 2016, with Europe, the Americas and CIS having the highest penetration rates.

According to the “SMARTer 2030” report by the Global e-Sustainability Initiative (GeSI), the international strategic partnership of ICT companies and industry associations, by 2030 the adoption of ICT sector’s solutions from other industries will:

- Allow 75% of the global population to be connected via smart devices and broadband Internet.
- Generate over \$11 trillion in economic benefits per year, the equivalent of China’s GDP in 2015.
- Connect 2.5 billion extra people to the “knowledge economy”.
- Deliver e-health services to 1.6 billion people across developing and developed countries and access to e-learning solutions to 500 million people.
- Increase agricultural crop yields by 30% (approximately 900 kg per hectare per year).

## B. The Albanian ICT sector

Over the past few years, the Albanian Government has recognized the sector’s importance for greater economic and social development, through a series of Policies and initiatives to enhance supply of ICT services. In 2014, the electronic communication sector as part of ICT contributed approximately 5% - 6% in the country’s GDP and the IT market value alone was slightly less than €150 million, which corresponded to approximately 1% of the country’s GDP. There were over 200 IT companies operating within the country and the number of IT professionals exceeded 8,000, with 10 Universities teaching IT-related subjects and approximately 530 IT graduates each year. According to the Albanian ICT Association’s (AITA) qualitative data:

- Albanian ICT companies specialize in software design and development, system integration and hardware distribution.
- The majority of Albanian ICT companies are small and medium-sized companies.
- The increasing quality of national IT education strongly supports the sector’s future growth.
- Approximately 80% of ICT companies work with international companies in the domestic market.
- ICT companies gradually expand their presence in EU markets.

In this respect, at the end of 2016, according to AKEP, the Albanian regulator in the field of electronic communications and postal service, the average monthly consumption of calls, SMS and Internet data from mobile service subscribers have increased by 14.9%, 14% and 118% respectively compared to 2015. Furthermore, there were approximately:

- 5.3 million mobile service subscribers, an increase of 7.8% compared to 2015.
- 1.7 million broadband active users for Internet access from mobile networks, an increase of 30% compared to 2015.
- 249,000 subscribers to fixed telephone lines, an increase of 9.7% compared to 2015.
- 266,000 broadband subscribers for Internet access Internet from fixed networks, an increase of 10% compared to 2015.
- 187,000 subscribers to fixed networks with access to integrated services (telephone / Internet / TV), an increase of 25% compared to 2015.

## 2. Telekom Albania

### A. Who we are

Telekom Albania SH.A. is a telecommunications company that operates in Albania, previously as Albanian Mobile Communication (AMC), which was founded in 1995 as the first mobile telecommunications company in Albania. The company is registered in Albania under Law no. 7638/14.12.1992 “On trade companies” as amended and its headquarters are located in Tirana. Telekom Albania has been part of OTE Group since 2000 and in 2008 joined Deutsche Telekom Group (DT Group), the leading telecommunications company in Europe, and has adopted common values and principles. At the end of 2016, Telekom Albania offered its services to over 1.8 million subscribers and is currently one of the best T2M (Technology-to-Market) operators for service implementation within the DT Group.



## Market Performance

	2015	2016
Customer base (million)	1.73	1.84
Internet customers (million)	0.28	0.37
Post-paid customers (million)	0.1	0.1
Pre-paid customers (million)	1.63	1.73
Customer market share (%)	37.3	38
Population coverage (%)	99.8	99.8
Territory coverage (%)	92.5	92.5
New/improved offers provided (number)	145	75
New services provided (number)	15	31
Shops (number)	139	152
Own shops (number)	20	18
Partner shops (number)	119	134

**We increased our subscribers by 6.3%**

## B. Our Culture

Telekom Albania's Vision and Guiding Principles reflect its strong customer focus:

### Vision

"To be the leading integrated operator in the Albanian market in all segments and geographic areas, in order to provide an excellent customer experience".

### Guiding Principles

**Customer delight  
and simplicity  
drive our actions**

**Respect and  
integrity guide our  
behaviour**

**Team together  
team apart**

**Best Place to  
perform and grow**

**I'm T – Count on  
me**

**Customer delight and simplicity drive our actions:** Customer satisfaction drives our actions: We are aware of the responsibility that we have towards our customers. They give us their trust, and we neither want nor are we allowed breaching that trust. But, on the other hand, we want not only satisfying our customers, but delighting them. The customers' thoughts, feelings, needs and experience drive our work at Telekom Albania.

**Respect and integrity guide our behaviour:** We at Telekom Albania strive to create a climate of acceptance and mutual trust by respecting the individuality of others, acting openly and honestly, and calling for and cultivating individual and cultural diversity. This principle goes beyond respecting one another as colleagues in everyday business. It is also about truly respecting customers, partners, suppliers and shareholders.

**Team together team apart:** This principle focuses on our Group's culture of working together. We listen to the others, discuss issues openly and professionally and seek the opinion of the others. But once a decision has been made, the decision is upheld by the entire team.

**Best Place to perform and grow:** Good employees are the number one factor for achieving success. To become the most highly regarded company in the industry and beyond, Telekom Albania relies on the commitment and success of each one of its employees. This principle combines the devotion and commitment of both its management and employees in order to Telekom Albania to be the best place to perform and grow in career.

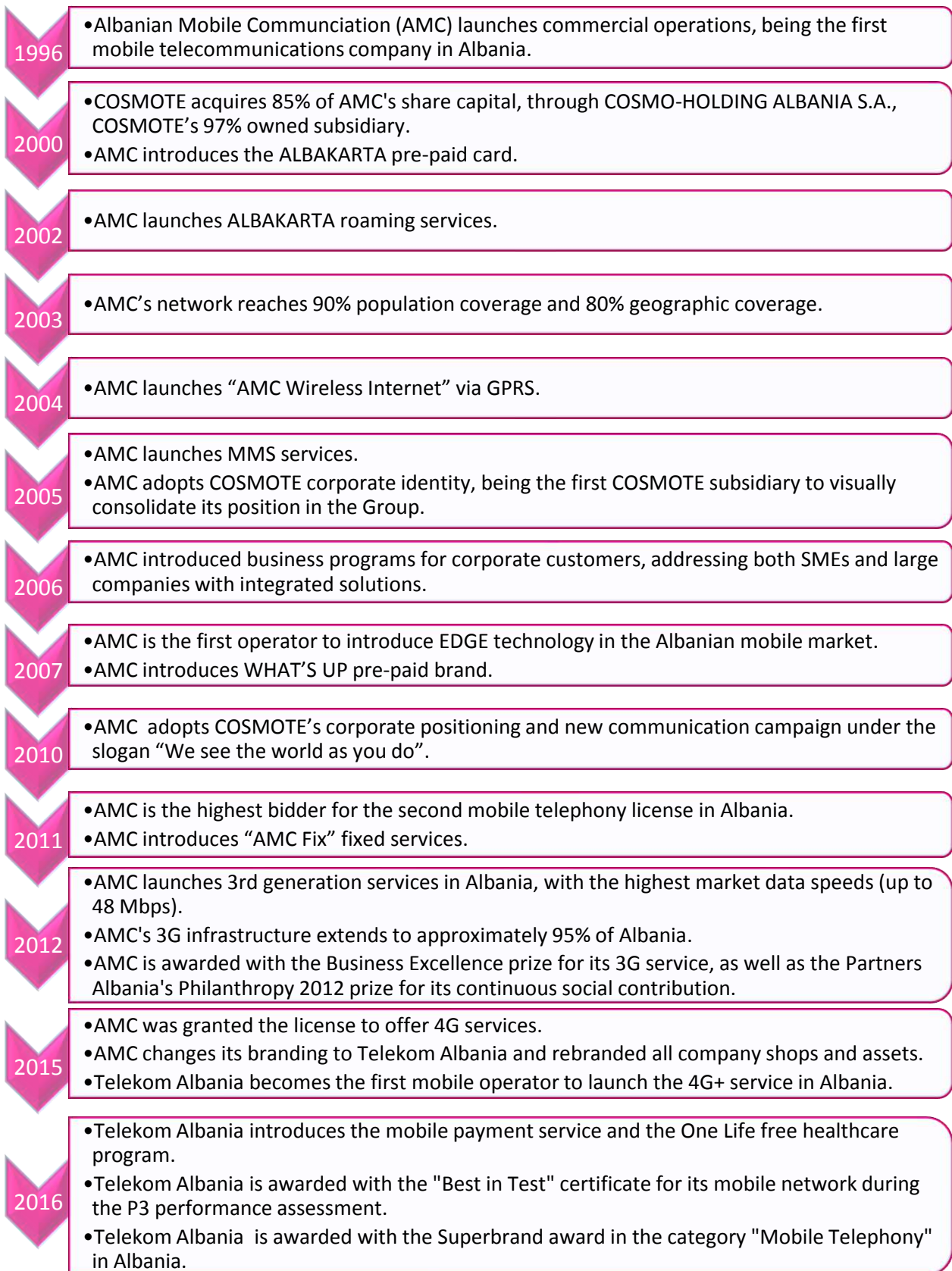
**I'm T – Count on me:** "We deliver what we promise!" That is the only way to win our customers' trust and survive in the competitive market. That also means that every colleague is personally committed to finding a solution to a customer's problem. We can rely on each other, just as our shareholders and customers are able to rely on the company.



## T Group Good Practice... Guiding Principles Day

Within 2016, Deutsche Telekom Group organized the 7<sup>th</sup> Guiding Principles Day across all companies worldwide. The event featured various campaigns and team events, such as competitions, workshops and panel discussions, through which all employees could think about the Guiding Principles independently and suggest ideas to implement them in their day-to-day activities. It must be noted that the event focused on all five Guiding Principles under the motto "Managing the Seven-Year Itch", instead of focusing on one individual Guiding Principle, as was the case in all previous years. The event also featured the "Guiding Principles Heroes", a recognition ceremony digitally broadcasted to all locations worldwide, where employees could nominate those colleagues and teams who explicitly showed their commitment to implement our Guiding Principles.

## C. Our History



## D. Our Shareholders

The majority of Telekom Albania's share capital belongs to COSMOTE Mobile Telecommunications S.A., as indicated in the following table:

### Shareholder Structure

Shareholder	Share
COSMOTE Mobile Telecommunications S.A.*	99.757%
Other small shareholders (employees or former employees of Telekom Albania SH.A.)	0.243%

\*On September 4, 2014, COSMOTE's Board of Directors and Cosmo Holding Albania (CHA) initiated the merger of CHA by COSMOTE, through which participation of CHA in Telekom Albania passed to COSMOTE. The shareholder structure was approved by the Albanian National Business Center on April 1, 2016.

Data refer to 01/06/2017.

## E. Our Strategy

Our philosophy is all about to ensure an unparalleled customer experience and service. Our aim is to have our customers connected anytime and anyplace, which is the basis of our slogan "Moments that connect us". Albania was the twelfth European country to acquire the Telekom brand identity and what it stands for (Innovation, Competence and Simplicity), which drives our commitment to offer innovative services to our customers.

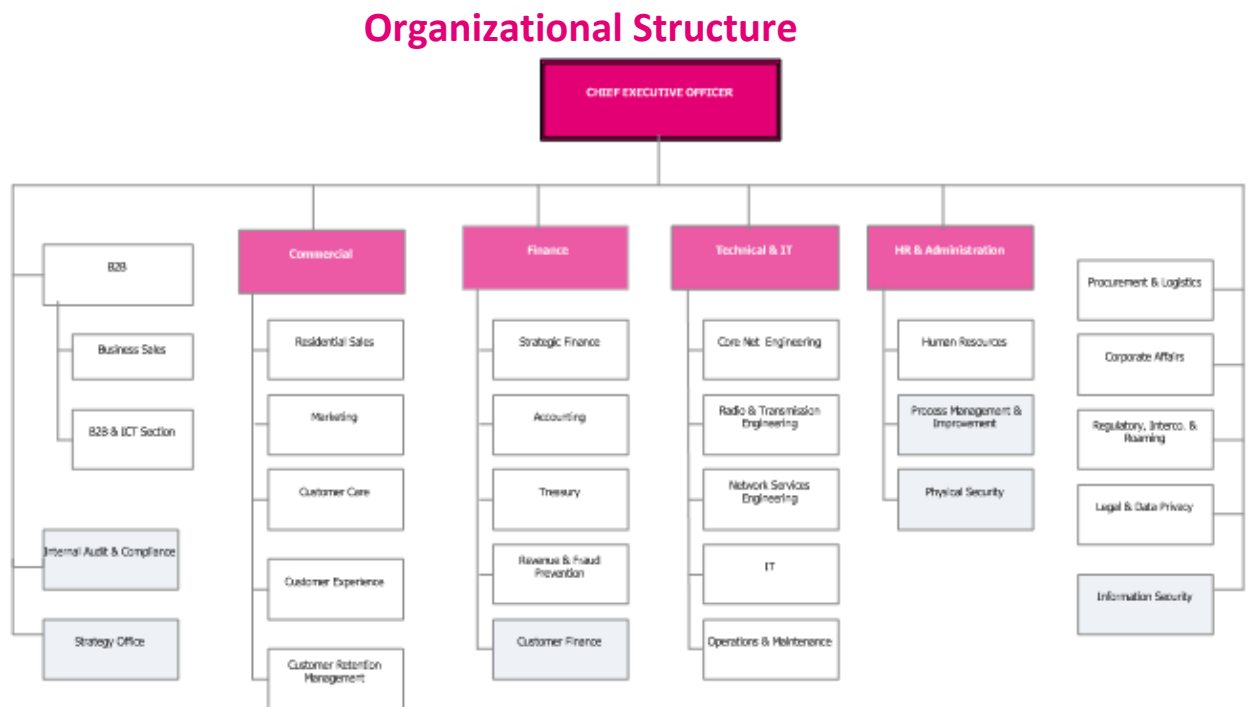
During 2016, we focused our strategy in the following main blocks:

### Strategic Blocks

Strengthen the Core	Enter in new Playgrounds	Technology Leadership-CX	People- Engage and Inspire
<ul style="list-style-type: none"> <li>T brand – digital lifestyle positioning</li> <li>Revenue transformation</li> <li>Value creation</li> <li>Customer satisfaction focus</li> <li>Best service in all touch points</li> <li>Sampling activities</li> <li>Stay close to the market</li> <li>Customer journey</li> <li>Customer experience education &amp; engagement</li> <li>Efficiency and financial optimization</li> <li>Exclusive shops development</li> <li>Non-exclusive shops development</li> <li>Procurement efficiency</li> <li>Legal &amp; data privacy</li> <li>Maintain interconnection/roaming revenue / cost</li> <li>Field force and partners behind growth strategy</li> </ul>	<ul style="list-style-type: none"> <li>Innovations &amp; partnerships</li> <li>E-Business / e-sales</li> <li>Automatization of external and internal process</li> <li>Fix mobile convergence</li> <li>Cloud solution</li> <li>New Business – Diversification</li> <li>Magenta hub</li> <li>Procurement efficiency</li> <li>Enabling sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Network modernization &amp; LTE expansion</li> <li>Services modernization by the latest technology</li> <li>Customer-centric networks operation</li> <li>E-transformation</li> </ul>	<ul style="list-style-type: none"> <li>Development / learning</li> <li>Optimize customer processes – order handling – successor planning</li> <li>Best place to work &amp; perform</li> <li>Internal communication</li> </ul>

## F. Our Structure

Telekom Albania's management consists of highly qualified professionals in the mobile telecommunications industry with extensive technical, commercial and brand development knowledge. The company's organizational structure is depicted below:



## 3. Deutsche Telekom and OTE

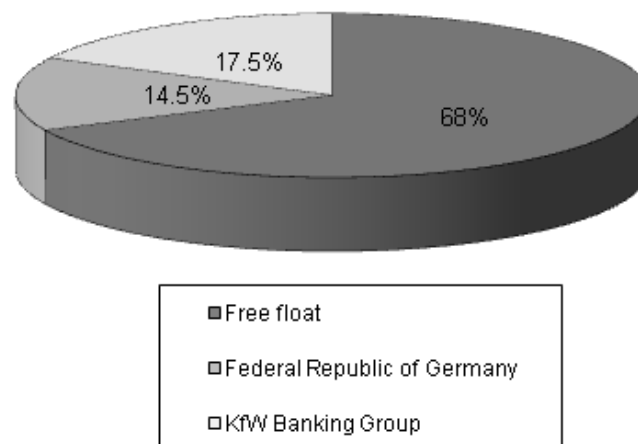
### A. About Deutsche Telekom Group

Deutsche Telekom is one of the world's leading integrated telecommunications companies, with headquarters in Bonn, Germany, and presence in over 50 countries worldwide. The Group provides fixed-network/broadband, mobile communications, Internet and IPTV products and services for consumers, as well as ICT solutions for business and corporate customers. DT Group employs approximately 218,300 employees worldwide and connects millions of people around the world, as it has approximately 165 million mobile customers, 29 million fixed-line customers and 19 million broadband connections.

## Worldwide Presence



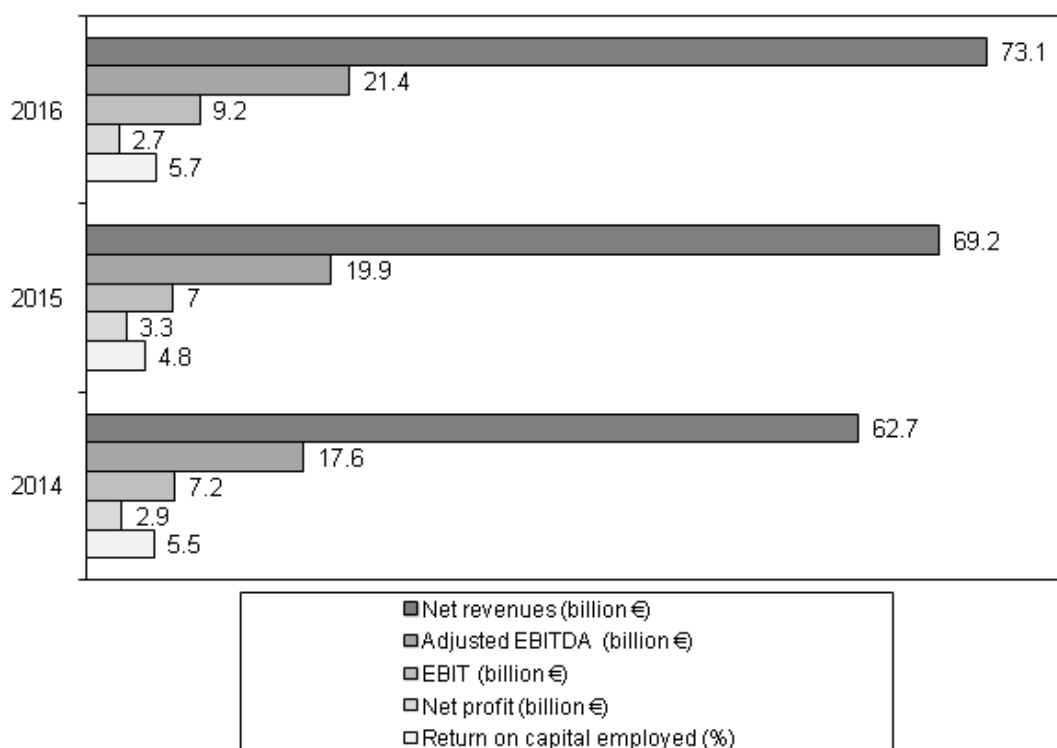
## DT Group Shareholder Structure



Data refer to 31/12/2016.

Within 2016, the Group achieved improved financial results due to its continuous investments in technology applications and innovative services to its customers around the world. With approximately 218,300 employees around the world, the Group's revenues within 2016 reached €73.1 billion, out of which 66% was outside Germany (for further information, please visit <https://www.telekom.com>).

## DT Group Financial Results

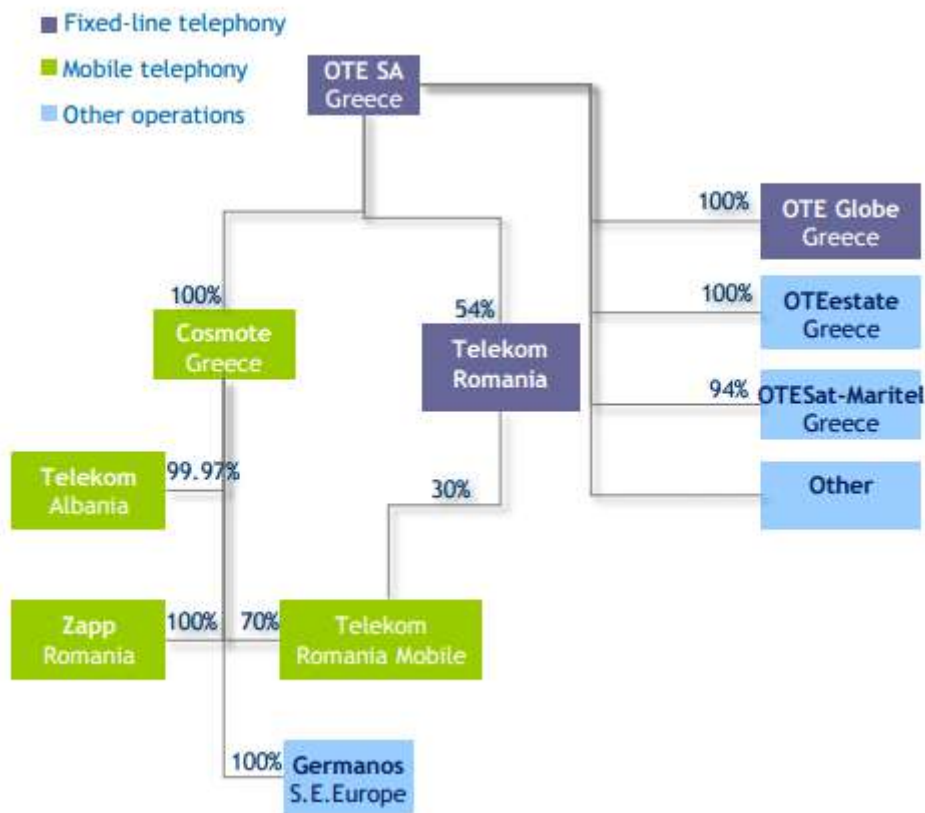


As a result of its strategy, market presence and long-term investments in network quality, innovation and customer service, Deutsche Telekom was once again included in the Brand Finance Global 500 ranking as the most valuable European telecommunications brand with a brand value of approximately \$33.2 billion (the highest brand value in its history), increase by 6.7% compared to 2015. At the same time, Deutsche Telekom is the second most valuable German brand in the world after BMW, for the second year running, followed by Mercedes-Benz in third place.

## B. About OTE Group

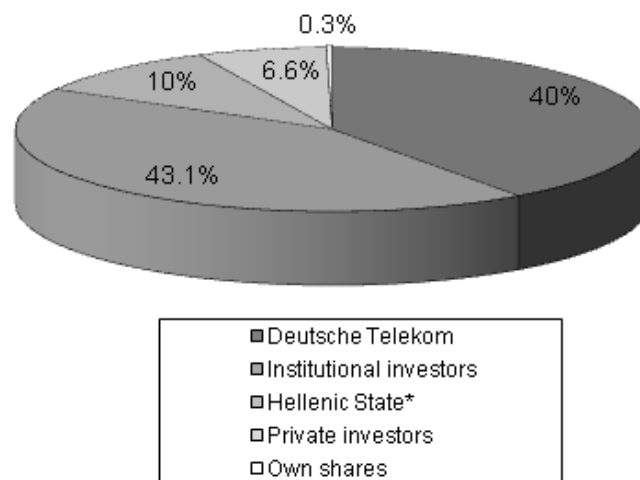
OTE Group is the leading telecommunications provider in Greece and one of the largest telecommunications companies in the South East Europe, with presence in Greece, Romania and Albania.

### OTE Group Structure



In terms of market capitalization, OTE is among the largest listed companies in the Athens Stock Exchange with €4.4 billion and its share capital is divided into 490,150,389 shares.

### OTE Group Shareholder Structure



\*Includes voting rights attached to 4% of shares owned by State Pension Fund and voting rights attached to 5% of shares owned by HRADF (Hellenic Republic Asset Development Fund).  
Data refer to 31/12/2016.

OTE is the leading operator in Greece with approximately 2.7 million retail lines and a 45% retail broadband market share. OTE’s business objectives are to rapidly expand its New Generation Networks and gradually cover the entire Greek territory with VDSL and high speed 4G networks. OTE Group was

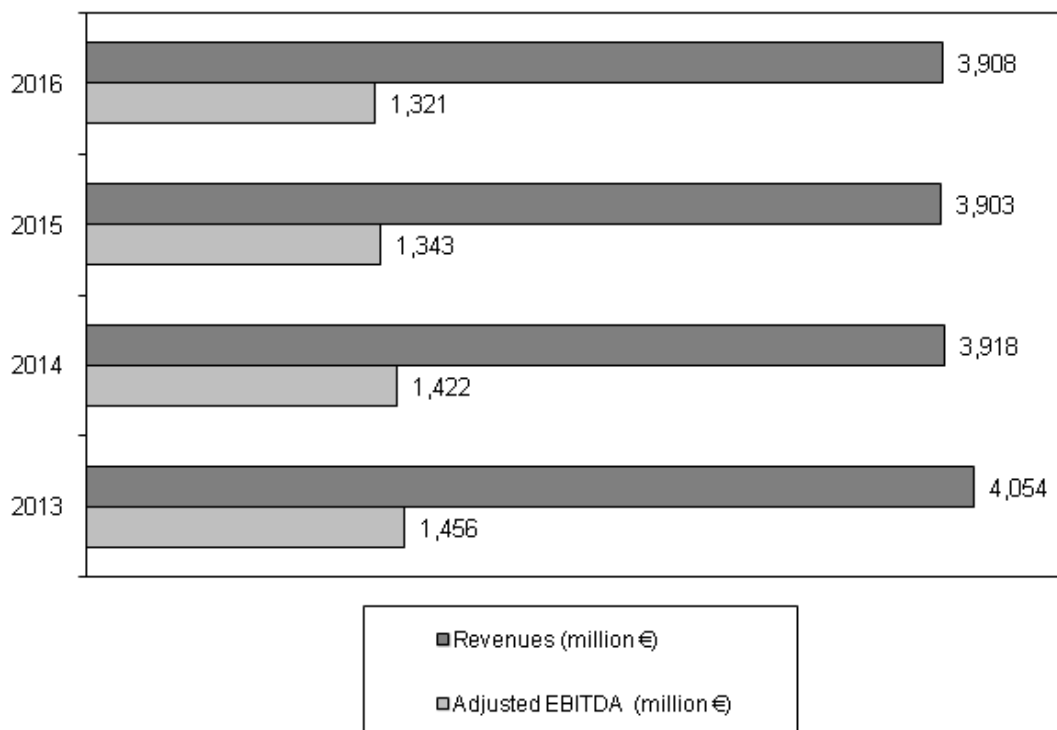


the first operator to roll out LTE network in Greece and is currently the leader with superior coverage capacity, as well as the first to launch 4G+ mobile broadband network.

At the moment, OTE has achieved:

- 46% VDSL coverage, with high speed VDSL broadband service already adopted by 13.4% of OTE's retail broadband base.
- 93% population coverage with its 4G network.
- 82% population coverage with its LTE advanced (4G+) network.

### OTE Group Financial Results



## 4. Products and Services

### A. Our Products and Services

Telekom Albania offers telecommunication services to individuals, families, public institutions and companies. Our main products and services are described below (for further information, please visit [www.telekom.com.al](http://www.telekom.com.al)):

- **Post-paid (contract) and pre-paid services**, for retail and business customers with various rate plans, including unlimited packages. The company provides dedicated offers to business customers, which are customized based on each customer's need and company size.
- **Broadband Internet services**, with speeds of up to 225 Mbps in 4G+ network.
- **Roaming services**, where customers can travel abroad, connect to one of our partner networks and stay in touch with their families and friends.
- **Mobile phone, devices and accessories** such as tablets, laptops, headsets, Bluetooth products, headphones, chargers and mobile phone cases.
- **Mobile TV for smartphone display**, which is offered in cooperation with Tring digital platform and allows subscribers to choose up to 40 TV programs on their screen, including premium content such as prestigious football events (e.g. Champions League).
- **Cloud services**.

- **Fixed-line broadband**, which is offered through partners and covers all Albania, using three different technologies: ADSL, fiber and satellite.
- **B2B (Business-to-Business) solutions**, such as Dentem.
- **M2M (Machine-to-Machine) solutions**, such as the Cash Registers project.
- **Other value added services**, such as the electronic bill application e-Bill, various mobile applications (e.g. Explore Albania, AirBnB, Telekom Extra App and Lenz), Telekom Transfer, Telekom Extra Credit, Conference Call, Electronic Recharge, Talk 2 Me, HD Voice, M-Pay, Missed Call Identification, Lookout.

## Sales of Products

	Sales in 2016
Total sales of products (number)	24,441
Smartphones (number)	15,809
Feature phones (number)	6,004
Fixed phones (number)	2,392
Tablets (number)	214
Netbooks (number)	22

### V Good Practice... Cash Registers

Telekom Albania is the exclusive holder of the Cash Registers project, which has started in 2009 and daily transmits all the sales activity from all cash registers in various shops and points of sale to the General Directorate of Tax Authority's main server, through the company's secured 2G/3G/4G networks and a dedicated APN (Access Private Network).

Within 2016, Telekom Albania offered over several new and improved offers and services, which include the following:

- The mobile payment service in cooperation with M-PAY, which facilitates various payments. Subscribers can activate and access M-PAY services after their registration to the mobile payment platform and Telekom Albania enables free-of-charge all M-PAY services, such as pay OSHEE bills (the Electricity Power Distribution System Operator in Albania) or purchase DigitAlb products through mobile, as well as recharge their pre-paid account or activate bundles.
- The One Family bundle, which features advanced products and services for families, where family members can be included in the One Family group. One Family is an innovative post-paid solution to allow families to reduce their overall communication expenses and increase safety for their children.
- The Dentem platform, which allows dentists to better manage their patients' files with digital records and better stay in touch with their patients via e-mail or SMS notifications, as well as with their digital agenda.
- The ongoing partnership with Microsoft to offer the entire Office 365 portfolio, which features the latest Microsoft Cloud solution regarding Office products and provides users with 1TB storage. The service allows customers to have access to Office whenever and wherever needed, as well as work anywhere, anytime with any device. Except for Office 365, B2B portfolio offers the following features, which can combine into a single package and monthly bill for companies:
  - Mobile broadband Internet service.
  - xDSL Internet solutions.
  - Fix telephony.
  - Devices in installments.
- Various smartphones and accessories such as Apple iPhone SE, iPhone 7 and iPhone 7 Plus, Samsung S7, S7 Edge and Gear VR, as well as the Smartphones Touch (exclusively in Albania).

- The Telekom Summer Hotspot Service, which featured free Wi-Fi service to Telekom customers in the largest and most populated seaside attractions in the country, where all customers were eligible to access Telekom Wi-Fi through a simple SMS for 24 hours.
- The Telekom Extra App, which is a unique and innovative loan service that allows our pre-paid subscribers to request a package in advance when their current package has or is about to expire and they are at or near a zero balance.

## B. Our Infrastructure Network

We have designed our telecommunication network with sufficient communication channels (network capacity) and simultaneous elimination of all interferences, in order to provide high quality services to our subscribers. At the same time, we continuously monitor network performance and strive to optimize quality of communications, through suitable and innovative technologies. The fundamental elements of the company's telecommunication network are its Base Stations (BTS), which handle the communications interface between the user's device (either caller or receiver) and the network. A wide range of the necessary signal transmission and reception systems are installed in BTS, which connect them with the network's central points (i.e. Base Station Controllers and Mobile Switching Centers).

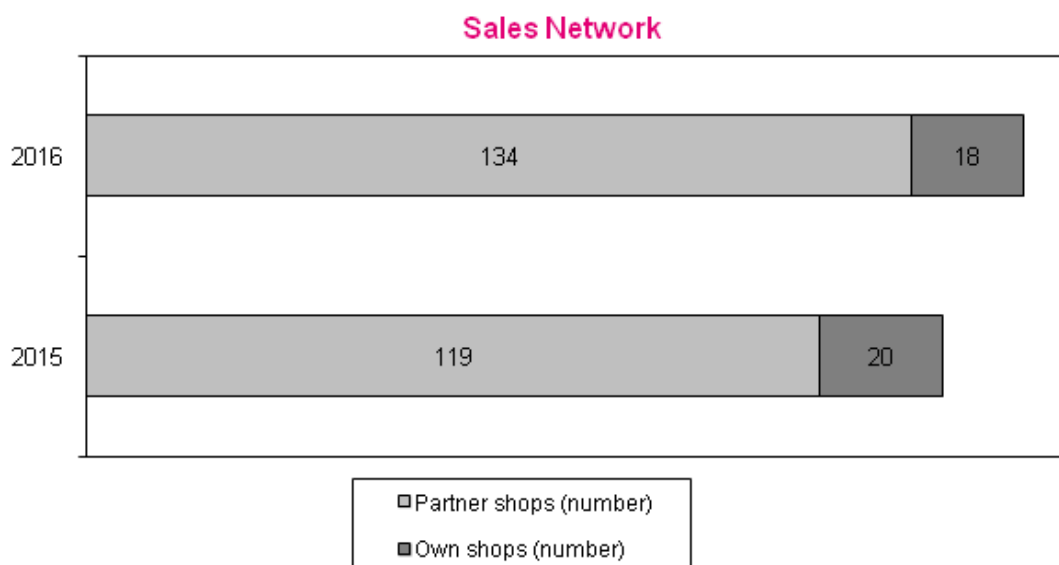
Since 1996, Telekom Albania has invested over €29 million in technological infrastructure and network upgrade. Currently, Telekom Albania has achieved 87.8% territory coverage and 96.4% population coverage in its 3G network, which was further deployed in 110 new sites, for a total of 480 sites. Additionally, the company continued to deploy its services in the 1.8 and 2.6 GHz spectrum and managed to achieve 38% territory coverage and 73.3% population coverage, with LTE1800 deployed in 200 sites.

In September 2015, the company was the first mobile operator to launch the 4G+ service in Albania reaching up to 225 Mbps, which enables faster Internet access and data transmission. The service is currently available to 60 municipalities all over Albania in 200 sites, with 73.3% urban population coverage in 2016.

**We achieved 96.4% population coverage and 73.3% urban population coverage through our 3G and 4G+ network respectively**

## C. Our Sales Network

Telekom Albania continuously invests to develop its nationwide sales distribution network, in order to effectively serve its customers. Our sales network at the end of 2016 included 152 shops across the country, compared to 139 in 2015.



**We increased the number of shops in our sales network by 9.3%**

We strive to ensure that our sales network is properly trained and to develop their employees' skills, though:

- Trainings, either in-class or on-the-job.
- Regular information provided through various channels, with over 300 communications prepared and sent within 2016.

### Trainings in our Sales Network

	Trainings in 2016
Total training hours (hours)	12,005
Induction for sales representatives and promoters (hours)	2,898
New products and services (e.g. One Life, One Family) (hours)	4,475
New platforms and features (e.g. UFT, Retail, ePOS) (hours)	1,763
Sales Techniques (hours)	2,869
Type of training	
In-class training hours (hours)	8,919
On-the-job training hours (hours)	3,086

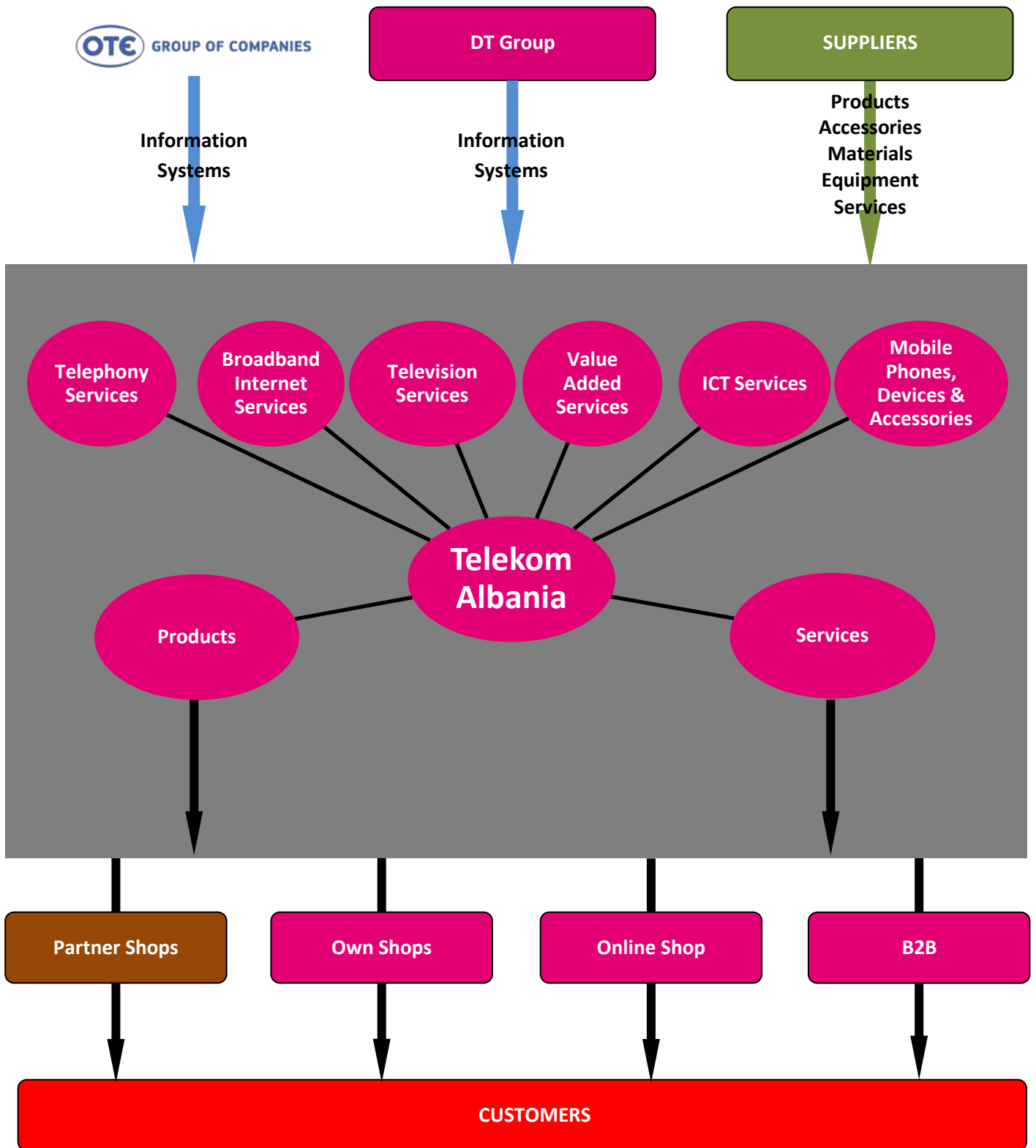
**We implemented over 12,000 training hours to our sales network**

## D. Our Value Chain

For our operations, we utilize inputs from Deutsche Telekom Group and OTE Group (information systems) and our suppliers (products, accessories, equipment, materials and various services). The available products, such as mobile phones, devices and accessories, as well as telecommunication

services are distributed and provided to our retail customers through various sales channels, which include partner and own shops and our online shop, as well as the B2B channel for business customers.

### Our Value Chain



## 5. Memberships and Recognition

### A. Our Memberships

We are members in the following institutions and organizations:

- Albanian Chamber of Commerce and Industry.
- American Chamber of Commerce and Industry.
- Foreign Investors Association of Albania.
- Hellenic Business Association of Albania.
- German Industry and Trade Association.
- Albanian CSR Network.

### B. Our Awards and Recognitions

Recognition of the company's efforts to become more responsible is our moral reward and satisfaction to continue and implement our long-term programs and initiatives. In 2016, Telekom Albania received the following awards:

- The first place among mobile operators in Albania in the P3 performance test for mobile networks, as a recognition of the quality and offered services within its mobile network, following an independent assessment, which resulted in the "**Best in Test**" certificate from P3 communications (see section III-3B).
- The **Superbrand** award in the category "Mobile Telephony" in Albania, as a result of its European-technology standards, the largest and most trusted network and excellent customer experience at each point of sale.



## II. OUR STRATEGY & MANAGEMENT

### *Operate responsibly for our Stakeholders*

#### Introduction and Summary

##### **Our Size:**

5 areas of Corporate Responsibility

11 Stakeholder groups

24 quantitative targets in the Report

89 GRI indicators in the Report

“Core” level Report, according to GRI G4 Guidelines

##### **Our Objective:**

To incorporate responsibility into our business operations and daily management activities, as well as create measurable and tangible results to create value for our Stakeholders.

##### **Our Achievements:**

- We have communicated our Code of Conduct to 100% of our employees.
- No violation cases concerning our Code of Conduct occurred.
- We trained 88% of employees (100% of new hired employees) on Compliance Policies.
- We trained 110 employees on anti-corruption issues and procedures.
- We had no incidents of corruption.
- We had no non-conformities from audits regarding the operation of Management Systems.
- We quadrupled the number of GRI indicators and increased by 12.2% the number of quantitative indicators we make reference to within the Report.

# 1. Corporate Governance

## A. Embedding responsibility into the way we operate

**Code of Conduct:** The company has adopted OTE Group's Code of Conduct, which constitutes a statement of our values and principles and sets the framework for our behaviour and business relationships with various Stakeholders. The Code strongly depends on the five Guiding Principles, as they guide its implementation in our daily work and states the Code's requirements on the following issues:

- Guiding Principles.
- Behavioral Requirements Pertaining to Integrity.
  - Business relationships with customers.
  - Business relationships with competitors.
  - Business relationships with suppliers.
  - Relationships with third parties.
  - Handling of information.
  - Preventing conflicts of interest.
- Adhering to Behavioral Standards.
- Questions, Advice and Outlook.

It must be noted that the Code of Conduct:

- Is available on the corporate website and Intranet and has been communicated to all employees via e-mail, as well as via printed leaflets during the Telekom Albania Compliance Office campaign. All employees have signed the Compliance Statement to formally commit and accept the company's Compliance Policies, including the Code of Conduct.
- Applies to all BoD members, directors, managers and employees of Telekom Albania (despite contract type), as well as other partners, such as consultants and contracted employees.
- Is incorporated in all employment contracts.
- States that disciplinary actions for violations apply to individuals with intentional and unlawful misconduct, regardless of their rank or position, especially in cases of corrupt behaviour or severe damage to the company's assets.
- Respects local laws and regulations, as well as related cultural customs.
- Specifically states adherence to the regulations regarding contracts for public sector orders, especially to avoid public officials' undue influence.
- Requires from employees not to pursue personal interests that conflict with corporate interests, such as the result of any employment outside the company, in which an employee is available to a third party, regardless paid or unpaid work, including self-employment (secondary employment).
- Does not permit the private use of company's property, unless otherwise stated in each individual's rights, in collective or personal agreements or according to operational procedures and regulations.
- Is communicated to Telekom Albania Partners and Suppliers through the corporate website.

**We have communicated our Code of Conduct to  
100% of our employees**

## V Good Practice... Prohibiting Gifts and Donations

Telekom Albania's Code of Conduct strictly prohibits employees to offer, promise or grant illegal benefits to national or international public officials or to decision-makers in the private sector, in order to achieve preferential treatment or to influence a decision in favor of the OTE Group companies. At the same time, employees are not allowed to be influenced or accept any offers by suppliers or request illegal offers from our suppliers, in order to gain illegal advantages.



In cases of doubt whether or not accept a gift or in cases of accepting a gift (other than flowers, sweets, drinks, coffees and music CDs/DVDs) of over €150 per calendar year per business partner, an invitation to a business meal or to an event from a customer or supplier, employees can consult the Compliance Office through the consultation desk "Ask me!". Likewise, if there are any illegal gifts or benefits from or to our employees, they are required to inform their immediate managers or report the incident through the "Tell me!" communication channel.

During 2016, there were 3 cases related to invitations to events/travel and 2 cases related to donations raised by the Corporate Affairs Department through the consultation desk "Ask Me!", which were reviewed for compliance with corporate policies and possible conflicts of interest. Although all cases were found to be compliant with our policies, we required special attention for limits of gifts in cases related to invitations to events, in order to be complaint with the limits stated in our Policy on "Accepting and Granting of Benefits".

## ✓ Good Practice... Seeking Advice and Reporting Violations

All employees can seek advice on questions they may have during their day-to-day work activities and are not covered in detail by the Code of Conduct. For such issues, employees can either contact their supervisor or turn to the consultation desk "Ask me!", which answers questions submitted to the Compliance Office about the Code of Conduct (in case of legal issues, the Legal Department provides its a legal opinion and input). The "Ask me!" process can be conducted via the following channels:

- Send an e-mail to: [complianceoffice@telekom.com.al](mailto:complianceoffice@telekom.com.al) or [complianceoffice@ote.gr](mailto:complianceoffice@ote.gr).
- Contact the number: +355 4 2275321 (Monday to Friday, 8 AM - 5 PM).

All employees are obliged to adhere to the Code of Conduct's principles and provisions and if they identify any actual or potential violations (e.g. non-compliance with the Code of Conduct, policies and procedures, Sarbanes-Oxley and financial statements matters, employee relations, abuses, discrimination, corruption, theft, money laundering, any misconduct which could harm the company's reputation or any attempts to conceal any of the above), they can report them to their immediate manager or via telephone or regular mail, as well as by fax or e-mail. In cases where employees fear of serious personal, professional or social harm, they can anonymously report violations, through any of the following "Tell me!" communication channels:

- Send a mail to: Telekom Albania SH.A., Internal Audit & Compliance Office, Rruga Gjergj Legisi, Laprake, Tirana, Albania.
- Send an e-mail to: [complianceoffice@telekom.com.al](mailto:complianceoffice@telekom.com.al).
- Contact the number: +355 4 2275321 (Monday to Friday, 9 AM - 5 PM).
- Use the Electronic Whistle-blowing Form at: [https://www.cosmote.gr/mobile/complaintsform/default\\_en.aspx](https://www.cosmote.gr/mobile/complaintsform/default_en.aspx).

In any case, the company:

- Protects the confidentiality of anyone who reports any violations.
- Ensures that all information submitted are handled and investigated only by specially trained individuals.
- Ensures that there will be no direct or indirect retaliation for the whistle-blower who, on good will, reports any violations.

During 2016, there were no employees' inquiries through the consultation desk "Ask Me!" and no reports or complaints raised through the "Tell me!" communication channels.

## No violation cases concerning our Code of Conduct occurred

### V Good Practice... Training on Compliance Policies

Telekom Albania conducts trainings on its Compliance Policies, in order to communicate the company's culture of ethics and compliance. During 2016:

- Telekom Albania Compliance Office conducted two classroom trainings on the main Compliance Policies (including the Code of Conduct) to its employees, as well as Top and Middle Management members, with an 88% participation rate.
- All new hired employees were trained on the company's Compliance Policies and the Code of Conduct, as part of their Induction Training.

## We trained 88% of employees (100% of new hired employees) on Compliance Policies

### B. Upholding corporate governance principles

Telekom Albania complies with the legal requirements as defined by the Government of Albania, Telecommunication Supervisory Authority and other legal institutions regarding corporate governance. At the same time, the company complies with well-recognized national rules of corporate behaviour and adheres to the corporate governance principles determined by the Corporate Governance Code for unlisted joint-stock companies in Albania.

**General Shareholders Assembly:** The General Shareholders Assembly is the highest-ranking governance board of Telekom Albania and is responsible to take decisions for important corporate issues, according to Law no. 9901/14.04.2008 "On Traders and Trading Companies".

**Council of Supervisors:** The Council of Supervisors meets at least quarterly and is responsible to:

- Ensure that the company's activities and operations comply with laws and the respective legislative provisions.
- Review and monitor any actual or potential situations of conflict of interest and compliance with the legislation.
- Receives and reviews all notices of actual or potential conflict of interest they BoD members may have.
- Supervise the BoD's activity.

### Council of Supervisors

Name	Role	Executive member	Term start date*	Term end date
Konstantinos Liamidis	Chairman	X	29/05/2016	29/05/2018
Georgios Tsonis	Vice-chairman	X	29/05/2016	29/05/2016
Pavlos Vichos	Member	X	29/05/2016	29/05/2016

\*Decided by the General Shareholders Assembly on 22/04/2016 and approved by the Albanian National Business Center on 13/06/2016.

**Board of Directors:** The Board of Directors (BoD) Directors meets at least quarterly and is responsible to define Telekom Albania's general policies and strategy, as well as supervise the company's operational management and overall activity.

### Board of Directors

Name	Role	Executive member	Term start date*	Term end date
Charalampos Mazarakis	Chairman	X	01/05/2016	01/05/2018
Georgios Athanasopoulos	Vice-chairman	X	01/05/2016	01/05/2018
Dimitrios Blatsios	Chief Executive Officer (CEO)	√	01/05/2016	01/05/2018
Evryviadis Sarsentis	Member	X	01/05/2016	01/05/2018
Erini Nikolaidi	Member	X	01/05/2016	01/05/2018

\*Decided by the General Shareholders Assembly on 28/04/2016 and approved by the Albanian National Business Center on 03/05/2016.



- As described in company's statute, the BoD consists of five members for a three-year term and each BoD member can be re-appointed.
- The Chief Executive Officer (CEO) is responsible for the company's operational management.
- Employees may bring economic, environmental and social issues to the attention of the BoD through the formal dialogue of Top Management with employee representatives and the formally established processes (e.g. environmental issues are reported to the Environmental Management Team, which reports directly to the Top Management). However, it must be noted that there were no critical concerns communicated to the BoD within 2016.
- Currently, there are no specific criteria related to Corporate Responsibility included in the CEO's and the Boards' performance evaluation.

- Wages and other compensation of BoD members are defined according to General Shareholders Assembly's decisions.
- The General Shareholders Assembly approves the employment contracts of Executive Directors, which define their compensation, including performance-related compensation procedures.
- BoD members are nominated by Telekom Albania's Majority Shareholder (COSMOTE S.A.) and elected by the Council of Supervisors. At the moment, there are no diversity factors considered for their nomination in pursuance to the Albanian Law requirements.
- The company considers a global management consulting firm's annual benchmark report to gain an overview about its competitiveness during determining remuneration, as well as the annual Albanian market survey for insights and analyses on remuneration package for all job levels compared to market data.
- The **Audit Committee** supports and assists the Board of Directors to exercise its supervisory role and obligations towards shareholders, investors and others Stakeholders regarding the:
  - Integrity of financial statements.
  - Adequacy of internal control procedures and systems.
  - Observance and adequacy of accounting and financial reporting processes.
  - Evaluation of the external auditors' independence.
  - Supervision of the Internal Audit process.

### C. Conducting Internal Audits

The Internal Audit and Compliance function supports and assists Telekom Albania to accomplish its objectives through a systematic approach to evaluate and improve the effectiveness of risk management, control and governance processes, with the following main responsibilities:

- Continually assess the adequacy of internal controls.
- Perform internal audits in all corporate functions.
- Audit specific objectives according to management requests.
- Confirm compliance with the company's policies and procedures, as well as the respective regulatory framework.
- Report any deviations related to the above.

Telekom Albania's Internal Audit function operates according to the Internal Audit Charter and complies with the "International Standards for the Professional Practice of Internal Auditing", as published by "The Institute of Internal Auditors". The Internal Audit Team participated in two DT Group common audit projects during 2016, in order to further exchange knowledge and practices, as well as enhance constructive cooperation along DT Group companies. Additionally, OTE Greece and Telekom Albania have created a mixed Team of Auditors, in order to conduct the internal assessment in the respective companies.

During 2016, Internal Audit was utilized for:

- 7 audit projects.
- The annual surveillance audit for the International Standards (namely ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007), in order to assure their effective operation and implementation, as well as their compliance with the respective legislation.
- 56 new management actions.
- The assessment of DT Group Internal Controls System.
- 1 other ad-hoc project.
- Furthermore, Telekom Albania Lead Auditor assessed OTE Greece's process management and quality process and the OTE Group Lead Auditor assessed selected aspects of the Environment and Health & Safety Management Systems.

## 2. Risk, Compliance and Business Continuity

### A. Identifying and managing risks

Technology advancement and proliferation of technological innovation, as well as globalization of economies, have set corresponding challenges for the telecommunications sector. Due to the nature of the sector's activities, Telekom Albania is exposed to certain risks, which can be outlined below:

#### Risks

Category	Description
Financial	Conditions of the macroeconomic environment, such as credit, interest rates and foreign exchange rates
	Delayed payment of customer obligations
	Intense competition in the telecommunications sector
Labour	Conditions which affect normal working operations and work-life balance
	Health and Safety hazards of employees engaged in work activities of the supply chain, especially for high-risk job profiles such as climbers, electricians and call center operators
Social	Economic and social inequalities regarding access or use of telecommunication services (digital divide)
	Breaches of network security and information systems, which can result to access to personal and sensitive data
	Use of telecommunications services with physical and non-physical hazards to children
Environmental	External environmental conditions for business continuity (e.g. earthquakes, floods)
	Impact to the environment caused by the company's activities (generation of hazardous waste and other associated materials, consumption of natural resources, CO <sub>2</sub> footprint)

### B. Maintaining compliance

The Group has implemented an extensive Compliance Management System (CMS), which ensures shareholders' and Stakeholders' interests are protected, as well as compliance of all Directors, managers and employees with the legislation in force, the Code of Conduct and internal policies, in order to avoid risks and other legal consequences. Telekom Albania has adopted this system, which defines employees' responsibility boundaries and the behavioural rules required to avoid legal implications and potential conflict of interests. More specifically, we have applied the following Policies and Codes:

- Code of Conduct.
- Code of Conduct for the protection of the Individual's Right to Privacy in the handling of Personal Data within OTE Group.
- Code of Ethics for Senior Financial Officers.

- Whistle-blowing Policy.
- Policy on Avoiding Sexual Harassment within OTE Group.
- Policy on Accepting and Granting of Benefits.
- Policy on Donations and Sponsorships.
- Events Policy.
- Fraud Policy.
- Policy on Insider Trading.
- Policy on Avoiding Corruption and other Conflicts of Interest.
- Policy on Employee Relations within OTE Group.
- Policy on Anti-Trust Law.

Deutsche Telekom's CMS was certified by independent auditors in several Group companies (including Telekom Albania) in 2013, according to the Institute der Wirtschaftsfen's (IDW) Audit Standard 980. The audits were mainly focused on anti-corruption and demonstrated the CMS's effectiveness to identify corruption risks and prevent violations.

During 2016, Telekom Albania utilized the Risk Landscape and the Tool provided by DT Group Compliance Management to conduct a Compliance Risk Assessment, in order to identify and assess compliance risks with direct or indirect impact to the company. The Assessment involved various employees with different roles within the company, who assessed the various risks and proposed relevant measures to address them. In December 2016, OTE Group Compliance, Enterprise Risk and Corporate Governance Committee and OTE Audit Committee approved the Compliance Risk Assessment and its Measure Plan for 2017, which has been sent to DT Group Compliance Management.

## ✓ Good Practice... Compliance, Enterprise Risks and Corporate Governance Committee

In order to ensure our effective operation, we have established the Compliance, Enterprise Risks and Corporate Governance Committee to support the Compliance and Risk Management functions on Compliance, Enterprise Risk and Corporate Governance issues. The Committee is responsible to:

- Define the strategic issues related to Corporate Governance, Compliance and Enterprise Risks.
- Review international Corporate Governance and Compliance best practices.
- Determine and monitor the implementation of programs related to Compliance Management (CMS), Enterprise Risk Management (RMS) and Corporate Governance Systems.
- Ensure the effective internal communication regarding the CMS and RMS programs' implementation.
- Support the Compliance Officer and Enterprise Risk Management & Insurance appointee of Telekom Albania to plan and improve the strategy related to their responsibility, as well as coordinate issues related to human rights.
- Support our business units to analyze their procedures, in order to identify any risks and propose a Measure Plan to mitigate relevant risks.
- Assign responsibilities regarding investigations of potential cases of non-compliance, monitor the investigations' implementation and completion and is entitled to recommend appropriate measures and sanctions, within the context of the CMS Program.
- Review the Compliance and Enterprise Risks procedures' reports and results and assess the completeness, correctness and accuracy of the relevant reports submitted to the competent corporate bodies for approval.
- Submit briefings/reports to the competent corporate bodies regarding Compliance, Enterprise Risks and Corporate Governance issues.
- Propose measures/procedures/policies to the competent corporate bodies within the areas of its responsibilities.

The Committee consists of the following members:

- The Enterprise Risk Management & Insurance appointee of Telekom Albania (Chairman of the Committee), who also participates in any respective Committees that may be established in other Group companies.
- The Legal Manager & Data Privacy Officer.
- The Head of Internal Audit & Compliance Office.
- The Corporate Affairs Manager.
- The Chief Financial Officer.
- The HR & Administration Director.



## T Group Good Practice... International Exchange of Expertise

During 2016, Telekom Albania employees responsible for compliance issues participated in the International Compliance Days 12<sup>th</sup> anniversary, where representatives from DT Group companies gathered and discussed compliance strategies and trends, as well as new approaches to collaboration.

### C. Contributing to anti-corruption

Within the context of our efforts to combat and eradicate corruption, the company implements policies and practices to effectively prevent and tackle corruption:

- We have communicated our anti-corruption policies and procedures to all employees through our corporate Intranet.
- All employees have signed the individual “Compliance Statement” where they confirm to be aware and accept all Compliance Policies.
- We have adopted Integrity Checks prior to initiate collaboration with new suppliers (see section III-5B).
- We require that BoD members and Senior Financial Officers sign individual statement to declare that they are informed and comply with the Code of Ethics for Senior Financial Officers’ provisions, which are submitted to the Compliance Office.
- We require from our employees to sign the Conflicts of Interest Statement, which is aligned with the Policy on Avoiding Corruption and other Conflicts of Interest.
- We organize internal awareness campaigns for our employees regarding anti-corruption. Within 2016, we organized the following campaigns:
  - The Compliance Guidelines for Easter.
  - The Compliance Guidelines for Christmas and New Year.
  - The Guiding Principles campaign.
  - The “Whistle-blowing – Speak up” campaign.
  - The Anti-Corruption Day campaign on December 9<sup>th</sup>, where we organized various awareness sessions focused on our anti-corruption policies.
- We regularly train employees on anti-corruption, through our e-learning Anti-Corruption Training Program. The Training Program addresses employees from various departments and covers topics such as avoid corruption and other conflicts of interest, accept and grant benefits and Anti-Trust Policy.
- Our Internal Audit and Compliance Office thoroughly investigate any actual or potential cases of corruption, through clearly defined criteria.
- We require sufficient degree of detail in any allegations regarding actual or potential cases of corruption, in order to initiate investigation.

### Anti-Corruption Training Program

	2015	2016
Targeted employees (number)	225	124
Employees trained (number)	185	110
Participation rate (%)	82	89

It must be noted that within 2016, there were:

- No public policy positions and participation in public policy development and lobbying.
- No incidents of corruption.
- No legal actions related or pending legal actions related to corruption and fines or other non-monetary sanctions imposed by the respective authorities.

**We trained 110 employees on anti-corruption issues and procedures**

**We had no incidents of corruption**

### ✓ Good Practice... Prohibiting Political Involvement

Telekom Albania's Code of Conduct firmly dismisses any monetary donation or grant any monetary value-added benefits to political parties or elected public officials. The company has established transparent procedures regarding sponsoring of State institutions and bodies, which can verify the associated marketing effect (e.g. clearly indicating the company as a sponsor). It must be noted that in 2016, no donations were made to politicians, public officials and political parties.



### T Group Good Practice... Preventing and Fighting Corruption

Deutsche Telekom Group conducts a wide range of internal measures to prevent and fight corruption, as part of the Compliance Risk Assessment within the context of its Compliance Management System, which allows the Group to identify and evaluate compliance risks and develop appropriate prevention measures. The outcome of the assessment process is the Group risk map, which is used to conduct systematic risk analyses and assess particularly significant risks in 27 core risk categories, including corruption, anti-trust law violations and Group Code of Conduct violations. Each subsidiary can add additional categories specific to their business needs, which involves a definition of the specific risk and the description of the implemented measures to mitigate this risk.

Upon completion of the assessment, the subsidiaries' managing boards are informed of the respective results and define the compliance program for the following year, including specific measures and responsibilities, and pass a formal resolution to approve the program. The Group-wide assessment process was conducted to 79 companies in 2016.

At the same time, Deutsche Telekom AG is a member of associations and organizations in Germany which deal specifically with compliance-related issues (including corruption), such as the Compliance &



Integrity forum of ZfW (Center for Business Ethics, DICO (German Institute for Compliance e.V.) and Bitkom (Federal Association for Information Technology, Telecommunications and New Media), in order to exchange ideas and experiences related to compliance.

## D. Complying with legislation

We closely monitor the regulatory and legal framework related to our activities, in order to apply its relevant provisions. It must be noted that within 2016, there were no written notices regarding compliance issues by respective authorities, while no fines or other non-monetary sanctions were imposed for non-compliance with laws and regulations.

## E. Ensuring business continuity

Telekom Albania recognizes its legal commitments, as well as its responsibility, to maintain stable growth and ensure a continuous supply of quality telecommunication services. Therefore, the company strives to ensure its business continuity, in order to ensure prompt and efficient recovery of essential operations from any incident or physical disaster. For this reason, we:

- Have established a framework and supporting plans to apply a consistent and systematic method to identify threats and incidents, as well as a common process to assess their potential or actual impact and the respective persons to inform and manage any adverse situation.
- Have developed our Business Continuity Policy.
- Have established a Business Continuity Management Committee (BCMC) and have created a Crisis Management Team, which is responsible for decision-making and management of activities to mitigate the adverse effects of crisis events.
- Have defined an Incident Response Structure and have informed and properly trained its members to their role through various exercises and drills.
- Design the appropriate Business Continuity Strategies through regular Business Impact Analyses, during which we assess the impact over time of any interruptions to our activities, as well as Risk Assessments, during which we identify, analyze and assess potential threats that could interrupt our business activities and apply proper measures to mitigate or eliminate the associated risks.
- Have developed Business Continuity Plans with documented priorities, procedures, responsibilities and resources.
- Have communicated our policies, procedures and activities related to business continuity to all employees.
- Regularly organize awareness and training sessions, in order to ensure that our employees are aware and understand the respective structure and objectives.
- Have adopted and implement a Business Continuity Management System (BCMS), aligned with the ISO22301 international standard, which emphasizes the importance to:
  - Understand the organization's and Stakeholders' needs in terms of Business Continuity.
  - Implement and operate the necessary controls and measures to deal with interruptions in our operations.
  - Implement a systematic approach to manage the Business Continuity Management process.
  - Continuously monitor and review the Business Continuity Management System's performance and effectiveness.

Within 2016, we:

- Organized a Crisis Management Training session, during which employees from Deutsche Telekom Emergency & Crisis Management contributed to develop training materials and facilitated the session to 9 Directors and Incident Response Team members, including our Crisis Communication Team.
- Conducted an internal awareness campaign regarding business continuity during DT Group's Business Continuity Awareness Week with the theme "return on investment", where we posted relevant articles on our Intranet and utilized the e-learning course for employees to learn and test their knowledge about business continuity.

- Implemented refresher trainings to 12 Incident Directors, Building Incident Controllers and Incident Response Team members.
- Participated in the International Crisis Exercise to ensure proper communication, information flow and cooperation in crisis situations.
- Participated in the Group-wide Crisis Management Team alerting exercise, in order to test connectivity and ensure that contact details are up to date, where each Crisis Management Team is activated through a conference call and feedback is sent to both OTE Group and DT Group Situation centers.
- Implemented evacuation drills in our facilities in Lapraka and Kashar.

### 3. Corporate Responsibility Management

#### A. Utilizing appropriate organizational structures

Telekom Albania has adopted OTE Group's definition of Corporate Responsibility, in order to align its business operations with our Stakeholders' needs and facilitate a homogeneous understanding by its employees, as well as create value for all our Stakeholders.

#### Corporate Responsibility for OTE Group

"Corporate Responsibility is the commitment of the company to contribute to global sustainable development, by taking economic, ecological and social objectives into consideration in our decision-making processes, to take responsibility for the impact of our organization's activities, by working and communicating with internal and external stakeholders, while at the same time improving the competitiveness of the company".

#### Deutsche Telekom Corporate Responsibility Mission

"We take responsibility. We enable sustainability...  
 ...in our processes  
 ...with and for our employees  
 ...for our customers  
 ...in society".

#### Deutsche Telekom Corporate Responsibility Action Areas

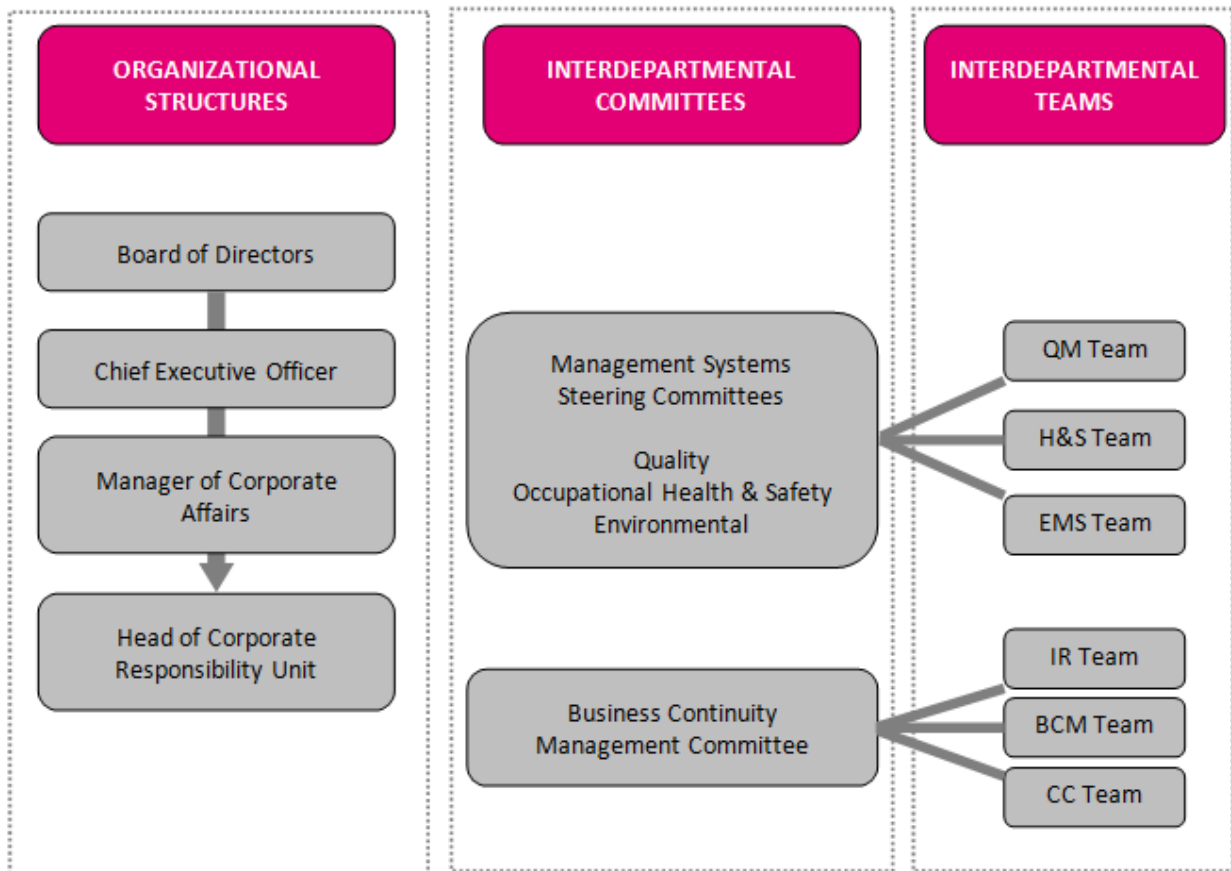
- Connected life and work – enabling a sustainable lifestyle
- Connecting the unconnected
- Low-carbon society

#### # Benchmarks... Corporate Responsibility Commitment

Telekom Albania is the best company within Deutsche Telekom Group, both for satisfaction of employees with Corporate Responsibility commitment and identification of employees with Corporate Responsibility commitment with 97% and 90% respectively in 2015 (averages for DT Group were 78% for both indicators, with no similar survey conducted in 2016).

The company has established suitable organizational structures to manage Corporate Responsibility at a strategic, organizational and operational level. The same structure is also used for data collection, in order to report our performance to shareholders.

## Managing Corporate Responsibility



- The overall responsible for Corporate Responsibility issues is the Chief Executive Officer, who seeks the respective input from the BoD, as part of the annual review of strategic objectives.
- The Manager of Corporate Affairs reports directly to the CEO and is responsible to develop and implement the company's Corporate Responsibility strategy, as well as cooperate with the CEO on Corporate Responsibility strategy issues and initiatives and with the interdepartmental Committees to ensure proper implementation of related programs. The Corporate Affairs Office cooperates with Deutsche Telekom Corporate Responsibility Managers Networks and other DT Group relevant structures, in order to share experience, practices and targets related to the Corporate Responsibility program.
- The Head of Corporate Responsibility Unit is responsible to support the Corporate Responsibility strategy's implementation, coordinate and manage Corporate Responsibility activities throughout the company, collect and process the respective data, monitor the implementation of related measures and targets and communicate the company's Corporate Responsibility performance to external and internal Stakeholders.
- At the same time, we have established interdepartmental committees and teams to facilitate proper implementation of issues related to quality, health and safety and environment, which are incorporated into our Integrated Management System (IMS) and overseen by the Management Systems' Steering Committee, as well as issues related to business continuity, which are overseen by the Business Continuity Management Committee.

- Furthermore, we have created various interdepartmental teams to ensure application of our policies and coordinate the operational activities among our company, which include:
  - The Quality Management (QM) Team, which is responsible to ensure operational aspects related to quality requirements.
  - The Health and Safety (H&S) Team, which is responsible to ensure operational aspects related to employee health and safety.
  - The Environmental Management System (EMS) Team, which is responsible to ensure operational aspects related to environmental protection.
  - The Business Continuity Management (BCM) Team, which is responsible to plan and implement Operational Continuity Plans, in order to protect the company from unexpected events. It must be noted the Corporate Affairs Office employs a dedicated BCM specialist to deal with BCM issues.
  - The Incident Response (IR) Team, which is responsible to respond and handle emergency situations at company premises.
  - The Crisis Communication (CC) Team, which is responsible for public, media and internal communication in case of a crisis.



## T Group Good Practice... Corporate Responsibility within Deutsche Telekom Group

Deutsche Telekom has established an integrated structure to closely link strategic management and operational implementation of its Corporate Responsibility Strategy throughout the Group:

- Deutsche Telekom Board of Management is the overall responsible for all Corporate Responsibility issues.
- The Corporate Responsibility Unit reports to the Chief Human Resources Officer and is responsible to further develop the corporate culture related to Corporate Responsibility, with a focus on sustainable innovation and social responsibility.
- The Corporate Responsibility Controlling department is responsible to control the Group's Corporate Responsibility activities, through an IT-based data collection system, which enables Group-wide benchmarks and supports standardized and mandatory processes, both at Group and national level.
- The HR Leadership Team is an advisory and decision-making body of the Human Resources Board department, which decides upon Group-wide policies and guidelines, Corporate Responsibility positioning and the Corporate Responsibility department's strategic focus.
- The Corporate Responsibility managers from the different business units and national companies are responsible to implement the Group's Corporate Responsibility Strategy. They collaborate closely within the international Corporate Responsibility Manager Network, which features regular face-to-face and online meetings or webinar conferences since 2008, in order to coordinate their activities, exchange experiences and share practices implemented in other Group companies, as well as review the status of Corporate Responsibility strategy and related KPIs. It must be noted that during the 2016 Corporate Responsibility Manager Meeting under the motto "Achieve more together", participants also discussed the key issues of joint crisis management and handling environmental impacts, as well as the UN's Sustainable Development Goals and the Group's contribution towards their implementation.

### B. Operating based on Management Systems

In 2012, Telekom Albania became the first company in the telecommunications market in Albania to hold a triple ISO certification for its integrated Management System (IMS) on Quality, Environment and

Occupational Health & Safety. All three certifications, based on ISO9001 for Quality, ISO14001 for Environment and OHSAS18001 for Occupational Health & Safety, were issued after an audit performed by TÜV Hellas (TÜV Nord). Within 2015, the company was re-certified for its Quality Management System, Occupational Health and Safety Management System and Environment Management System for its business operations, in order to respond to long-term challenges.

During 2016:

- We created our IMS policy.
- We conducted IMS Audit in our shops.
- We integrated KPIs related to our IMS's operation.
- The external audit regarding the operation of management systems resulted only in proposals to improve our environment and health and safety performance.



**We had no non-conformities from audits regarding the operation of Management Systems**

## 4. Stakeholder Engagement and Materiality Analysis

### A. Focusing on five main Areas to operate responsibly

Our company transforms its commitment to operate responsibly into action and focuses on the following five main Areas, in order to respond to our Stakeholders' long-term needs and expectations.

#### Strategy & Management

Our objective is to incorporate responsibility into our business operations and daily management activities, as well as create measurable and tangible results to create value for our Stakeholders.

#### Customers & Suppliers

Our objective is to develop products and services which are safe and correspond to the needs of our customers, as well as facilitate the responsible operation of the markets where we conduct our business.

## Society

Our objective is to combine our business success, with prosperity and quality of life, for citizens in local communities we conduct our business in.

## Employees

Our objective is to create a work environment, which ensures long-term career opportunities and facilitates our employees' development.

## Environment

Our objective is to successfully manage our direct and indirect environmental impact, as well as raise our fellow citizens' awareness to act more responsibly regarding environmental protection.

These Areas compose our Corporate Responsibility Framework, which is used by our company to manage systematically all respective subjects linked to our business operation and formulate concrete strategic objectives.

## Corporate Responsibility Framework



## B. Identifying Material Aspects

As a result of a Materiality Analysis, the company focuses on Material Aspects in each of the above Areas. In order to identify them, Telekom Albania reviewed potential aspects, based on the sector's regulatory environment, current conditions and practices worldwide, as well as future trends. In total, we reviewed over 90 aspects, which were prioritized afterwards according to:

- The level of impact on the company, where we examined the economic, environmental and social impacts of our activities, products and operations.
- Our Stakeholders' expectations, where we identified key requirements of our Stakeholders related to Corporate Responsibility issues. Although, at the moment, we do not conduct a full-scope Stakeholder Engagement Survey on Corporate Responsibility issues, we utilize relevant input from various surveys (such as the quarterly Social Responsibility Surveys), as well as indirect input from the company's departments which interact with each Stakeholder group.

The Materiality Analysis was approved by the Corporate Responsibility Unit within the Corporate Affairs Department and has been included in the present Corporate Responsibility Report, which was approved

by the Chief Executive Officer. Through the Analysis, we have identified the following Material Aspects for 2016 (all Aspects that were not deemed Material are not mentioned in detail):

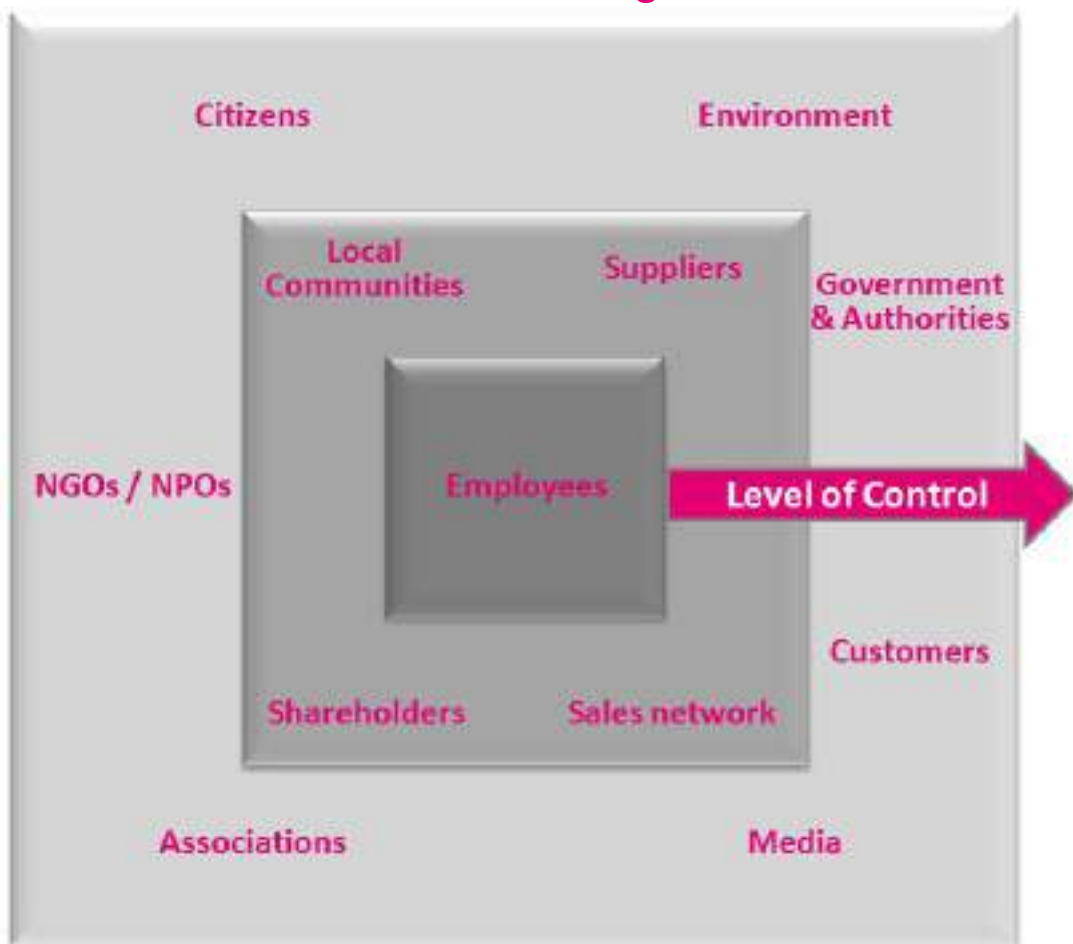
### Corporate Responsibility Materiality Analysis



### C. Interacting with our Stakeholders

We define Stakeholders as anyone who directly or indirectly influences or is influenced by our activities and operations. As these groups require not only transparency but also active involvement of companies in issues related to society development and environmental protection, we systematically identify our Stakeholders’ expectations and questions, in order to effectively respond to them.

## Stakeholder Categories



The following table describes our Stakeholder groups, methods we apply to have a dialogue with them and their frequency, main issues of concern related to Corporate Responsibility, as well as the respective sections in this Report, where our related programs and answers to these issues of concern can be found. The Corporate Affairs Office is responsible to coordinate the interaction between Telekom Albania and its Stakeholders on issues related to Corporate Responsibility, which is a process that actively involves the entire company, as it is conducted throughout the year, without distinct activities taking place as part of the Report preparation process:



## Stakeholder Engagement

Stakeholder	Methods of interaction through continuous and ongoing activities (unless indicated otherwise)	Main issues of interest	Section in this Report
Customers (retail and business)	<ul style="list-style-type: none"> <li>• Sales network (semi-annually regional conferences)</li> <li>• Customer Service Center</li> <li>• Customer Satisfaction Survey (quarterly)</li> <li>• Tracking Studies for retail customers (quarterly)</li> <li>• Tracking Studies for business customers (quarterly)</li> <li>• Call Centers</li> <li>• Social media</li> <li>• Website</li> </ul>	<ul style="list-style-type: none"> <li>• Data Security &amp; Customer Privacy</li> <li>• Product Quality</li> <li>• Customer Satisfaction</li> <li>• Anti-competitive Behaviour</li> <li>• Internet Safety</li> <li>• EMF</li> <li>• Responsible Communication &amp; Sales</li> <li>• Access to Content</li> <li>• Product Affordability</li> <li>• Customer Relations</li> <li>• SAR</li> <li>• Customer Awareness</li> <li>• Products &amp; Services Labelling</li> </ul>	Customers & Suppliers: III-1B,2A-C,3A-C,4A-C,5D Environment: VI-4A,4B
Sales network	<ul style="list-style-type: none"> <li>• Customer Satisfaction Survey (quarterly)</li> <li>• Information systems</li> <li>• Verbal communication</li> <li>• Interaction</li> </ul>	<ul style="list-style-type: none"> <li>• Product Quality</li> <li>• Customer Satisfaction</li> <li>• Products &amp; Services Compliance</li> <li>• Responsible Communication &amp; Sales</li> <li>• Products &amp; Services Labelling</li> </ul>	Customers & Suppliers: III-2A-C,3A-C,4C,5D
Suppliers	<ul style="list-style-type: none"> <li>• Procurement activities</li> <li>• Contracts</li> <li>• Meetings</li> <li>• Corporate announcements</li> <li>• Press releases</li> <li>• Supplier Performance Evaluation (annually)</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier Assessment for Labour Practices</li> <li>• Supplier Environmental Assessment</li> <li>• Local Buying</li> <li>• Responsible Buying</li> <li>• Operational Support</li> <li>• Supplier Human Rights Assessment</li> <li>• SAR</li> </ul>	Customers & Suppliers: III-5A-D
Employees	<ul style="list-style-type: none"> <li>• Pulse Surveys (semi-annually)</li> <li>• Trainings</li> <li>• Performance Appraisal (annually)</li> <li>• Informative publications</li> <li>• Events</li> <li>• Meetings</li> <li>• Volunteer activities</li> <li>• Website</li> <li>• Intranet</li> <li>• E-mails</li> </ul>	<ul style="list-style-type: none"> <li>• Health &amp; Safety of Field Employees</li> <li>• Equality &amp; Fairness</li> <li>• Job Security</li> <li>• Labour Practices Grievances</li> <li>• Local Employability</li> <li>• Training &amp; Development</li> <li>• Field Work Conditions</li> <li>• Employee Engagement</li> <li>• Forced Labour</li> </ul>	Employees: V-1B,2A,2B,3A,3B,4A-C,5A-C Environment: VI-5F

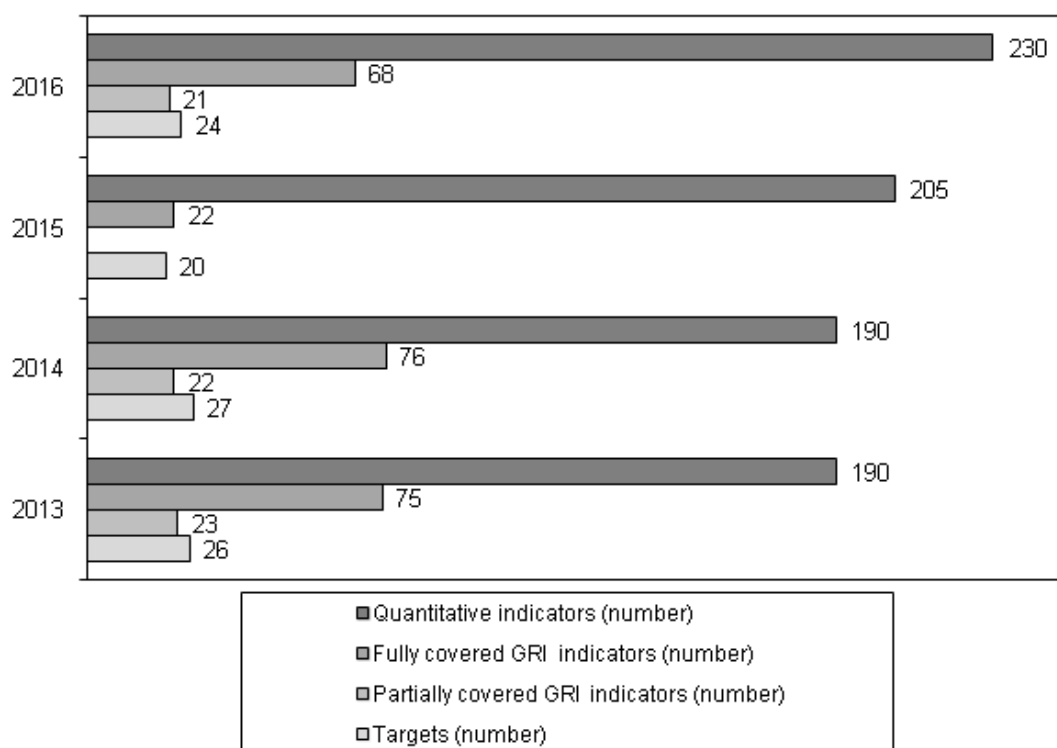
		<ul style="list-style-type: none"> <li>• Office Health &amp; Safety</li> <li>• Office Work Conditions</li> <li>• Human Rights Grievances</li> <li>• Environmental Training &amp; Awareness</li> </ul>	
Government & Authorities (e.g. AKEP)	<ul style="list-style-type: none"> <li>• Consultations on regulatory framework</li> <li>• Formal communication</li> <li>• Business meetings and reports</li> <li>• Cooperative projects</li> <li>• Dialogue with representatives at local and national level</li> </ul>	<ul style="list-style-type: none"> <li>• Data Security &amp; Customer Privacy</li> <li>• Anti-Competitive Behaviour</li> <li>• Products &amp; Services Compliance</li> <li>• Internet Safety</li> <li>• EMF</li> <li>• Responsible Communication &amp; Sales</li> <li>• Digital Divide</li> <li>• Corporate Governance</li> <li>• Risk &amp; Compliance</li> <li>• Business Continuity</li> <li>• Anti-corruption</li> <li>• Legal Compliance</li> <li>• Public Policy</li> <li>• Network Infrastructure &amp; Investment</li> <li>• Economic Transparency</li> </ul>	Customers & Suppliers: III-1B,2A-C,4A-C,5D Environment VI-4A Society: IV-1A,2B Strategy & Management: II-1A-C,2A-E Introduction: I-4B
Associations	<ul style="list-style-type: none"> <li>• Participation in associations</li> <li>• Meetings</li> <li>• Formal communication</li> </ul>	<ul style="list-style-type: none"> <li>• Data Security &amp; Customer Privacy</li> <li>• Responsible Communication &amp; Sales</li> <li>• Digital Divide</li> <li>• Anti-corruption</li> </ul>	Customers & Suppliers: III-2A-C,4A-C Society: IV-2B Strategy & Management: II-2C
Local Communities	<ul style="list-style-type: none"> <li>• Dialogue with local representatives</li> <li>• Visits</li> <li>• Local events, festivals and projects</li> <li>• Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Social Products &amp; Services</li> <li>• EMF</li> <li>• Community Impact</li> <li>• Hazardous Waste</li> <li>• Donations &amp; Sponsoring</li> <li>• Investment Impacts</li> <li>• Local Employability</li> <li>• CO<sub>2</sub> Emissions</li> <li>• Waste Handling</li> <li>• Environmental Compliance</li> <li>• Environmental Grievances</li> <li>• Acoustic Impact</li> <li>• Visual Impact</li> <li>• Society Grievances</li> <li>• Air Emissions (ODP)</li> </ul>	Society: IV-3A,3B,4A,4B,4D Employees: V-1B Environment: VI-1C,2F,3A,3C,3D,4A,4B,5A,5B,5E
Citizens	<ul style="list-style-type: none"> <li>• Social Responsibility Surveys (quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>• Data Security &amp; Customer Privacy</li> </ul>	Customers & Suppliers: III-4A-C Society: IV-2B,3A,3B

	<ul style="list-style-type: none"> <li>• Website</li> <li>• Social media</li> </ul>	<ul style="list-style-type: none"> <li>• Social Products &amp; Services</li> <li>• Internet Safety</li> <li>• Digital Divide</li> <li>• Energy Use</li> <li>• Material Consumption</li> <li>• CO<sub>2</sub> Emissions</li> <li>• Network Infrastructure &amp; Investment</li> </ul>	Environment: VI-2A-D,2F,3A-C Introduction: I-4B
Non-governmental organizations (NGOs) / Not-for-profit organizations (NPOs)	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Collaborations</li> </ul>	<ul style="list-style-type: none"> <li>• Data Security &amp; Customer Privacy</li> <li>• Equality &amp; Fairness</li> <li>• Internet Safety</li> <li>• EMF</li> <li>• Digital Divide</li> <li>• SAR</li> <li>• Labour Practices Grievances</li> <li>• Hazardous Waste</li> <li>• Energy Use</li> <li>• Waste Handling</li> <li>• Environmental Compliance</li> <li>• Environmental Grievances</li> <li>• Water Consumption</li> <li>• Biodiversity &amp; Land</li> <li>• Society Grievances</li> <li>• Human Rights Grievances</li> </ul>	Customers & Suppliers: III-4A-C,5D Society: IV-2B,4D Employees: V-3A,3B Environment: VI-1C,2A-D,3A,3C,3D,4A,4B,5C,5D
Media	<ul style="list-style-type: none"> <li>• Corporate announcements</li> <li>• Press conferences</li> <li>• Press releases</li> <li>• Informative publications</li> <li>• Meetings</li> <li>• Website</li> <li>• Information upon request</li> </ul>	All above	Strategy & Management: II-1-2 Customers & Suppliers: III-1-5 Society: IV-1-4 Employees: V-1-5 Environment: VI-1-5
Shareholders	<ul style="list-style-type: none"> <li>• General Shareholders Assembly</li> <li>• Meetings</li> <li>• Financial reports</li> <li>• Adoption and utilization of policies and principles</li> </ul>	All above	Strategy & Management: II-1-2 Customers & Suppliers: III-1-5 Society: IV-1-4 Employees: V-1-5 Environment: VI-1-5

## D. Focusing on quantitative results

Telekom Albania strives to include quantitative indicators and targets in its Report, in order to be transparent to its Stakeholders. As a result, in the last years we have gradually included more quantitative indicators (both general and GRI-related) and targets in our Report.

## Quantitative Data within the Corporate Responsibility Report



**We quadrupled the number of GRI indicators and increased by 12.2% the number of quantitative indicators we make reference to within the Report**

## 5. Achievements 2016 and Targets 2017

We said	Progress	We will	By
Integrate Quality, Occupational Health & Safety and Environment Management Systems.	25%	Integrate the supporting structures and management programs related to the Quality, Occupational Health & Safety and Environment Management Systems.	2017
		Integrate the Internal Audit Plan.	2017
		Integrate the IMS processes and procedures.	
Conduct a customer or public based survey on Corporate Responsibility topics.	75%	Conduct a customer or public-based survey on Corporate Responsibility topics, based on best practices of DT Group.	2017
Successfully certify our BCM system by an independent auditor, in order to comply with the ISO22301 standard.	75%	Implement two awareness sessions related to Business Continuity.	2017

		Organize one wide rehearsal, two evacuation drills and one DT Group international crisis exercise, in order to test our Business Continuity Plans and Strategies.	2017
		Ensure that appropriate parties have received updated Business Continuity documentation.	2017

## III. OUR CUSTOMERS & SUPPLIERS

*Positively influence the markets we operate*

### Introduction and Summary

#### **Our Size:**

1.8 million customers

99.8% population coverage

95% complaints resolved within 5 days

120 suppliers

20% spending on local suppliers

#### **Our Objective:**

To develop products and services which are safe and correspond to the needs of our customers, as well as facilitate the responsible operation of the markets where we conduct our business.

#### **Our Achievements:**

- Our customer satisfaction index increased by 4.6% in Q4'16, compared to base results.
- Our quality index for customer care services from main contact points increased by 31.5% in Q4'16, compared to base results.
- We reduced our data drop rate on both 4G and 4G+ by 19%.
- The number of received complaints decreased by 32.9%.
- We increased the percentage of complaints resolved within 5 days to 93%.
- We had no incidents regarding customer privacy issues or loss of personal data.
- We successfully blocked 1,803,860 Internet security threats and URLs.

# 1. Responsible Competition

## A. Operating within the regulatory framework

The Electronic and Postal Communications Authority (AKEP) is the regulatory authority regarding electronic communications and postal service, which supervises the regulatory framework in the respective areas (as defined by Law) and the development policies (as defined by the Council of Ministers).

Since Telekom Albania is designated as a significant market power (SMP) in the wholesale markets, the company follows AKEP's respective regulatory obligations, which can be summarized below. These obligations often have a substantial impact on its activities and operations, such as the obligation of price control (setting a national mobile and fixed termination rate and SMS termination rate), which directly affects the wholesale interconnection prices in traffic measurements between Telekom Albania and other mobile and fixed operators.

### Regulatory Obligations per Market

Markets	SMP Undertaking	Regulatory obligations
Retail mobile market (residential and non-residential)	Telekom Albania	<ul style="list-style-type: none"> <li>• Non-discrimination on-net/off net (minutes and rates)</li> </ul>
Wholesale fixed termination market	Telekom Albania (Telekom FIX)	<ul style="list-style-type: none"> <li>• Non-discrimination</li> <li>• Transparency (no obligation for publication of Research Ideas and Outcomes – RIO)</li> <li>• Access and Interconnection</li> <li>• Price Control</li> </ul>
Wholesale mobile call termination market	Telekom Albania	<ul style="list-style-type: none"> <li>• Non-discrimination</li> <li>• Transparency (RIO publication)</li> <li>• Cost orientation</li> <li>• Access and Interconnection</li> <li>• Price Control</li> </ul>
Wholesale mobile SMS termination market	Telekom Albania	<ul style="list-style-type: none"> <li>• Non-discrimination</li> <li>• Transparency (no obligation for RIO publication for SMS)</li> <li>• Access and Interconnection</li> <li>• Price Control</li> </ul>

Within 2016:

- Telekom Albania filed an administrative complaint against Decision no. 2664/14.01.2016 on "Monitoring of non-discriminations effects between on-net/off net rates and the suspension of Mobile Termination Rates (MTR) symmetry", which was rejected by AKEP and retained the above mentioned Decision into force. In May 2016, the company filed the Decision no. 2664/14.01.2016 to the Administrative Court of 1st Instance and requested the Decision's invalidity, which was accepted by the Administrative Court on September 2016.
- In September 2016, the Administrative Court of Appeal accepted the recourse of Plus against Decision no. 2542/13.03.2016 on mobile market analysis and partially abrogated Decision no. 2542/13.03.2016 on the application of mobile termination rate of 6.52 Lek/min to Plus network instead of 1.48 Lek/min, as defined by AKEP.
- There were no fines or other non-monetary sanctions imposed by AKEP.

## B. Abiding by fair competition rules

We recognize the importance of fair competition, since it promotes efficiency, economic development and innovation. Within this context, we:

- Comply with national legislation and regulation in the Albanian telecommunication market, as outlined mainly in Law no. 9121/28.07.2003 "On competition", which aims to protect free and fair competition, as well as the respective Presidential Decrees, Ministerial Decisions and Decisions from independent administrative authorities, such as the Albanian Competition Authority (CAA).
- Comply with the specific regulation related to issues, such as licensing, tariffs, local loop unbundling, interconnection, leased lines and universal service, as well the Law no. 9918/19.05.2008 "For electronic communication in the Republic of Albania", which regulates the company's activities.
- Conform to the principles of fair competition for all our operations.
- Support fair dealing with our business partners and competitors.
- Do not engage in price fixing or illegal attempts to gain market influence.
- Do not disseminate false information about our competitors' products or services.
- Do not utilize unfair means to gain a competitive advantage.
- Do not use industrial espionage to obtain information about market competitors.
- Do not unnecessarily communicate information from and about the company to any third parties.
- Our legal office and the respective departments are frequently updated with the changes in the relevant regulations and legal provisions.

Within 2016, there were:

- No complaints for anti-competitive behaviour on behalf of Telekom Albania.
- No investigations or legal actions for anti-competitive behaviour or anti-trust practices.
- No relevant fines or other non-monetary sanctions imposed by the respective authorities.

## 2. Responsible Marketing

### A. Applying Responsible Marketing practices

Our communication material is legal, appropriate, fair, sincere, corresponds to reality and respects peoples' diversity, in terms of age, gender, race, religion and physical or mental status. Within this context:

- We comply with the contractual obligations as defined by the Law for consumer protection regarding communication and marketing activities.
- Our Marketing Department reviews all advertising messages and campaigns, before launching them to the public, in order to ensure proper implementation.
- We do not sell or provide any products and services which are either banned or disputed in foreign markets.

### V Good Practice... Responsible Communication

According to our Code of Conduct, we keep in mind the long-term impact of customers to our operations. Therefore, we are committed to ensure that communication and interaction with our customers adheres to the respective regulations and ethical standards. Therefore, we only call our customers for promotional reasons during hours permitted by law and we don't recommend any products or services that our customers do not need.

In 2016, there were:

- No cases of non-compliance with regulations and voluntary codes concerning marketing, advertising, promotion, product and service information and labeling.
- No cases of campaigns being withdrawn (after their initial release).



- No investigations or legal actions for non-compliance concerning marketing, advertising, promotion, product and service information and labeling.
- No relevant fines or other non-monetary sanctions were imposed by respective authorities.

## B. Providing information for our services

We communicate with clarity and transparency on our services, pricing policies and charges, as well as contractual conditions. Within this context, we publish information and documents on our website regarding:

- Partner shops application form.
- Reference interconnection offer.
- General conditions of subscribers' contract.
- Service level agreement.
- Indicator of mobile service quality.
- Indicator of fix service quality.
- SMS termination tariffs.
- SMS termination decision.



## C. Ensuring transparent pricing practices and affordability of our services

We strive to offer reduced prices or discounts to contribute in our own way to the difficult financial condition many of our fellow citizens face due to the current economic environment. At the same time, we proactively review handset prices to provide the most competitive options in the market, as well as provide a variety of bundles/offers to our subscribers, in order to meet their demands and needs, taking into account market trends, dynamics and competition. For example, some of the practices are mentioned below:

**Development of roaming services:** Telekom Albania has established agreements with 380 operators worldwide and the company's post-paid and pre-paid customers can use the roaming services in 142 countries worldwide, through 371 networks. At the same time, GPRS service is available through 213 networks in 102 countries.

**Cost control:** Our bill shock prevention service while roaming notifies the post-paid subscriber through a SMS in case the data usage threshold while roaming has been reached. At the same time, the subscriber is redirected to a page in order to select the appropriate option. Furthermore, pre-paid subscribers can check their balance, last call and expiry period via IVR/USSD and post-paid subscribers can check their actual monthly consumption via SMS/USDD.

**One Family:** We offered 20% discount to both pre-paid and post-paid family members in their pre-paid bundles or their programs' monthly fees.

**Data usage:** We launched data add-ons for 2GB and 4GB at very low prices.

**Promotional campaigns:** We launched various promotional campaigns for specific events such as the St. Valentine offer (1 GB free Internet for St. Valentine with each pre-paid bundle activation), the FC Bayern München campaign, roaming bundles for Euro 2016 football championship and specific bundles for France, as well as our Xmas campaign, with 12 months extra benefits to all customers that activate a bundle.

**Free Internet:** We offered free Internet for one year to all pre-paid and post-paid subscribers who visited our shops and purchased a smartphone. In December 2016, they received 1 GB free Internet and, over the next year, they will receive 1 GB for each month by recharging their number with at least 500 Lek per month.

## 3. Customer Satisfaction

### A. Aiming for customer satisfaction

Our "Moments that connect us" slogan stands out for what our customers mean to us. Therefore, we consider our customers' satisfaction a strategic growth element and focus our efforts on three main categories:

- Continuously update our technology offering and network.
- Provide innovative and effective solutions.
- Offer the best customer experience through our employees.

Indicatively, within 2016, we:

- Implemented over 140 offers/campaigns.
- Modernized our HLR (Home Location Register) infrastructure.
- Mitigated all subscribers to a new Subscriber Data Management platform, instead of the older HLR platform.

### ✓ Good Practice... Customer Experience

Customer Experience refers to the interactions between a customer and an organization throughout their business relationship. We recognize its importance and impact on customer satisfaction and loyalty and introduced the Customer Journey concept during 2016, in order to find areas for improvement throughout all customers' phases/steps during a product's or service's lifecycle and, ultimately, improve our performance. Within this context, we:

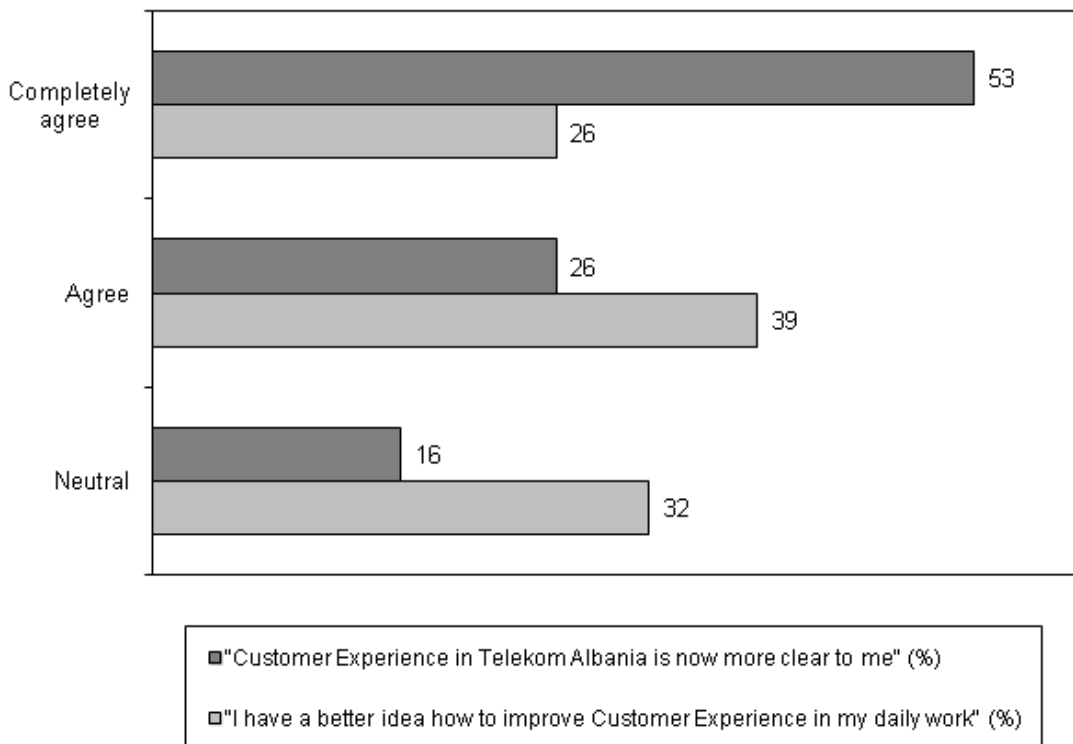
- Defined new products with mandatory Customer Journey requirements.
- Initiated the pilot phase of Customer Journey.
- Introduced Customer Journey as part of the product development stage.
- Conducted Customer Journey exercises for existing services and tools (namely IVR, Internet, new activation and business roaming).

At the same time, we aim to diffuse Customer Experience education and engagement throughout Telekom Albania, through a series of initiatives to improve customer satisfaction and ensure that our

employees have the proper knowledge and right skills to deliver the Telekom experience. Within this context, we:

- Included Customer Experience in our Induction Training and other training programs.
- Conducted specific trainings focused on Customer Experience (e.g. Products and Services, Front Office).
- Participated in a job fair to promote Telekom Albania as best employer to attract Customer Experience-oriented people (see section V-1B).
- Introduced initiatives to recognize and appraise customer focus (e.g. social wall, best touchpoint).
- Implemented an internal awareness campaign on customer experience to our employees, featuring 25 classroom sessions to 380 employees, as well as 20 sessions of Call Center hearing to 150 employees and 10 sessions of shop visits to 100 employees. Following the respective sessions, approximately 80% of participants stated that the concept of customer experience is clearer to them and 65% is more informed on how to improve customer experience in their daily work.
- Implemented the second edition of our Christmas Helper initiative, during which we trained 67 employees who visited 7 shops, in order to provide the best customer experience during the holiday season. At the end of the holiday period, we organized a get-together event at @Telekom Community Store, where we awarded the initiative’s winners and enable participants to share their suggestions and impressions.

**Customer Experience Awareness Sessions**





## V Good Practice... Corporate Website

We provide a wide a range of services to our customers via our corporate website, which includes:

- A fully functional e-care/e-shop online portal aligned with DT standards and functional blueprint, where customers can purchase their products and either pay with credit/debit card or on delivery, with all items being delivered within 48 hours, as well as purchase a mobile device with a bundle.
- A Pre-paid eTop-up service, where customers can use a credit/debit card to remotely add an amount to any pre-paid account.
- Frequently Asked Questions and Customer Support areas, where we inform our customers about related issues, such as shop location and automatic Internet settings.
- The My account (Llogaria ime) log-in area, where customers can register and receive real-time information (e.g. remaining credit, credit expiry date, PUK code retrieval), activate or deactivate services and purchase bundles.
- Electronic bill and e-Payment, which includes the last bill's due amount, the undue amount and traffic information, which customers can use a credit/debit card to pay their bill.

We seek to cultivate a reciprocal, sincere and trustful relationship with our customers, in order to be their preferred choice. For this reason, we closely monitor our performance regarding customer satisfaction, through a series of surveys, which include:

- An annual qualitative and quantitative survey to analyze our company's and brands' strengths, both in both in absolute terms and compared with our competitors.
- The quarterly quantitative TRI\*M Survey on a representative random sample of the Albanian population to measure their perception about the image of mobile operators, including our own.
- The quarterly quantitative NG ICCA (Next Generation International Customer Contact Analysis) research to monitor the quality of the customer care services as experienced by our customers and assess their experience from specific touchpoints (namely retail, Call Center and IVR).

During 2016, we managed to continuously improve our performance related to customer satisfaction in the retail channel and our Call Center and we achieved a leading position for Call Center services within DT Group. The improved ICCA results can be attributed to the following initiatives:

- Analysis of customer feedback and call back activities.
- Restart of IVR channel monitoring and adjustment of contribution weight.
- Sales incentive related to ICCA performance.

## Customer Satisfaction

	Q4'15*	Q1'16	Q2'16	Q3'16	Q4'16
TRI*M Survey results					
Telekom Albania TRI*M Survey results for residential customers (index)	100	100	98.8	98.8	104.6
Average competitor TRI*M Survey results for residential customers (index)	100	102.5	100	106.2	103.7
Telekom Albania NG ICCA results (index)	100	113	128.3	132.6	131.5

\*Q4'15 results have been used as base results (100).

**Our customer satisfaction index increased by 4.6% in Q4'16, compared to base results**

**Our quality index for customer care services from main contact points increased by 31.5% in Q4'16, compared to base results**



## V Good Practice... SMS Survey

Following the respective practice from DT Group, since 2012 we conduct a customer satisfaction survey via SMS, in order to measure customer satisfaction from three main contact points (call center, self-service and shops). Every day, randomly selected subscribers receive an SMS and can reply free-of-charge using a scale of 1 to 5 (1 being the lowest, 5 being the highest) to evaluate the quality of service in one of these contact points.

We utilize survey results to assess the level of service, in order to continuously monitor service quality, analyse customers' needs and identify areas for improvement. Within 2016, we sent SMS invitations to 165,088 subscribers to participate in the survey for the above main contact points, compared to 150,689 in 2015.

## B. Ensuring service reliability

An important parameter of customer satisfaction is our ability to offer reliable and uninterrupted services, which we consider one of our main obligations. As a result of our efforts, we were ranked as the country's "Best in Test" operator for our mobile network during the P3 performance test, an independent benchmarking assessment regarding quality of mobile networks and offered services. Telekom Albania was the only operator with overall improvements compared to 2015 and the company's achieved and certified by P3 Score Points demonstrated:

- The great improvements related to data service in urban areas due to LTE deployment.
- The best web browsing experience among all operators in metropolitan areas.
- The high video YouTube performance, especially in urban areas.
- The highest download speed rate offered.

Additionally, within 2016, we replaced 81% of total old MW links (microwave links) with new IP MW links.

## Network Reliability

	2015	2016
Network availability		
2G (%)	99.86	99.77
3G (%)	99.89	99.92
4G (%)	99.98	99.98
4G+ (%)	NR	NR
Call success rate		
2G (%)	99.88	99.84
3G (%)	99.46	99.44
4G (%)	99.01	99.83
4G+ (%)	99.01	99.83
Drop call rate		
2G (%)	0.97	0.82
3G (%)	0.33	0.34
Data drop rate		
4G (%)	0.21	0.17
4G+ (%)	0.21	0.17

NR: Not Reported

## We reduced our data drop rate on both 4G and 4G+ by 19%

### C. Monitoring our performance

We have established mechanisms to communicate and receive comments and complaints, in order to effectively serve our customers, which include:

- Written communication to our offices or to Telekom Albania Help Desk.
- The e-mail address [complaints@telekom.com.al](mailto:complaints@telekom.com.al).
- Our Call Centers (139 for pre-paid customers, 144 for post-paid customers and 142 for both pre-paid and post-paid customers).
- Personal contact at the company's points of sale.

Within 2016:

- We received 5,671 complaints, compared to 8,452 in 2015, without any of them resulting in a fine or other non-monetary sanction.
- Approximately 93% of complaints received were resolved within 5 days, compared to 74.4% in 2015.
- The average time to resolve complaints was 2.2 days, compared to 2.7 days in 2015.
- The number of valid complaints received was 1,601.

In the case of delays, we inform the customer for the reasons of delay and the expected time to resolve his/her complaint.

### Customer Service

	2015	2016
Received by e-mail		
Complaints (number)	3,353	3,925
Complaints resolved within 5 days (number)	2,836	3,812
Average days to resolve (days)	3.8	1.2
Received in written		
Complaints (number)	1,285	1,428
Complaints resolved within 5 days (number)	956	1,165
Average days to resolve (days)	3.1	2.6
Received by call center		
Complaints (number)	3,814	318
Complaints resolved within 5 days (number)	3,700	302
Average days to resolve (days)	1.3	2.5
Complaints category		
Product and services (number)	NR	1,818
Cost of products and services* (number)	NR	1,778
Policies and procedures** (number)	NR	2,001
Product and service reliability*** (number)	NR	74

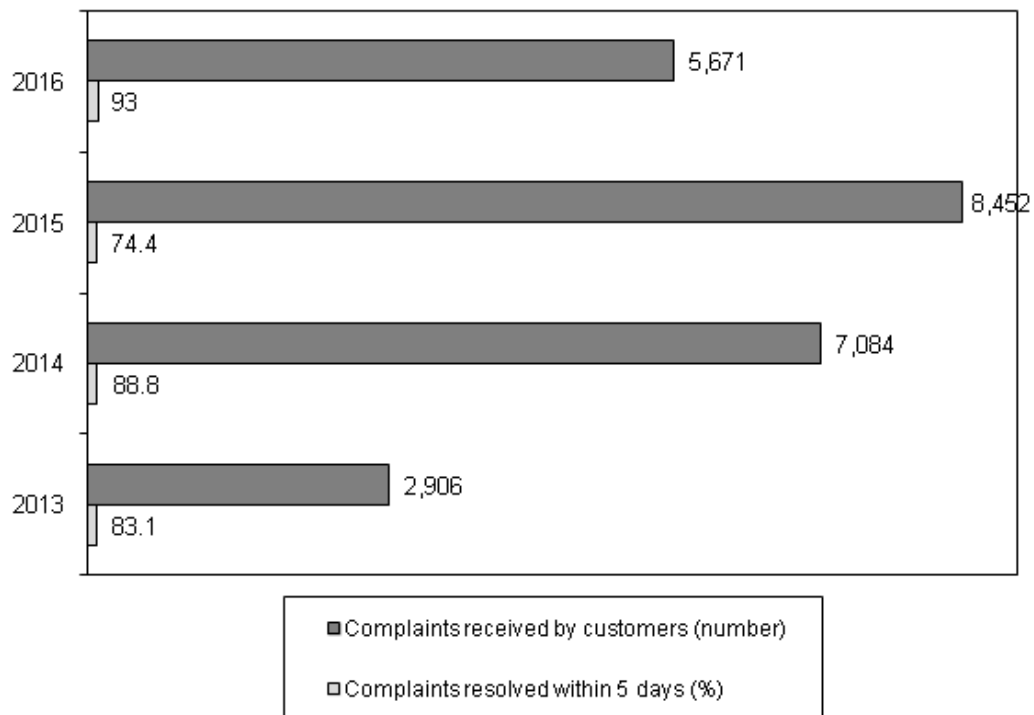
\*Includes billing and charging complaints, i.e. tariffs charging (voice, messages, national and international) and roaming charging.

\*\*Includes contract claims, bad debt notification and payment clarification.

\*\*\*Includes technical issues, such as network coverage (GSM, 3G and 4G), as well as internet service speed and status.

NR: Not Reported

### Complaints Management



**The number of received complaints decreased by 32.9%**

**We increased the percentage of complaints resolved within 5 days to 93%**

## 4. Data and Internet Security

### A. Protecting personal data

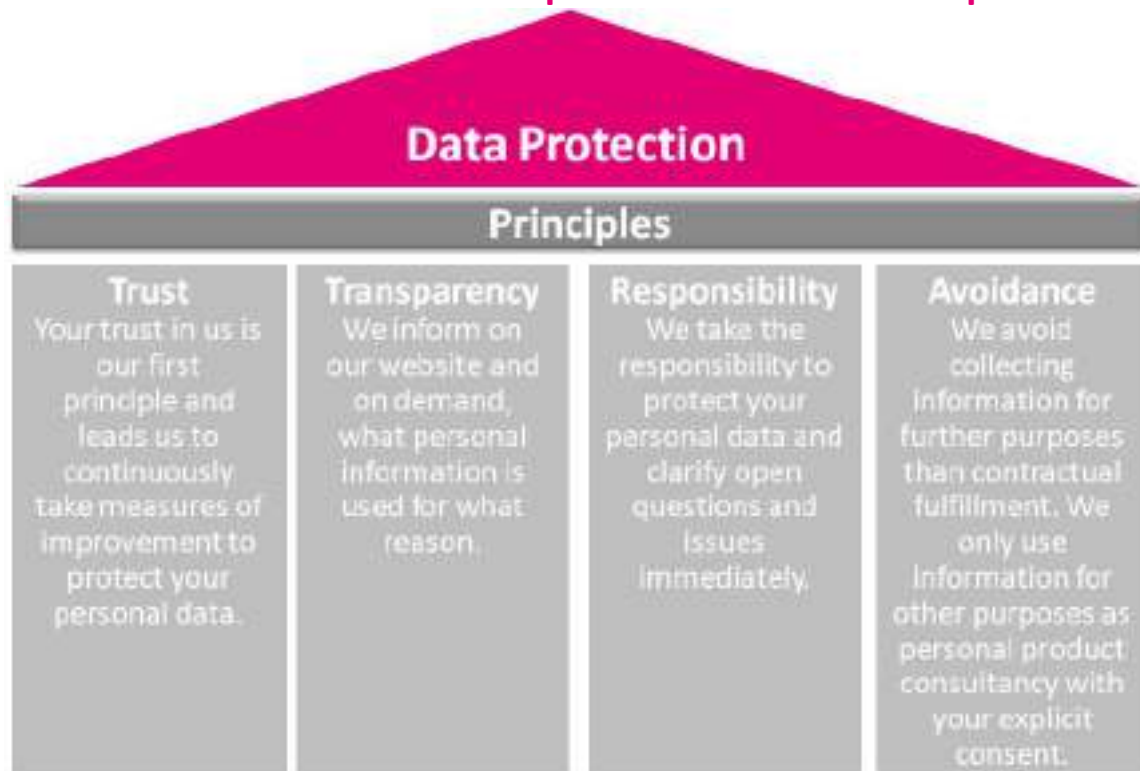
Security of personal data and communication content is not only an important commercial issue, but also a legal and ethical obligation. Therefore, we:

- Have adopted the same definition for data privacy and collaborate with other DT Group companies to guarantee a high level of data security.
- Comply with national legal requirements concerning personal data security and the DT Group Data Protection Principles.
- Have established the Information Security Steering Committee, which is responsible to provide management direction and guidance for the company's information security efforts, in order to ensure that they are appropriately prioritized, funded and supported by the involved organizational units, as well as address realistic business needs. The Committee consists of:
  - The Chief Executive Officer, as the Committee's Chairman.
  - The Chief Financial Officer.
  - The Chief Commercial Consumer Officer.
  - The IT & Technical Director.
  - The HR & Administrative Director.



- The Information Security Senior Specialist.
- Have developed the General Security Policy, which is part of the DT Group Security Policies Harmonisation Project, in order to have data security and privacy systems compliant with the requirements of ISO 27001 and ISO 27002.
- Have adopted and introduced the DT Group Binding Corporate Rules Privacy Policy.
- Have reviewed and modified (where necessary) all internal policies on information security, according to the new information security regulation introduced by AKEP in 2015.
- Utilize suitable and appropriate organizational and technical means and infrastructures.
- Have developed the Information Security Annex with the set of rules and technical requirements that vendors or third parties should accept and implement on the new technical implementations, in order to ensure that they accept, implement and correctly follow our security requirements.
- Implement Privacy and Security Assessments for every new technical implementation within our technical infrastructure on all the security requirements that should be implemented.
- Perform semi-annual Security Audits of our Data Security Management System, with no cases of non-compliance identified during these audits in 2016.
- Handle and perform various audits related to information security, such as the IT Network Security Outer Border Audit, a DT Group-wide audit to assess the level of IT network security, as well as the Users Access Reconciliation Audit, in order to ensure that systems' user access process is correctly managed.
- Have included a dedicated Privacy Awareness section in our Induction Program.
- Require personal consent to collect, process and use any personal data only for their designated purpose.
- Inform our employees on information security and data privacy, through Information Security Awareness Sessions we organize every year. Within 2016, we organized 21 respective sessions in 12 departments.
- Have introduced technical solutions for system and network devices security and security vulnerabilities scanning, as well as protect the users' e-mail from spam mails and other Internet malwares that are delivered via e-mail.

## Deutsche Telekom Group Data Protection Principles



## Policy... Protection of Personal Rights on Handling Personal Data

The Binding Corporate Rules Privacy Policy has been adopted on a legally binding basis from all Group companies (including Telekom Albania) regarding processing of personal data by all DT Group companies. Every other organizational policy and procedure is developed to comply with this Policy, which applies to all types of personal data, regardless of where they are collected:

The Policy ensures data privacy throughout the DT Group, as it describes the measures taken to manage and share personal data, respected individuals' rights and manage liability Group-wide, through its provisions in the following issues:

- Transparency of Data Processing: Duty to Inform, Content and Form of Information, Availability of Information.
- Conditions of Admissibility for the Use of Personal Data: Admissibility of Personal Data Use, Consent by the Data Subject, Automated Individual Decisions, Use of Personal Data for Direct Marketing Purposes, Special Categories of Personal Data, Data Minimization, Data Avoidance, Anonymization and Aliasing, Prohibition of Tying-in.
- Transfer of Personal Data: Nature and Purpose of Transfer of Personal Data, Transmission of Data, Commissioned Data Processing.
- Data Quality and Data Security: Data Quality, Technical and Organizational Measures for Data Quality.
- Rights of Data Subjects: Right to Information, Right of Protest, Right to Have Data Erased or Blocked and Right to Correction, Right to Clarification, Comments and Remediation, Right to Question and Complain, Exercising of Rights of Data Subjects, Hard copy of the Binding Corporate Rules Privacy.
- Data Privacy Organization: Responsibility for Data Processing, Data Privacy Officer, Group Data Privacy Officer, Duty to Inform in Case of Infringements, Review of the Level of Data Privacy, Employee Commitment and Training, Cooperation with Supervisory Authorities, Responsible Contacts for Queries.



## **T** Group Good Practice... Online Data Protection Survey

DT Group implements the annual employee Online Awareness Survey to identify security vulnerabilities and provide feedback on the awareness measures' effectiveness in three main categories:

- Use of tolls when working with personal data.
- Data privacy training.
- Data privacy process.

Based on the 2016 survey results, Telekom Albania was ranked on the 4<sup>th</sup> place of the DT Group Ranking Table, out of the 68 participant DT Group Business Units.

## **V** Good Practice... Engaging In Information Security Protection

Telekom Albania organized an information security protection event at the premises of @Telekom Community Store in the former Blloku area, in cooperation with experts from the National Agency for Computer Security, in order to inform participants regarding the necessary information security approach in various sectors, as well as share their approach and ideas with the innovators community

regarding information security. Participants also had the opportunity to visit the shop @Telekom Community Store and learn about the latest technological solutions and applications.

In 2016, there were:

- No complaints or cases of non-compliance with regulations and voluntary codes regarding privacy issues or loss of personal data.
- No incidents or legal actions for non-compliance related to personal data protection.
- No relevant fines or other non-monetary sanctions were imposed by respective authorities.

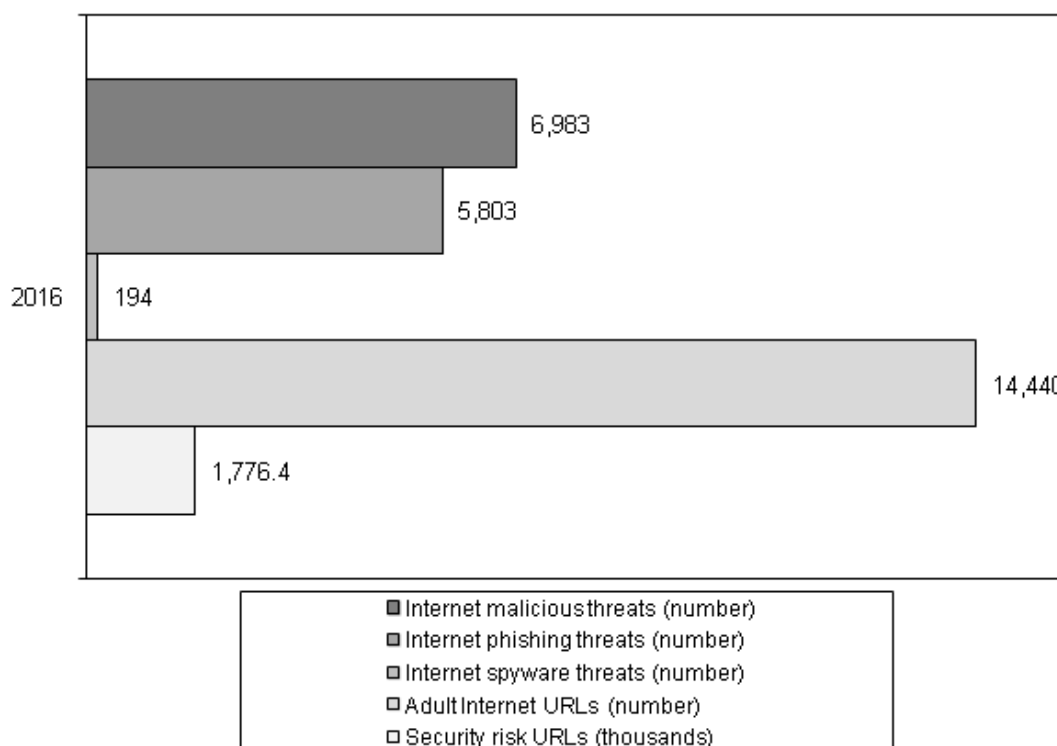
**We had no incidents regarding customer privacy issues or loss of personal data**

## B. Upholding Internet security

As the issue of Internet and information security is one of our top priorities, we have included respective advices and practices on our website to inform our subscribers and the general public regarding:

- E-mail and security.
- Safety for children.
- How to navigate safely online.
- What can you do to protect your personal computer.
- What can you do to secure your mobile device.
- Important questions about storing personal data.

### Blocked Internet Security Threats



## We successfully blocked 1,803,860 Internet security threats and URLs

### C. Protecting minors

We believe that parents should be properly informed about mobile telephony features and functions, such as access to services, voice calls, SMS, sending and receiving photographs and videos, as well as Internet access, in order to promptly decide what services their children are permitted to have access to. For this purpose, we:

- Comply with the contractual obligations as defined by the national legislation regarding provision of services to minors.
- Have voluntarily signed and comply with the National Code of Conduct “On the Safe and Responsible Use of Electronic Communication Networks”, which outlines the principles to protect children and the general public from the risks associated with Internet access.
- Participate in the CEO Coalition to Make Internet a Safer Place for Children and Young People, as a member of the DT Group, along with other companies which are committed to support safer navigation on the Internet, through:
  - Simple tools for users to report harmful content and contact.
  - Age-appropriate privacy settings.
  - Wider use of content classification.
  - Wider availability and use of parental controls.
  - Effective removal of child abuse material.
- Conduct awareness campaigns regarding Internet dangers, without however conducting a relevant campaign within 2016.
- Have published a set of Guidelines related to Information Security and Privacy on our website.
- Do not offer any adult, chatting or horoscope services.

As a result, within 2016 there were:

- No cases of non-compliance with laws and regulations regarding product and service use or their health and safety impacts.
- No recalls of products and services regarding health and safety impacts.
- No incidents or legal actions for non-compliance related to product and service use or their health and safety impacts.
- No relevant fines or other non-monetary sanctions imposed from respective authorities.

## 5. Responsible Procurement

### A. Supporting suppliers

During 2016, Telekom Albania cooperated with over 120 suppliers, out of whom 50% are local suppliers. Despite the globalization of procurement, the company strives to involve local suppliers in its supply chain for products and services. It must be noted that the company’s activities and operations over the years have encouraged international partners to establish their own presence in Albania. In 2016, the percentage of procurement expenses allocated to local suppliers exceeded 20%.

### B. Influencing our supply chain

Since our size can significantly influence our suppliers’ responsible operations, we adhere to socially and environmentally friendlier procurement practices as part of the DT Group and utilize internal and external performance indicators and management tools to systematically manage our procurement process. Furthermore, we:

- Have adopted the DT Group Social Charter, which includes internationally recognized employee and human rights, as well as ethical, social and environmental corporate governance standards. The Social Charter complies with the fundamental principles and standards of the International Labour

Organization (ILO), the Universal Declaration of Human Rights and the UN Global Compact, as well as the Organization for Economic Co-operation and Development (OECD).

- Have adopted a set of core values and business principles to evaluate our suppliers regarding Corporate Responsibility issues in the areas of labour, Health and Safety, environment and ethics, which are included in our Supplier Code of Conduct.
- Require from all suppliers who submit their proposals to explicitly declare that they agree to adhere to the Supplier Code of Conduct, which is published on the corporate website at <https://www.telekom.com.al/company/compliance/>.
- Have adopted Integrity Checks to consider prior to initiate collaboration with new suppliers, which are performed according to our anti-corruption practices and company policies and procedures.
- Include Corporate Responsibility and anti-corruption clauses to the tender requirements by our Departments, which are binding for all company suppliers and are included in the contracts with all suppliers.
- Expect from our suppliers to take all necessary actions in order for their sub-contractors to comply with the Supplier Code of Conduct's obligations.

## Corporate Responsibility Issues Included in the Supplier Code of Conduct

Categories	Issues
Labour	Freely Chosen Employment
	Child Labour Avoidance
	Working Hours
	Terms & Payment
	Humane Treatment
	Non-Discrimination
	Freedom of Association
Health and Safety	Occupational Safety
	Facilities
	Physically Demanding Work
	Health & Safety Policy
Environment	Pollution Prevention and Resource Reduction
	Hazardous Substances, Wastewater and Solid Waste Emissions
	Environmental Policy
Ethics	Corruption, Extortion, or Embezzlement
	Disclosure of Information
	No Improper Advantage
	Protection of Intellectual Property

### V Good Practice... Respecting our Suppliers' Rights

Within our Code of Conduct, which has been communicated to all of our employees, we have included principles which underline the way we interact with our suppliers. Within this frame, our company:

- Maintains relationships with our suppliers based on trust and fairness.
- Behaves towards partners and suppliers with respect and transparency.
- Favors collaborating with environmentally friendlier and socially responsible suppliers.
- Generally separates any related purchasing and sales activities.



## T Group Good Practice... Strengthening Corporate Responsibility in the Supply Chain

As the supply chain poses a key aspect for its reputation and future business success, the Group:

- Has appointed the Chief Human Resources Officer responsible for supply chain management and to monitor the implementation of the Global Compact principles for human rights and labour standards.
- Has developed the Coltan Statement and the Statement on Extractives, which state its requirements from manufacturing suppliers to use ores and similar materials sourced from conflict zones, which are an integral part of its contracts with manufacturing suppliers.
- Has established limits for devices regarding use of hazardous substances, such as antimony, beryllium and arsenic, and requires detailed findings from suppliers to prove that these limits are being met.
- Is open to receive reports from employees along its supply chain regarding any issues, concerns or complaints they may have, through the whistle-blower mechanism.
- Implemented a development program to its strategic suppliers during 2016, in order to introduce socially and ecologically acceptable and financially efficient business practices. The program focused around better working conditions at the Group suppliers, which resulted to reduce the number of work-related accidents and the turnover rate, reduce recruitment and training costs, as well as increase productivity.
- Conducted 73 audits (on-site evaluations and visits) to suppliers within 2016, which also included employee interviews.

As a result of the above practices, the Group scored 98 out of 100 points in the renowned RobecoSAM sustainability rating for its supply chain management in 2016, five points higher than the respective score in 2015.

### C. Monitoring suppliers

Since 2010, the annual Supplier Evaluation Process is conducted at OTE Group level for all OTE Group companies (including Telekom Albania) and is coordinated by the Group's Process Improvement and International Process Management Coordination Department. The process's objectives are to evaluate the suppliers' performance based on the quality and efficiency of their products or services, as well as evaluate their commitment towards environmental protection, employee health and safety and Corporate Responsibility.

In 2016, the following types of suppliers were evaluated throughout the process:

- Global suppliers with a total spending of over €2 million at Group level (except suppliers of roaming and interconnection services, donations and sponsorships).
- Global suppliers of important commodities (i.e. products/services with a potential significant impact on products and services offered to customers) with a total spending between €500,000 and €2 million at Group level.
- Local suppliers with a total spending between €20,000 and €500,000.

The 2016 Supplier Performance Evaluation process was conducted to 35 global suppliers and 58 local suppliers, compared to 20 and 55 suppliers respectively in 2015, during which the responsible Business Owners conduct an Internal Evaluation and suppliers are required to complete and return a self-assessment questionnaire. Furthermore, during the self-assessment questionnaire's completion, suppliers were prompted to complete and sign the company's Code of Conduct, in order to assure that they also comply with legislation and the Group's core business values and principles.

The five criteria categories used for their evaluation and their corresponding weighting factors are:

### Supplier Evaluation Criteria Categories

	Weighting factor
Company Assessment (Financial Health, Past Performance / Citations, Compliance to Contract Terms, Conflict of Interest, Legal Proceedings)	15%
Product / Service Overview	25 % Product 30% Service or Both
Delivery Performance	20% Service or Both 25% Product
Supplier Relationship (Integrity Intention to Cooperate, Shared Risk & responsibility, Price Negotiation, Invoice Management, Payment Behaviour)	25%
Corporate Responsibility (Corporate Responsibility / Sustainability, Ethics, Environment, Health & Safety, Quality)	10%

OTE Group incorporated the evaluation results in the Group's results (which were discussed by the Group's Senior Management for any required remedial actions and measures) and communicated them to all Group companies. Throughout the Supplier Performance Evaluation process, our Management Team receives a quantitative assessment of each supplier's performance, which is taken as reference for any future relationship with that supplier, while a more detailed analysis is performed for conditional suppliers, in order to design relevant action plans. The Supplier Evaluation Process's results were the following:

### Supplier Evaluation Results for Telekom Albania

	Percentage
Suppliers to be excluded – suppliers should be excluded from the Group Suppliers' list	0%
Suppliers under supervision – suppliers should be under supervision and chosen only in special cases, following approval from the responsible Director and CEO	0%
Conditional suppliers – suppliers do not fulfill a considerable number of Telekom Albania's requirements	9.7%
Approved suppliers – suppliers satisfactorily fulfill Telekom Albania's requirements, weak points are noticed	87%
Reliable suppliers – suppliers fulfill Telekom Albania's standards and could also become a Partner	3.2%

It must be noted that:

- In case a supplier with an active on-going contract is rated as "conditional", we conduct meetings with the supplier, in order to discuss and implement relevant actions to resolve any identified issues as quickly as possible. No conditional suppliers for issues related to ethics were identified within 2016.
- There were no new potential suppliers with whom we did not initiate collaboration during 2016 for issues related to product/service quality and Corporate Responsibility, such as ethics, environmental protection and labour practices.

- We conducted an awareness Health & Safety program to 7 suppliers and over 105 employees, who are engaged in daily operations with Telekom Albania, such as providers of implementation and support activities for network operations, archiving and logistics, physical safety and security of premises and shops, sanitary and catering services. The program also included a briefing about our responsibility and commitment towards environmental protection, labour issues, ethics and data protection.
- So far, we have not identified any suppliers with significant actual or potential negative environmental, labour practices and human rights impacts or impacts on society, while no relevant incidents have been reported to date.

#### D. Ensuring product safety

The provision of safe products is a particularly important issue for Telekom Albania and the company applies a wide range of practices to ensure that they are manufactured according to international standards and conventions. For example:

- Telekom Albania inquires suppliers about data regarding SAR levels of mobile devices, data which are made available to our customers.
- Mobile phone devices sold comply with the internationally acceptable SAR levels (Specific Absorption Rate).
- Mobile phone's SAR levels are included in the product manual or user guide for each device.

## 6. Achievements 2016 and Targets 2017

We said	Progress	We will	By
Handle 85% of complaints related to customer service in less than 5 days.	100%	Handle 95% of complaints related to customer service in less than 5 days.	2017
		Deploy IP Multimedia Subsystem (IMS) core technology to support VoLTE (Voice over Long-Term Evolution).	2017
		Launch an information leaflet about the risks associated with Internet access and the required actions to protect children.	2017
		Develop information material on safer Internet and secure online experience.	2017



## IV. OUR SOCIETY

### *Support society beyond financial aid*

#### Introduction and Summary

##### **Our Size:**

**€77.2** million turnover

**€100.7** million economic value distributed

**€121,000** social contribution

**7,350** people supported through our social contribution activities

**48** employee volunteers

##### **Our Objective:**

To combine our business success, with prosperity and quality of life, for citizens in local communities we conduct our business in.

##### **Our Achievements:**

- We distributed over €100 million in economic value: over €6.7 million to employees, €2.1 million for taxes, €79.2 million to suppliers, €0.1 million to society and €12.6 million for investments.
- We increased the number of people supported through our social contribution activities by 27.5%.
- We provided internships to 63 students in the last two years.
- The total time allocated to volunteer activities reached 63 working hours.

# 1. Economic Value Generated

## A. Supporting Albanian economy

Telekom Albania contributes to the development of the Albanian economy through investments in telecommunication infrastructures, creation of job positions and introduction of products and services. The company achieves positive financial results, which are indicatively presented below for the period 2013-2016. In 2016, Telekom Albania managed to maintain its position in the country's highly fragmented and competitive market.

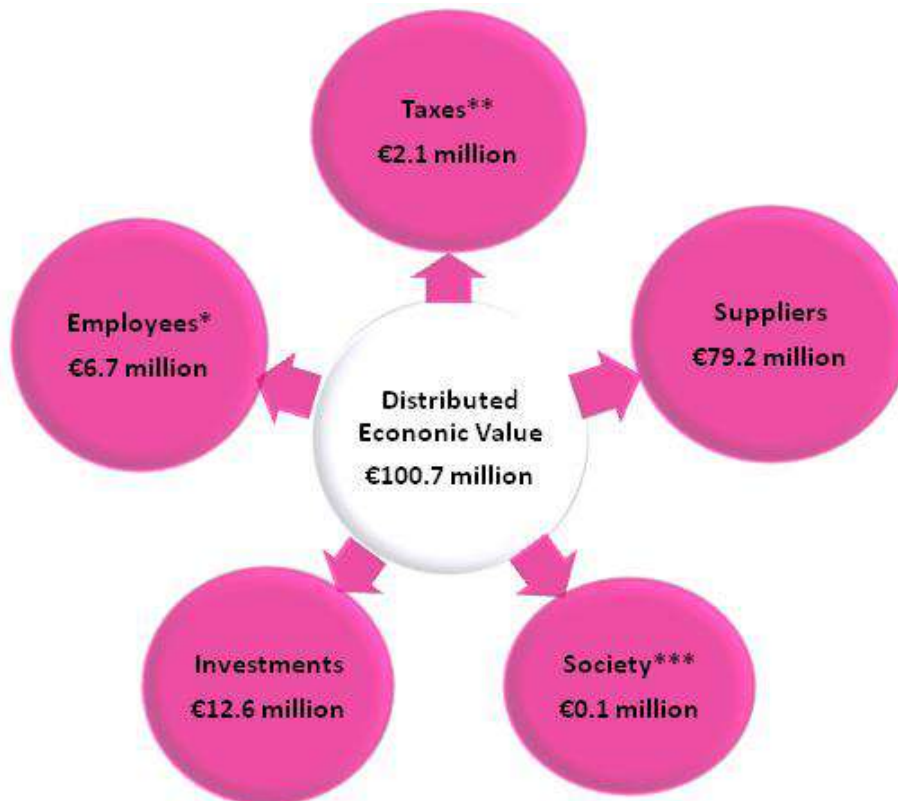
### Financial Results

	2013	2014	2015	2016
Total revenues (million €)	86.2	81.5	82.6	77.2
Earnings before interest, taxes, depreciation and amortization (EBITDA) (million €)	33.7	29.8	20.6	16.1
Capital expenditures (including spectrum payments) (million €)	NR	NR	NR	16.2
Net profits (million €)	NR	NR	NR	0.03
Corporate taxes (million €)	NR	NR	NR	1
Total taxes (including VAT) (million €)	8.7	NR	NR	2.1
Payments to suppliers (million €)	NR	NR	NR	79.2
Cost of employees (including salaries, benefits and insurance payments) (million €)	NR	NR	NR	6.7
Investments (million €)	10.5	NR	NR	12.6

NR: Not Reported

Our business operations ensure we generate and return significant economic value back to our Stakeholders, mostly through purchases (towards our suppliers), salaries, benefits and insurance payments (towards our employees), taxes (towards the State), social contribution (towards society) and investments.

### Economic Value Distribution



\*The amount refers to gross salaries, benefits and insurance payments.

\*\*The amount refers to total taxes, including VAT.

\*\*\*The amount refers to value of sponsorships and donations.

**We distributed over €100 million in economic value: over €6.7 million to employees, €2.1 million for taxes, €79.2 million to suppliers, €0.1 million to society and €12.6 million for investments**

## 2. Digital Divide and Smart Cities

### Your Opinion... Supporting Technology and Innovation

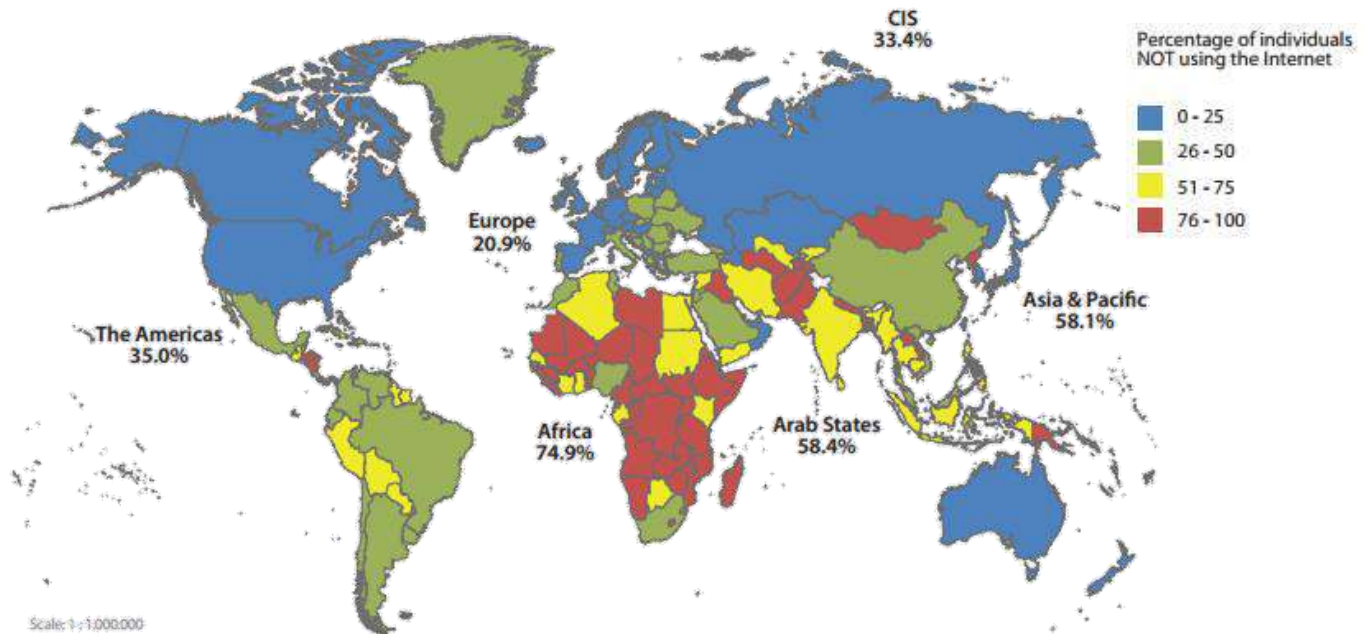
According to a survey conducted to a total of 1,052 citizens in October-December 2016, **34%** of participants believe that Telekom Albania is the most active company related to support technology and innovation initiatives.

#### A. Understanding the digital divide

Despite the large proliferation of information and technology services, approximately 3.9 billion people (approximately 53% of the global population) do not use the Internet. European countries feature the

smaller percentage of non-Internet users, followed by the CIS countries (the former Soviet Union countries) and the Americas, while the highest percentage is found in Africa.

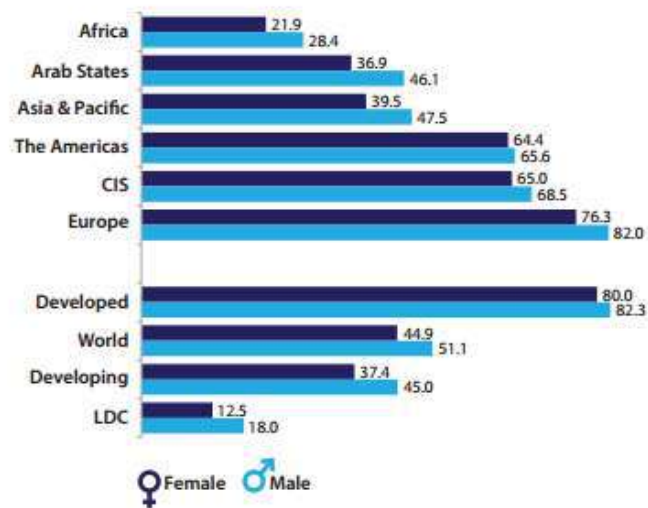
## Population Coverage of Mobile Networks



Source: ITU's ICT Facts and Figures 2016 report, estimated figures for 2016

While almost 1 billion households worldwide now have Internet access (out of which 230 million are in China, 60 million in India and 20 million in the world's 48 Least Developed Countries), the most representative indicator of the digital divide's extent is the fact that 84% of households in Europe are connected to the Internet, while the respective figure for households in Africa is 15.4%. At the same time, Internet penetration rates for men are higher compared to women in all regions of the world and are extremely low in the world's Least Developed Countries (LDC), as the global Internet user gender gap increased to 12% in 2016, compared to 11% in 2013.

## Internet Penetration Rates per Gender



Source: ITU's ICT Facts and Figures 2016 report, estimated figures for 2016

According to measurements on mobile connection coverage and performance conducted by OpenSignal and included in the "The State of LTE" November 2016 report, Albania demonstrates a 61.4% consistency availability of 4G networks (which means that on average the country's 4G users can find an LTE signal over half of the time they try to connect) and average 4G speeds slightly exceed 20.2 Mbps, which is above the global average 4G speed of 17.4 Mbps. However, despite the continuous efforts to bridge the digital divide, the country faces corresponding challenges to provide modern ICT services to a wider population. These efforts are undermined by the fact that only 38% of adult population had a bank account and the country's overall unemployment and youth unemployment were 17.3% and 32.1% respectively in 2015, based on World Bank's estimates. These figures are vital to strengthen digital economic activities and promote economic development. Therefore, the respective communications and Internet penetration rates are significantly lagging. According to ITU's ICT Indicators in 2015, there were:

- Approximately 7.1 fixed-telephone subscriptions per 100 inhabitants (226,718 subscriptions), while the respective average for European countries was 37.5.
- Approximately 106.4 fixed-telephone subscriptions per 100 inhabitants (3,400,955 subscriptions), while the respective average for European countries was 119.8.
- Approximately 7.6 fixed-broadband subscriptions per 100 inhabitants (242,870 subscriptions), while the respective average for European countries was 29.2.
- Approximately 51 active mobile-broadband subscriptions per 100 inhabitants (1.4 million subscriptions), while the respective average for European countries was 65.6 (data refer to 2014).
- 63.2% of individuals use the Internet (compared to 45% in 2010), while the respective average for European countries was 76.3%.

### B. Reducing the digital divide

Our approach related to reduce digital divide is to ensure proper geographical and demographic coverage, as well widen access and create opportunities for individuals and communities to utilize digital services. Telekom Albania strives to contribute to overcome the socio-cultural barriers that restrict the opportunity to participate in the information society and enjoy its benefits.

Currently, Telekom Albania has over 1.8 million subscribers, who expect to remain connected at all times, and offers 87.8% territory coverage and 96.4% population coverage in its 3G network, compared to 87% and 96% respectively in 2015.

## C. Shaping the transformation of cities



### T Group Good Practice... Innovative Solutions for Smart Cities

The intense urbanization and the population increase in cities mean that they can become the field for innovative solutions to help reshape them into smart urban areas. Indicatively, Deutsche Telekom Group is actively involved in the following smart city projects throughout the world during 2016:

- **mySmartLife in Hamburg:** The city implements various projects, such as in renewable energy and environmentally-friendlier mobility, in order to transform Hamburg into a smart city. All projects involve active citizen participation and 14 partners support the city's transformation, including HafenCity University and Hamburg University of Applied Sciences.
- **Smart street lamps in Monheim am Rhein:** As part of a pilot project, the City of Monheim am Rhein installed new street lamps, which require approximately 70% less energy, are dimmable and can be remote-controlled through a state-of-the-art light management system.
- **Smart city pilot project in Dubrovnik:** Croatia's largest smart city pilot project features installation of magnetic parking sensors at 30 parking spaces to provide drivers with real-time information on vacant parking spaces, multi-sensor video surveillance for traffic violations, smart streetlights and sensors to monitor air quality.
- **Smart city project in Bucharest:** The first integrated smart city project in Romania (at Tineretului Park in Bucharest) features the "Tap&Park" application for drivers to easily identify whether there is an available parking space near the park, free-of-charge Internet access to visitors in a designated area, a video surveillance system and an application that identifies specific predefined actions to trigger intervention by the authorities (such as vandalism or trespassing in restricted areas), as well as smart streetlights, which reduce energy costs by approximately 60%.
- **Smart city project in Skopje:** Since the beginning of 2016, an advanced integrated automatic vehicle location system and an electronic ticketing system in the public city transportation system were installed, which enable real-time monitoring of traffic network and passenger transportation, as well as control and regulate public transportation services. In October, the project received an award in the category "Sustainable Growth Solution" by the World Information Technology and Services Alliance.

## 3. Social Products and Services

### A. Introducing products and services for vulnerable social groups

At Telekom Albania, we strive to introduce and expand services for vulnerable groups, in order to improve their quality of life. Indicative examples include:

**Improved user interface:** We have introduced improvements to user friendliness for various products and services, which ensure that people with age-related or physical limitations are able to effectively use modern means of communication. At the same time, large keypad phones are available for sale in our shops, which are best suited for the elderly people.

**MyKid Watch:** The watch is specially designed for children between 4 and 12 years old and is equipped with a SIM card, a GPS receiver and a sensor, which allow parents to:

- Control and limit the individuals that can call the child.
- Control the calls and texts received by the child.
- Locate their child.
- Monitor various activities, such as sleep and exercise activities.

- Be notified in case of emergency situations.

**E-Di application:** The cloud-based platform service allows parents to stay connected with their family members at all times, such as locate family members in real-time, define a security zone for family members and protect their smartphones from various threats.

## B. Supporting services for the broader well-being

Our main objective is to utilize technology to serve people and offer communication services, which support wider needs of society.

**Emergency Services:** We allow free-of-charge calls in our network to emergency numbers, such as 127 (Ambulance), 128 (Fire Brigade) and 129 (Police).

**Public Awareness:** During 2016, we offered services to facilitate communication of citizens with the Albanian Government through short codes, namely the line to the Prime Minister's Office related to anti-corruption in the public sector (50505) and the Innovation Ministry's informative service (118 00).

## 4. Social Contribution

### A. Supporting society

#### Your Opinion... Commitment to Society

According to a survey conducted to a total of 1,052 citizens in October-December 2016, **76%** of participants believe that Telekom Albania is committed to support initiatives and organizations, in order to facilitate society development.

#### Your Opinion... Societal Support Awareness

According to a survey conducted to a total of 1,057 citizens in October-December 2016, **67%** of participants have heard, saw or noticed any of Telekom Albania's societal support activities (e.g. festivals, cultural or social events), excluding television programs.

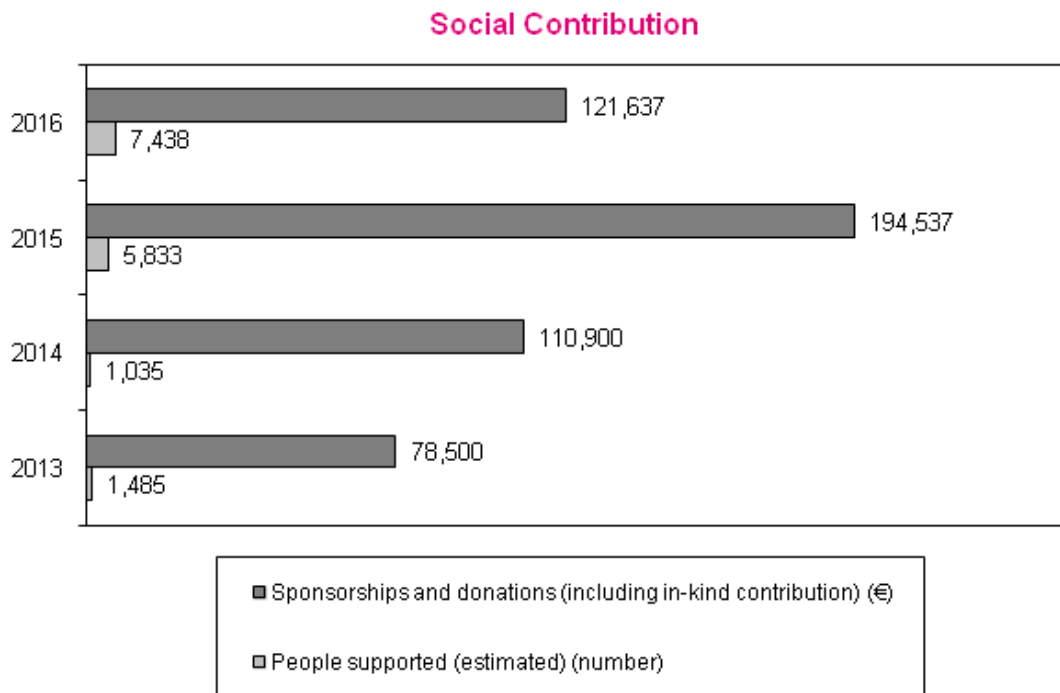
#### Your Opinion... Societal Support Activities

According to a survey conducted to a total of 1,052 citizens in October-December 2016, **26%** of participants believe that Telekom Albania is the most active company related to support of underprivileged citizens and vulnerable social groups, **47%** related to football events and **30%** related to charities and donations to institutions.

We focus on the following areas to support society, in order to help people in need and improve their quality of life:

- Children welfare and development.
- Vulnerable social groups and people with special needs.
- Equal access to education and information.

- Disaster Relief.



**We increased the number of people supported through our social contribution activities by 27.5%**

### Children welfare and development

**Hospital renovations:** Telekom Albania supported the renovation of the premises of the specialized “The Angels’ Cradle Nursery” department at the Maternity Hospital “Mbretresha Geraldine”. Since its establishment 20 years ago, the Nursery has cared for over 650 abandoned babies up to now, mainly with the support of foreign volunteers and the Organization for the Support of the Albanian Abandoned Babies. The project has improved the conditions for abandoned babies and the Hospital’s employees, through a new and modern infrastructure, as well as suitable furniture to accommodate these babies and respond to their needs.

At the same time, we contributed to renovate the clinical premises of “Shefqet Ndroqi” University Hospital, which is the largest Hospital in Albania for respiratory diseases and treats approximately 12,000 patients annually.

**Newborns’ registration:** Telekom Albania and the Ministry of Health support the registration of all newborns at the country’s health centres through a UNICEF project, in order for health centres to have more detailed information about all children. The company’s support allows to develop and implement a functional model to digitize the information of the birth certificate and medical records and transfer them in real-time to primary health care facilities, which will contribute to equal access to health services for marginalized children or children living in remote areas.



### Vulnerable social groups and people with special needs

**Green Ideas:** Telekom Albania and the non-profit organization “Partners Albania” organized the “Green Ideas” competition for the fifth time, which aims to identify, select and support innovative ideas to promote social and sustainable development. The competition is open to local communities, social enterprises and small businesses and an evaluation panel of experts in various fields, members of the general public, officials from international institutions and a company’s representative select the winning ideas. In 2016, the organization “The Door” was awarded with the winning Green Idea for its project to build a social farm in the Shkodra region, which aims to rehabilitate people who require social care and integrate underprivileged individuals into society.

**Down Syndrome Month:** Telekom Albania participated in the Down Syndrome Month and supported the organization “Down Syndrome Albania”. Within this context, we organized the “buddy walk” along Tirana’s main boulevard and a live concert with famous Albanian singers at Mother Teresa Square, in order to support the cause and raise community awareness.

## ? Did You Know... Alzheimer's Disease and Dementia

According to The Global Impact of Dementia (2013–2050) report, over 135 million people will suffer from dementia by 2050, which has been recognized as one of the most important challenges in the health sector, since it disrupts the formation of new memories and affects older memories; thus, leaving people isolated and disorientated.

To support research against Alzheimer's disease and dementia, in 2016 Deutsche Telekom launched the multi-platform online game “Sea Hero Quest”, in collaboration with university researchers and the Alzheimer's Research Organizations, who requested the help of the gaming community. It is estimated that 100,000 gamers can generate the equivalent amount of data from 50 years of lab-based research just by playing for two minutes, which will significantly assist researchers in their work. Over 2.5 million people in 193 nations have played the game so far, which has received nine awards during the Cannes Lions International Festival of Creativity.

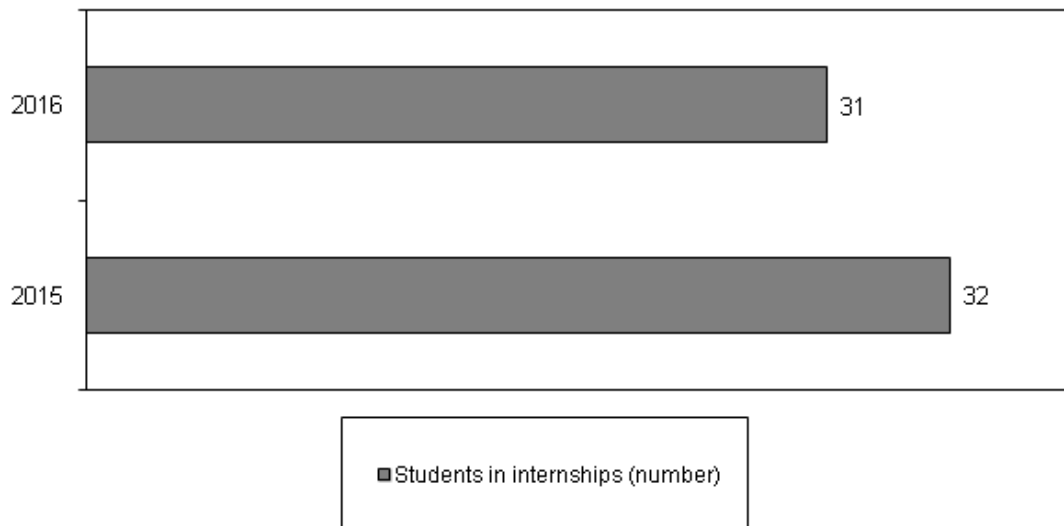
DT Group actively promotes the game across its platforms in 13 European countries, including Albania. Telekom Albania has introduced the game in the Albanian language, in a country where 50% of the Albanian population of at least 80 years old is affected by dementia. It must be noted that the game’s high download rate by users brought Albania in the first place of downloads per population in all countries where DT Group promotes the game.



### Equal access to education and information

**Internship programs:** We offer internship programs to students, in order to give them the opportunity to gain work experience and develop valuable skills which help them perform better on their future jobs or on their studies. Within 2016, we provided internship programs to 31 students, who applied their knowledge in a real working environment and acquired professional experience to develop skills and competencies, in order to advance their personal and professional development.

#### Internship Programs



**We provided internships to 63 students in the last two years**

### Disaster Relief

**Communication support:** Telekom Albania offered free-of-charge phone calls from Albania to all Belgian landline and mobile numbers for seven days in March 2016 (24/05 – 31/05), in response to the attacks occurred in Brussels' main airport and subway. The initiative aimed to facilitate communication of Telekom Albania's subscribers with their relatives and friends in Belgium.

## ✓ Good Practice... One Life

In 2016, Telekom Albania launched the One Life free healthcare program, which allows its customers to benefit from a package of medical examination and personal consultation with doctors in selected private hospitals:

- Mobile customers who recharge their pre-paid account by €7.3 are rewarded with the Silver package, which includes free unlimited medical visits to a surgeon, pediatrician, orthopedist, gynecologist or pathologist.
- Mobile customers who recharge their pre-paid account by €7.3 for three consecutive months are rewarded with the Gold package, which includes an annual package of complete blood examinations, cholesterol, glycaemia and cardiac tests, as well as dental control and dental cleaning.

It must be noted that post-paid customers can simply register into One Life and become part of the program and all post-paid customers of another mobile operator can simply transfer and number and benefit from the program's healthcare services. The program is also available to all employees from companies engaged in business contracts with Telekom Albania. By the end of 2016, there were approximately 80,000 users of the One Life packages.

## ✓ Good Practice... Medical Treatment for Abandoned Animals

Besides its contribution to society, Telekom Albania supports social initiatives which improve the life of companion animals. Within 2016, the company supported the Municipality of Tirana to implement a solution about abandoned dogs, which included their treatment in a modern veterinary clinic, located in the former Kombinati area. The clinic is estimated to care about 15 dogs daily and the involved partners' aim is to expand this initiative in the future with shelters or awareness campaigns for citizens on how they should treat animals and be closer to them.

### B. Ensuring transparency of society support activities

Our approach for each project's implementation utilizes the following four-stage process:

- Planning, where we identify the project's:
  - Objectives.
  - Beneficiaries.
  - Duration.
  - Monitoring methods.
  - Budget.
- Selection, where we select the projects based on clearly predefined criteria.
- Management, where we usually conclude partnership agreements with either cash or in-kind contribution with various organizations.
- Control, where we utilize specific Key Performance Indicators to measure its success, based on the project's specific features.

It must be noted that:

- The Corporate Affairs Office is responsible to design and implement social contribution activities, with the CEO's direction and support.
- The company's Compliance Office reviews all sponsorships and donations approved by the CEO, regarding their compliance with the company's regulations.
- We collaborate closely with other DT Group companies, in order to share experiences and best practices across countries or engage in various Group-wide initiatives.

## ✓ Good Practice... Transparency of Donations and Sponsoring

According to our Code of Conduct, we act within the limitations of legal and financial frameworks regarding our support to education, science, culture, social causes, sports and the environment with financial and in-kind donations, as well as services. As a result, we:

- Do not proceed with any donations to obtain business advantages.
- Comply with the respective legal requirements and internal policies.
- Record the recipient's name and the donation's purpose for all donations.
- Do not perform any donations to individuals or private accounts, as well as to individuals or organizations that could potentially damage the OTE Group companies' interests or image.

- Require that sponsoring partners/organizers deliver appropriate and verifiable communications and marketing services.

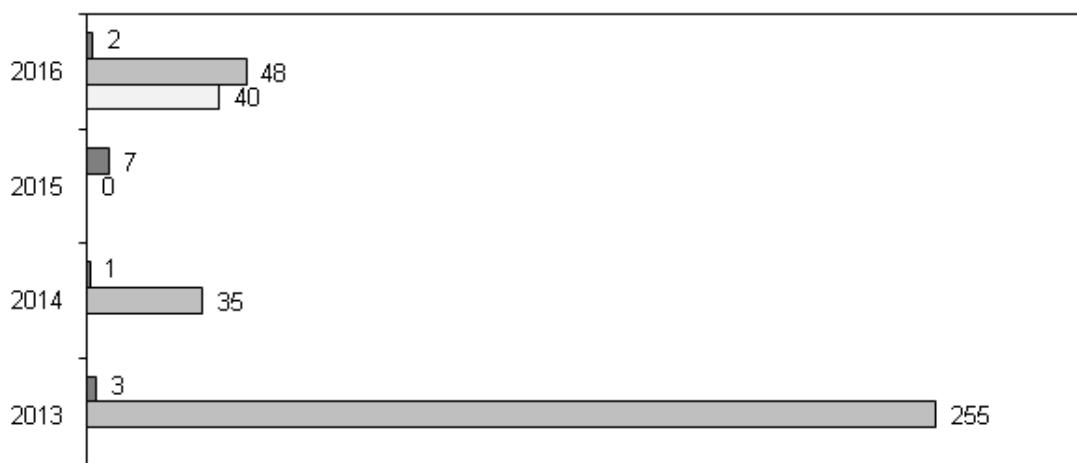
### C. Encouraging volunteerism

We cultivate volunteerism and strive to involve our employees, customers, suppliers and business partners in various initiatives and programs, in order to develop responsible and active citizens, through the following activities:

**Support to children:** In 2016, our employees prepared and donated gifts to each child in the Onco-Hematology ward of the University Hospital Centre “Mother Teresa” in Tirana and contributed to make 15 children's wishes come true. At the same time, they used 20 educational tablets donated by Telekom Albania in 2015 and volunteered to teach children with prolonged hospitalization periods to utilize educational software based on the Republic of Albania’s educational system, in order to improve the children’s media literacy skills.



#### Volunteerism



- Volunteer activities (number)
- ▒ Volunteer employees (number)
- Other non-employee volunteers (number)

**The total time allocated to volunteer activities  
reached 63 working hours**

#### **D. Caring for the impact of our operations**

Local communities are directly related with our company and activities. Therefore, we aim to identify our operations' impacts on local communities and ensure that our operations respect the well-being of Albanian citizens. It must be noted that, within 2016:

- We have not identified any operations with significant actual or potential negative impacts on local communities.
- There were no complaints filed through formal grievance mechanisms regarding the impact of our operations on local communities.
- There were no cases of dispute with the local communities.
- There were no accidents with significant impact on the local communities.
- There were no fines or other non-monetary sanctions imposed by the respective authorities regarding the impact of our operations on local communities.

### **5. Achievements 2016 and Targets 2017**

<b>We said</b>	<b>Progress</b>	<b>We will</b>	<b>By</b>
Support equipment or rehabilitation of a health centre/hospital.	100%	Provide medical equipment to health institutions.	2017
Offer job practices to at least 20 students studying in Albanian Universities.	100%		
Organize an awareness campaign to support children in need.	0%		
Organize four volunteer activities.	50%	Organize a volunteer activity to support an institution dedicated to children, with the participation of 50 volunteer employees.	2017

## V. OUR EMPLOYEES

*Create a safe, fair and engaging work environment*

### Introduction and Summary

#### **Our Size:**

**438** employees

**276** women

**34.5** average age of employees

**0** accidents

**5,014** hours of training

#### **Our Objective:**

To create a work environment, which ensures long-term career opportunities and facilitates our employees' development.

#### **Our Achievements:**

- We employ 100% of our employees with full time employment contracts.
- We increased health and safety training hours by 4.4%.
- We had no accidents within our workplace.
- We maintained the percentage of women employees to over 60% of total workforce.
- We increased the percentage of women in Middle Level Manager position and Director position to 67% and 33% respectively.
- Our lowest employee salary is 105% higher than the legal basic salary.
- We assessed 100% of applicable employees.
- We trained at least once 46.3% of our employees.

# 1. Employment and Communication

## A. Depending on our employees

Operating in a constantly changing business environment, it is imperative for us to be recognized as an attractive employer, who creates the appropriate opportunities for personal and professional development, establishes a healthy and safe work environment and respects the human rights and diversity of our employees.

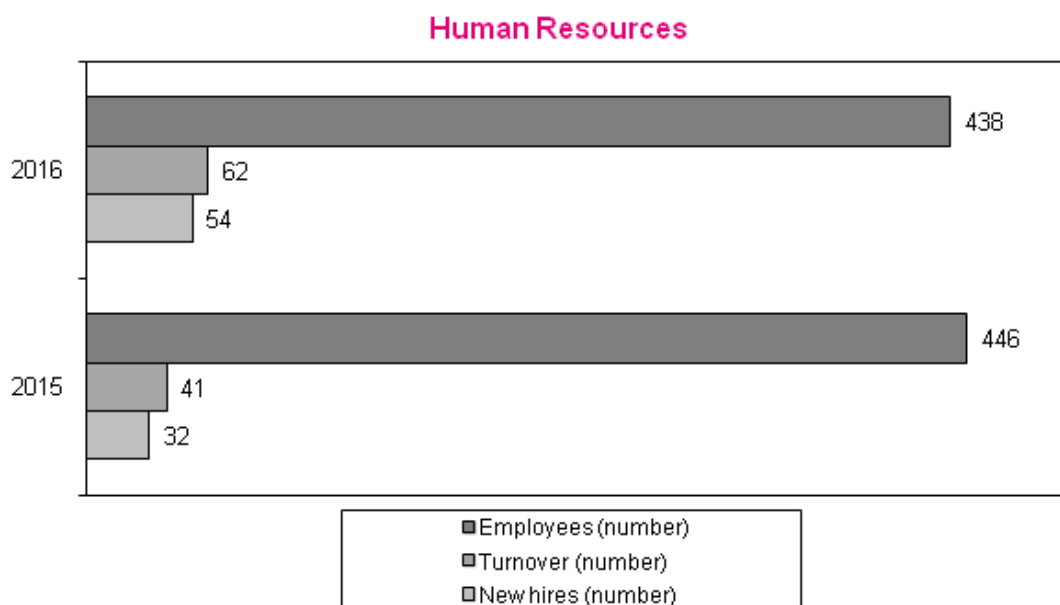
Therefore, we comply with Deutsche Telekom Group Human Resources strategies and policies, such as the Group Policy on Employee Relations, which addresses the following topics:

- Employee development.
- Handling change responsibly.
- Healthcare and sustainability.
- Fair pay.
- Achieving a good work-life balance.
- Leadership.
- Diversity.
- Ban on discrimination.
- Communication.
- Collaboration with employee representatives.

The Policy applies to all employees and leaders worldwide and aims to build a global cultural umbrella for the Group's diverse and international workforce. However, as in other countries, we have additionally crafted our employee relations in compliance with the country's specific laws, cultural practices and local legislation.

## B. Maintaining job positions

At Telekom Albania, we directly occupy 438 employees, while due to our business activity we have indirectly leveraged the creation of approximately 226 job positions in Albania, an aspect especially important due to the economic challenges.



## Human Resources

Hierarchy	Chief Executive Officer / Directors	Upper Level Managers	Middle Level Managers	Employees	Total	
Employees (number)	8	19	67	344	438	
Employment Type	Permanent	Temporary		Full time	Part time	
Employees (number)	424	14 (3.2%) (11 women)		438	0	
Gender	Female	Male				
Employees (number)	276	162				
Age	<30	30-50		>50		
Employees (number)	95	332		11		
Categories	Nationalities	Disabilities		Expats		
Number	3	1		6		
Education Level	Public School / High School	University Education		Postgraduate Education		
Employees (number)	2	402		34		
Employment Tenure	<5 years	5-10 years		>10 years		
Employees (%)	31.3	36.1		32.6		
Working Place	Offices	Shops				
Employees (number)	383	55				
New Hires	Female	Male		<30	30-50	>50
Employees (number)	32	22		33	21	0
Turnover	Female	Male		<30	30-50	>50
Employees (number)	23	39		12	44	6
Turnover	Resignations	Redundancies		Other		
Turnover reason (%)	11	3		0		

Data refer to 31/12/2016.

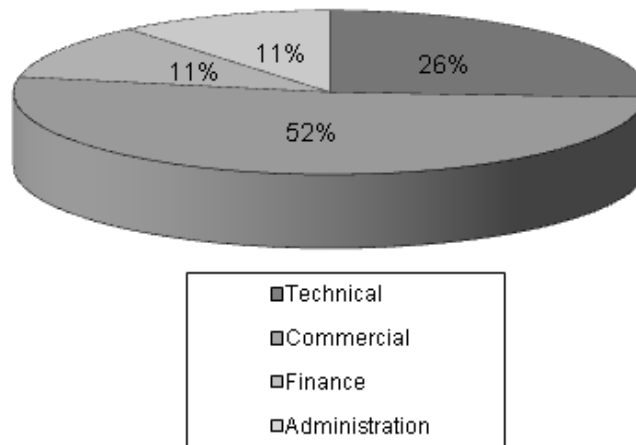
It must be noted that:

- There are no variations in employment numbers due to seasonality.
- The average age is 34.5 years.
- The average employment tenure is 7.8 years.
- The employee turnover rate was 14%, out of which 3% remained within Deutsche Telekom Group, while the employee turnover rate for male and female employees was 5% and 9% respectively.
- There were 2 employees who left before completing 12 months of employment.

**We employ 100% of our employees with full time employment contracts**



### Allocation of Employees per Function



## V Good Practice... Supporting Youth Employability

Responding to our commitment to support young people in their career planning and allow them to find a new job, we participated in 4 job fairs organized in Tirana by the Ministry of Social Welfare and Youth and private Universities in May 2016, during which we interviewed over 400 candidates (mainly young people) and created a candidate pool for future vacancies.



### C. Communicating with employees

As we recognize the importance of effective internal communication, we utilize a wide range of means in order to maintain a transparent, continuous and interactive communication with our employees. Within 2016, we:

- Utilized our Intranet for several articles and postings related to Corporate Responsibility.

- Sent e-mails to all employees for various corporate and Corporate Responsibility issues, which included:
  - Information on all new products and services.
  - Participation in surveys and polls.
  - Information about various International Days (e.g. Guiding Principles Day).
  - Call for volunteers for Children’s Hospital and Center for Newborn Babies.
  - Introduction of the “Sea Hero Quest” game.
  - Introduction of “You and Me”, the internal DT’s social network.
  - Participation in various leisure activities organized by the company after working hours.
  - Energy consumption reduction.
- Organized two offsite Management Team meetings.
- Organized two Performance Dialogue Roundtables (via telepresence) between Telekom Albania, OTE Group and DT Group.
- Initiated the pilot Connected Work Roadshow with workshops on our collaboration platforms and demonstration of cooperation tools to our employees, in order to increase awareness of Deutsche Telekom Group-wide tools, such as YAM (Deutsche Telekom’s internal social network), Jabber, WebEx, SharePoint, Minerva and Telepresence, as well as empower them towards international and cross-functional networking.
- Sent personalized electronic briefings (e-mails), for corporate and other issues.
- Sent electronic newsletters for recent news.
- Organized a formal event to reward 3 employees who have been working with our company for over 20 years.

As a result of our practices, all employees have been informed at least once regarding Corporate Responsibility issues within 2016.

## 2. Health and Safety

### A. Ensuring Health and Safety

Having as a priority to offer our employees a safe workplace, we strive to ensure suitable work conditions and follow health and safety rules, in order to protect our employees. For his reason:

- We exceed the requirements of the Albanian legislation and voluntarily adopt and comply with international recognized standards.
- Since 2012, the company’s Health and Safety Management System is based on the OHSAS 18001 standard for Occupational Health and Safety and we describe in detail all parties, tasks and measures involved within the system’s context in a handbook and procedural instructions, which have been signed by the executive management. During 2016, we organized focused sessions to inform our employees on the employee representatives who were assigned as members of the Integrated Management System Committee on Health and Safety performance.
- We have certified all our operations according to the requirements of OHSAS 18001.
- Our Health and Safety Management System and the Health and Safety Policy comply with the respective Albanian national laws and regulations.
- We have adopted a common Quality, Health and Safety and Environmental Policy, which illustrates our commitment to implement country regulations and shape a preventive culture for Health and Safety at work.
- We have established the Health and Safety Committee at Work, which represents 0.9% of employees, consists of 4 appointed Telekom Albania representatives and 4 elected employee representatives and is responsible to implement health and safety measures, in accordance with the Albanian legislation in force. The Committee meets quarterly with management representatives to discuss issues and processes related to improve health and safety at work.
- Our Health and Safety Team conducts monthly and quarterly Workplace Safety Inspections on company premises.
- Our Health and Safety Team performs annual Occupational Hazard Studies for each facility, following a standard methodology according to OHSAS 18001:2007 requirements.

- We have equipped our buildings and own shops with a First Aid Kit.
- We employ an Occupational Physician, who is available to assist employees in case of health issues.
- We measure noise, lighting, humidity and temperature levels in our headquarters and own shops.
- We perform four indoor and outdoor EMF measurements for every facility per year, whose figures are officially reported and published in our Intranet.
- We train our employees in Occupational Health and Safety principles and practices.
- We have established a comprehensive Accident–Incident Reporting system, which is maintained by the Occupational Health and Safety Team and covers event investigation, recommendations and statutory reporting.
- We conduct evacuation and safety drills for each facility once per year. Within 2016, we organized evaluation drills in our headquarters and warehouse, our building in Kashar, as well as in all own shops.
- We inform our employees on health and well-being issues, through workshops, e-mails and Intranet articles.
- We have included health and safety issues in the Employee Satisfaction Survey, such as mental/physical well-being and work-life balance.
- We immediately take care of our employee's health in first aid treatment cases, such as small skin injuries from paper cutting and scratches, skin allergies and blood pressure measurements (mainly in young employees and pregnant women with low blood pressure).
- We provide an annual medical examination to all employees (including new hired employees) as part of our corporate Medical Examination program, which includes eye sight test, physical check-ups, health promotion tests and clinical examinations, with additional medical examinations for employees whose job is classified as difficult. During 2016, we performed the respective medical examinations to all our employees.
- We systematically assess the effectiveness of health and safety measures and we review the employee survey's results and the relevant performance indicators.
- We encourage our employees' ideas and comments to improve health and safety within the workplace or express their concerns through the dedicated e-mail address [health&safety@telekom.com.al](mailto:health&safety@telekom.com.al) or contact directly the Occupational Health and Safety Team.



## V Good Practice... Internal Health and Safety Information Campaigns

We implement regular internal information campaigns to raise awareness on Health and Safety issues, mainly through the company's Intranet and internal e-mails. Within 2016, we organized the following campaigns:

- A campaign to promote the World Day for Safety and Health at Work 2016, where we informed all employees through e-mail and our Intranet.
- The campaign "Nutrition for a Healthy Autumn Season!", where we informed all employees through an e-mail and an informative article on our Intranet.
- The campaign "Influenza can become serious", where we informed all employees through an e-mail and an informative article on our Intranet.
- The campaign "Stress at the workplace", where we provided practical tips for stress management through e-mail, Intranet and dedicated posters in our premises to all employees.

## V Good Practice... Health and Safety Trainings

Indicating our efforts to establish a safe work environment, we implement various health and safety trainings, such as:

**First Aid Training:** We provide a First Aid Training Program to all employees involved in jobs classified as difficult (such as working at height, working with electricity or within warehouses) and to all employees of the Emergency Response Structure (ERT).

**Working Safely at Heights Training:** The program aims to ensure appropriate capabilities and knowledge and consists of training all new employees involved with working at height, as well as an annual refresher training for all existing employees. The training covers all areas of safe working conditions on overhead pylons and includes:

- Briefing and theoretical training for working at heights.
- Practical exercises for working at heights.
- Hands-on application for security techniques whilst working at height.
- Training in the use of specialized equipment.
- Demonstration of required Personal Protective Equipment.
- Understanding of an accident's possibility and the necessity for security measures.
- Rescue procedures.

**Workshop on Health and Safety at Work:** We implemented a workshop to promote health and safety at work, as well as firefighting and response in cases of emergency to specific subcontractors' employees (bus drivers, canteen employees and employees involved in cleaning activities).

To develop our annual plan for Health and Safety trainings, we evaluate the previous year's actions, such as inspection results and records of occupational accidents. Within 2016, the average health and safety training reached approximately 2.5 hours per employee, compared to 2.3 hours in 2015, in the following training sessions.

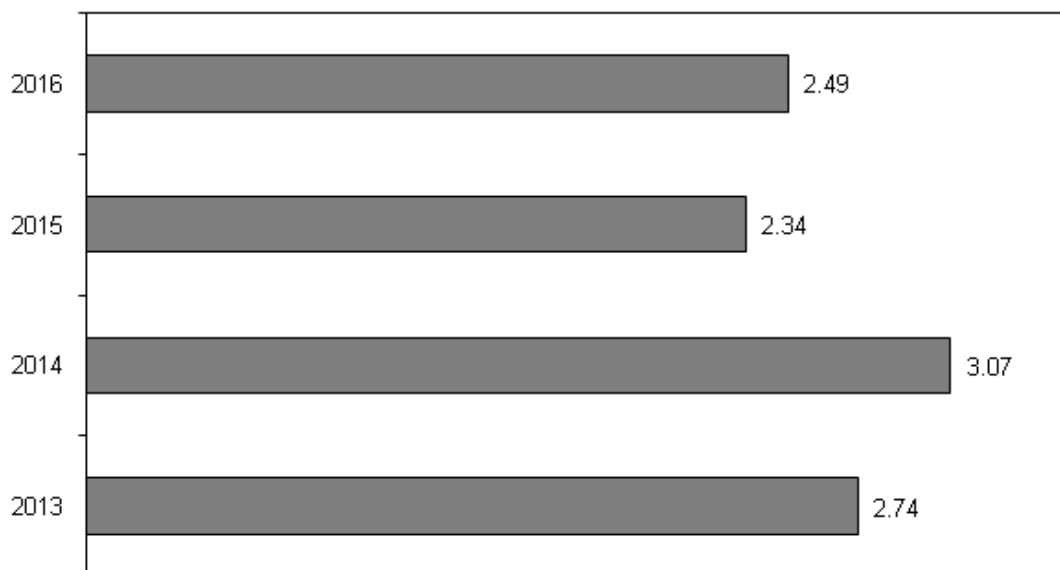
### Health and Safety Training Sessions

	2015		2016	
	Employees trained (number)	Employee training (hours)	Employees trained (number)	Employee training (hours)
Health & Safety topics in induction program	32	64	55	110
Emergency drills	316	316	369	369
Fire Protection and Emergency Preparedness Training – Incident Response Team	36	36	17	17
Tower climbing and rescue	10	160	NR	NR
Working with electrical equipment and installments	16	128	17	136
First Aid training	27	189	44	308
Safe driving	NR	NR	NR	NR
Shop security	50	50	49	49
Occupational health and safety awareness sessions	100	100	100	100
<b>TOTAL</b>		<b>1,043</b>		<b>1,089</b>

NR: Not Reported

**We increased health and safety training hours by 4.4%**

#### Health and Safety Training



■ Average health and safety training (hours/employee)

## B. Monitoring our performance

The results of the above approaches are reflected in the following table, where incidents related to Health and Safety are summarized. It must be noted that:

- There are no employees with high incidence or risk of disease associated with their work, while there were no occupational diseases among our employees.
- There were no complaints or legal actions for health and safety issues.
- There were no relevant fines or other non-monetary sanctions imposed by the respective authorities.

### Health and Safety

	2012	2013	2014	2015	2016
Fatalities (number)	0	0	0	0	0
Employee fatalities (number)	0	0	0	0	0
Collaborators' fatalities (number)	0	0	0	0	0
Work-related accidents (number)	0	0	0	0	0
Employee's injured (number)	0	0	0	0	0
Men injured (number)	0	0	0	0	0
Women injured (number)	0	0	0	0	0
Injury Rate (rate)*	0	0	0	0	0
Men (rate)	0	0	0	0	0
Women (rate)	0	0	0	0	0
Occupational Diseases Rate (rate)**	0	0	0	0	0
Men (rate)	0	0	0	0	0
Women (rate)	0	0	0	0	0
Lost Day Rate (rate)***	0	0	0	0	0
Men (rate)	0	0	0	0	0
Women (rate)	0	0	0	0	0
Absentee Rate (rate)****	1.37	1.21	1.02	1.06	1.10

\*Injury Rate (IR) = (Total number of injuries/Total hours worked) x 200,000. The factor 200,000 is derived from 50 working weeks for 40 hours per 100 employees. The data do not include minor (first aid level) injuries.

\*\*Occupational Diseases Rate (ODR) = (Total number of occupational diseases cases/Total hours worked) x 200,000. The factor 200,000 is derived from 50 working weeks for 40 hours per 100 employees.

\*\*\*Lost Day Rate (LDR) = (Total number of lost days/Total hours worked) x 200,000. The factor 200,000 is derived from 50 working weeks for 40 hours per 100 employees. Lost days are calculated as scheduled work days. Lost days count begins on the day of the injury or the next day, depending on the time of the day that the injury occurs.

\*\*\*\*Absentee Rate (AR) = (Total number of missed absentee days/Total number of workforce days worked) x 25,000. The factor 25,000 is derived from 50 working weeks for 5 days per 100 employees.

**We had no accidents within our workplace**

## 3. Fairness and Diversity

### A. Establishing a fair work environment

Our commitment towards meritocracy follows the principles of respect for human rights, fair employment, prevention of child or forced labour, non-discrimination, equal treatment for women and men, in decisions related to employment aspect (e.g. salaries), as expressed through:

- The national Labour Code and relevant regulatory framework which prohibits the use of child and forced labour.

- The company's Code of Conduct and Employee on Labour Relations Policy, which prohibits unlawful discrimination or harassment due to age, gender, religion, competence, origin, cultural background or sexual orientation.
- The company's Employee Manual, which highlights principles and guides employee behaviour.
- The United Nations Global Compact, which we have signed.

Based on these principles:

- Under no circumstances, will we employ any individual below the legal age limit (as defined by the Albanian legislation).
- We commit ourselves not to follow, or even tolerate, coercive work in our premises.
- We anticipate our suppliers not to occupy individuals below the legal work age or to tolerate practices of physical harassment and exploitation or use of coercive work in any of their premises.

## V Good Practice... Respecting Diversity

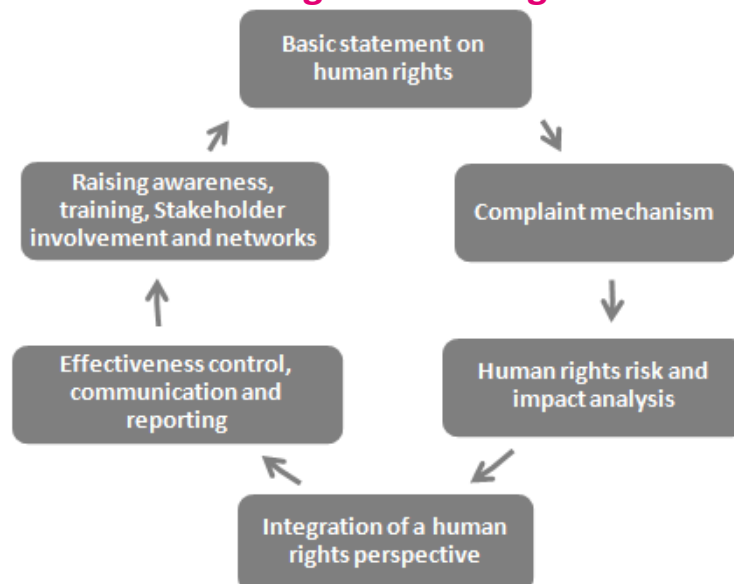
According to our Code of Conduct, we respect the individuality of our employees and cultivate individual and cultural diversity. As a result, we do not tolerate any form of unlawful discrimination or harassment within our company or in our business relationships. It must be noted that all Telekom Albania employees have the right and opportunity of one-to-one counseling with the Human Resources Department regarding any discrimination issue.



## T Group Good Practice... Protecting Human Rights

Deutsche Telekom Group commits to the UN Guiding Principles on Business and Human Rights published by the United Nations Human Rights Council in 2011 and has established comprehensive processes related to the protection of human rights, in order to systematically identify the impact of its operations on human rights and to prevent, mitigate or compensate these, if necessary. The Group has developed the following extensive program to implement the UN Guiding Principles, which utilizes several interconnected measures and tools.

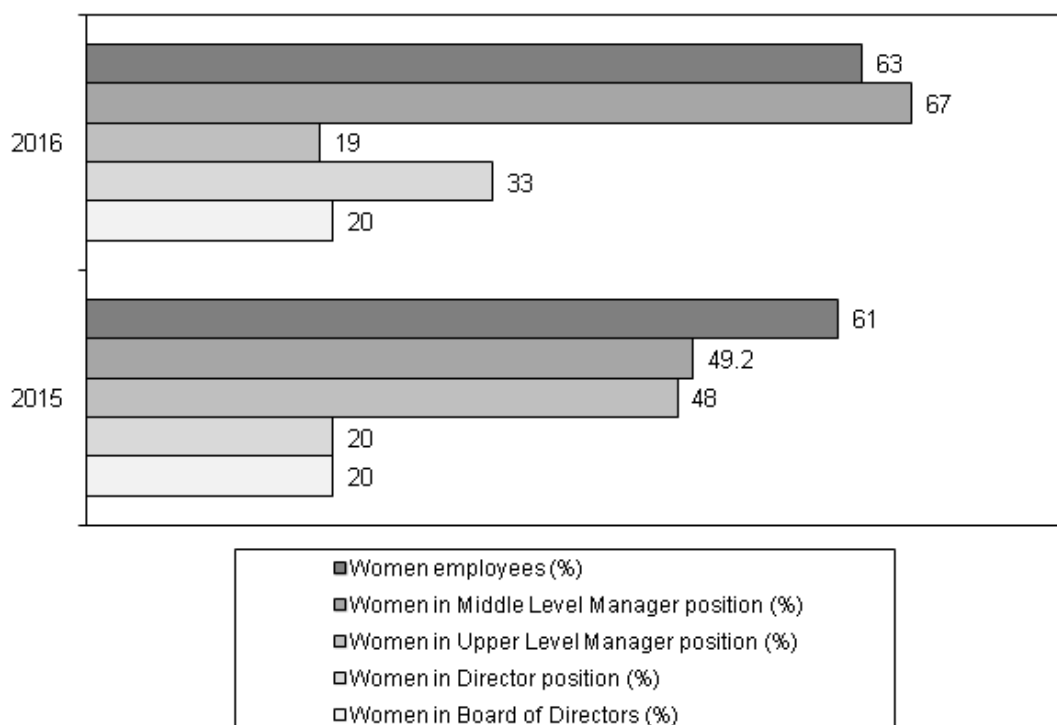
### Human Rights Due Diligence



Within 2016:

- There were no significant investment agreements and contracts with clauses on human rights.
- There were no complaints or grievances regarding discrimination incidents or unfair treatment.
- There were no complaints or grievances regarding human rights violation or labour practices.
- There were no legal actions regarding human rights issues or labour practices and no fines or other non-monetary sanctions were imposed by the respective authorities.
- Two previous legal cases regarding labour issues with former employees were trialed and partially accepted by the Tirana District Court, for which Telekom Albania has appealed to the Court of Appeal and the respective hearing dates are still pending.

### Percentage of Women



**We maintained the percentage of women employees to over 60% of total workforce**

**We increased the percentage of women in Middle Level Manager position and Director position to 67% and 33% respectively**

Although we have not an official policy to hire people from local communities, local employability is taken into account for certain positions which require good knowledge of the Albanian language and local environment.



## National Diversity in Management Structures

	2012	2013	2014	2015	2016
Supervisory Board					
Locals (number)	0	0	0	0	0
Expats (number)	3	3	3	3	3
Board of Directors					
Locals (number)	0	0	0	0	0
Expats (number)	5	5	5	5	5
Upper Management					
Locals (number)	18	13	18	13	20
Expats (number)	16	8	7	8	5
Interdepartmental Committees					
Locals (number)	5	8	8	8	NR
Expats (number)	5	7	7	7	NR

NR: Not Reported

### B. Offering fair salaries

Our Employee Manual and the Code of Conduct include the issue of fair remuneration, according to which we provide fair and equal salaries to men and women employees, which depend on position, qualification, individual performance, market competitiveness, experience, employment tenure within the company or the industry and local legal requirements and do not depend on the employees' gender.

As a result:

- The minimum salary was in all cases higher than the legal basic salary, as defined by local legislation.
- The proportion of salary for men and women is almost equal within similar hierarchical level, employee category or area of activity, with statistically insignificant variations, as salaries do not depend on the employees' gender.

**Our lowest employee salary is 105% higher than the legal basic salary**

### C. Respecting the right of association

We respect the right of employees to engage in collective bargaining and express openly and freely, individually or in groups their opinion, as described in our Employee on Labour Relations Policy and the internationally recognized principles of human rights. While there is no employee union within Telekom Albania, no operations in which the respective rights may be at significant risk have been identified. It must be noted that:

- There are no contracts that have been part of any collective bargaining agreement.
- According to the respective legal requirements, the minimum notice period regarding operational changes for our employees is 30 days.
- Our employees did not participate in any strike or lock-out.

### D. Ensuring confidentiality of employees' personal data

We respect the right of employees to safeguard their personal data and we implement various organizational and technical measures, which include:

- Compliance with the provisions of data privacy laws.

- Compliance with the Code of Conduct for the Protection of the Individual's Rights to Privacy in the handling of Personal Data within the OTE Group.
- Hold personal documents (such as identification cards, passports or any other personal papers) only as long as it is necessary related to their employment and to determine remuneration.

As a result of our practices, within 2016:

- We did not receive any formal employee complaints regarding privacy issues or personal data security.
- There were no proceedings or investigations against the company related to confidentiality of employee personal data.

## 4. Training and Development

### A. Appraising employees

In order to identify strengths and areas for improvement, we use a Performance Appraisal System, which is available to all employees through the company's Intranet. The System is:

- Aligned with the Guiding Principles of our Code of Conduct.
- Designed with an emphasis on Customer Experience Excellence.
- Based on specific and measurable objectives, professional competencies and performance criteria, which are revised as often as necessary to reflect current standards in the telecommunications sector and the corresponding required expertise.

Every year, each employee's performance is evaluated by their direct supervisor, based on pre-defined objectives. It must be noted that, prior to the annual performance appraisal process, all newly appointed managers attend tailor-made trainings, in order to:

- Assess the annual performance appraisal process.
- Assess their own performance.
- Create an individual development plan based on their needs.

Within 2016:

- 5 executives participated in the Group's Performance and Potential Review process to ascertain their readiness to undertake more demanding duties in the future, besides evaluating their own performance.
- 5 managers attended the training program on the performance appraisal process.
- 100% of our employees, who fulfilled the criteria of the respective appraisal procedure (i.e. employees not in maternity leave and new hired employees), have been appraised.

**We assessed 100% of applicable employees**

### B. Developing employees

**Internal Advancements:** Our priority is to develop our own employees and prefer to cover job openings from existing employees. All job vacancies are posted on the corporate Intranet, to which all employees have access. As a result, the percentage of permanent job openings covered by internal candidates reached 12% within 2016.

**Role Descriptions:** A Job Families Model (JFM) has also been applied to Telekom Albania, mirroring the respective system implemented in OTE Group, through which all roles are analyzed and described. The Model assesses and ensures that the role content and each employee's profile are fully understood and facilitates efficient internal recruiting and career path.

**Manager Support:** We utilize an Employees Development Guide to support the role of managers as

coaches, which allows them to identify employees' strengths and areas for improvement, set objectives and action plans related to employee development.

## V Good Practice... Mentoring Programs

We implemented a Mentoring Program for our employees in 2016, during which 5 employees (mentees) received targeted guidance from 3 Telekom Albania executives (mentors), in order to develop their skills and knowledge and advance their professional and personal development. During the 6-month program, there were 12 meetings and 24 mentoring hours between mentors and mentees.

### C. Training employees

**Induction training:** Through our Induction Program, we familiarize our new colleagues with our corporate principles, structure, culture (including Corporate Responsibility), policies and procedures. Within this context, we informed all new hired employees within 2016 about our operations and the proper communication channels to receive further information.

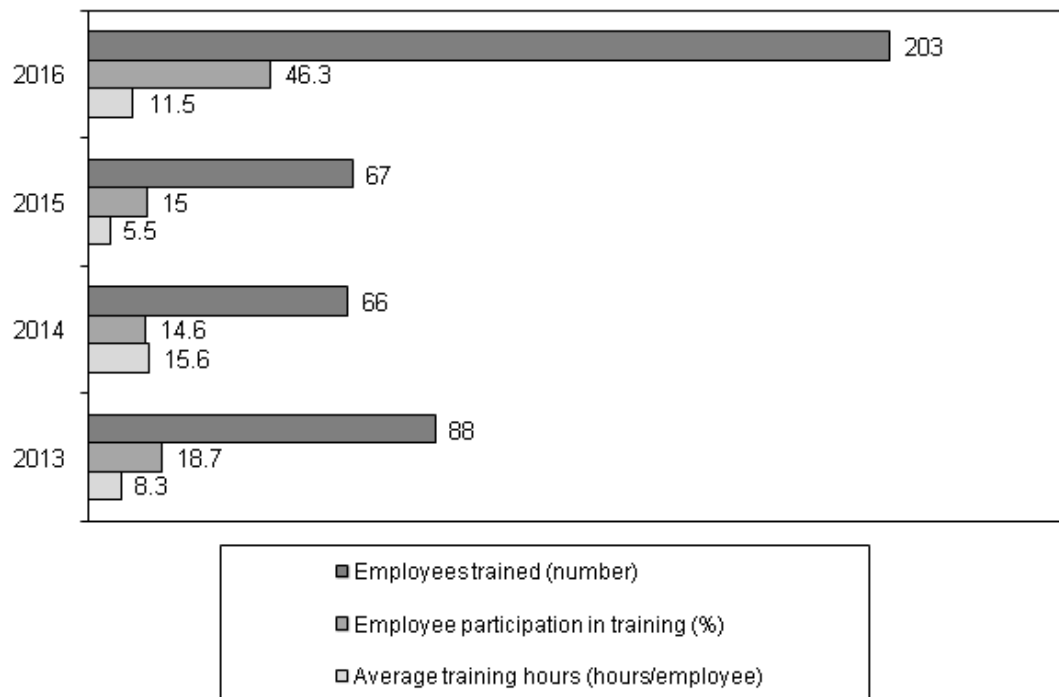
**Training programs:** As the need for qualified employees in the telecommunications industry will continue to grow in the coming years, Telekom Albania implements a wide range of training programs for its employees, either in-house or external by experienced trainers and specialized training centers for professional training services in the ICT industry. Main training areas include:

- Project Management.
- Sales & Negotiation Skills.
- Products and Services.
- Human Resources Management.
- Customer Service.
- Leadership.
- New Technology.

Within 2016:

- We conducted 33 training programs with a total duration of 5,054 hours, without however conducting any trainings on human rights.
- We conducted training programs on Corporate Responsibility issues to 12% of employees, 14% of Managers and 2% of Directors.
- The average training cost per employee was €185.

### Employee Training



\*Average training hours for 2015 have been restated.

**We trained at least once 46.3% of our employees**



## T Group Good Practice... DT Group Training Programs

Deutsche Telekom Group implements various training programs for its employees worldwide, such as the Exchange Experience Program, where employees can work from three to six months to other companies with the DT Group and share their experiences with their colleagues. Since 2013, 5 employees from Telekom Albania have participated in this program.

## 5. Life at Work

### A. Handling work-life balance

Indicating our commitment to maintain work-life balance and support our employees:

- We ensure that all employees receive their entitled leaves (such as paid leaves and sick leaves).
- We compensate overtime work.
- We do not force employees to work overtime, under the threat of any sanction (e.g. salary reduction or dismissal).
- All employees are entitled to maternity leave for childbirth and parental leave for childcare, which is considered and paid as working time and is available to working mothers or fathers, immediately the maternity leave has ended. This leave can be either working one less hour per day for two years

or taking one-year full parental leave, with men also entitled to this leave, provided that their spouses have not utilized the specific leave from their employer. In addition, up to four months parental leave is available to male employees, in order to take care of their children during the first six years of their child's life.

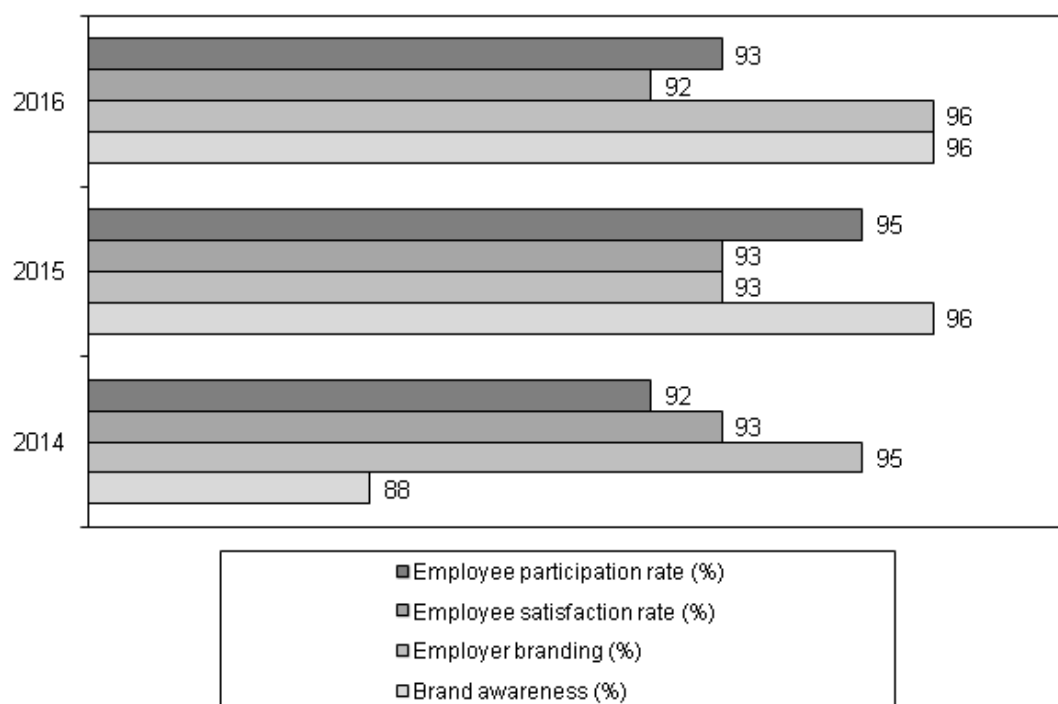
Within 2016:

- There were no complaints or grievances regarding our employees' labour conditions.
- 100% of employees received their annual leave, as initially planned.
- 70% of employees worked at least once beyond the typical work hours and all overtimes were paid.
- The average overtime work was 5 hours per employee.
- All 21 women employees who received their parental or maternity leave, returned and continued their work within our company.
- 8 women employees were granted two less working hours per day due to raising a child until they are 1.5 years old.

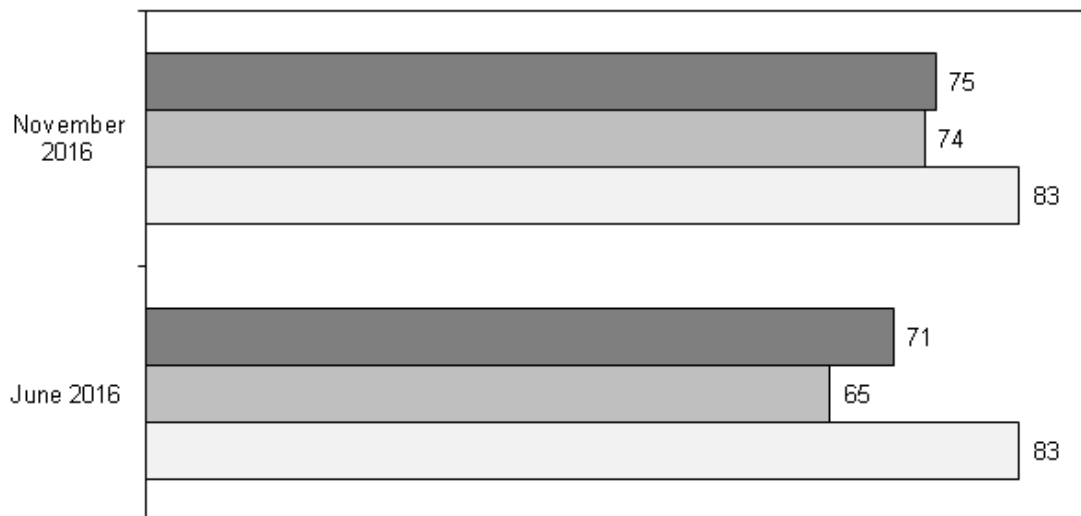
## B. Measuring employees' engagement

Telekom Albania considers its employees' engagement and satisfaction as necessary to enhance the feeling of belonging to the company and create a culture that supports and builds a powerful employer brand, in order to achieve the company's long-term objectives. We frequently collect, analyze and monitor our employees' opinion through the Pulse Survey (conducted semi-annually), in order to identify areas for improvement and alert management about decisions regarding potential changes, improvements and action plans needed. Survey results are communicated through the corporate Intranet and discussed in meetings held at the organizational unit level.

### Pulse Survey Data



## Pulse Survey Responses



- "The current working hours allow a good balance between private (family/leisure activities) and job-related interests" (%)
- ▣ "Considering all my efforts and achievements, I feel that I have received the appropriate amount of recognition at work" (%)
- "I can clearly explain to others the strategy of our company" (%)



### C. Offering additional benefits

Besides salary and other benefits provided by law, our company offers employees an extensive additional benefits package to all employees, which covers the following categories. In principle, the company grants the same benefits with minor changes between employees in management positions and non-management positions.

**Health and insurance:**

- Life insurance program.
- Yearly check-up.
- One Life program for all employees and two relatives.
- Free ORL and Audiogram medical visits.
- Well-being services.
- Gym benefits.

**Benefits at work:**

- Partial refunding of lunch.
- Two canteens for employees in Tirana.
- Flexible daily work attendance.
- Seniority reward – extra days of annual leave for employees with 10 or more years within the company.

**Family benefits:**

- Summer camp for employees' children.
- A Christmas gift for all employees' children up to 12 years old.
- A special end-of-the-year coupon to purchase goods in different local shops.
- Additional days of leave for special cases.
- Flexible leave policy for special cases.

**Products and services:**

- Corporate mobile phones for all employees with preferential tariffs and free monthly phone traffic, based on their position.
- Preferential post-paid and pre-paid tariffs for employee family members.
- Reduced prices on mobile phones and accessories purchased through the company-owned shops.

**Other benefits:**

- Team event and internal championship and activities, in order to balance employees' professional and personal life (such as 6x6 volleyball championship, bowling championship, ping pong championship).
- Bus service to transport employees to and from the company offices in Lapraka and Kashar.
- Access to various socio-cultural activities, through prize draw tickets.
- Cooperation with various companies to ensure preferential treatment of employees and special discounts for products and services.

## 6. Achievements 2016 and Targets 2017

We said	Progress	We will	By
		Achieve 30% of women in Middle and Upper Management (Group-wide target).	2020
Conduct a Pulse Survey.	100%	Conduct two Pulse Surveys.	2017
Train 15% of our employees.	100%	Train all new hired employees.	2017

## VI. OUR ENVIRONMENT

### *Reduce our environmental impact*

#### Introduction and Summary

##### **Our Size:**

2,255.7 tons CO<sub>2</sub>

634,244 liters diesel consumption for generators

8.4 tons office paper consumption

5,250 thousand paper bags

13,683 m<sup>3</sup> water consumption

##### **Our Objective:**

To successfully manage our direct and indirect environmental impact, as well as raise our fellow citizens' awareness to act more responsibly regarding environmental protection.

##### **Our Achievements:**

- We reduced electricity consumption in our mobile network by 8.9%.
- We reduced electricity consumption in our buildings by 4%.
- We reduced our total energy consumption from diesel by 12.8%.
- We reduced our vehicles' fuel consumption by 5.6%.
- We reduced our total carbon dioxide emissions by 11.5% (equal to 294.4 tons of CO<sub>2</sub>).
- We reduced our total office paper consumption by 10.6%.
- We increased the quantity of total office paper recycled by 12.3%.
- We forwarded for recycling 100% of lead batteries, oil-lubricants and WEEE materials collected.



# 1. Strategy and Management

## Your Opinion... Environmental Protection

According to a survey conducted to a total of 1,052 citizens in October-December 2016, **34%** of participants believe that Telekom Albania is the most active company related to support initiatives related to environmental protection.

### A. Committing to environmental management

Since 2009, Telekom Albania started to analyze its activities, products and services, in order to identify and effectively reduce their environmental impact. As of 2011, the company implements an Environmental Management System (EMS) according to ISO 14001. Within this frame, we analyze our main activities and operations regarding their environmental impact and set objectives, determine indicators and implement initiatives, in order to improve our environmental performance.

Telekom Albania follows the DT Group’s guidelines regarding environmental protection and uses the IKOS IT-based system, which is used by all DT Group companies as a data collection and reporting system regarding environmental performance and features increased capability to conduct extensive analyses of environmental data.

## Telekom Albania Environmental Strategy





## T Group Good Practice... Integrated Climate Strategy

The Group has developed its integrated climate strategy on four pillars, which include the environmental protection aspects that are closely connected with its activities and significantly influence its business operations. The Group has defined specific targets and KPIs in all these pillars, in order to systematically engage in environmental protection activities and regularly review its progress.

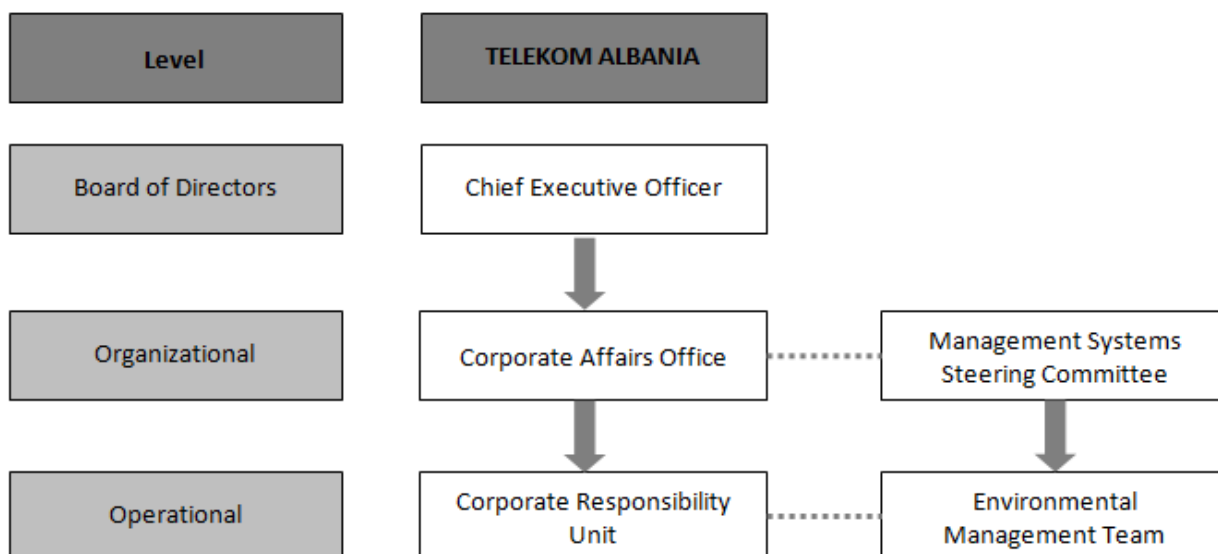
### Integrated Climate Strategy



- **CO<sub>2</sub> emissions:** The Group records direct and indirect CO<sub>2</sub> emissions and aims to reduce them through measures, which include modern building technology and office concepts, as well as efficient vehicle fleet and further utilize audio and video conferences to replace business trips.
- **Renewable energy:** The Group continuously assesses ways to increase the proportion of renewable energy, such as purchasing guarantees of origin for energy from renewable energy sources, generating its own renewable energy and introducing carbon pricing.
- **Energy efficiency:** The Group invests in modernization and energy efficiency technology in its fixed-line and mobile networks, since network calls require considerable energy.
- **Sustainable products:** The Group strives to increase the sales of products, which enable to reduce energy consumption and CO<sub>2</sub> emissions, as well as allow for more efficient and environmentally friendlier logistics.

To manage environmental aspects, Telekom Albania has created organizational structures, as described in the figure below, which ensure a high level of transparency in the respective programs.

## Environmental Management System Structure



- The CEO oversees management of environmental aspects and is assisted by a high-level Management Systems Steering Committee, who is responsible to approve the respective documentation (such as objectives and KPIs) and the environmental programs to achieve these objectives, EMS audit and performance results, as well as the necessary improvements to enhance the System's effectiveness. The Committee consists of the following managers from departments whose operations have a considerable impact on the environment, as well as anyone else deemed necessary depending on the issue considered:
  - The Corporate Affairs Manager, who is the Chairman of the Environmental Management System Steering Committee.
  - The Radio & Transmission Engineering Manager.
  - The Operations & Maintenance Manager.
  - The Procurement & Logistics Manager.
  - The Human Resources Manager.
- The Environmental Management Team supports the Environmental Management System Steering Committee and consists of members from selected Telekom Albania organizational units, who are responsible to:
  - Continuously monitor the environmental programs' implementation.
  - Identify the environmental aspects of various activities.
  - Analyze the necessary data to determine the company's environmental performance.
  - Propose remedial actions for improvement.
- Furthermore, Telekom Albania strongly encourages employee participation in its respective initiatives and programs.

### ? Did You Know... Climate Change and Environmental Protection

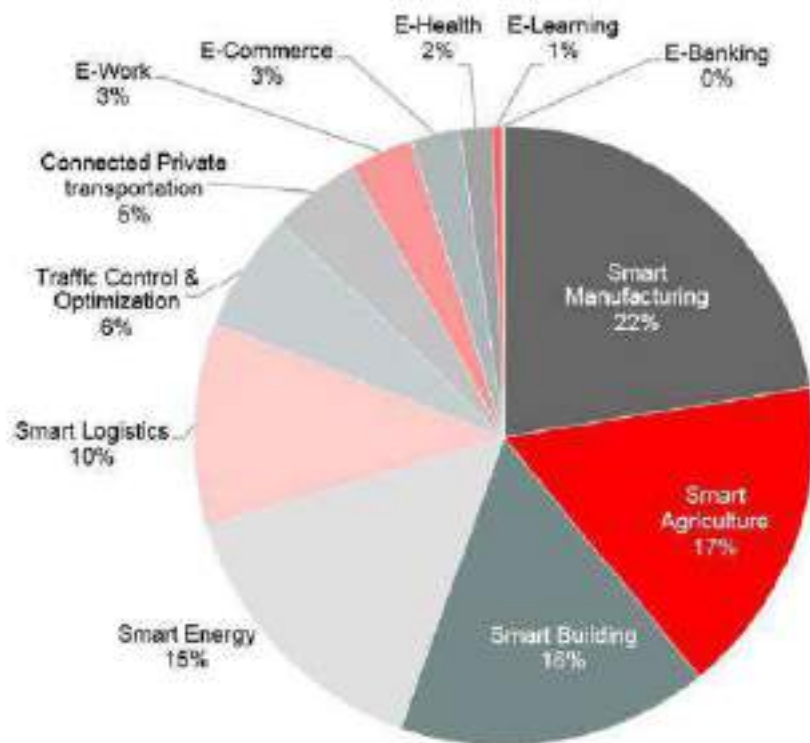
Climate change and environmental protection are highlighted as the main future challenges and countries and companies are seriously committed to assess the environmental aspects of their activities and reduce their overall environmental impact. A clear demonstration of this approach was the 2016 United Nations Climate Change Conference in Marrakech, Morocco, where over 20,000 political leaders and activists participated to come up with global solutions to combat climate change, as well as show the world that the Paris Agreement's implementation on GHG emissions mitigation and offset of the

global warming effects is underway. The Agreement sets out a global action plan to keep the increase in global average temperature to well below 2°C above pre-industrial levels.

According to the 2015 “SMARTer 2030” report by the Global e-Sustainability Initiative (GeSI), the international strategic partnership of ICT companies and industry associations, the ICT sector’s GHG emissions are expected to reach 1.27 Gt eCO<sub>2</sub> (approximately 2.3% of global GHG emissions) in 2020 and it will decrease to 1.25 Gt eCO<sub>2</sub> (approximately 1.97% of global GHG emissions) by 2030. By 2030, the adoption of ICT sector’s solutions from other industries (in areas such as data collection, processing, presentation and dissemination, as well as networking and decision making) can potentially:

- Save over 300 trillion liters of water per year, mostly from smarter agricultural practices.
- Save 25 billion barrels of oil per year.
- Remove 135 million cars from circulation worldwide.
- Have nearly 10 times higher emissions savings than the sector’s expected footprint.
- Reduce global eCO<sub>2</sub> emissions by 20%.
- Retain emissions at 2015 levels.
- Effectively decouple economic growth from emissions growth.

### eCO<sub>2</sub> Potential Savings per Use



Source: SMARTer 2030 report

Despite the fact that telecommunication companies are considered to have a lower environmental footprint compared to other industries, the DT Group 2020 target is to reduce GHG emissions by 20% compared to 2008, excluding T-Mobile USA.

## B. Prioritizing environmental aspects

As part of Telekom Albania’s ISO 14001:2004 based Environmental Management System, the company systemically identifies and reviews its environmental impact and aims to improve environmental performance, structured around the following steps:

- Examine environmental aspects that can have a negative environmental impact, under three different scenarios: normal, abnormal and emergency situations. It must be noted that the company invited representatives from its customers and community to participate in this step, in

order to ensure transparency and increase environmental awareness among its major Stakeholders.

- Determine each aspect's significance, based on well-known criteria considered important in the telecommunication sector.
- Design and implement programs for identified environmental aspects, which consist of an action plan, role and responsibilities, time schedule and targets.

Through the above procedure, Telekom Albania addresses the following aspects, based on their significance to its operations:

### Environmental Aspects

Activity	Environmental Aspects	Included in the EMS
Mobile Network	Energy	√
	Technical Waste	√
	EMF	X
Support of Telecommunications Operations	Energy	√
	Hazardous Waste	√
Offices, Shops, Warehouses	Energy	√
	Office Waste (Paper)	√
	Waste Disposal	√
	Water	√
	Mobile Recycling	√
Vehicles	Energy	√

### Risks Associated With Climate Change

Risk	Description
Regulation risks	They often result to increased energy costs, due to new climate change regulations on national and global level, which affect almost the entire range of operations.
Physical, operational and financial risks	They often affect the company's telecommunications infrastructure, due to extreme weather events associated with climate change, as well as increased infrastructure expenses (e.g. need for additional cooling equipment).
Reputational risks	They result to potential loss of market share, due to customer reaction against companies with inadequate policies regarding climate change and environmental protection.

### C. Expressing commitment to protect the environment

Telekom Albania's commitment to protect the environment is also expressed in its Integrated Quality, Health & Safety and Environmental Policy and is transformed into action through the development of environmental programs described within this chapter:

## Policy... Telekom Albania Integrated Quality, Health & Safety and Environmental Policy

We, at Telekom Albania, inspired by our VISION, MISSION and STRATEGIC PRIORITIES, strive to enhance our successful customer-oriented philosophy, our competitive positioning and the provision of technologically advanced products and services. As a responsible corporate citizen, we aim at delivering value to our stakeholders and believe that quality, health-safety and environment constitute crucial concerns embedded in our company's culture. In this context, we expect our senior management to act as role models.

Aiming at Business Excellence, we therefore commit ourselves to:

- Continually improving our operations and performance by setting, monitoring and reviewing our objectives with the intent to meet and, where possible, to exceed the expectations of our stakeholders.
- Acting with foresight and comply with the requirements laid down by applicable legislation, or even exceeding these, where we can.
- Require our personnel, and our contractors and suppliers, to actively participate in achieving our objectives, regarding the quality of our operations, occupational health & safety and environmental protection, by implementing all relevant regulations and programs adopted.
- Strive to find innovative approaches for our operations, products and services, adopting preventive approaches to reduce our environmental impact & pollution, and avoid potential injury and ill health of our personnel, partners and the general public.
- Keep the public, our personnel and our stakeholders informed on quality, environmental and occupational health & safety issues.
- Voluntarily protect the public through the principles and recommendations laid down in the EMF policy, including transparency, information, participation and promotion of science.
- Fully comply with the requirements of our Integrated Management System and continuously improve its effectiveness.

Dimitrios Blatsios,  
Chief Executive Officer

It must be noted that in 2016:

- The total expenses for electricity reached approximately €2.1 million, while expenses for all fuels reached €774,381 (including fuels for vehicles, BTS and buildings).
- There were no complaints or grievances regarding environmental issues and no cases of non-compliance with environmental protection regulations.
- We did not receive any written notices by relevant authorities regarding environmental issues.
- We were not accused of violating any environmental legislation and there were no investigations or legal actions for non-compliance related to environmental issues.
- No relevant fines or other non-monetary sanctions were imposed during the scheduled and ad-hoc audits conducted by relevant authorities.

## 2. Energy and Climate Change

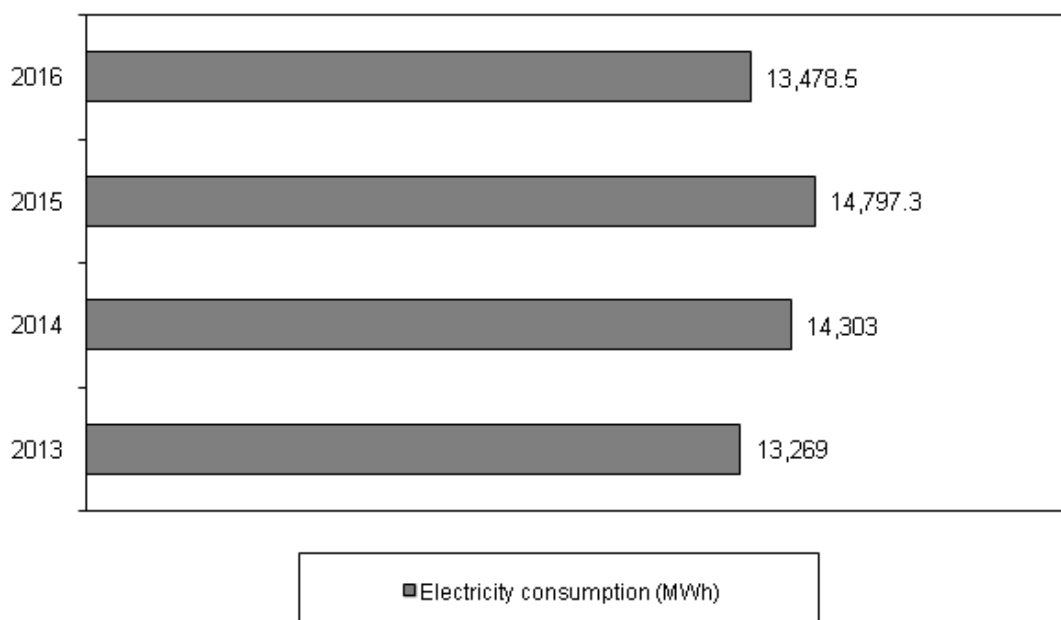
### A. Measuring electricity consumption in mobile network

Reducing energy consumption in mobile networks is a challenging goal for any telecommunication company, as deployment of a growing network requires installation of new Base Stations (BTS) and new equipment added within the mobile network. As part of the efforts to upgrade its mobile network to ensure optimal and fast communication for all its subscribers, especially for the 4G+ service, the company has increased the number of BTS to 538 in 2016, compared to 520 in 2015. In order to reduce electricity consumption in its mobile network, Telekom Albania:

- Has 424 BTS connected in the electricity grid, compared to 416 in 2015.
- Replaced old equipment (e.g. indoor rectifiers with high efficiency outdoor rectifiers) to transform 131 sites from indoor to outdoor, which increased energy efficiency by 3% on average.
- Activated hybrid operation in 10 sites to reduce total working hours with electricity from the public grid (see section VI-5B).

The overall amount of electricity used for our mobile network's operation was 13,478.5 MWh in 2016, compared to 14,797.3 MWh in 2015. The reduced electricity consumption can be mainly attributed to the Telekom Network Single Radio Access Network (SRAN) modernization project to move from separate installations for each radio technology to single installations with a common transport and operational and management system, which allows the efficient use of the frequency spectrum, simplifies network architecture and facilitates efficient shared use of hardware.

### Electricity Consumption in Mobile Network



\*Electricity consumption in mobile network for 2015 has been restated.

**We reduced electricity consumption in our mobile network by 8.9%**

## B. Measuring electricity consumption in buildings

As every company, we also consume electricity in our buildings (which include our offices and data centers) and therefore strive to reduce this impact through programs, as we:

- Enabled Power Saving Mode in all desktop computers to shut down after a certain idle time, except for a few computers operating continuously.
- Installed a smart automation feature to centrally control the office air-conditioning system.
- Initiated the pilot operation of an HVAC Centralized Intelligent Controller in one of our buildings.
- Invested over €20,000 to install window sun protection films in three buildings in Lapraka and Kashar, as well as two pilot shops, in order to minimize UV radiation risks, improve working conditions and increase energy efficiency.

- Replaced the existing lighting systems with energy efficient LED lighting.
- Installed LED outdoor lighting in our premises in Lapraka.
- Utilized desktop virtualization technology and installed 300 thin clients (terminals with fewer hardware components and lower energy requirements).
- Enabled turning off idle servers and platforms inside our data centers (e.g. DNS servers).
- Replaced 6 air-conditioning units in data centers and installed higher efficiency rectifier and UPS units in two data centers.
- Implemented an employee awareness campaign to reduce energy consumption, which included posters in company premises, e-mail sent to all employees and information posted on Intranet.

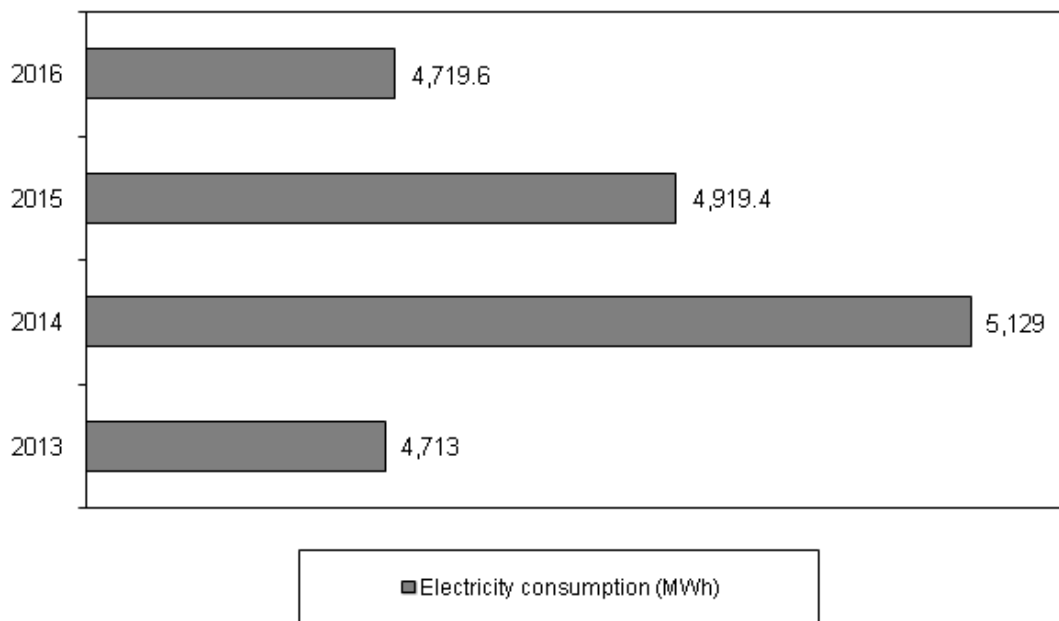


In 2016, energy consumption in our offices and data centers was approximately 4,719.6 MWh, compared to 4,919.4 MWh in 2015, while:

- Electricity consumption per employee was approximately 10,775.3 KWh.
- Electricity consumption per m<sup>2</sup> in our offices was 220 KWh, compared to 162 KWh in 2015.



### Electricity Consumption in Buildings



\*Electricity consumption in buildings for 2016 includes offices, data centers and 17 own shops.

\*\*Electricity consumption in buildings for 2015 has been restated; includes offices, data centers and 18 own shops.

\*\*\*Electricity consumption for 2014 and 2013 includes offices, data centers and warehouses in Lapraka and Kashar, as well as an own shop in Lapraka.

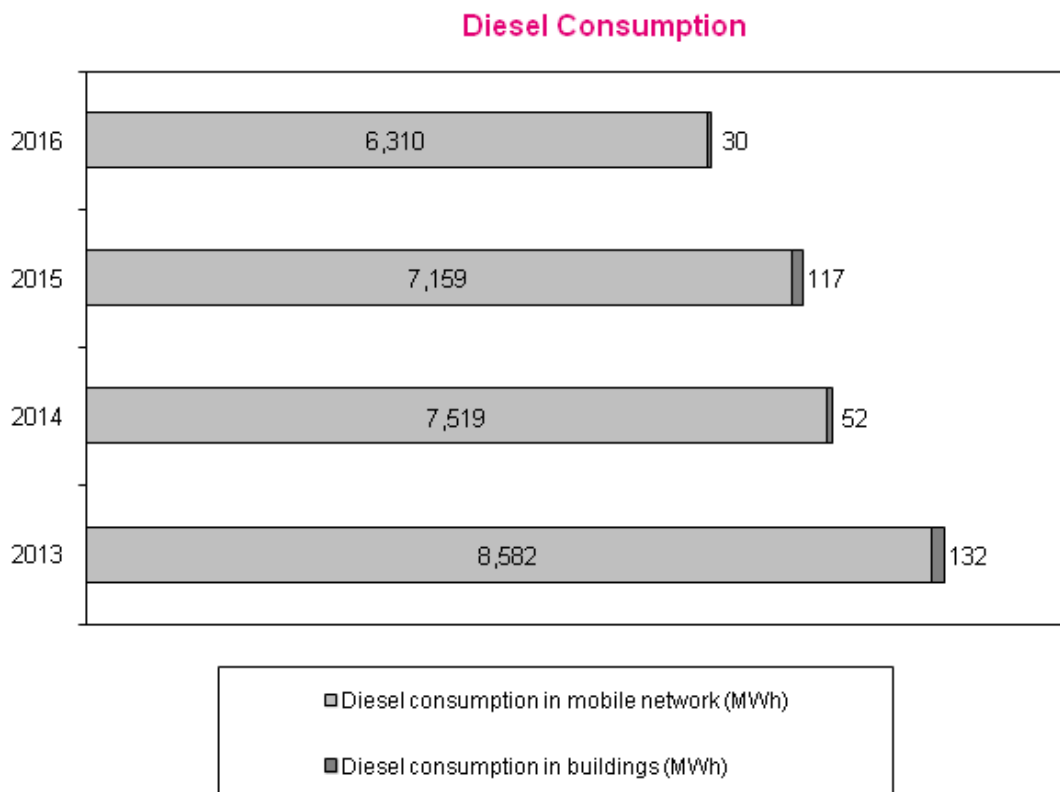
**We reduced electricity consumption in our buildings by 4%**

### C. Measuring diesel consumption

We use diesel generators to produce electricity in cases electricity supply via the public energy providers is infeasible for periods of time or as the main electricity supply in isolated areas where grid connection is difficult or impossible.

In 2016, the total diesel consumption reached 634,244 lt (631,244 lt from generators in mobile network and 3,000 lt from generators in buildings), which corresponds to 6,340 MWh (6,310 MWh in mobile network and 30 MWh in buildings), compared to 7,276 MWh in 2015. In order to reduce diesel consumption within 2016, the company:

- Switched off stand-by generators in 36 sites.
- Constructed medium voltage power lines for 3 sites and transformed them to sites with stand-by generators, instead of 24-hour continuously operating generators.
- Activated hybrid operation in 10 sites to reduce total working hours from stand-by generators (see section VI-5B).



The overall decrease in diesel consumption is mainly the result of the reduced use of generators to produce electricity, as they were used less frequently due to fewer power disruptions compared to 2015.

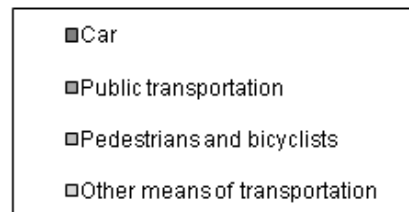
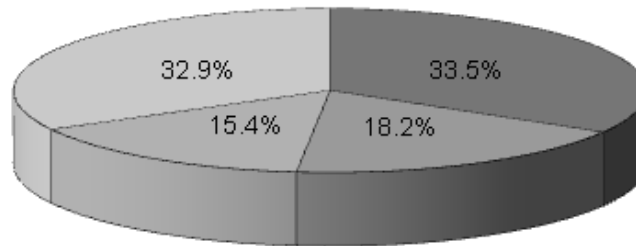
**We reduced our total energy consumption from diesel by 12.8%**

#### **D. Reducing transportation impact from vehicle fleet**

Our company operates a number of vehicles, which are used to service and develop Telekom Albania's telecommunication network, distributes its products and service its customers throughout the country. In order to reduce the impact of this activity, we:

- Apply a system to monitor vehicle routes.
- Regularly service the entire vehicle fleet to ensure compliance with the manufacturers' technical standards.
- Gradually replace company-owned vehicles with leased vehicles, which are newer and have lower energy consumption.
- Utilize a private-licensed contractor to daily transport employees to and from the company's headquarters.
- Operate our own mini-bus to transport employees working on shifts at company offices.
- Encourage rational use of company vehicles through a vehicle-sharing platform via the Intranet for vehicles used by non-managerial employees, which applies to all employees, except sales employees, who use company vehicles on a daily basis due to their activities.

### Employee Commuting



## # Benchmarks... Employee Commuting

Telekom Albania is the third best company within Deutsche Telekom Group for employee commuting by car, the ninth best company for commuting by public transport, the third best company for commuting with by foot and by bike, and the ninth best company for commuting with other means of transportation (averages for DT Group are 48%, 31%, 12% and 9% respectively).

In 2016:

- We operated a service fleet of 56 vehicles (53 diesel vehicles and 3 gasoline vehicles) and a company fleet of 33 vehicles (25 diesel vehicles and 8 unleaded vehicles), compared to 51 and 26 vehicles respectively in 2015.
- We use 11 owned vehicles and 78 leased vehicles, compared to 44 and 33 respectively in 2015.
- Our service cars consumed 87,972 lt of fuel (80,091 lt diesel and 7,881 lt of gasoline) and our company cars consumed 29,484 lt of fuel (9,339 lt diesel and 20,145 lt gasoline).
- Our vehicles consumed in total 117,456 lt of fuel, compared to 124,434 lt in 2015, which resulted in an average consumption of 7.1 lt per 100 km, compared to approximately 7.8 lt per 100 km in 2015.

### Vehicle Fleet

	2013	2014	2015	2016
Total vehicles (number)	77	58	77	89
Energy consumption from vehicle fleet (MWh)	1,741	1,272	1,213	1,189
Fuel consumption (lt)	178,245	131,406	124,434	117,456
Diesel (lt)	49,831	21,473	32,225	89,430
Gasoline (lt)	128,414	109,933	92,209	28,026
Average fuel consumption per vehicle (lt)	2,314	2,266	1,599	1,319.7
Average fuel consumption per vehicle per 100 km (lt)	8.7	10.2	7.8	7.1
Vehicle distance (thousand km)	2,050	1,290	1,575	1,653.4
Service diesel vehicles (thousand km)	NR	NR	NR	1,228.7
Service gasoline vehicles (thousand km)	NR	NR	NR	74.7
Company diesel vehicles (thousand km)	NR	NR	NR	183.5

Company gasoline vehicles (thousand km)	NR	NR	NR	166.5
Average distance per vehicle (thousand km)	26.6	22.2	20.6	18.6

NR: Not Reported

**We reduced our vehicles' fuel consumption by  
5.6%**

## E. Reducing other transportation impact

Telekom Albania strives to reduce the impact of business operations on climate change and commits to limit transportation impact due to business travel to the minimum necessary. Therefore, we:

- Use plane transportation only when travelling to other countries.
- Utilize teleconference in company offices (audio conferences are available in most offices and there are two facilities for video conferences in the company's headquarters in Lapraka).
- Strive to resolve as many issues as possible (such as technical issues, telephone directions and connection issues) by phone.

### Transportation for Business Purposes

	2015	2016
Total distance (km)	358,667	384,168
Distance by plane (km)	354,827	381,693
Distance by train (km)	1,760	1,064
Distance by bus (km)	2,080	1,411

## F. Measuring GHG emissions

For Telekom Albania, total emissions of carbon dioxide (both direct and indirect emissions) reached 2,255.7 tons in 2016.

### GHG Emissions

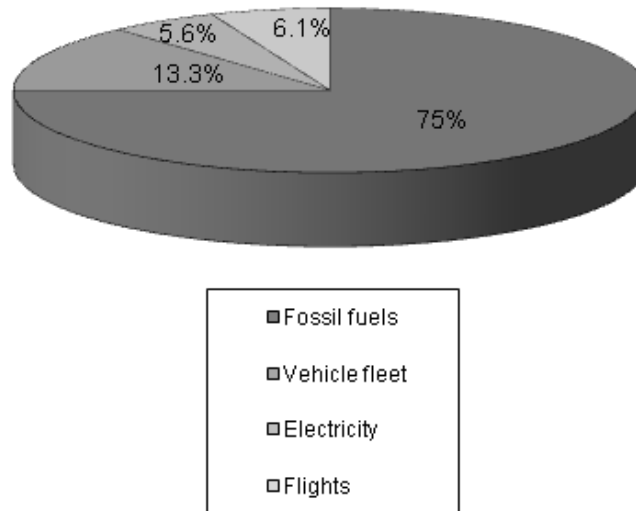
	2013	2014	2015	2016
Direct emissions (Scope 1)				
Emissions from fossil fuels (tons)	2,289	2,020	1,986	1,691
Emissions from vehicle fleet (tons)	427	309	297	301
Indirect emissions (Scope 2) (tons)				
Emissions from electricity (tons)	126	78	140	127
Other indirect emissions (Scope 3) (tons)				
Emissions from flights (tons)	86	165.6	127.1	136.7
<b>TOTAL (Scope 1, Scope 2 and Scope 3) (tons)</b>	<b>2,928</b>	<b>2,572.6</b>	<b>2,550.1</b>	<b>2,255.7</b>

Data for 2016 refer to our mobile network, offices, data centers and 17 own shops, as well as the entire vehicle fleet and flights for business purposes.

Calculations complied with the Greenhouse Gas (GHG) Protocol and were based on emission factors by the International Energy Agency (IEA) and/or the GHG Protocol calculation tools; source of conversion factor for flights in 2016: Act for Climate Carbon Footprint Calculator (First Climate)

**We reduced our total carbon dioxide emissions  
by 11.5% (equal to 294.4 tons of CO<sub>2</sub>)**

### Carbon Dioxide Sources



## # Benchmarks... Renewable Energy

Telekom Albania is the best company within Deutsche Telekom Group for proportion of renewable energy in the national energy mix with 100% from renewable energy sources (average for DT Group is 23%).



## T Group Good Practice... Renewable Energy

The Group has indicated renewable energy as one of the four main pillars of its climate strategy, since energy from renewable energy sources increases energy efficiency and reduces electricity consumption and greenhouse gas emissions. As part of its strategy, the Group has established targets and strategies related to renewable energy and:

- Encourages its European national companies to exceed the share of renewable energy in their total electricity consumption by at least 10% compared to the national energy mix. It must be noted that the Group's national companies achieved a 33% of electricity consumption from renewable energy sources in 2016.
- Has introduced parameters to assess electricity procurement in terms of sustainability.
- Has installed solar power units in 311 switching centers in Germany, which reduce CO<sub>2</sub> emissions by 1,510 metric tons each year.

## 3. Raw Materials and Waste

### A. Consuming raw materials

At Telekom Albania we try to follow the principle "Reduce – Reuse – Recycle" and therefore implement various approaches, depending on the type of materials:

- We monitor materials used.
- We reduce materials used.
- We reuse materials used.
- We recycle materials used.
- We properly dispose materials produced.

Telekom Albania has entered into contracts to recover and/or recycle used, faulty and end-of-life products and materials. The company only utilizes licensed contractors and certified waste management companies, in order to ensure that waste management is conducted in accordance with the respective legal provisions and international practices. All waste (including hazardous waste) is stored locally in our contractors' premises, until their quantities become feasible for transport, while there was no waste shipped abroad during 2016.

## B. Using environmentally friendlier bags

We recognize the significant repercussions of plastic bags on the environment and we only use paper bags and biodegradable bags in all of our shops, made of polyethylene with reverted technology, which degrade after a few years if not recycled completely.

### Bags

	2015	2016
Plastic bags (units)	0	0
Biodegradable bags (units)	50,000	88,100
Paper bags (units)	15,000	5,250

## C. Managing paper and plastic use and recycling

We use office paper and plastic for various purposes, such as billing and promotional and communication campaigns and materials. In the last years, we have implemented various initiatives to reduce office paper and plastic consumption, as we:

- Offer free e-billing solutions to all customers and employees.
- Have embedded a paper saving message in the official e-mail signature of all company employees.
- Electronically exchange documentation, such as offers, purchase orders, contracts, qualification documentation and surveys.
- Have made our CR Reports available only in electronic form since 2011.
- Have developed an internal e-mail communication policy.
- Use only centralized printers (one per each floor in each building).
- Have set two-sided printing as the default printing option for all employees since 2014.
- Offer pre-paid customers the option to charge their accounts with e-vouchers and encourages its customers to do so, through bonus airtime to those who select this option.
- Implement internal awareness campaigns to reduce paper consumption and increase recycling of waste paper, which were effectively communicated to all employees within 2016.
- Implement the Documents Retention Project, during which we review certain very old documents and recycle them, if not needed anymore.
- Implement a plastic recycling program in our headquarters and warehouse, as well as our own shops, through which we gathered

GIVE A NEW LIFE TO USED PAPER!  
REDUCE, REUSE, RECYCLE.



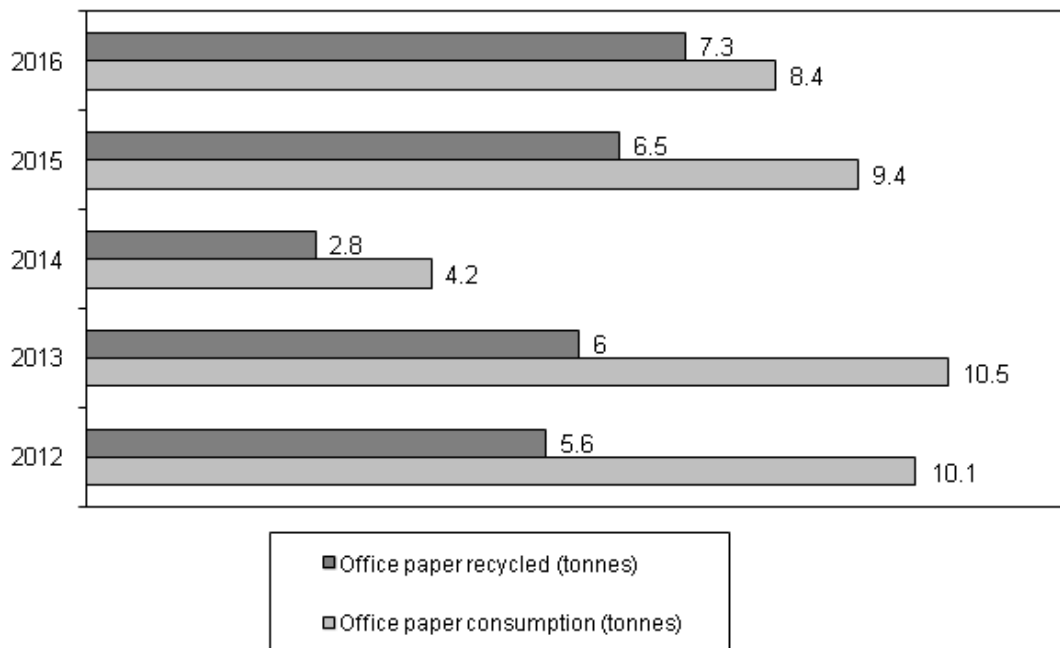
GIVE A NEW LIFE TO USED PLASTIC!  
REDUCE, REUSE, RECYCLE.



and recycled 270 kg of plastic within 2016, compared to 275 kg in 2015, which corresponds to over 0.6 kg per employee.

- Do not use, at the moment, recycled paper or any other recycled materials.

### Office Paper Management



**We reduced our total office paper consumption  
by 10.6%**

**We increased the quantity of total office paper  
recycled by 12.3%**

## D. Implementing responsible special waste management

**Hazardous waste:** We recognize the substantial or potential threats that hazardous waste may pose to public health or the environment and we consider its management as a highly important issue. As a result, we implement recycling programs for the following types of waste:

- Lead batteries, which are installed in many BTS and are activated in case of electricity supply interruptions. Batteries are replaced when their life span has expired, as lead is a hazardous material for the environment.
- Oil-lubricants, which are used in generators located in BTS and partially in office buildings. We cooperate with a licensed company to collect and forward for recycling the entire quantity of the rejected lubricants during generator maintenance.
- Oil and air filters.

### Hazardous Waste Recycled

	2013	2014	2015	2016
Lead batteries (tons)	120.7	26	45.6	11.4
Lead batteries recycled (%)	100	100	100	100
Oil-lubricants (thousand lt)	7.6	4.5	6	3.5
Oil-lubricants recycled (%)	100	100	100	100
Oil filters (units)	1,803	1,076	3,404*	880
Air filters (units)	1,803	1,076	-	NR

\*Number of oil filters in 2015 also includes air filters.

NR: Not Reported

**Technical waste:** The daily operations of all telecommunication companies generate different types of technical waste. These include:

- Waste Electrical and Electronic Equipment (WEEE), such as end-of-life electronics and electrical devices, which are forwarded for recycling.
- Accumulators, which are used as energy storage devices. Before forwarding them to recycle, we test them to determine their operational status during their storage in our warehouse upon de-commissioning.
- Mobile phones, batteries and accessories, for which we introduced a new recycling program in 2014, with collection points in company offices in Lapraka and Kashar, as well as in own shops for all employees and customers. It must be noted that Telekom Albania is the only company in Albania with a recycling program for mobile phones, batteries and accessories.

### Technical Waste Recycled

	2013	2014	2015	2016
Telecommunication equipment (WEEE and accumulators) (tons)	0.7	1.5	59.1	25.3
WEEE materials recycled (%)	100	100	100	100
Accumulators recycled (%)	100	100	100 (45.6 tons)	100 (3.9 tons)
IT equipment (kg)	NR	NR	4,100	27.5 (additional 2.3 tons are collected, but not yet recycled)
Mobiles, batteries and accessories collected from citizens (kg)	NR	NR	1.6 (additional 1.6 tons of company owned faulty devices were recycled)	1.6

NR: Not Reported

It must be noted that we donate outdated hardware used in company offices (such as computers, printers, monitors and other peripherals) to schools, institutions and NGOs. In 2016, we donated one server to an organization, compared to 24 units in 2015.

**We forwarded for recycling 100% of lead batteries, oil-lubricants and WEEE materials collected**



## 4. Electromagnetic Fields

### A. Following the Precautionary Principle

The potential effect of electromagnetic fields (EMF) on the human health has been the subject of extensive international research studies. Telekom Albania complies with the limits set by the International Commission on Non-Ionizing Radiation Protection (ICNIRP) and recommended by the World Health Organization (WHO) for transmitter antennas and mobile phones, which have been included with the relevant legislative framework. These organizations utilize the current scientific knowledge to repeatedly review the current limits and have confirmed the safe use of mobile technology, as the general scientific consensus is that there are no health risks associated with exposure to electromagnetic fields emitted by antennas and mobile phones below international standards.

#### Policy... Electromagnetic Fields

Indicating our commitment to address the genuine public interest in the mobile communication technology, we have developed the respective EMF policy, through which we:

- Establish internal responsibilities and flows of activities to handle any complaints and enquiries on technology, health and other related issues.
- Support the establishment of a National Database on locations with EMF emissions.
- Comply with the national safe exposure guidelines and the ICNIRP's guidelines regarding EMF for all our BTS and provide all the necessary data to indicate our compliance to any interested party.
- Cooperate with our Stakeholders, in order to inform the general public and encourage local authorities to cooperate with mobile operators in relevant programs.
- Provide the manufacturers' information on SAR values for their mobile devices to our customers, through our website and shops.
- Cooperate with local authorities to handle enquiries from citizens related to network development.
- Fully support improvement of scientific knowledge regarding any EMF impacts to the public health.
- Continuously evaluate scientific data ourselves.

It must be noted that we conduct scheduled and ad-hoc EMF radiation measurements by specialized employees. During 2016, we conducted 4 EMF measurements (all of which were scheduled), while no cases of radiation levels exceeding the national and internationally recognized limits were found.

### B. Informing fellow citizens on EMF

We continuously try to identify ways in which citizens can be informed regarding how mobile telephony functions, in order to ensure that everyone can have access to credible and accurate information. For this reason, we publish detailed information on our corporate website for all citizens.

During 2016, we continued our information campaign to correctly inform and improve the perception of our Stakeholders regarding mobile telephony technology and its relation to health. Within this context, we provide documented materials on our website to correct information regarding mobile telephony to citizens and customers. Furthermore, we:

- Trade only mobile phones that comply with the defined SAR exposure limits.
- Display the SAR value of every mobile phone sold in Telekom Albania shops in its respective price-tag.
- Provide information to reduce SAR exposure in the corporate website.

Furthermore, during 2011-2014, the company supported a project of the Polytechnic University of Tirana, Faculty of IT, to measure and publish the electromagnetic emissions in critical spots located within high density populated areas (such as hospitals and schools). Within this context, measurements were performed in over 80 locations close to company's BTS in the main cities of Albania, which indicated that emissions for all company's BTS are significantly lower than the ICNIRP' limits.

## ? Did You Know... Specific Absorption Rate

Mobile telephony functions are based on the emission of electromagnetic waves. Every mobile phone emits radio frequency electromagnetic energy, which can be measured through the Specific Absorption Rate (SAR) in watts per kilogram of body weight (W/kg). The SAR value of a mobile phone indicates the maximum degree to which the head may absorb electromagnetic fields during a phone call with the device.

Since 1999, the EU Council has set a maximum limit of 2 W/kg for cell and smart phones, which applies to all European countries. All manufacturers are required to check and ensure that they comply with the limit value even at maximum transmission power for all phones and disclose the maximum values measured as "SAR value" in their product manuals or user operating guides. In order to reduce their overall exposure, persons can keep their mobile device away from the head and body, through:

- Using an earpiece (wired or Bluetooth).
- Using the loudspeaker function, including video calls.
- Placing the device on a surface when sending data.
- Texting instead of calling.

## 5. Other Impacts

Telekom Albania's environmental strategy includes monitoring of its performance related to a wide range of relevant aspects, in order to implement respective programs.

### A. Assessing our visual impact

Despite telecommunications having a relatively small visual impact on the environment compared to other industries and sectors, we apply a number of practices such as:

- We build new BTS with smaller size compared to the old construction design.
- We locate BTS in installations in cooperation with the other mobile telephony companies. Within 2016, we increased the number of BTS shared with another operator to 123, compared to 119 in 2015.
- We perform the necessary modifications to the existing telecommunication infrastructure.

### B. Assessing our noise impact

The noise impact of Telekom Albania is insignificant, since:

- Our buildings are located within urban areas.
- We use generators in buildings only in cases of electricity failure.
- BTS powered by electricity have very low noise levels and BTS using generators are located in remote areas.
- In urban areas, we use "Closed Type Power Generator Systems", with noise levels of 64dB at 7m distance, while we use "Open Type Power Generator Systems" in rural areas, with noise levels of 105dB at 7m distance, which comply with the respective legislative provisions.
- In cases where sound levels from generators should be reduced, we install noise isolation or hybrid systems, in order to reduce their operating time and reduce or eliminate the noise. Within 2016, we activated hybrid operation of Power Supply Unit (PSU) systems to 10 BTS, increasing their number to 12 stations.

### C. Assessing our impact on biodiversity

The influence of our activities on biodiversity is insignificant, however, we take this important environmental issue into consideration, as our company:

- Has not placed any of its facilities and operation sites near protected NATURA or RAMSAR areas or near other areas of high biodiversity value outside protected areas. As a result, there are no IUCN Red List species and national conservation list species with habitats in areas affected by operations.
- Builds BTS with the least possible repercussions on environment.
- Conducts Environmental Impact Studies for BTS, in order to identify the potential impacts of BTS construction on the natural environment.
- Ensures that BTS located outside populated areas have small surface requirements and the land is reverted to its previous condition prior to BTS installation or the installation is left for the owner's use upon request, after the BTS has been de-commissioned.
- Do not generally staff its BTS on a permanent basis and ensures limited transportation activities to these sites.
- Restores potential negative repercussion, which our offices and BTS might have on the ecosystems.

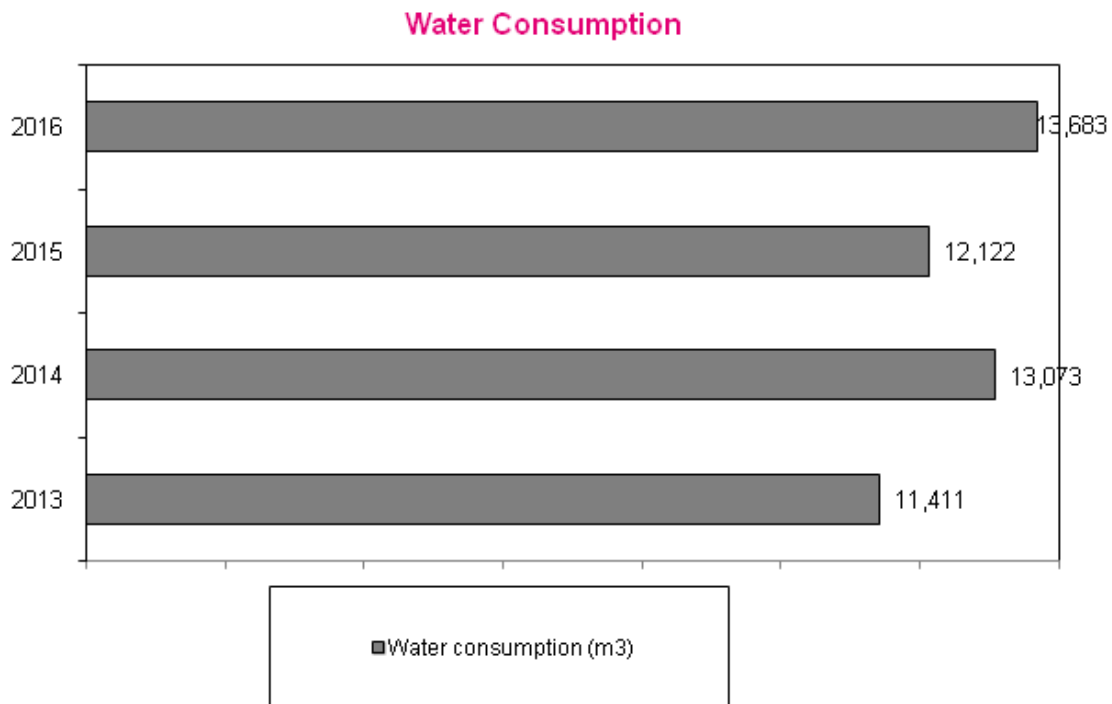
It should be mentioned, that according to Law no. 8990/23.1.2003 "For environmental assessment", an Environmental Impact Study approved by state authorities has to retroactively accompany every mobile telephony BTS antennas in Albania. Our company complies with the respective provisions and all of its BTS are licensed by the relevant authorities, as authorized by the National Ministry of Environment.

#### D. Monitoring water consumption

We consume water solely for our employees' hygiene, watering of plants and cleaning of work areas. Water scarcity is highlighted as an extremely important environmental aspect, due to intensification of needs and demand for this precious resource during the last years. Our company is aware of its relative scarcity and therefore strives to reduce water consumption, where feasible.

- Water supply is performed exclusively from public water suppliers, who are also responsible for the sustainable withdrawal from the water resource system; therefore, we do not affect other water sources.
- Bottles of drinking water are available for all employees and guests.
- We implemented an internal awareness campaign to reduce water consumption, which was communicated to all employees within 2016.
- All wastewater is directed to urban wastewater treatment plants through the sewerage system and is treated in the municipality wastewater facilities.
- At the moment, we do not recycle or reuse water for our operations.
- No water leakages were noticed, nor are other water sources affected due to operations.
- There were no planned or unplanned water discharges and no significant spills of chemicals or fuels or any other material.





\*Water consumption refers to the company's main buildings in Lapraka and Kashar.

## E. Monitoring our impact on the ozone layer

We use refrigerants in our premises, shops and BTS in the fire suppression system (which utilizes FM 200, a fire suppression agent from carbon, fluorine and hydrogen –  $CF_3CH_2CF_3$ ), fire extinguishers (which utilize  $CO_2$ ) and the air-conditioning systems. During 2016, the total quantity of FM 200 stored in all three Telekom Albania buildings and Telekom sites reached 11,756 kg, while there were no fire incidents in our premises and our BTS.

## F. Promoting environmental awareness

**Employee awareness:** We recognize the importance of employee awareness about the environment, and therefore strive to adopt environmentally responsible behaviour within the workplace. To achieve this, we implement internal awareness campaigns to reduce water and energy consumption, as well to promote the importance of recycling. At the same time, we have placed recycling bins in our offices and own shops, so that paper and plastic may be collected separately.

Furthermore, Telekom Albania started a project to redesign and upgrade the Komuna e Parisit Park in Tirana, which is a multi-generational recreation amenity in one of Tirana's most crowded neighborhoods. Within this context, we planted over 1,000 trees, landscaped the park's green areas and installed new benches.

**Public awareness:** Besides our standing objective to reduce our own environmental footprint, we also aim to increase our customers' awareness to reduce their own environmental footprint. Therefore, we inform, sensitize and encourage participation of the general public through systematic initiatives. Within this context, we rolled out the "Green Tirana" 4-week project for students 15 to 18 years old, in cooperation with the non-profit organization AIESEC, in order to instill a culture of environmental protection and recycling. Approximately 100 high school students in Tirana participated in the project and learned about environmental problems, their causes and effects, as well as solutions to mitigate their impact.

## 6. Achievements 2016 and Targets 2017

We said	Progress	We will	By
		Reduce CO <sub>2</sub> emissions throughout the Group by 20%, compared to 2008 (Group-wide target).	2020
Extent use of new environmentally friendlier technological solutions.	100%	Continue to use new environmentally friendlier technologies.	2017
Reduce energy consumption per m <sup>2</sup> in our buildings by 1%.	0%		
Reduce CO <sub>2</sub> emissions from operations by 2%.	100%		
Reduce paper consumption in our offices by 3%.	100%	Reduce paper consumption in our offices by 3%.	2017
Recycle 100% of WEEE materials withdrawn.	100%	Recycle 100% of WEEE materials withdrawn.	2017
Recycle 100% of accumulators withdrawn.	100%	Recycle 100% of accumulators withdrawn.	2017
Recycle 100% of oil-lubricants withdrawn.	100%	Recycle 100% of oil-lubricants withdrawn.	2017
Plant 100 trees to increase size of green areas.	100%	Contribute to an environment-related initiative.	2017
Organize/participate in safety/security event about EMF.	0%	Develop information material on EMF.	2017
Introduce a new environmentally friendlier product/service.	0%		

## C. INFORMATION ABOUT THE REPORT

### 1. Summary Table



: completion (100%)



: under completion (75%)



: progress (50%)






: off plan (25%)




: not achieved (0%)



INDICATOR	2014	2015	2016	OBJECTIVE 2016	PROGRESS 2016	OBJECTIVE 2017
<b>OUR STRATEGY &amp; MANAGEMENT</b>  Our objective is to incorporate responsibility into our business operations and daily management activities, as well as create measurable and tangible results to create value for our Stakeholders.						
GRI Indicators in the Report (number – full + partially)	76 + 22	22 + 0	68 + 21		We quadrupled the number of GRI indicators and increased by 12.2% the number of quantitative indicators we make reference to within the Report.	
Quantitative Indicators in the Report (number)	190	205	230			



Quantitative targets in the Report (number)	27	20	24	Conduct a customer or public based survey on Corporate Responsibility topics.		Conduct a customer or public-based survey on Corporate Responsibility topics, based on best practices of DT Group.
Complaints regarding violations of our Code of Conduct (number)	0	0	0		No violation cases concerning our Code of Conduct occurred.	
					We have communicated our Code of Conduct to 100% of our employees.	
					We trained 88% of employees (100% of new hired employees) on Compliance Policies.	
Employees trained on anti-corruption (number)	213	185	110		We trained 110 employees on anti-corruption issues and procedures.	
Corruption incidents (number)	0	0	0		We had no incidents of corruption.	
				Integrate Quality, Occupational Health & Safety and Environment Management Systems.	We had no non-conformities from audits regarding the operation of Management Systems. 	Integrate the supporting structures and management programs related to the Quality, Occupational Health & Safety and Environment Management Systems.
						Integrate the Internal Audit Plan.
						Integrate the IMS processes and procedures.



				Successfully certify our BCM system by an independent auditor, in order to comply with the ISO22301 standard.		Implement two awareness sessions related to Business Continuity.
						Organize one wide rehearsal, two evacuation drills and one DT Group international crisis exercise, in order to test our Business Continuity Plans and Strategies.
						Ensure that appropriate parties have received updated Business Continuity documentation.
<b>OUR CUSTOMERS &amp; SUPPLIERS</b>						
Our objective is to develop products and services which are safe and correspond to the needs of our customers, as well as facilitate the responsible operation of the markets where we conduct our business.						
Population coverage (%)	99.8	99.8	99.8		We reduced our data drop rate on both 4G and 4G+ by 19%.	
Territory coverage (%)	92.5	92.5	92.5			
Customer base (million)	2.06	1.73	1.84		Our customer satisfaction index increased by 4.6% in Q4'16,	Deploy IP Multimedia Subsystem (IMS) core technology to support VoLTE










					compared to base results.	(Voice over Long-Term Evolution).
					Our quality index for customer care services from main contact points increased by 31.5% in Q4'16, compared to base results.	
Market share (%)	39	37.3	38			
Fines for anti-competitive behaviour (number, value)	0	0	0			
Complaints received by customers (number)	7,084	8,452	5,671		The number of received complaints decreased by 32.9%.	
Complaints resolved within 5 days (%)	88.8	74.4	93	Handle 85% of complaints related to customer service in less than 5 days.	We increased the percentage of complaints resolved within 5 days to 93%. 	Handle 95% of complaints related to customer service in less than 5 days.
Average time to resolve complaints (days)	4.2	2.7	2.2			
Incidents related to privacy issues or loss of personal data (number)	NR	0	0		We had no incidents regarding customer privacy issues or loss of personal data.	Develop information material on safer Internet and secure online experience.
					We successfully blocked 1,803,860 Internet security threats and URLs.	Develop an information leaflet about the risks associated with Internet access and the required actions to protect children.
Suppliers (number)	NR	NR	120			
Procurement expenses to local suppliers (%)	NR	NR	20			



<b>OUR SOCIETY</b>						
Our objective is to combine our business success, with prosperity and quality of life, for citizens in local communities we conduct our business in.						
Revenues (million €)	81.5	82.6	77.2			
EBITDA (million €)	29.8	20.6	16.1			
Capital expenditures (million €)	NR	NR	16.2			
Total taxes (including VAT) (million €)	NR	NR	2.1		We distributed over €100 million in economic value: over €6.7 million to employees, €2.1 million for taxes, €79.2 million to suppliers, €0.1 million to society and €12.6 million for investments.	
Payments to suppliers (million €)	NR	NR	79.2			
Cost of employees (including salaries, benefits and insurance payments) (million €)	NR	NR	6.7			
Investments (million €)	NR	NR	12.6			
Value of social contribution (€)	110,900	194,537	121,637	Support equipment or rehabilitation of a health centre/hospital.		Provide medical equipment to health institutions.
				Organize an awareness campaign to support children in need.		
People supported through social contribution activities (estimated) (number)	1,035	5,833	7,438		We increased the number of people supported through our	

					social contribution activities by 27.5%.	
Students in internship programs (number)	NR	32	31	Offer job practices to at least 20 students studying in Albanian Universities.	We provided internships to 63 students in the last two years. 	
Volunteer activities (number)	1	7	2	Organize four volunteer activities.		Organize a volunteer activity to support an institution dedicated to children, with the participation of 50 volunteer employees.
Volunteer employees (number)	35	0	48			
Working hours allocated to employee volunteer activities (number)	80	0	63		The total time allocated to volunteer activities reached 63 working hours.	
<b>OUR EMPLOYEES</b>  Our objective is to create a work environment, which ensures long-term career opportunities and facilitates our employees' development.						
Employees (number)	452	446	438			
Employees with full time employment contracts (%)	100	100	100		We employ 100% of our employees with full time employment contracts.	
Women employees (%)	60	61	63		We maintained the percentage of women employees to over 60% of	

					total workforce.	
Women employees in Middle Level Manager position (%)	52.4	49.2	67		We increased the percentage of women in Middle Level Manager position and Director position to 67% and 33% respectively.	Achieve 30% of women in Middle and Upper Management by 2020 (Group-wide target).
Training hours on health and safety issues (number)	1,344	1,043	1,089		We increased health and safety training hours by 4.4%.	
Work-related accidents (number)	0	0	0		We had no accidents within our workplace.	
Fatal accidents (number)	0	0	0			
Injury Rate (rate)	0	0	0			
Discrimination incidents (number)	0	0	0			
Difference of lowest employee salary to legal basic salary (%)	+105	+105	+105		Our lowest employee salary is 105% higher than the legal basic salary.	
Permanent job openings covered by internal candidates (%)	35	NR	12			
Employees trained (number)	66	67	203	Train 15% of our employees.	We trained at least once 46.3% of our employees. 	Train all new hired employees.
Average training hours (hours/employee)	15.6	5.5	11.5			
Employee satisfaction rate (%)	93	93	92	Conduct a Pulse Survey.		Conduct two Pulse Surveys.
Employees with performance appraisals (%)	100	100	100		We assessed 100% of applicable employees.	
<b>OUR ENVIRONMENT</b>						
Our objective is to successfully manage						

our direct and indirect environmental impact, as well as raise our fellow citizens' awareness to act more responsibly regarding environmental protection.						
Total CO <sub>2</sub> emissions (tons)	2,572.6	2,550.1	2,255.7	Reduce CO <sub>2</sub> emissions from operations by 2%.	We reduced our total carbon dioxide emissions by 11.5% (equal to 294.4 tons of CO <sub>2</sub> ). 	Reduce CO <sub>2</sub> emissions throughout the Group by 20%, compared to 2008, by 2020 (Group-wide target).
Total electricity consumption (MWh)	19,432	19,716.7	18,198.1		We reduced electricity consumption in our mobile network by 8.9%.	
				Reduce energy consumption per m <sup>2</sup> in our buildings by 1%.	We reduced electricity consumption in our buildings by 4%. 	
Total energy consumption from diesel (MWh)	7,571	7,276	6,340		We reduced our total energy consumption from diesel by 12.8%.	
Fuel consumption from vehicles (thousand lt)	131.4	124.4	117.4		We reduced our vehicles' fuel consumption by 5.6%.	
Transportation distance from vehicle fleet (thousand km)	1,290	1,575	1,653.4			
Average fuel consumption (lt/vehicle)	2,266	1,599	1,319.7			
Consumption of biodegradable bags (number)	NR	50,000	88,100			

Consumption of paper bags (number)	NR	15,000	5,250			
Office paper consumption (tons)	4.2	9.4	8.4	Reduce paper consumption in our offices by 3%.	We reduced our total office paper consumption by 10.6%. 	Reduce paper consumption in our offices by 3%.
Office paper recycled (tons)	2.8	6.5	7.3		We increased the quantity of total office paper recycled by 12.3%.	
Plastic recycled (kg)	NR	275	270			
Hazardous waste (tons)	26	45.6	11.4	Recycle 100% of oil-lubricants withdrawn.	We forwarded for recycling 100% of lead batteries, oil-lubricants and WEEE materials collected. 	Recycle 100% of oil-lubricants withdrawn.
Non-hazardous technical waste from telecommunication operations (tons)	1.56	59.1	25.3	Recycle 100% of WEEE materials withdrawn.		Recycle 100% of WEEE materials withdrawn.
				Recycle 100% of accumulators withdrawn.		Recycle 100% of accumulators withdrawn.
Total phones and accessories recycled (kg)	NR	1,601.6	1.6			
Water consumption (m <sup>3</sup> )	13,073	12,122	13,683			
				Extent use of new environmentally friendlier technological solutions.		Continue to use new environmentally friendlier technologies.
				Plant 100 trees to increase size of green areas.		Contribute to an environment-related initiative.

				Organize/ participate in safety/security event about EMF.		Develop information material on EMF.
				Introduce a new environmentally friendlier product/service.		

NR: Not Reported

## 2. GRI Context Index, Global Compact, SDG and ISO26000 Tables

The correspondence between the content of this Report and the Global Reporting Initiative's (GRI G4 version 2013) General and Specific Standard Disclosures, including the respective Telecommunications Sector Supplement, as well as the Global Compact Principles, the Sustainable Development Goals and the ISO26000 International Guidelines, is presented in the following tables.

- General Standard Disclosures of GRI required for "Core" option are indicated in grey background.
- Material Aspects of GRI for the organization (based on the Materiality Analysis conducted), are indicated in grey background.
- Boundaries of GRI indicators are indicated on the Table.
- No external assurance has been conducted for the Material Aspects.

### GRI Content Index

#### General Standard Disclosures



General Standard Disclosures	Report Section	Omissions	Boundary of Material Aspects
Strategy and Analysis			Company
G4-1	A	-	
Organisational Profile			Company
G4-3	B, I-2A	-	
G4-4	I-4A	-	
G4-5	B, I-2A	-	
G4-6	B, I-2A	-	
G4-7	I-2D	-	
G4-8	B, I-2A	-	
G4-9	I-2A, IV-1A, V-1B	-	
G4-10	V-1B	-	
G4-11	V-3C	-	
G4-12	I-4D, III-5B	-	
G4-13	I-2C	-	
G4-14	VI-1A, VI-4A	-	
G4-15	III-4C, V-3A, VI-4A	-	
G4-16	I-5A	-	
Identified Material Aspects and Boundaries			Company, value chain
G4-17	IV-1A	-	
G4-18	II-4A	-	
G4-19	II-4B, C-2	-	
G4-20	C-2	-	
G4-21	C-2	-	
G4-22	B, V-4C, VI-2A,2B	-	



G4-23	B	-	
Stakeholder Engagement			Company
G4-24	II-4C	-	
G4-25	II-4C	-	
G4-26	II-4C	-	
G4-27	II-4C	-	
Report Profile			Company
G4-28	B	-	
G4-29	B	-	
G4-30	B	-	
G4-31	B	-	
G4-32	C-2	-	
G4-33	B, C-2	-	
Governance			Company
G4-34	II-1B	-	
G4-36	II-2B,3A, VI-1A	-	
G4-39	II-1B	-	
G4-43	II-1B,3A, VI-1A	-	
G4-44	II-1B	-	
G4-45	II-3A, VI-1A	-	
G4-48	II-4B	-	
G4-50	II-1B	-	
Ethics and Integrity			Company, customers, suppliers
G4-56	I-2B, II-1A,2B,3A, III-4A,5B, V-1A,3A	-	
G4-57	II-1A	-	
G4-58	II-1A	-	

## Specific Standard Disclosures

DMA and Indicators	Report Section	Omissions	Boundary of Material Aspects
<b>ECONOMIC</b>			Company
<b>Economic Performance</b>			Company
G4-DMA	IV-1A	-	
G4-EC1	IV-1A	-	
<b>Market Presence</b>			Company
G4-DMA	V-3A,3B	-	
G4-EC6	V-3A	-	
<b>Indirect Economic Impacts</b>			Company
G4-DMA	IV-3A,3B,4A,4C	-	
G4-EC8	IV-3A,3B,4A,4C, V-1B	-	
<b>Procurement Practices</b>			Company, suppliers
G4-DMA	III-5A	-	
G4-EC9	III-5A	-	
<b>ENVIRONMENTAL</b>			Company
<b>Materials</b>			Company
G4-DMA	VI-3A,3B,3C	-	
G4-EN2	VI-3C	-	
<b>Energy</b>			Company
G4-DMA	VI-2A,2B,2C,2D	-	
G4-EN3	VI-2A,2B,2C	-	
<b>Water</b>			Company
G4-DMA	VI-5D	-	
G4-EN8	VI-5D	-	
G4-EN9	VI-5D	-	
G4-EN10	VI-5D	-	
<b>Biodiversity</b>			Company
G4-DMA	VI-5C	-	
G4-EN11	VI-5C	-	
G4-EN12	VI-5C	-	
G4-EN14	VI-5C	-	
<b>Emissions</b>			Company
G4-DMA	VI-1A,2F,5E	-	
G4-EN15	VI-2F	-	
G4-EN16	VI-2F	-	
<b>Effluents and Waste</b>			Company
G4-DMA	VI-3A,3C,3D, VI-5C,5D	-	
G4-EN22	VI-5D	-	
G4-EN23	VI-3A,3C,3D	-	
G4-EN24	VI-5D	-	
G4-EN25	VI-3A,3D	-	
G4-EN26	VI-5C,5D	-	
<b>Compliance</b>			Company
G4-DMA	VI-1C	-	
G4-EN29	VI-1C	-	
<b>Transport</b>			Company
G4-DMA	VI-2D	-	
G4-EN30	VI-2D	-	
<b>Supplier Environmental Assessment</b>			Company, suppliers
G4-DMA	III-5C	-	
G4-EN33	III-5C	-	
<b>Environmental Grievance Mechanisms</b>			Company
G4-DMA	VI-1C	-	

G4-EN34	VI-1C	-	
<b>SOCIAL</b>			
<b>LABOUR PRACTICES AND DECENT WORK</b>			
<b>Employment</b>			<b>Company</b>
<b>Employment</b>			
G4-DMA	V-1A,1B,5A,5C	-	
G4-LA1	V-1B	-	
G4-LA2	V-5C	-	
<b>Labour/Management Relations</b>			
G4-DMA	V-3C	-	
G4-LA4	V-3C	-	
<b>Occupational Health and Safety</b>			<b>Company</b>
G4-DMA	V-2A,2B	-	
G4-LA5	V-2A	-	
G4-LA6	V-2B	-	
G4-LA7	V-2B	-	
<b>Training and Education</b>			<b>Company</b>
G4-DMA	V-4A,4B,4C	-	
G4-LA11	V-4A	-	
<b>Diversity and Equal Opportunity</b>			<b>Company</b>
G4-DMA	V-1B,3A	-	
G4-LA12	V-1B,3A	-	
<b>Equal Remuneration for Women and Men</b>			<b>Company</b>
G4-DMA	V-3B	-	
G4-LA13	V-3B	-	
<b>Supplier Assessment for Labour Practices</b>			<b>Company, suppliers</b>
G4-DMA	III-5C	-	
G4-LA15	III-5C	-	
<b>Labour Practices Grievance Mechanisms</b>			<b>Company</b>
G4-DMA	V-3A	-	
G4-LA16	V-3A	-	
<b>HUMAN RIGHTS</b>			
<b>Investment</b>			<b>Company</b>
G4-DMA	V-3A	-	
G4-HR1	V-3A	-	
G4-HR2	V-4C	-	
<b>Non-discrimination</b>			<b>Company</b>
G4-DMA	V-3A	-	
G4-HR3	V-3A	-	
<b>Supplier Human Rights Assessment</b>			<b>Company, suppliers</b>
G4-DMA	III-5C	-	
G4-HR11	III-5C	-	
<b>Human Rights Grievance Mechanisms</b>			<b>Company</b>
G4-DMA	V-3A	-	
G4-HR12	V-3A	-	
<b>SOCIETY</b>			
<b>Local Communities</b>			<b>Company</b>
G4-DMA	II-4C, IV-4A, VI-5F	-	
G4-SO2	IV-4D	-	
<b>Anti-corruption</b>			<b>Company</b>
G4-DMA	II-2C, III-5B	-	
G4-SO5	II-2C	-	
<b>Public Policy</b>			<b>Company</b>
G4-DMA	II-2C	-	
G4-SO6	II-2C	-	
<b>Anti-competitive Behaviour</b>			<b>Company</b>
G4-DMA	III-1B	-	
G4-SO7	III-1B	-	

<b>Compliance</b>			<b>Company</b>
G4-DMA	II-2D	-	
G4-SO8	II-2D	-	
<b>Supplier Assessment for Impacts on Society</b>			<b>Company, suppliers</b>
G4-DMA	III-5C	-	
G4-SO10	III-5C	-	
<b>Grievance Mechanisms for Impacts on Society</b>			<b>Company</b>
G4-DMA	IV-4D	-	
G4-SO11	IV-4D	-	
<b>PRODUCT RESPONSIBILITY</b>			<b>Company, customers, suppliers, network</b>
<b>Customer Health and Safety</b>			<b>Company, customers, suppliers</b>
G4-DMA	III-5D, VI-4A	-	
G4-PR2	III-4C	-	
<b>Product and Service Labeling</b>			<b>Company, customers, network</b>
G4-DMA	III-2A,2B	-	
G4-PR4	III-2A	-	
G4-PR5	III-3A,3C	-	
<b>Marketing Communications</b>			<b>Company, customers, network</b>
G4-DMA	III-2A	-	
G4-PR6	III-2A	-	
G4-PR7	III-2A	-	
<b>Customer Privacy</b>			<b>Company</b>
G4-DMA	III-4A	-	
G4-PR8	III-4A	-	
<b>Compliance</b>			<b>Company</b>
G4-DMA	III-4B,4C	-	
G4-PR9	III-4C	-	
<b>TELECOM SECTOR SUPPLEMENT</b>			
<b>INTERNAL OPERATIONS</b>			
<b>Investment</b>			<b>Company</b>
IO1	I-4B	-	
<b>Health and Safety</b>			<b>Company, customers, suppliers</b>
IO3	V-2A,2B	-	
IO4	III-5D, VI-4A,4B	-	
IO5	VI-4A	-	
IO6	III-5D, VI-4A,4B	-	
<b>Infrastructure</b>			<b>Company</b>
IO7	VI-5A	-	
IO8	VI-2A,5A	-	
<b>PROVIDING ACCESS</b>			
<b>Digital Divide</b>			<b>Company, customers</b>
PA2	IV-2B,3A	-	
PA3	III-3B	-	
PA4	I-2A,4B, III-3B	-	
PA6	IV-4A	-	
<b>Access to content</b>			<b>Company, customers</b>
PA7	III-2A,4C	-	
<b>Customer relations</b>			<b>Company, customers</b>
PA8	V-2A, VI-4B	-	
PA10	III-2B,2C	-	
<b>OTHER</b>			
<b>Indirect Economic Impact</b>			<b>Company</b>

EC13	IV-2B,3A,3B,4A,4B, V-1B	-	
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## Global Compact Table

Issue	Principle	Report Section	Coverage
<b>Human Rights</b>			
1.	Support and respect protection of internationally proclaimed human rights	III-5B, V-3A	F
2.	Ensure not to be complicit in human rights abuses	III-5B, V-3A	F
<b>Labour Standard</b>			
3.	Recognize freedom of association and right to collective bargaining	III-5B, V-1A,3C	F
4.	Eliminate all forms of forced and compulsory labour	III-5B, V-3A	F
5.	Abolish effectively child labour	III-5B, V-3A	F
6.	Eliminate discrimination in respect to employment and occupation	II-1A, III-5B, V-1A,3A	F
<b>Environment</b>			
7.	Support a precautionary approach to environmental challenges	VI-1A,4A	F
8.	Promote greater environmental responsibility	II-2A, III-5B, VI-1-5	F
9.	Encourage development and diffusion of environmentally friendly technologies	I-4A, VI-1-5	F
<b>Corruption</b>			
10.	Work against all forms of corruption, including extortion and bribery	II-1A,2B,2C, III-5B, IV-3B,4B	F

## ISO26000 Table (International Standard)

Aspect	Report Section	Coverage
1. Scope	II-3A,4A-C	F
2. Definitions	C-3	F
3. Understanding Social Responsibility	II-3A,4A-C	F
4. Principles of Social Responsibility	II-3A,4A-C	F
5. Recognizing Social Responsibility and Engaging Stakeholders	II-3A,4A-C	F
<b>6. Guidance on Social Responsibility Core Subjects</b>		
a. Organizational Governance	II-1A-C,2A-C	F
b. Human Rights	III-5B, V-1A,3A,4C	F
c. Labour practices	III-5B, V-3A	F
d. Environment	VI-1-5	F
e. Fair operating practices	II-1A2B, III-1-4, VI-1A-C	F
f. Consumer issues	III-1-4	F
g. Community involvement and development	IV-3A,3B,4A,4C	F
<b>7. Guidance on Integrating SR throughout the Organization</b>		
a. Enhancing Credibility	II-1-4, III-1-5, IV-1-4, V-1-5, VI-1-5	F
b. Communication	B, III-2A,2B,3A,3C, IV-4A-C, V-1C, VI-4B	F

## United Nations' Sustainable Development Goals Table

Goal	Principle	Report Section
1.	End poverty in all its forms everywhere	IV-1A,4A
2.	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	IV-4A
3.	Ensure healthy lives and promote well-being for all at all ages	IV-3A,3B,4A, V-2A, VI-4A,4B
4.	Ensure inclusive and quality education for all and promote lifelong learning	IV-4A, V-4C
5.	Achieve gender equality and empower all women and girls	V-3A,3B
6.	Ensure access to water and sanitation for all	-
7.	Ensure access to affordable, reliable, sustainable and modern energy for all	-
8.	Promote inclusive and sustainable economic growth, employment and decent work for all	IV-1A, V-1A,1B,3A,3B,3C,5A,5C
9.	Build resilient infrastructure, promote sustainable industrialization and foster innovation	I-4B, II-2E, III-3B, VI-4A
10.	Reduce inequality within and among countries	IV-2B,3A,4A, V-3A,3B
11.	Make cities inclusive, safe, resilient and sustainable	IV-2C,4A
12.	Ensure sustainable consumption and production patterns	IV-2B
13.	Take urgent action to combat climate change and its impacts	VI-1-5
14.	Conserve and sustainably use the oceans, seas and marine resources	VI-3B,3D,5D
15.	Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss	VI-3A,3B,3C,5C
16.	Promote just, peaceful and inclusive societies	IV-4A
17.	Revitalize the global partnership for sustainable development	II-1-4, III-1-5, IV-1-4, V-1-5, VI-1-5

### 3. Glossary

Please pay attention to the following, frequently used terms:

Term	Refers to
“Base Stations” or “BTS”	The installations in a region (including transmission antennas), which are used to transmit data or voice, from a mobile through the telecommunications network.
“Biodiversity”	The variety of living organizations in an ecosystem or in geographical area.
“Broadband”	The wide bandwidth data transmission, which transports multiple signals and traffic types and allows high-speed Internet access.
“Business Continuity Management” or “BCM”	The management approach, which proactively handles issues that a company could face (e.g. disaster, crisis), in order to ensure continuation of offered services and products.
“Carbon dioxide” or “CO <sub>2</sub> ”	The gaseous chemical compound derived from the combustion of fossil fuels (oil, gasoline, natural gas, etc.) and organic compounds (wood, plastic, etc.), which contributes to the greenhouse effect.
“Corporate Responsibility” or “Sustainable Development”	The voluntary commitment of companies to include in their corporate practices economical, social and environmental criteria and activities, which are beyond the legislative requirements and are related to their impact on Stakeholders. The term refers to the current economic growth that does not compromise the ability of future generations to satisfy their own needs.
“Customers”	The final users of Telekom Albania’s products and services.
“Deutsche Telekom Group” or “DT Group” or “Group”	All companies of the Deutsche Telekom Group, namely Deutsche Telekom AG and its subsidiaries worldwide (including Telekom Albania).
“Electromagnetic Fields” or “EMF”	The non-ionizing radiation emitted by mobile phones and base stations (used to transmit data and voice).
“Environmental footprint”	The total greenhouse gas emissions that arise directly (e.g. burning of fossil fuels for heating) or indirectly (e.g. by the use of products) from a company.
“III-2A”, “VI-2B” etc.	The Area, Section and Subsection of this Report (e.g. used in the GRI, Global Compact and Stakeholder Tables). For example, the term “III-2A” makes reference to Area III (Our Customers & Suppliers), Section 2 (Responsible Marketing) and Subsection A (“Applying Responsible Marketing practices”).
“International Commission on Non-Ionizing Radiation Protection” or “ICNIRP”	The international institution which defines acceptable levels of non-ionizing radiation levels.
“International Labour Organization” or “ILO”	The United Nations agency which deals with labour issues, i.e. international labour standards, social protection and work opportunities for all.
“International Organisation of Standardisation” or “ISO”	The largest organisation in the world to develop internationally accepted standards, such as ISO9001.
“Internet”	The global system of interconnected computer networks that use the Internet protocol suite (TCP/IP) to link devices worldwide.
“Interactive Voice Response” or “IVR”	The automated telephony system that interacts with callers, gathers information and routes calls to the appropriate recipient. An IVR system (IVRS) accepts a combination of voice telephone input and touch-tone keypad selection and provides appropriate responses in the form of voice, fax, callback, e-mail and perhaps other media.
“Global Compact”	The United Nations initiative to encourage companies to align their



	business operation with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.
“Organization for Economic Co-operation and Development” or “OECD”	The intergovernmental economic organization with 35 member countries to stimulate economic progress and world trade.
“OTE Group” or “OTE”	OTE Group of Companies, which has operations in Greece (through OTE S.A. and COSMOTE S.A.), Romania (through Telekom Romania) and Albania (through Telekom Albania).
“Report”	The Corporate Responsibility Report 2016.
“STEM”	The teaching and learning in the fields of Science, Technology, Engineering and Mathematics, which typically includes educational activities across all grade levels (from pre-school to post-doctorate), both in formal (e.g. classrooms) and informal (e.g. after-school) programs.
“Telekom Albania”, “company” or “we”	Telekom Albania SH.A. (which this Report refers to).
“Universal Declaration of Human Rights”	The declaration adopted by the United Nations General Assembly in 1948 with the fundamental rights to which all human beings are inherently entitled.

## 4. Feedback Form

### 1. To which Stakeholder group do you belong?

- Customers                       Sales network                       Suppliers                       Employees  
 Government / Authorities       Associations                       Local communities       Citizens  
 NGOs / NPOs                       Media                       Shareholders

Other: \_\_\_\_\_

### 2. What is your impression, about the following areas of this Report?

Area:	Excellent	Good	Neutral	Mediocre	Bad
II. Strategy & Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
III. Customers & Suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IV. Society	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
V. Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
VI. Environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### 3. What is your impression, about the following elements of this Report?

Element:	Excellent	Good	Neutral	Mediocre	Bad
Sections have the right <u>balance</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Important topics are <u>covered</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structure supports easy <u>reading</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Texts</u> are comprehensive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Quantitative</u> elements are complete	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Graphs</u> included are comprehensive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### 4. Are there any topics, which are not answered (or not adequately covered) in this Report or do you have questions you would like to be answered in our next Report?

\_\_\_\_\_

### 5. Are there any other comments/proposals you might have?

\_\_\_\_\_

#### Personal Data (optionally):

Name: \_\_\_\_\_  
 Organization: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Phone/Fax: \_\_\_\_\_  
 E-mail: \_\_\_\_\_

Please fill out the form and send it to:

Telekom Albania, Corporate Affairs Department  
 Rruga Gjergj Legisi, Laprake, Tirana, Albania  
 E-mail: [contact\\_us@telekom.com.al](mailto:contact_us@telekom.com.al)

All information on this form will be used only to evaluate this Report, through statistical analysis. Personal data are protected, in accordance with the provisions of the respective legislation regarding private information.

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**ÇASTE QË NA LIDHIN.**

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